

No.

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IN THE  
**Supreme Court of the United States**

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NAKED TM, LLC, PETITIONER

*v.*

AUSTRALIAN THERAPEUTIC SUPPLIES PTY. LTD.,

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

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**PETITION FOR WRIT OF CERTIORARI**

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**QUESTION(S) PRESENTED**

1. A majority of a Federal Circuit panel ruled that respondent has standing under 15 U.S.C. § 1064 to cancel petitioner's trademark registration even though respondent had already agreed that petitioner could register and use the mark in the United States. Does this grant of standing to respondent square with the Court's statutory cause of action jurisprudence of *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014)?

2. Does the majority's reliance on respondent's post-filing conduct to confer standing under 15 U.S.C. § 1064 contravene this Court's precedents or extend *Lexmark sub silentio*?

3. Does the majority's ruling create a split of authority with the Fourth Circuit about the proper standing analysis under the Lanham Act?

## **PARTIES TO THE PROCEEDING**

All the parties in this proceeding are listed in the caption.

Petitioner here, Naked TM, LLC, was the defendant in the administrative proceeding below before the Trademark Trial and Appeal Board.

Respondent here, Australian Therapeutic Supplies Pty. Ltd., was the plaintiff in the administrative proceeding below.

## **CORPORATE DISCLOSURE STATEMENT**

Petitioner Naked TM, LLC is a single-member limited liability company which does not issue stock or have articles of incorporation. It is validly organized and in good standing under the laws of the State of Florida with a principal place of business at 50 South Pointe Drive, #1401, Miami Beach, Florida 33139. It has no parent corporations and there are no publicly held companies which own 10% or more of the company.

## **STATEMENT OF RELATED CASES**

None

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**OPINIONS BELOW**

The published Opinion of the United States Court of Appeals for the Federal Circuit in *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, C.A. No.19-1567, decided and filed July 27, 2020, and reported at 965 F.3d 1370 (Fed. Cir. 2020), reversing a determination by the Trademark Trial and Appeal Board that respondent lacked standing and instead holding that respondent had a real interest in the cancellation proceeding and a reasonable belief of damage, satisfying the statutory requirement to seek cancellation of a registered trademark, is set forth in the Appendix hereto (App. 1-22).

The published Opinion of the Trademark Trial and Appeal Board in *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, Cancellation No. 92056381, decided December 21, 2018, and reported at 2018 WL 6929683; 2018 TTAB LEXIS 437, determining that respondent did not have standing to petition for cancellation of petitioner's trademark registration, is set forth in the Appendix hereto (App. 23-49).

The published Order by the United States Court of Appeals for the Federal Circuit in *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, C.A. No.19-1567, filed December 4, 2020, and reported at 981 F.3d 1083 (Fed. Cir. 2020), denying petitioner's petition for rehearing and for rehearing *en banc* together with Circuit Judge Wallach's opinion dissenting from the court of appeals' denial of the petition for rehearing *en banc*, is set forth in the Appendix hereto (App. 50-74).

## JURISDICTION

The reported Order by the United States Court of Appeals for the Federal Circuit in *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, C.A. No.19-1567, 981 F.3d 1083 (Fed. Cir. 2020), denying petitioner's petition for rehearing and for rehearing *en banc* was filed on December 4, 2020 (App. 50-74).

In addition, on March 19, 2020, in light of the ongoing public health emergency caused by COVID-19, this Court issued an Order extending the deadline for the filing any petition for writ of certiorari due on or after March 19, 2020, for 150 days from the date of the court of appeals' order denying a timely filed petition for rehearing.

This petition for writ of certiorari is filed within the time allowed by this Court's rules, 28 U.S.C. § 2101(c), and by this Court's Order of March 19, 2020.

The jurisdiction of this Court is invoked pursuant to the provisions of 28 U.S.C. § 1254(1).

## RELEVANT PROVISIONS INVOLVED

### **15 U.S.C. § 1051(b)(1) (Application for registration; verification):**

....

(b) Application for bona fide intention to use trademark (1) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby

established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

(2) The application shall include specification of the applicant's domicile and citizenship, the goods in connection with which the applicant has a bona fide intention to use the mark, and a drawing of the mark.

(3) The statement shall be verified by the applicant and specify—

(A) that the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be entitled to use the mark in commerce;

(B) the applicant's bona fide intention to use the mark in commerce;

(C) that, to the best of the verifier's knowledge and belief, the facts recited in the application are accurate; and

(D) that, to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive....

**15 U.S.C. § 1052(d) (Trademarks registrable on principal register; concurrent registration):**

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the

principal register on account of its nature unless it—

....

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive....

**15 U.S. Code § 1063(a) (Opposition to registration):**

(a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor....

**15 U.S.C. § 1064 (Cancellation of registration):**

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register



established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

(1) Within five years from the date of the registration of the mark under this chapter.

(2) Within five years from the date of publication under section 1062(c) of this title of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905....

**15 U.S.C. § 1069 (Application of equitable principles in inter partes proceedings):**

In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable may be considered and applied.

**15 U.S. Code §§ 1071(a)(1) & (b)(1) (Appeal to courts):**

(a) Persons entitled to appeal; United States Court of Appeals for the Federal Circuit; waiver of civil action; election of civil action by adverse party; procedure

(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding...who is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section....

(b) Civil action; persons entitled to; jurisdiction of court; status of Director; procedure

(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear....

**15 U.S. Code § 1127 Construction and definitions;  
intent of chapter):**

.....

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks....

**STATEMENT**

Petitioner Naked, TM, LLC (“petitioner” or “Naked”) sells condoms in the United States. It owns Registration No. 3,325,577 for the mark NAKED to use in marketing its condoms; its application was entered for registration in the U. S. Patent and Trademark Office (“USPTO”) on October 30, 2007. Naked’s predecessor-in-interest, Creative Resources LLC (hereinafter also referred to as “Naked”) filed its intent-to-use application for the NAKED mark on September 22, 2003.

As early as the 1980’s, Naked began developing its NAKED brand condoms; and after many samples and clinical trials, it eventually invented its NAKED product, a relaxed-fit condom which revolutionized the birth control industry. On January 5, 1999, the USPTO issued “Patent 206” to Naked for the NAKED condom. Between 2002 and 2003, Naked’s principal (Jud Ireland) engaged Richter Rubber to begin manufacturing the NAKED product. On or before September 22, 2003, when Naked filed its intent-to-use application for the NAKED mark, it registered the Internet domain name “nakedcondoms.com” and began marketing and selling its NAKED brand products online. Naked then put its NAKED brand products in general commerce between January and April of 2004.

Respondent Australian Therapeutic Supplies Pty. Ltd. (“respondent” or “Australian”) first advertised the sale of condoms bearing the mark NAKED on its website condoms.au.com in August of 2002; it also advertised, promoted and sold condoms with the marks NAKED and NAKED CONDOMS in

Australia during this time. Beginning in April of 2003, Australian via its website began advertising, selling and shipping condoms featuring the unregistered marks NAKED and NAKED CONDOMS to customers in the United States. These internet sales of condoms were *de minimis* with just nine (9) sales in 2003 and no more than forty eight (48) sales in any given year between 2003 and 2015. Australian did not begin to sell and distribute NAKED condoms in the United States in the ordinary course of trade until August 11, 2006.

In the meantime, on November 21, 2005, Australian filed with the USPTO an intent-to-use application for the mark NAKED CONDOMS covering “condoms, including condoms made of latex.” When it did so, Australian became aware of Naked’s intent-to-use application for the NAKED mark, filed earlier on September 22, 2003. E-mails between the principals of Naked and Australian ensued about how both parties could co-exist in the United States marketplace while both were using the mark NAKED for its condoms

Eventually, on January 3, 2007, Naked e-mailed Australian a counterproposal that “would be the basic terms of a final written agreement.” It provided that Australian shall not use or register any mark containing the word NAKED for condoms marketed in the United States; that Naked could use and register the mark NAKED for its condoms in the U.S.; and that Naked would not use or register the NUDE trademark for any of its condoms thus allowing Australian to retain this NUDE mark for its condoms marketed in the United States.

In the wake of this agreement, Naked's principal e-mailed Australian on April 4, 2007, that Naked was "coming to market" with its product and that they therefore should put their agreement "on paper." Australian's principal, Graham Porter ("Porter"), replied:

[N]o need to put anything on paper. Just makes lawyers a lot of money. We no longer have any Naked condoms in the USA, so it should be clear sailing for you. Good luck with the launch.

(App. 33-34;36). Thus by April 4, 2007, the parties had reached an agreement for Australian to transition its NAKED mark to the NUDE mark; and it would discontinue use of the NAKED mark in the United States and consent to Naked's registration and use of the NAKED mark in the United States. In exchange, Naked would consent to Australian's use and registration of the NUDE mark (App. 33-34;37). As Australian's Porter later testified before the TTAB, he understood that "we had a gentlemen's agreement" to co-exist in the marketplace (App. 40).

On October 30, 2007, Naked's Registration No. 3,325,577 for the mark NAKED was entered for registration with the USPTO. Australian thereafter ceased using the NAKED mark in the U.S. marketplace; it stopped selling NAKED brand condoms from its U.S. base of operations; it closed its warehouse here and it discharged its employees. It began to sell condoms under the NUDE mark and its only use of the NAKED trademark was reserved to its operations in Australia. On September 3, 2011, Australian formally

abandoned its application for the mark NAKED CONDOMS.

Soon thereafter, however, the parties began e-mailing each other because Australian was continuing to market NAKED condoms on its Twitter site; Naked asked that it be stopped because it was causing confusion. In addition, Naked advised Australian to stop selling condoms with the NAKED mark in the United States via the Internet in violation of their agreement. In response, Australian took the position that “[w]e have no agreement in place other than we agreed to co-exist” (App. 36).

In September of 2012, Naked again asked Australian in writing to cease breaching their agreement by selling NAKED condoms in the United States via the Internet. Australian’s Porter thought Naked’s letter was “flippant” and in retaliation, on October 18, 2012---almost five years after Naked’s Registration No. 3,325,577 for the mark NAKED and just before it would become incontestable---Australian commenced this proceeding in the Trademark Trial and Appeal Board (“TTAB” or “the Board”) seeking to cancel Naked’s registration for the NAKED trademark (App. 17-18;40-41). It alleged prior use of the marks NAKED and NAKED CONDOMS and sought cancellation on the grounds of fraud, likelihood of confusion, false suggestion of a connection, and because Naked lacked a bona fide intent to use the mark NAKED when it filed the underlying registration application (App. 3;23-24).

Naked’s answer denied all material allegations of Australian’s petition for cancellation (App. 3;24). It also

asserted in affirmative defenses that Australian was estopped by their prior agreement with Naked from seeking to cancel Naked's registration and that because Australian had agreed not to sell NAKED condoms in the United States, it lacked standing to bring the petition (*Id.*). On March 3, 2016, the Board denied the parties' cross motions for summary judgment finding unresolved genuine issues of disputed fact with respect to Australian's standing to seek cancellation and the viability of Naked's affirmative defense of contractual estoppel (App. 4;24-25). It directed the parties to address at trial "the issues of standing (*i.e.*, whether or not [Australian] is contractually estopped from asserting a 'real interest' as a basis for damage or maintaining this cancellation action) and priority" (App. 4;25).

A trial was had in the TTAB with the evidence directed to Australian's standing to bring this cancellation proceeding under the Lanham Act, 15 U.S.C. § 1064, *i.e.*, whether it was a "person who believes that he is or will be damaged...by [Naked's] registration of" the NAKED mark (App. 26-27). On December 21, 2018, the TTAB issued its Opinion which determined that Australian did not have standing to petition for cancellation of Naked's trademark registration (App. 23-49).

It found that on April 4, 2007, Naked and Australian agreed----and, just as important, that Australian led Naked reasonably to believe that they had agreed----that Australian "would not use or register the mark NAKED in connection with condoms in the United States and that [Naked] could use and register the mark NAKED in the United States" (App.

37-38;41). Moreover, the Board found that Australian never told Naked that it had plans to continue selling NAKED condoms in the United States from Australia via the Internet or that it had retained the right to do so under their agreement; and the fact that it did not want lawyers involved to put their agreement on paper supported the Board's finding that Australian did not want Naked to know that it planned to do just that in derogation of their agreement (*Id.*). Thus the Board concluded that Australian had failed to prove that it had "a real interest in this proceeding or a reasonable basis for its belief of damage, having contracted away its right to use and register NAKED and by extension NAKED CONDOMS" (App. 41-42). It therefore denied Australian's petition for cancellation (App. 42).

Australian appealed the Board's decision to the court of appeals for the Federal Circuit pursuant to 28 U.S.C. § 1295(a)(4)(B). On July 27, 2020, a majority of the Panel ruled that regardless of whether Australian lacks a proprietary interest in its unregistered mark, it still has standing under 15 U.S.C. § 1064 to bring this cancellation proceeding because it demonstrated a real interest in the proceeding and a reasonable belief of damage (App. 1-11). It reversed the Board's decision and remanded the matter for further proceedings (App. 2;11).

The Majority reasoned that after *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014), Australian's standing hinges on the Federal Circuit's reformulation of *Lexmark's* statutory cause of action jurisprudence, i.e., whether Australian demonstrated a real interest in the proceedings and a reasonable belief of damage (App. 5-6).The Board's



apparent requirement that Australian also have a proprietary right in its unregistered mark was error because “[e]ntitlement to a cause of action under § 1064 is not contingent on whether [it] has proprietary rights in its own mark” (App. 6). As the Majority saw it, contracting away one’s rights to use a trademark does not preclude a petitioner from challenging a mark before the Board; and “[w]hile an agreement could ultimately bar Australian from proving *actual* damages, § 1064 requires only a *belief* of damage” (App. 7) (emphasis in original and citation omitted).

The Majority then ruled that Australian’s applications to register the NAKED CONDOMS mark first on November 21, 2005, and then on November 6, 2012, the latter application filed *after* it began this cancellation proceeding, together with USPTO’s refusing these registrations because of a likelihood of confusion with Naked’s mark, proves its real interest in the proceedings and demonstrates a belief of damage (App. 8-9). It likewise relied on Australian’s advertising and *de minimis* sales of NAKED condoms in the United States through its website since 2003 to reach the same conclusion (App.10).The Majority therefore concluded that Australian “is not a mere intermeddler” but instead demonstrated a real interest in the proceeding and reasonable belief of damages as contemplated for a cause of action under § 1064 (App. 10-11).

Circuit Judge Wallach dissented and would have affirmed the Board’s ruling that Australian lacks standing (App. 12-22). While agreeing with the Majority that a party is not required to prove a proprietary interest in its own mark to have cause of

action under § 1064, he did not think either that the Board required a proprietary interest from Australian or that Australian had met its burden of proving a real interest and a real belief in damages (App. 12). As he read *Lexmark* together with Federal Circuit precedent, whatever commercial interest a petitioner asserts in a cancellation proceeding, it must be a “legitimate” commercial interest for it to amount to a “real interest in the proceeding,” i.e., a “*legitimate* personal interest” in the cancellation (App. 13) (emphasis supplied). Moreover, this legitimate personal interest had to be rooted in fact and affirmatively proved (App. 13;15). In the same sense, a “real belief in damage” means that a petitioner’s belief of damage must have “a reasonable basis in fact” (*Id.*).

The dissent thought that Australian proved neither prong of this standing requirement under § 1064 (App. 15-18). First, Australian’s claim of a real interest in the proceedings was undercut by admitted evidence showing that in March of 2007, it and Naked agreed that Australian would discontinue use of the NAKED mark in the United States and consent to Naked’s use and registration of the NAKED mark in the U.S. in exchange for Naked’s consent to Australian’s use and registration of the NUDE mark (App. 16-17). Thus even if Australian showed that it has a “commercial interest” in Naked’s mark, it had contracted away any *legitimate* commercial interest it may have had in that mark (App. 17). Second, having contracted away any legitimate commercial interest in the NAKED mark, Australian likewise extinguished “any reasonable belief in damages” on its part as a result of Naked’s registration of that mark (*Id.*).

As Judge Wallach explained, because Australian specifically agreed in 2007 not to challenge Naked's use and registration of the NAKED mark in the United States, they had resolved any such controversy between themselves, leaving Australian "no more than an intermeddler" who filed this cancellation petition in a fit of pique over Naked's "flippant" letter rightfully demanding that Australian conform to their agreement (App. 17-18 quoting *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012)). As such, the Board rightly concluded that Australian failed to prove its standing under § 1064 to seek cancellation of Naked's registration (App.18 ).

The Majority's ruling otherwise, Judge Wallach wrote, misread the Board's determination as erroneously requiring that Australian establish proprietary rights in its unregistered NAKED mark when the Board only required that Australian prove what it had pled (*Id.*). The Majority likewise failed to address the parties' 2007 settlement agreement and harmonize its terms with its own analysis that Australian nonetheless had a "real interest" in the proceeding and a reasonable belief of damage (App. 19-20;22). Finally, the Majority erroneously inferred a belief in damage from Australian's two registrations in 2005 and 2012 (App. 20). But Australian voluntarily abandoned the first registration after negotiations with Naked and besides never relying on the second registration below to establish standing, Australian brought it only *after* it had filed its cancellation petition, timing which prevents it from being relied upon now to establish standing since under Supreme Court precedent standing must exist when litigation commences and *not* afterwards (App. 20-21).

Naked petitioned the Panel for rehearing and for rehearing *en banc*. It argued that the Majority's expansive notion of standing under 15 U.S.C. § 1064 was contrary to *Lexmark* and to Federal Circuit precedent requiring that a party seeking to cancel registration of a mark have a *legitimate* commercial interest in that mark when it files the petition, an impossibility where Australian had admittedly *already* agreed to Naked's registration of the NAKED mark for use in the United States.

In addition, Charles Lee Thomason, Esq., a retired Professor of Law and registered patent attorney, submitted a Brief as Amicus Curiae supporting Naked's petition for rehearing *en banc*. He contended that the Majority's standing analysis is contrary to *Lexmark's* test for standing and conflicts as well with the standing analysis of the Fourth Circuit court of appeals. (Mr. Thomason is Counsel of Record for a petition for certiorari currently pending in this Court raising the issue of the Federal Circuit's standing analysis in the wake of *Lexmark (Corcamore, LLC v. SFM, LLC)*, U.S. Supreme Court Dkt. No. 20-1309 (filed March 19, 2021)).

On December 4, 2020, Naked's petition for rehearing and for rehearing *en banc* was denied (App. 50-51). Circuit Judge Wallach issued a 22-page dissent from the denial of rehearing *en banc* (App. 51-74). He believed the Majority's decision (1) is in direct conflict with Federal Circuit precedent requiring a "legitimate commercial interest" for a valid cause of action under § 1064; (2) undermines Federal Circuit case law favoring enforcement of settlement agreements; and (3) raises serious questions about the effect of *Lexmark* "on our

statutory cause of action jurisprudence,” extending the decision *sub silentio* to cases where a party seeking cancellation relies for its standing upon a registration for a mark it filed *after* bringing its cancellation petition (App. 52-53;61-63;63-67;67-70).

### **REASONS FOR GRANTING THE PETITION**

**The Majority’s Ruling That Australian Has Standing To Seek Cancellation Of Naked’s Trademark Registration Cannot Be Squared With The Analytical Framework Of *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014); It Contravenes Court Precedent Prohibiting A Party From Relying On Its Own Post-Filing Conduct To Confer Standing; And It Creates A Split Of Authority Between The Two Circuits Which Have Addressed The Question Of Standing Under the Lanham Act.**

The Majority ruled that Australian has standing to seek the cancellation of petitioner’s registration of the NAKED mark if it could show a real interest in the proceedings and a reasonable belief of damage, even when it has proven no legitimate commercial interests in the mark itself. Under this expansive rule, a party who has voluntarily contracted away its legitimate commercial interests in a mark by entering into a valid settlement agreement with the registrant consenting to the mark’s registration will still have standing to cancel the registration based on the reasons identified in § 2(d) of the Lanham Act, 15 U.S.C. § 1052(d).

This rule is contrary to the analytical framework set forth in *Lexmark Int’l, Inc. v. Static Control*

*Components, Inc.*, 572 U.S. 118 (2014) which establishes the ground rules for bringing a valid statutory cause of action like this one for cancellation of a mark under 15 U.S.C. §1064; it contravenes controlling precedent of the Court which holds that standing must exist when litigation commences and *not* afterwards thereby *sub silentio* extending *Lexmark*; and it creates a split of authority with the Fourth Circuit court of appeals which faithfully applied *Lexmark*'s analysis to a party seeking relief under the Lanham Act. Certiorari should be granted in order to bring the Federal Circuit's analytical approach on standing in line with *Lexmark* and to harmonize the existing discord between these two Circuits.

**Under the Analytical Framework Set Forth in *Lexmark*, Australian Lacks Standing To Cancel Naked's Registration.**

The Majority (App. 5-6;8) and another subsequent panel of the Federal Circuit in *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 1305 (Fed. Cir. 2021) see no meaningful, substantive difference between *Lexmark*'s analytical framework for determining whether a person is eligible under §1064 to bring a petition for cancellation of a trademark registration and its own test which requires that the party show a real interest in the proceedings and a reasonable belief of damage. Naked submits, however, that the Majority's test is more lenient than *Lexmark*'s framework, permits a party to fabricate standing where there is none in the first place, allows intermeddlers free rein to frustrate legitimate registration proceedings and undermines the enforcement of settlement agreements against would-be trademark opposers and challengers.

This substitute rule of standing fashioned by the Federal Circuit should accordingly be replaced by *Lexmark*'s analytical framework.

Contrary to the Majority's conclusion that under its rule Australian has standing under §1064 to seek cancellation of Naked's registration of the NAKED mark, *Lexmark*'s analytical framework would conclude that Australian is *not* entitled to bring this statutory cause of action because it is not within the class of plaintiffs whom Congress authorized to sue under § 1064 and because the harm it alleges is not proximately tied to Naked's conduct.

In *Lexmark*, the Court established two requirements to determine whether a party is entitled to bring or maintain the statutory cause of action created by §43(a) of the Lanham Act, codified at 15 U.S.C. § 1125(a), for false association and for false advertising. 572 U.S. at 122-123;128. First, the party must demonstrate (a) an interest falling within the zone of interests protected by the statute; and second, (b) proximate causation. *Id.* at 129-134. A direct application of these two requirements "supplies the relevant limits on who may sue." *Id.* at 134.

In order to come within the statute's "zone of interests" created by Congress when it enacted the Lanham Act in 1946, the Court first noted that the cause of action in § 1125(a) extends to "any person who believes that he or she is likely to be damaged;" and it adverted to the statute's express purposes as described in 15 U.S.C. § 1127, to rule that in order to come within the zone of interests created by § 1125(a)'s remedy for false advertising, a person must allege an injury to a

commercial interest in reputation or in sales. *Id.* at 131-132.

As the Court explained, this standard is “not especially demanding” and the benefit of the doubt “goes to the plaintiff.” *Id.* at 130 (citation and internal quotation marks omitted). The purpose of this “zone of interests” test is to foreclose suit only when a plaintiff’s “interests are so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that” Congress authorized this particular plaintiff to sue. *Id.* (citation and internal quotation marks omitted). It also observed that the breadth of the zone of interests created by the statute will vary according to the law at issue. *Id.*

As for proximate causation, the Court noted that it is “generally presume[d]” that a statutory cause of action “is limited to plaintiffs whose injuries are proximately caused by violations of the statute;” and the alleged harm cannot be “too remote from the defendant’s unlawful conduct.” *Id.* at 132-133. It is not easy to define, will take various forms and “is controlled by the nature of the statutory cause of action.” *Id.* at 133. The relevant question is “whether the harm alleged has a sufficiently close connection to the conduct the statute prohibits.” *Id.*

In setting forth this two-factor test, the Court expressly repudiated the more malleable “reasonable interest” test for standing which----akin to the Majority’s formulation---- would require that a commercial plaintiff show (a) a reasonable interest to be protected against the alleged illegal conduct; and (b) a reasonable basis for believing that the interest is likely



to be damaged by the alleged illegal conduct. *Id.* at 136-137. It emphasized that this test inappropriately lends itself to widely divergent application, requiring only the bare minimum of Article III standing. *Id.* at 137.

Instead, under *Lexmark*'s standing analysis,

[t]he relevant question is *not* whether the plaintiff's interests is "reasonable," but whether it is one the Lanham Act protects; and *not* whether there is a "reasonable basis" for the plaintiff's claim of harm, but whether the harm alleged is proximately tied to the defendant's conduct. In short,...the principles set forth [here] will provide clearer and more accurate guidance than the "reasonable interest" test.

*Id.* (emphasis supplied).

Applying *Lexmark*'s analytical framework, Congress sought to make actionable in 15 U.S.C. § 1127 "the deceptive and misleading use of marks in...commerce" it regulates; and..."to protect persons engaged in such commerce against unfair competition." In order to realize this remedy, 15 U.S.C. § 1064 gives "any person who believes that he is or will be damaged" by the registration of a mark the right to seek its cancellation. Given these statutory provisions, the "zone of interests" created by these statutes and encompassed within this statutory cause of action are the deceptive, misleading use of marks which cause harm to competitors in commerce by the likelihood of dilution via blurring, tarnishment or other confusion.

Australian alleged prior use of the marks NAKED and NAKED CONDOMS and sought cancellation of Naked's registration of the NAKED mark based on fraud, likelihood of confusion, false suggestion of a connection, and because Naked lacked a bona fide intent to use the mark NAKED when it filed the underlying registration application (App. 3;23-24). But when Naked raised in affirmative defenses the parties' prior settlement agreement whereby Australian consented to Naked's registration of the NAKED mark, Australian's standing to seek cancellation was put in issue and it had to satisfy *Lexmark's* two-prong test. It failed to do so.

First, while Australian is presumptively a competitor of Naked in the sale and marketing of condoms in the United State and presumptively eligible to sue for the "deceptive and misleading use of marks" in this marketplace, once the evidence---admitted by Australian---showed that it had *already* agreed that it "would not use or register the mark NAKED in connection with condoms in the United States and that [Naked] could use and register the mark NAKED in the United States" (App. 37-38;41), it took itself out of the "zone of interests" created by Congress when it enacted this statutory cause of action. That is, having admittedly agreed with Naked in 2007 that Naked could use and register the NAKED mark in the United States and that it (Australian) could not, it was no longer within the class of plaintiffs whom Congress authorized to sue under § 1064.

Having specifically agreed not to challenge Naked's registration and use of the NAKED mark in the United States, Australian resolved any existing

controversy between it and Naked about this issue. Left without any of the interests §§ 1127 & 1064 were intended to protect, Australian became “no more than an intermeddler.” To conclude otherwise is to imagine that Congress somehow authorized Australian despite the settlement agreement to seek cancellation of Naked’s registration purely for spite and in retaliation for Naked’s “flippant” letter rightfully demanding that Australian honor its obligations under the agreement. But this reason for suit is not sensibly within the “zone of interests” one could ascribe to Congress when it enacted these statutes. Australian’s “interests are [therefore] so marginally related to or inconsistent with the purposes implicit in the statute that it cannot reasonably be assumed that” Congress authorized this particular plaintiff to sue. *Id.* at 130. Australian accordingly lacks standing to seek cancellation for this reason.

This result is in keeping with cases which hold that while a party who believes the USPTO should not register another’s mark because it is too similar to its own can seek cancellation of the registration as provided in § 1064, *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 140-141(2015), where it has entered into a prior settlement agreement with the registrant consenting to the registration, it has no standing to seek cancellation. See *Friends of the Earth Inc. v. Laidlaw Environmental Serv.*, 528 U.S. 167, 192 (2000) (“parties plainly lack a continuing interest” sufficient to sustain jurisdiction “when [they] have settled”); *Danskin, Inc. v. Dan River, Inc.*, 498 F.2d 1386, 1387-1388 (C.C. P.A.1974) (party who agreed with registrant that “it would not oppose or petition to

cancel any registration” of mark could not as a matter of law seek cancellation).

Second, none of the harm alleged by Australian is proximately tied to Naked’s conduct, as *Lexmark* requires. That Australian may suffer a loss of its minuscule sales in the United States of its condoms bearing the NAKED or NAKED CONDOMS mark via the Internet is the result of its own voluntary bargain it made with Naked rather than from any prohibited conduct on Naked’s part. Its asserted damage, if any, is simply “too remote” from Naked’s conduct in rightfully seeking registration of its NAKED mark in the wake of their settlement agreement allowing Naked to do so.

Nor, as the Majority thought, is it legally relevant to a damage calculus that Australian had sought to register its NAKED CONDOMS mark first on November 21, 2005, and then on November 6, 2012 (App. 8-9). As Judge Wallach makes clear, Australian voluntarily abandoned the first registration after negotiations with Naked and besides never relying on the second registration below to establish standing, Australian brought it only *after* it had filed its cancellation petition, timing which prevents it from being relied upon now to establish standing since under the Court’s precedent standing must exist when litigation commences and *not* afterwards (App. 20-21).

For these reasons, neither of *Lexmark*’s two prongs to establish Australian’s standing was satisfied. The Majority’s conclusion otherwise is at odds with *Lexmark*’s more rigorous test that a petitioning party seeking to cancel registration of a mark under §1064 must affirmatively show that it plausibly comes within

the “zone of interests” Congress intended when it enacted this statutory remedy and that the alleged harm was proximately caused by the registrant’s conduct. Because Australian voluntarily contracted away its legitimate commercial interests in the NAKED mark by entering into a valid agreement consenting to Naked’s registration of the NAKED mark, it had no standing to seek cancellation of Naked’s registration.

**The Majority’s Reliance On Australian’s Post-Petition Conduct To Support Its Standing Contravenes The Court’s Precedents.**

The Majority’s reliance on Australian’s registration for a mark brought *after* it began this cancellation proceeding to confer standing on Australian under §1064 contravenes precedent of the Court which holds that standing must exist when litigation commences and *not* afterwards. See, e.g., *Davis v. Fed. Election Comm’n*, 554 U.S. 724, 732; 734 (2008) (standing “must exist at the commencement of...litigation” and the “standing inquiry remains focused on whether the party invoking jurisdiction had the requisite stake in the outcome *when the suit was filed.*”) (emphasis supplied); *Friends of the Earth, Inc. v. Laidlaw Environmental Serv. TOC), Inc.*, 528 U.S. 167, 189 (2000) quoting *Arizonans for Official English v. Arizona*, 520 U.S. 43, 68 n.22(1997) (“The requisite personal interest that must exist at the commencement of the litigation (standing) must continue throughout its existence (mootness).”

As Judge Wallach noted in his dissent to the Panel’s denial of Naked’s petition for rehearing *en banc*,

“[t]here may be an argument that the use of a ‘post filing’ application is sufficient, under *Lexmark*, to establish a statutory cause of action....[But] [w]e have not...held that to be the law” (App. 68). Instead, the crucial standing inquiry still focuses on the time of suit and by accepting Australian’s registration application of November 6, 2012, as evidence of its standing, the Majority “appears to extend *Lexmark sub silentio*,” a result at odds with *Shalala v. Illinois Council on Long Term Care, Inc.*, 529 U.S. 1, 18 (2000), and an event which in Judge Wallach’s view warranted *en banc* review and which in Naked’s view now warrants a grant of certiorari by the Court.

### **The Ruling Creates A Split of Authority With The Fourth Circuit Court of Appeals.**

Under 15 U.S.C. §§ 1071(a) & (b), a person dissatisfied with a decision of the TTAB may elect to appeal to the Federal Circuit court of appeals or to the federal district court for the Eastern District of Virginia (where the USPTO is located), making the Fourth Circuit court of appeals a coordinate court with the Federal Circuit court of appeals in implementing *Lexmark*’s analytical framework to determine standing. In one such appeal, the Fourth Circuit in *Belmora LLC v. Bayer Consumer Care*, 819 F.3d 697,707-715 (4<sup>th</sup> Cir. 2016) assiduously applied *Lexmark*’s two-prong framework to rule that plaintiff had standing to pursue not only its false association and false advertising claims under 15 U.S.C. § 1125(a)(1), but also its petition seeking the cancellation of defendant’s registration of a mark under § 1064. *Id.*

In doing so, the Fourth Circuit while carefully and conscientiously following *Lexmark's* “zone of interests” and proximate causation tests, separated itself from the Federal Circuit’s more malleable inquiry of whether a petitioner demonstrated a “real” interest in the proceedings and a “reasonable” belief of damage, an analysis the *Lexmark* Court observed inappropriately lends itself to widely divergent application. This confusing conflict of authority between the two Circuits charged with implementing *Lexmark* should be resolved by the Court.

The harm caused Naked and its business by the Majority’s mistaken analysis of standing is real. In its wake, Australian has ramped up the marketing of its product in the United States in derogation of the parties’ valid settlement agreement that it would not do so, causing continuing confusion in the marketplace. The integrity of the parties’ settlement agreement should be honored and the decision of the Majority should be vacated and reversed.

### CONCLUSION

For the reasons identified herein, a writ of certiorari should issue to review the judgment of the Court of Appeals for the Federal Circuit and, ultimately, to vacate and reverse the judgment and remand the matter to the Trademark Trial and Appeal Board with instructions to dismiss Australian’s petition to cancel Naked’s registration for the mark NAKED or provide Naked with such further relief as is fair and just in the circumstances of this case.

Respectfully submitted,  
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965 F.3d 1370  
United States Court of Appeals, Federal Circuit.  
AUSTRALIAN THERAPEUTIC SUPPLIES PTY.  
LTD., Appellant  
v.  
NAKED TM, LLC, Appellee  
2019-1567  
Decided: July 27, 2020

Appeal from the United States Patent and Trademark  
Office, Trademark Trial and Appeal Board in No.  
92056381.

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Before O'Malley, Reyna, and Wallach, Circuit Judges.

**Opinion**

Dissenting opinion filed by Circuit Judge Wallach.

Reyna, Circuit Judge.

The Trademark Trial and Appeal Board determined that Australian Therapeutic Supplies Pty. Ltd. (“Australian”) lacks standing to petition for cancellation of a trademark registration. The Board reasoned that Australian could not show an interest in the cancellation proceeding or a reasonable belief of damage because it had contracted away its proprietary

rights in its unregistered marks. We disagree. An absence of proprietary rights does not in itself negate an interest in the proceeding or a reasonable belief of damage. We hold that a petitioner seeking to cancel a trademark registration establishes an entitlement to bring a cancellation proceeding under 15 U.S.C. § 1064 by demonstrating a real interest in the cancellation proceeding and a reasonable belief of damage regardless of whether petitioner lacks a proprietary interest in an asserted unregistered mark. Because Australian has a real interest in the cancellation proceeding and a reasonable belief of damage, Australian satisfies the statutory requirements to seek cancellation of a registered trademark pursuant to § 1064. We reverse and remand.

## BACKGROUND

### A

Australian first adopted the mark **NAKED** for **condoms** in early 2000 and started advertising, promoting, and selling **condoms** with the marks **NAKED** and **NAKED CONDOM** (collectively, the “unregistered mark”) in Australia. Starting as early as April 2003, Australian, through its website, began advertising, selling, and shipping **condoms** featuring its unregistered mark to customers in the United States. *See* J.A. 10.

**Naked** TM, LLC, (“Naked”) owns Registration No. 3,325,577 for the mark **NAKED** for **condoms**. In late 2005, Australian learned that **Naked**'s predecessor-in-interest (herein also referred to as “Naked”) had filed a trademark application for **NAKED condoms** on September 22, 2003. On July 26, 2006, Australian contacted **Naked** and claimed rights in its unregistered

mark. From July 26, 2006, to early 2007, Australian and **Naked** engaged in settlement negotiations via email correspondence.

**Naked** asserts that the email communications demonstrate that the parties reached an agreement whereby Australian would discontinue use of its unregistered mark in the United States and consent to **Naked's** use and registration of its **NAKED** mark in the United States. *See* Appellee Br. 6 (citing J.A. 1541; J.A. 1543; J.A. 1551; J.A. 1553–56; J.A. 1587; and J.A. 1748–49). Australian disagrees and counters that no agreement exists because the parties did not agree on the final terms of a settlement. Appellant Br. 8–9 (citing J.A. 121–26, J.A. 486–508).

## B

Notwithstanding the settlement discussions, in 2006, Australian filed a petition to cancel registration of the **NAKED** mark. The petition, as amended, asserted Australian's prior use of the mark and sought cancellation on the grounds of fraud, likelihood of confusion, false suggestion of a connection, and lack of bona fide intent to use the mark. **Naked** filed a response, denied the allegations in Australian's amended petition, and asserted numerous affirmative defenses, including that Australian lacked standing to seek cancellation and that Australian was contractually and equitably estopped from pursuing the cancellation.

**Naked** moved for summary judgment on its affirmative defenses of contractual and equitable estoppel, laches, acquiescence, and unclean hands. Australian cross-moved for summary judgment on grounds of likelihood of confusion under the Lanham Act § 2(d), 15 U.S.C. § 1052(d), and asserted that **Naked's**

affirmative defenses are inapplicable because **Naked's** use of the **NAKED** mark would result in inevitable confusion with Australian's unregistered mark.

The Board denied summary judgment on grounds that a genuine issue of material fact existed with respect to Australian's standing and with respect to **Naked's** affirmative defense of contractual estoppel. The Board also opined that a finding of confusion would be likely if Australian could establish standing and priority. The Board advised the parties to focus efforts at trial on the issues of standing and priority.

On December 21, 2018, following trial, the Board concluded that Australian lacked standing to bring a petition for cancellation. *Australian Therapeutic Supplies Pty. Ltd. v. Naked TM, LLC*, CANCELLATION No. 92056381, 2018 WL 6929683, at \*11 (T.T.A.B. Dec. 21, 2018) (hereinafter “*Decision*”). The Board reasoned that, in order to show that it had standing, Australian was required to establish proprietary rights in its unregistered mark. *See id.* at \*2 (citing *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317 (C.C.P.A. 1981)). The Board concluded that Australian failed to establish proprietary rights in its unregistered mark and thus lacked standing. *See id.* at \*11.

The Board found that, although no formal written agreement existed, the parties entered into an informal agreement through email communications and the parties' actions. *Id.* at \*6–8, \*9. According to the Board, Australian agreed it would not use or register its unregistered mark in the United States and that **Naked** could use and register its **NAKED** mark in the United States. *Id.* at \*11. The Board found that Australian led **Naked** to “reasonably believe that [Australian] had abandoned its rights in the United States to the

**NAKED** mark in connection with **condoms**.” *Id.* at \*9. Although the Board made no finding on whether Australian agreed not to challenge **Naked's** use and registration of the **NAKED** mark, the Board concluded that Australian lacked standing to petition to cancel the **NAKED** mark because Australian could not establish a real interest in the cancellation or a reasonable basis to believe it would suffer damage from the continued registration of the **NAKED** mark. *Id.* at \*11.

Australian timely appeals the Board's decision. We have jurisdiction under 28 U.S.C. § 1295(a)(4)(B).

## DISCUSSION

We note at the outset that the Supreme Court has clarified that there are certain issues that are discussed in terms of “standing” that are more appropriately viewed as requirements for establishing a statutory cause of action. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 128 n.4, 134 S.Ct. 1377, 188 L.Ed.2d 392 (2014). That is the case here. The Board discussed the requirements to bring a cancellation proceeding under 15 U.S.C. § 1064 in terms of “standing” instead of a statutory entitlement to a cause of action under 15 U.S.C. § 1064. *Cf.*, *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 1274 (Fed. Cir. 2014) (citing *Lexmark*, 572 U.S. at 125–28, 134 S.Ct. 1377).

We review de novo whether Australian has established entitlement to a statutory cause of action under § 1064. *Empresa Cubana*, 753 F.3d at 1274 (citing *Lexmark*, 572 U.S. at 128, 134 S.Ct. 1377 (applying “traditional principles of statutory interpretation” to determine whether party has a cause of action under the statute)). Section 1064 provides that a petitioner may

seek cancellation of a registered trademark if the petitioner “believes that he is or will be damaged” by the registered trademark. § 1064. The statutory requirements to cancel registration of a mark under § 1064 are substantively equal to the statutory requirements to oppose the registration of a mark under § 1063: both require a party to demonstrate a real interest in the proceeding and a reasonable belief of damage. *See Young v. AGB Corp.*, 152 F.3d 1377, 1380 (Fed. Cir. 1998) (“The linguistic and functional similarities between the opposition and cancellation provisions of the Lanham Act mandate that we construe the requirements of these provisions consistently.”); *see also Empresa Cubana*, 753 F.3d at 1275 (“A petitioner is authorized by statute to seek cancellation of a mark where it has both a real interest in the proceedings as well as a reasonable basis for its belief of damage.” (internal quotation marks and citation omitted)).

#### A. Proprietary Rights

The Board's conclusion that Australian lacked entitlement to bring a cancellation proceeding against a registered mark because it does not have proprietary rights in its unregistered mark is erroneous. Entitlement to a cause of action under § 1064 is not contingent on whether a petitioner has proprietary rights in its own mark.

Here, the Board required that Australian establish proprietary rights in its unregistered mark in order to demonstrate a cause of action under § 1064. This was error. Neither § 1064 nor our precedent requires that a petitioner have a proprietary right in its own mark in order to demonstrate a cause of action before the Board. *See Jewelers Vigilance Comm., Inc. v. Ullenberg*

*Corp.*, 823 F.2d 490, 493 (Fed. Cir. 1987). For example, in *Jewelers*, we explained that a trade association may have standing to oppose a mark's registration “without [having] proprietary rights in a mark.” 823 F.2d at 493; *see also* TBMP § 309.03(b) (“A plaintiff need not assert proprietary rights in a term in order to have standing.”). This is true “irrespective of the grounds [of nonregistrability] upon which the opposer relies.” *Jewelers*, 823 F.2d at 493; *but cf. Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1162 (Fed. Cir. 2002) (explaining that proprietary rights are necessary to show *priority of use* when petitioning for cancellation under section 2(d)); TBMP § 309.03(c)(2) (discussing priority of use and proprietary rights).

The Board determined that Australian had contracted away its right to use and register its unregistered mark. *Decision* at \*11. Contracting away one's rights to use a trademark does not preclude a petitioner from challenging a mark before the Board. *See Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316, 1323–25 (Fed. Cir. 1983) (holding that challenger established standing under § 1064 notwithstanding the parties' written agreement not to challenge each other's registration or each other's rights to use and sell goods under the mark). While an agreement could ultimately bar Australian from proving *actual* damage, § 1064 requires only a *belief* of damage. *See id.* at 1324–25.

The Board relied on *Otto Roth & Co. v. Universal Foods*, 640 F.2d 1317 (C.C.P.A. 1981), as support for its determination that proprietary rights are required for standing. *Decision* at \*2. *Otto Roth*, however, dealt with the merits of an opposition, not a party's right to participate in the opposition proceedings. *See Jewelers*, 823 F.2d at 494 (discussing *Otto Roth*). Our decision in *Otto Roth* does not require a party to establish

proprietary rights in a mark in order to meet the statutory requirements to challenge a mark. *Books on Tape, Inc. v. Booktape Corp.*, 836 F.2d 519, 520 (Fed. Cir. 1987) (discussing the Board's erroneous reliance on *Otto Roth*).

In sum, neither § 1064 nor our precedent requires that a petitioner in a cancellation proceeding must prove that it has proprietary rights in its own mark in order to demonstrate a real interest in the proceeding and a belief of damage. The Board's decision to the contrary is therefore erroneous. *See Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012).

## B. Real Interest and Reasonable Belief of Damage

We next consider whether Australian has a real interest and reasonable belief of damage such that it has a cause of action under § 1064.

A petitioner may demonstrate a real interest and reasonable belief of damage where the petitioner has filed a trademark application that is refused registration based on a likelihood of confusion with the mark subject to cancellation. *See Empresa Cubana*, 753 F.3d at 1274–75. In *Empresa Cubana*, we held that the petitioner met the statutory requirements to petition for cancellation of a mark where the USPTO refused petitioner's trademark application based on a likelihood of confusion with a registered mark. *Id.* at 1275. We reasoned that petitioner's trademark application constitutes a “legitimate commercial interest,” satisfying the real interest requirement. *Id.* (citing *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029 (C.C.P.A. 1982)). We also reasoned that the “blocking” of the petitioner's application satisfied the belief of damage requirement. *Id.*



A petitioner may also demonstrate a real interest and reasonable belief of damage by producing and selling merchandise bearing the registered mark. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945 (Fed. Cir. 2000) (citing *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1091 (Fed. Cir. 1984)).

Here, like in *Empresa Cubana*, Australian demonstrates a real interest in the proceeding because it twice filed an application to register its unregistered mark, first on November 21, 2005,<sup>1</sup> and then on November 6, 2012.<sup>2</sup> Australian also demonstrates a belief of damage because the USPTO refused registration of both the '237 and '589 applications based on a likelihood of confusion with **Naked's** registered mark, U.S. Registration No. 3,325,577.<sup>3</sup> The USPTO has also suspended prosecution of the '589 application pending termination of the present cancellation proceeding (J.A. 1105), further demonstrating a belief of damage. Australian's applications for registration, the USPTO's refusal of registration, and the USPTO's suspension of prosecution support a conclusion that Australian meets the statutory requirements under § 1064. See *Empresa Cubana*, 753 F.3d at 1275.

**Naked** argues that Australian's applications do not support a cause of action under § 1064 because Australian abandoned its '237 application and because Australian filed its '589 application in a “post filing,” “futile attempt to establish its standing.” Appellee Br. 24–26. **Naked** also argues that “mere ownership of a pending application does not in itself provide standing to oppose other applications.” *Id.* at 24–25. We are not persuaded.

First, a trademark owner does not abandon her rights in a mark by abandoning prosecution. See 37 C.F.R. § 2.68(b) (“[T]he fact that an application has been

expressly abandoned shall not affect any rights that the applicant may have in the mark set forth in the abandoned application in any proceeding before the Office.”); *see also C & N Corp. v. Kane*, 953 F. Supp. 2d 903, 911 (E.D. Wis. 2013), *aff’d sub nom. C & N Corp. v. Gregory Kane & Ill. River Winery, Inc.*, 756 F.3d 1024 (7th Cir. 2014).

Second, Australian's advertising and sales in the United States also demonstrate a real interest and reasonable belief of damage. The Board found that Australian “has proven that it has advertised and sold **NAKED condoms** in the United States through [its] websites since April 2003.” *Decision* at \*5. This finding is supported by substantial evidence<sup>4</sup> and demonstrates Australian's real interest and reasonable belief of damage. *See Cunningham*, 222 F.3d at 945.

**Naked** questions the sufficiency of Australian's commercial activity because Australian's marketing and advertising activities are “isolated,” “limited,” and “de minimis,” and its sales are “sporadic” and “nominal.” Appellee Br. 19–22; *see also Decision* at \*10 (characterizing Australian's internet sales in the United States as “de minimis”). Section 1064 does not, however, impose a minimum threshold of commercial activity, nor do we define one here. The real interest requirement is meant to prevent litigation where there is no real controversy between the parties, “where a plaintiff, petitioner or opposer, is no more than an intermeddler.” *Jewelers*, 823 F.2d at 492. Australian's advertising and sales of **NAKED condoms** in the United States since April 2003, coupled with its pending application for registration of its unregistered mark, demonstrates that Australian is not a mere intermeddler; these acts instead demonstrate a real interest and reasonable belief of damage, as contemplated for a cause of action under 15

U.S.C. § 1064. The Board, therefore, erred as a matter of law when it determined that Australian lacks standing in the proceeding for cancellation of **Naked's** registered mark.

## CONCLUSION

We have considered **Naked's** remaining arguments and find them unpersuasive. We hold that the Board erred when it determined that Australian must have proprietary rights in its unregistered mark in order to establish a cause of action under § 1064. We also conclude that based on the facts established before the Board, Australian has a real interest in the cancellation proceeding and a reasonable belief of damage, thereby satisfying the statutory requirements to seek cancellation of a registered trademark. We reverse and remand to the Board for further proceedings consistent with this opinion.

## REVERSED AND REMANDED

### Footnotes

1 U.S. Application Serial No. 78,758,237.

2 U.S. Application Serial No. 85,772,589.

3 *See* March 3, 2011, Office Action, U.S. Trademark Application Serial No. 78/758,237 (refusing registration of the '237 application); J.A. 1096–103 (refusing registration of the '589 application).

4 *See* J.A. 162–65 (images of advertisements of **condoms** bearing the **NAKED** mark on Australian's website), 169–280 (identifying several U.S. sales from Australian's website for each month between April to December 2003).

Wallach, Circuit Judge, dissenting.

The U.S. Patent and Trademark Office's ("USPTO") Trademark Trial and Appeal Board (the "Board") concluded that Appellant Australian Therapeutic Supplies Pty. Ltd. ("Australian") had "failed to prove that it has standing" under 15 U.S.C. § 1064 to petition for cancellation of Appellee **Naked** TM, LLC's ("Naked") registration of the trademark "**NAKED** (typed drawing) for 'condoms,' " bearing the Registration Number 3,325,577. *Australian Therapeutic Supplies Pty. Ltd.*, No. CANCELLATION 9205638, 2018 WL 6929683, at \*1, \*11 (T.T.A.B. Dec. 21, 2018). The Majority reverses and remands, holding that "the Board erred when it determined that Australian must have proprietary rights" to petition for cancellation under § 1064, and "that[,] based on the facts established before the Board, Australian has a real interest in the cancellation proceeding and a reasonable belief of damage, thereby satisfying the statutory requirements to seek cancellation" under 15 U.S.C. § 1064. Maj. Op. 1376. Although I agree with the Majority that a party is not required to prove a proprietary interest, I do not agree that the Board required a proprietary interest from Australian or that Australian met its burden of proving a real interest and a reasonable belief in damages. Because I would affirm the Board's determination, I respectfully dissent.

## DISCUSSION

I. To Have a Cause of Action Under 15 U.S.C. § 1064, a Petitioner Need Not Have a Proprietary Interest, but Must Have a Legitimate Interest

“A petition to cancel a registration of a mark ... may ... be filed ... by any person who believes that he is or will be damaged ... by the registration of a mark[.]” 15 U.S.C. § 1064. We have construed this to mean that “[a] party seeking cancellation must prove ... that it has standing[.]” *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945 (Fed. Cir. 2000) (citations omitted). Statutory standing is a question of “whether a legislatively conferred cause of action encompasses a particular plaintiff’s claim.” *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 127, 134 S.Ct. 1377, 188 L.Ed.2d 392 (2014). For the purposes of 15 U.S.C. § 1064, a petitioner must show that “it has both a real interest in the proceedings ... [and] a reasonable basis for its belief of damage.” *Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 1275 (Fed. Cir. 2014) (internal quotation marks and citation omitted). “[A] real interest in the proceeding” means the petitioner has “a legitimate personal interest” in the cancellation. *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012) (internal quotation marks and citation omitted). “[A] reasonable basis” for belief of damage means the petitioner’s “belief of damage” has “a reasonable basis in fact.” *Id.* (internal quotation marks and citation omitted).

“[T]he reasonableness of [a petitioner’s] belief of damage may be shown in several ways.” *Ritchie v. Simpson*, 170 F.3d 1092, 1098 (Fed. Cir. 1999) (discussing statutory standing to oppose, under 15 U.S.C. § 1063, registration of a mark)<sup>1</sup>; see *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1028 (C.C.P.A. 1982) (“No absolute test can be laid down for what must be proved to establish standing as a petitioner in a cancellation proceeding or as an opposer in an opposition.”). “In the usual case, where [a cancellation] is

brought under [15 U.S.C. § 1052(d)], the [petitioner] ha[s] a proprietary interest in [the] mark [at issue], and standing is afforded through its assertion that it will incur some direct injury to its own established trade identity.” *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 493 (Fed. Cir. 1987); *see* 15 U.S.C. § 1052(d) (providing that “[n]o trademark ... shall be refused registration ... unless it[ ] [c]onsists of ... a mark which so resembles a mark [already] registered ... or ... previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive”). However, “[p]roprietary rights ... are not required.” *Jewelers*, 823 F.2d at 493. A reasonable belief in damage “can be shown by establishing a direct commercial interest,” *Cunningham*, 222 F.3d at 945 (citing *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1092 (Fed. Cir. 1984)), such as the “longtime production and sale of merchandise with the [mark]” at issue, with “an equal right [to] that of [registrant-approved retailers] to use the [mark],” *Job’s Daughters*, 727 F.2d at 1092, or “own[er]s[hip]” and use of potentially similar “prior registrations,” *Cunningham*, 222 F.3d at 945. These requirements are meant to “prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner[, ] or opposer, is no more than an intermeddler.” *Jewelers*, 823 F.2d at 492 (quoting *Lipton*, 670 F.2d at 1029–30). The Majority and I agree this far. *See* Maj. Op. 1374 (“Entitlement to a cause of action under § 1064 is not contingent on whether a [p]etitioner has proprietary rights in its own mark.”).

The Majority neglects, however, that whatever commercial interest the petitioner asserts, it must be a “legitimate commercial interest,” *Empresa Cubana*, 753

F.3d at 1275; *see Coach*, 668 F.3d at 1376 (requiring “a legitimate personal interest” (internal quotation marks and citation omitted)); *Ritchie*, 170 F.3d at 1095–97 (similar); *Lipton*, 670 F.2d at 1029 (similar), that is rooted in “fact[ ]” and “affirmatively proved,” *Ritchie*, 170 F.3d at 1099 (citing *Lipton*, 670 F.2d at 1028); *see Lipton*, 670 F.2d at 1028 (“The facts regarding standing, we hold, are part of a petitioner's case and must be affirmatively proved.”). A petitioner may be deprived of a “legitimate commercial interest” under § 1064 if such interest is precluded by a prior judgment, *see Empresa Cubana*, 753 F.3d at 1274–75 (explaining that a petitioner was not prevented from bringing cancellation proceedings before the Board because a relevant prior judgment “specifically did *not* address whether [the petitioner] could seek cancellation of the [registrations at issue]”), or a prior settlement agreement, *see Danskin, Inc. v. Dan River, Inc.*, 498 F.2d 1386, 1387 (C.C.P.A. 1974) (concluding that a petitioner could not, as a matter of law, seek cancellation of a mark because it had entered a prior settlement agreement with the registrant to “not oppose or petition to cancel directly or indirectly any registration” by that registrant); *see also Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 965 (C.C.P.A. 1979) (“If there [is] a policy favoring challenges to trademark validity, it too has been viewed as outweighed by the policy favoring settlements.”).

## II. Australian Failed to Prove a Real Interest and a Reasonable Belief in Damages

Australian was required to plead and prove “a real interest in the proceedings ... [and] a reasonable basis for its belief of damage.” *Empresa Cubana*, 753 F.3d at 1275; *see Ritchie*, 170 F.3d at 1099. It did not.

Australian argued, and continues to argue on appeal, that it has standing based on its commercial interest in the **NAKED** mark. Appellant's Br. 22 (“[Australian] has a direct commercial interest in this proceeding as a result of its prior and continuing use of the **NAKED** [and **NAKED CONDOMS**] [m]arks in the advertising, marketing, and the offering for sale of **condoms** on its websites.”); J.A. 59 (Amended Petition to Cancel) (similar). It offered evidence that it has advertised and sold **condoms** under the **NAKED** mark in the United States through its websites since at least April 2003, *see Australian*, 2018 WL 6929683, at \*5; *see, e.g.*, J.A. 106 (Australian's Managing Director and Co-Owner, testifying that in April 2003, Australian launched an online marketing campaign and began receiving online orders from the United States), 168–70 (Sales Records) (providing records of online purchases from the United States of Australian products), and that it has applied for registration of the **NAKED** mark in 2003, an application which it subsequently abandoned, J.A. 59–60. However, the record also shows that, in March 2007, Australian and **Naked** entered into an agreement under which Australian promised to discontinue use of the **NAKED** mark in the United States and consented to **Naked's** use and registration of the **NAKED** mark in the United States, in exchange for **Naked's** consent to Australian's use and registration of a **NUDE** mark. *See* J.A. 1541 (Australian's Managing Director and Co-Owner, testifying that “in essence, I did agree” to “[**Naked's**] use and registration of the trademark **Naked** in the United States”), 1543 (Australian's Managing Director and Co-Owner, testifying that **Naked's** “forbearance” on use of the **NUDE** mark was “something of value” to Australian), 1556 (Australian's Managing Director and



Co-Owner, testifying that “I understood that we had a gentleman's agreement to coexist in the marketplace”).<sup>2</sup>

Therefore, even if Australian has shown that it has a “commercial interest” in **Naked's** mark, it has contracted away any “*legitimate* commercial interest” in that mark and, therefore, any “reasonable belief in damages” related to **Naked's** registration of that mark. *Empresa Cubana*, 753 F.3d at 1275 (emphasis added); see *Ace-Fed. Reporters, Inc. v. Barram*, 226 F.3d 1329, 1332 (Fed. Cir. 2000) (explaining that a “valid and enforceable” contract has “both consideration to ensure mutuality of obligation, and sufficient definiteness so as to provide a basis for determining the existence of a breach and for giving an appropriate remedy” (internal quotation marks and citation omitted)). Indeed, Australian has specifically agreed not to challenge **Naked's** use and registration of the **NAKED** mark. J.A. 1541 (Australian's Managing Director and Co-Owner, conceding that he had agreed “to [**Naked's**] use and registration of the trademark [**NAKED**] in the United States”). As such, there is “no real controversy between the parties”—they resolved any such controversy between themselves in 2007—leaving Australian “no more than an intermeddler” here. *Coach Servs.*, 668 F.3d at 1376 (internal quotation marks and citation omitted); see J.A. 1748 (Australian's Managing Director and Co-Owner, telling **Naked** that there was “[n]o need to put anything on paper, [as it] just makes the lawyers a lot of money” and explaining that “[Australian] no longer ha[d] any **Naked condoms** in [the United States], so it should be clear sailing for [**Naked**]”); see also J.A. 1558 (Australian's Managing Director and Co-Owner, explaining that **Naked** “wrote us a very flippant letter” that he took to be a “breach” of their “gentlemen's agreement” such that Australian filed its cancellation

petition in response). Accordingly, the Board did not err in concluding that Australian failed to prove it has standing under 15 U.S.C. § 1064 to petition for the cancellation of **Naked's** registration.

The Majority, however, reaches the opposite conclusion through a series of missteps. First, the Majority misreads the Board's determination as erroneously requiring that Australian “establish proprietary rights in its unregistered [NAKED] mark.” Maj. Op. 1374. The Majority states that “[t]he Board reasoned that, in order to show that it had standing, Australian was required to establish proprietary rights in its unregistered mark,” noting that Board relied on *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317 (C.C.P.A. 1981). Maj. Op. 1373 (citing *Australian*, 2018 WL 6929683, at \*2, \*11). However, the Board only required that Australian prove what it pled. *Compare Australian*, 2018 WL 6929683, at \*2 (noting, before turning to its standing analysis, that Australian had brought a “likelihood of confusion case” and that, because it “filed its petition for cancellation on the basis of its unregistered **NAKED** and **NAKED CONDOM** trademarks,” to make such a case it “must establish proprietary rights in those pleaded common-law marks” as reflected in the defenses raised by **Naked** (citing *Otto Roth*, 640 F.2d 1317)), *with id.* at \*11 (“[Australian] failed to prove that it has standing to cancel the registration because ... [it had] contracted away its right to use and register **NAKED** and by extension **NAKED CONDOMS**.”). As the Board explained, “[Australian's] standing is intrinsically connected with the question of whether the parties have an enforceable agreement that precludes [Australian] from using or registering the mark ... and from challenging [**Naked's**] use and registration of the ... mark.” *Id.* at \*11.

Second, while the Majority alludes to the Board's conclusion that Australian and **Naked** had entered into a prior agreement, Maj. Op. 1373 (noting that the Board “found that, although no formal written agreement existed, the parties entered into an informal agreement through email communications and the parties’ actions”), 1374 (providing that “[t]he Board determined that Australian had contracted away its right to use and register its unregistered mark”), it does not substantively address these findings in its analysis, Maj. Op. 1374 (stating that “[w]hile an agreement could ultimately bar Australian from proving *actual* damage, § 1064 requires only a *belief* of damage”). Instead, the Majority relies on *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316 (Fed. Cir. 1983). Maj. Op. 1374. This reliance is misplaced. The Majority relies on *Selva* for the proposition “that contracting away one's rights to use a trademark does not preclude challenging a mark before the Board.” Maj. Op. 1374 (citing *Selva*, 705 F.2d at 1325). This is incorrect. In *Selva*, we held that the Board erred by “[r]efus[ing] to pass” on the issue of contractual estoppel. *Selva*, 705 F.2d at 1323. We separately held that, while the Board had not directly addressed the issue, it had nonetheless erred by requiring “proof of damage” for standing, *id.* at 1325, when it concluded that the petitioner could not be injured because it “already ha[d] an existing,” substantially similar “registration” to that it sought to cancel, *id.* at 1321. We explained that proof of “real interest,” not proof of damage, was required to establish standing to petition for cancellation. *Id.* at 1325–26 (citing *Lipton*, 670 F.2d at 1028); *see Lipton*, 670 F.2d at 1027 (“[A] party who demonstrates a real interest in the proceeding has standing to litigate even though ultimately its allegation that he is or will be damaged is

refuted.”).<sup>3</sup> We did not reach whether a prior agreement could preclude standing. *See Selva*, 705 F.2d at 1324 (remanding to the Board to consider “the agreement, its construction, [and] its validity if necessary to decide the issues properly before it in this cancellation proceeding, including the issue of estoppel”).

Third, the Majority erroneously finds proof of Australian's reasonable belief in damages elsewhere in the record. The Majority states that Australian “demonstrates a belief of damage because the USPTO refused registration of both the [U.S. Application Serial Nos. 78,758,]237 and [85,772,]589 [ (the “237 application” and “589 application,” respectively) ] ... based on a likelihood of confusion with **Naked's** registered mark[.]” Maj. Op. 1375. In 2011, following rejection by the USPTO, Australian abandoned the '237 application, declining to pursue it further based on its discussions with **Naked**. J.A. 1565 (Australian's Managing Director and Co-Owner, stating that Australian abandoned the '237 application based on its “negotiations” with **Naked**). Further, Australian did not file its '589 application until after it had filed its petition against **Naked's** mark, J.A. 44 (Petition to Cancel, dated October 29, 2012), 1091 (Application, dated November 6, 2012), and did not raise this application as a basis for standing in either its initial petition, J.A. 37–44 (Petition to Cancel), or its subsequent amended petition, J.A. 52–63 (Amended Petition to Cancel, dated September 9, 2014); *see generally Australian*, 2018 WL 6929683, at \*1–11 (making no mention of the '589 application). Standing “must exist at the commencement of the litigation,” *Davis v. Fed. Election Comm'n*, 554 U.S. 724, 732, 128 S.Ct. 2759, 171 L.Ed.2d 737 (2008) (citation omitted); *see Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065, 1073 (Fed. Cir. 2020) (similarly requiring

statutory standing at the time of filing), and “[a]bsent exceptional circumstances, a party cannot raise on appeal legal issues not raised and considered [before the Board].” *Hylete LLC v. Hybrid Athletics, LLC*, 931 F.3d 1170, 1174 (Fed. Cir. 2019) (citation omitted).

## CONCLUSION

Because the Board correctly concluded that Australian had failed to prove it had a legitimate commercial interest on which to base its petition for cancellation of **Naked's** registration, I respectfully dissent.

## Footnotes

1 “The linguistic and functional similarities between the opposition and cancellation provisions of [15 U.S.C. §§ 1063, 1064] mandate that we construe the requirements of these provisions consistently.” *Young v. AGB Corp.*, 152 F.3d 1377, 1380 (Fed. Cir. 1998).

2 Australian does not substantively challenge the Board's factual findings on this point. *See Australian*, 2018 WL 6929683, at \*6–9 (making various factual findings “to determine whether the parties had reached an agreement regarding their respective use and registration of the **NAKED** trademark”). Rather, Australian asserts, in passing, that “it did not” “contract[ ] away its proprietary rights.” Appellant's Br. 19; *see id.* at 8 (characterizing, in its statement of facts, the parties' communications as unsuccessful settlement negotiations). Even if this is construed as argument, Australian fails to develop the point. It is, therefore, waived. *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1362 (Fed. Cir. 2012) (providing that arguments raised only in the

“background of [an] opening brief” are waived); *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1320 (Fed. Cir. 2006) (providing that “mere statements of disagreement with the [lower tribunal] as to the existence of factual disputes do not amount to a developed argument” and that “a passing reference to an issue ... will not suffice to bring that issue before this court” (internal quotation marks and citations omitted)).<sup>3</sup> *Selva* also asserts that “proof of ... belief of damages” is not required. *Selva*, 705 F.2d at 1325. This is a misstatement, given 19 U.S.C. § 1064’s express language. See 19 U.S.C. § 1064 (“A petition to cancel a registration of a mark ... may ... be filed ... *by any person who believes that he is or will be damaged* ... by the registration of a mark[.]” (emphasis added)). As we have subsequently clarified, *Selva* did not create a different or more lenient test for standing, but rather stands for the proposition that proof of “[a]ctual damage” is “not requisite,” rather an “opposer or cancellation petitioner” must “plead and prove facts showing a real interest in the proceeding.” *Rosso & Mastracco, Inc. v. Giant Food Inc.*, 720 F.2d 1263, 1265 (Fed. Cir. 1983) (citing *Selva*, 705 F.2d 1316, 1325 n.6, 1324–26); see *Job's Daughters*, 727 F.2d at 1092 (“In recent cases, this court has explicitly said that there is no requirement that damage be proved in order to establish standing or to prevail in a cancellation proceeding.”). Rather, “[t]he crux of the matter” remains “whether [the petitioner's] belief [in damage] is reasonable and reflects a real interest in the issue.” *Ritchie*, 170 F.3d at 1097

2018 WL 6929683 (Trademark Tr. & App. Bd.)  
THIS OPINION IS A PRECEDENT OF THE TTAB

Trademark Trial and Appeal Board  
Patent and Trademark Office (P.T.O.)

AUSTRALIAN THERAPEUTIC SUPPLIES PTY.  
LTD.

v.

NAKED TM, LLC  
Cancellation No. 92056381  
December 21, 2018

Drew Smith and Gabrielle A. Holloway of Holley &  
Menker, PA, for Australian Therapeutic Supplies Pty.  
Ltd.

Suzanne D. Meehle and Davey T. Jay of Meehle and Jay,  
for Naked TM, LLC

Before Kuhlke, Bergsman and Wolfson  
Administrative Trademark Judges

Opinion by Bergsman  
Administrative Trademark Judge:

Naked TM, LLC (“Respondent”) owns  
Registration No. 3325577 for the mark NAKED (typed  
drawing) for “condoms,” in Class 10.<sup>1</sup>

Australian Therapeutic Supplies Pty. Ltd.  
 (“Petitioner”), alleging prior use of the mark NAKED  
and NAKED CONDOMS both for condoms, filed a  
petition to cancel Respondent's registration on the  
grounds of fraud, likelihood of confusion, and false  
suggestion of a connection.<sup>2</sup> Petitioner filed an Amended  
Petition for Cancellation adding the ground that

Respondent did not possess the requisite bona fide intent to use the mark NAKED when it filed the underlying application for the registration at issue.<sup>3</sup>

Respondent, in its Amended Answer, denied the salient allegations in the Amended Petition for Cancellation and asserted several affirmative defenses.<sup>4</sup>

During the prosecution of this proceeding, Respondent filed a motion for summary judgment on its affirmative defenses of estoppel, laches, acquiescence, and unclean hands.<sup>5</sup> In its response, Petitioner cross-moved for summary judgment on its pleaded claim of likelihood of confusion under Trademark Act 2(d), 15 U.S.C. § 1052(d), and further asserted that Respondent's affirmative defenses are not applicable because the use of Respondent's mark would result in inevitable confusion with Petitioner's mark.<sup>6</sup> Respondent, in its reply brief, also opposed Petitioner's motion for summary judgment on the likelihood of confusion claim.<sup>7</sup>

In its March 3, 2016 Order, the Board held:<sup>8</sup>

- There are genuine disputes of material fact with respect to Petitioner's standing;<sup>9</sup>
- There are genuine disputes of material fact with respect to Respondent's affirmative defense of contractual estoppel;
- If Petitioner is able to establish its standing and priority, then confusion is likely and inevitable; and
- Respondent's motion for summary judgment on its affirmative defenses of laches, acquiescence and equitable estoppel, as well as unclean hands are denied on the ground that they are inapplicable because confusion is inevitable.<sup>10</sup>



The Board expressly set forth the status of the case:

The case will go forward on Petitioner's proof of standing; on its claim of priority as a prerequisite to its claim of likelihood of confusion; and on its claims of false suggestion of a connection under Trademark Act Section 2(a), and lack of bona fide intent under Trademark Act Section 1(b).

Respondent's second affirmative defense (estoppel) remains operative to the extent it is based on the disputed agreement between the parties. Respondent's sixth affirmative defense (failure to state a claim under Section 2(a) upon which relief may [be] granted); seventh affirmative defense (abandonment); and ninth affirmative defense (Petitioner lacks standing), similarly remain operative.<sup>11</sup>

The Board also advised the parties:

In view of our contingent finding of likelihood of confusion and inevitable confusion, trial evidence and briefing on the issue of likelihood of confusion vis-à-vis the *DuPont* factors are not necessary. The parties are advised to focus their efforts at trial on the issues of standing (*i.e.*, whether or not Petitioner is contractually estopped from asserting a “real interest” as a basis for damage or maintaining this cancellation action) and priority.<sup>12</sup>

An element in any likelihood of confusion case is whether plaintiff has a proprietary right in its pleaded mark. Because Petitioner filed its petition for

cancellation on the basis of its unregistered NAKED and NAKED CONDOM trademarks, Petitioner must establish proprietary rights in those pleaded common-law marks. *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40, 43 (CCPA 1981).

Under the rule of *Otto Roth*, a party opposing registration of a trademark due to a likelihood of confusion with his own unregistered term cannot prevail unless he shows that his term is distinctive of his goods, whether inherently or through the acquisition of secondary meaning or through “whatever other type of use may have developed a trade identity.” *Otto Roth*, 640 F.2d at 1320, 209 USPQ at 43.

*Towers v. Advent Software Inc.*, 913 USPQ F.2d 942, 16 USPQ2d 1039, 1041 (Fed. Cir. 1990).

In this regard, we note that Respondent's second and ninth affirmative defenses are based on facts that implicate whether Petitioner has a proprietary right in its purported common law rights and, thus, whether it has standing. The gist of Respondent's Second Affirmative Defense is that by April 2007, the parties reached an agreement that Petitioner would not sell NAKED condoms in the United States and that Petitioner is estopped from seeking to cancel Respondent's registration.<sup>13</sup> With respect to the Ninth Affirmative Defense, Respondent averred that because Petitioner agreed not to sell NAKED condoms in the United States, Petitioner does not have standing.<sup>14</sup>

However, it has been observed that “[a]n analysis of standing does not include an analysis of equitable defenses.”<sup>15</sup> *Official Committee of Unsecured Creditors v. R.F. Lafferty & Co., Inc.*, 267 F.3d 340, 346 (3d Cir.

2001). In view thereof, we view these allegations also as denials of Petitioner's standing that leave Petitioner to its proof of standing. *Id.* (appellate court analyzed both standing and equitable defense together because they formed the basis of the District Court's judgment); *see also Fahmy v. Jay Z, et. al.*, 908 F.2d 383, 394 (9th Cir. 2018) (entering judgment as a matter of law for defendants because plaintiff had transferred the right to prepare derivative works and, thus, lacked standing).

## I. The Record

The record includes the pleadings and, by operation of Trademark Rule 2.122(b), 37 C.F.R. § 2.122(b), Respondent's registration file.<sup>16</sup> The parties introduced the testimony and evidence listed below:

### A. Petitioner's testimony and evidence.

1. Testimony declaration of Graham Porter, Petitioner's Managing Director and co-owner;<sup>17</sup>
2. Testimony declaration of Christopher Butler, Office Manager at the Internet Archive, a website that provides access to a digital library of Internet websites including the Wayback Machine;<sup>18</sup>
3. Testimony declaration of Jill Potter, custodian of records for PayPal, Inc.;<sup>19</sup>
4. Testimony declaration of Natalie Bucsco nee Varner, a consumer who purportedly purchased three packs of condoms on or about April 17, 2003, through condoms.au.com;<sup>20</sup>
5. Testimony declaration of Sean Hayes, a consumer who purportedly purchased

NAKED condoms through condoms.au.com on or about April 7, 2003;<sup>21</sup>

6. Notice of reliance on copies of 27 applications filed by Respondent's predecessor-in-interest and an affiliated company printed from the USPTO electronic database;<sup>22</sup>

7. Notice of reliance on copies of Petitioner's application Serial No. 78758237 for the mark NAKED CONDOMS for condoms, application Serial No. 85772589 for the mark NAKED for condoms, and Registration No. 3282564 for the mark NUDE CONDOM for condoms printed from the USPTO electronic database showing their current status;<sup>23</sup>

8. Notice of reliance on the following items:

a. Respondent's amended responses to Petitioner's first set of requests for admission;<sup>24</sup>

b. Respondent's amended responses to Petitioner's first set of interrogatories;<sup>25</sup>

c. Respondent's second amended responses to Petitioner's first set of interrogatories;<sup>26</sup> and

d. Respondent's responses to Petitioner's third set of requests for admission;<sup>27</sup>

9. Notice of reliance on the discovery depositions of the following individuals:

a. Jud Ireland, Respondent's Managing Member;<sup>28</sup> and

b. Cindy Mason, Mr. Ireland's former personal assistant;<sup>29</sup>

10. Notice of reliance on materials printed from the Internet;<sup>30</sup>

11. Rebuttal testimony declaration of Graham Porter;<sup>31</sup> and
12. Notice of reliance on an article posted on ConsumerReports.org dated February 2005.<sup>32</sup>

B. Respondent's testimony and evidence.

1. Notice of reliance on excerpts from the Graham Porter discovery deposition;<sup>33</sup>
2. Notice of reliance on “Articles of Incorporation with Statement of Conversion” filed with the Office of the California Secretary of State and the Office of the Delaware Department of State Division of Corporations;<sup>34</sup>
3. Notice of reliance on documents obtained from the websites from the California Secretary of State and Delaware Department of State Division of Corporations;<sup>35</sup>
4. Notice of reliance on records from the USPTO database for applications and registrations for marks consisting of the words NAKED and NUDE filed by Petitioner;<sup>36</sup>
5. Notice of reliance on Petitioner's amended responses to Respondent's first set of interrogatories (Nos. 7 and 8)<sup>37</sup> and Petitioner's amended responses to Respondent's second set of interrogatories (Nos. 17-19 and 24);<sup>38</sup>
6. Testimony deposition of Jud Ireland, Respondent's principal;<sup>39</sup> and
7. Testimony declaration of Michael Glickman, a former Senior Vice President of Naked Int'l,

Inc.<sup>40</sup> and Petitioner's cross-examination testimony deposition.<sup>41</sup>

## II. Standing

A threshold issue in every inter partes case is the plaintiff's standing to challenge registration. *See Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014); *John W. Carson Found. v. Toilets.com Inc.*, 94 USPQ2d 1942, 1945 (TTAB 2010). To establish standing in an opposition or cancellation proceeding, a plaintiff must prove that it has “both a ‘real interest’ in the proceedings as well as a ‘reasonable’ basis for its belief of damage.” *See Empresa Cubana*, 111 USPQ2d at 1062; *Ritchie v. Simpson*, 170 F.3d 1092, 50 USPQ2d 1023, 1025 (Fed. Cir. 1999); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185, 189 (TTAB 1982).

While Petitioner has proven that it has advertised and sold NAKED condoms in the United States through Petitioner's websites since April 2003,<sup>42</sup> Respondent argues that Petitioner has contracted away its standing, i.e., Petitioner's “real interest,” contending that the parties agreed that Petitioner would use and register NUDE for condoms while Respondent would use and register NAKED for condoms.

The Board is an administrative tribunal with jurisdiction over the question of registrability of U.S. trademarks. *See* Section 17 of the Trademark Act, 15 U.S.C. § 1067. The Board is empowered to determine only the right to register. Sections 17- 18, 20 and 24 of Trademark Act, 15 U.S.C. §§ 1067-68, 1070, 1092; *see also, e.g., Conolty v. Conolty O'Connor NYC LLC*, 111 USPQ2d 1302, 1309 (TTAB 2014). However, the Board may consider the terms of a contract if, and to the extent

that, construction of the contract is necessary to a decision on matters within the Board's jurisdiction. *See* 1980) (dismissing opposition because opposer consented to and encouraged applicant's use of the mark MAN'S DAY).

In this case, there is no formal written agreement; however, the Board recognizes oral and informal agreements. *See e.g., Nestle Co. Inc. v. Nash-Finch Co.*, 2 USPQ2d 1085 (TTAB 1987) (written license not required); *John Anthony, Inc. v. Fashions by John Anthony, Inc.*, 209 USPQ 517 (TTAB 1980) (oral license between employer and former employee). The elements necessary to determine that a contract exists are: (1) mutuality of intent to contract; (2) consideration; and (3) lack of ambiguity in offer and acceptance. *See D & N Bank v. U.S.*, 331 F.3d 1374, 1378 (Fed. Cir. 2003); *Ace-Federal Reporters, Inc. v. Barram*, 226 F.3d 1329, 1332 (Fed. Cir. 2000) (“to be valid and enforceable, a contract must have both consideration to ensure mutuality of obligation and sufficient definiteness so as to provide a basis for determining the existence of a breach and for giving an appropriate remedy.”) (internal citations omitted).

We review the relevant actions and communications between the parties to determine whether the parties had reached an agreement regarding their respective use and registration of the NAKED trademark. The communications were by email between the principals of the parties.

- Petitioner advertised the sale of NAKED condoms on its condoms.au.com website as of August 11, 2002;<sup>43</sup>

- Petitioner sold and shipped NAKED condoms to purchasers in the United States as of April 3, 2003;<sup>44</sup>
- Between 2003 and 2015, Petitioner never had more than 48 consumers for NAKED condoms in the United States in any one year via Internet sales;<sup>45</sup>
- On September 22, 2003, Respondent filed its application for the registration at issue;<sup>46</sup>
- On November 21, 2005, Petitioner filed intent-to-use application Serial No. 78758237 for the mark NAKED CONDOMS (condoms disclaimed) for “condoms, including condoms made of latex,” in Class 10;<sup>47</sup>
- On November 21, 2005, Petitioner filed application Serial No. 78757257 for the mark NUDE CONDOM (condom disclaimed) for “condoms, including condoms made of latex,” in Class 10, under Section 44(d) of the Trademark Act and intent-to-use;<sup>48</sup>
- Petitioner learned about Respondent and its application for the NAKED trademark in the United States at least as early as November 22, 2005;<sup>49</sup>
- On July 26, 2006, Petitioner emailed Respondent informing Respondent that Petitioner has been marketing NAKED condoms in the United States via the Internet prior to the filing of Respondent's application, opening negotiations to resolve the NAKED trademark issue, including assigning Petitioner's application for NUDE CONDOM to Respondent;<sup>50</sup>
- On September 6, 2006, Respondent emailed Petitioner inquiring about the status of



Petitioner's NAKED trademark and expressing concern and doubt about whether both parties can use NAKED for condoms in the United States;<sup>51</sup>

- On September 11, 2006, Petitioner emailed Respondent informing Respondent that the distribution of Petitioner's FOUR SEASON NAKED condoms “has been going very well” and that because neither party appears willing to relinquish its right to use the NAKED trademark, Petitioner has authorized its lawyers to draft a coexistence agreement;<sup>52</sup>
- On December 18, 2006, Petitioner emailed Respondent a draft copy of the coexistence agreement.<sup>53</sup> The draft agreement provides, in essence, that
  - Petitioner shall not use NAKED or NUDE in the United States other than as a subbrand for its core FOUR SEASONS mark; and
  - Respondent shall not use or register any marks that are similar to Petitioner's non-NAKED marks;<sup>54</sup>
- On January 3, 2007, Respondent emailed Petitioner a counterproposal that “would be the basic terms of a final written agreement” providing that: (i) Petitioner will not use or register any mark containing the word NAKED in the United States and (ii) Respondent will not use or register any mark containing the word NUDE in the United States;<sup>55</sup>
- On April 4, 2007, the parties exchanged emails. Respondent told Petitioner that Respondent was “coming to market” and that

they should put their agreement “on paper.”<sup>56</sup>  
Petitioner replied

[N]o need to put anything on paper. Just makes lawyers a lot of money. We no longer have any Naked condoms in the USA, so it should be clear sailing for you. Good luck with the launch.<sup>57</sup>

- On August 21, 2007, Petitioner's application Serial No. 78758257 for the mark NUDE CONDOM registered as Registration No. 3282564;<sup>58</sup>
- On October 30, 2007, Respondent's application Serial No. 78303400 for the mark NAKED registered as Registration No. 3325577, the registration at issue;<sup>59</sup>
- On March 12, 2011, Respondent emailed Petitioner thanking Petitioner “for discontinuing your sub brand naked” and asking Petitioner to remove NAKED condoms from its TWITTER site because it was causing confusion;<sup>60</sup>
- On March 13, 2011, Petitioner emailed Respondent pointing out that Petitioner has been using the NAKED brand in Australia before Respondent began using the NAKED brand and that since Petitioner “helped out last time it would be great if [Respondent] could take down [Respondent's] twitter site as a small favor to [Petitioner].” In closing, Petitioner asked “How are the Naked condoms going?”<sup>61</sup>
- On March 14, 2011, Respondent emailed Petitioner acknowledging Petitioner's rights

to the NAKED brand in Australia but pointing out that Petitioner's FOUR SEASONS brand appears to be Petitioner's main focus;<sup>62</sup>

- On August 31, 2011, Respondent emailed Petitioner stating that Respondent's launch of NAKED condoms was going well, that Respondent is selling worldwide except for Australia, and asking Petitioner to transfer its rights to NAKED to Respondent;<sup>63</sup>
- As of September 3, 2011, Petitioner abandoned application Serial No. 78528237 for the mark NAKED CONDOMS;<sup>64</sup>
- On September 4, 2011, Petitioner emailed Respondent stating that Petitioner “still get[s] lots of requests for NAKED in the USA” and that Petitioner will not transfer any rights;<sup>65</sup>
- On September 5, 2011, Respondent emailed Petitioner offering to acquire Petitioner's rights to the NAKED mark in Australia;<sup>66</sup>
- On September 20, 2011, Petitioner emailed Respondent stating that Petitioner has been using the NAKED mark for “a lot longer than [Respondent] in the USA via [Petitioner's] direct selling into the USA from years ago.”;<sup>67</sup>
- On September 21, 2011, Respondent emailed Petitioner stating that because the parties had agreed that Petitioner would use the NUDE trademark and Respondent would use the NAKED trademark and because Respondent has registered the NAKED mark in approximately 36 countries, Petitioner should stop selling NAKED condoms in the United States via the Internet;<sup>68</sup> and

- On September 21, 2011, Petitioner emailed Respondent stating that “We have no agreement in place other than we agreed to co-exist.”<sup>69</sup>

Petitioner's actions and communications led Respondent to believe that the parties agreed that Petitioner would not use or register the mark NAKED in connection with condoms in the United States and that Respondent could use and register the mark NAKED in the United States. Specifically,

- In the April 4, 2007 email exchange Petitioner wrote

[N]o need to put anything on paper. Just makes lawyers a lot of money. We no longer have any Naked condoms in the USA, so it should be clear sailing for you. Good luck with the launch.<sup>70</sup>

Thus, Petitioner expressly stated that it no longer had any NAKED condoms in the United States. But more telling, Petitioner did not inform Respondent that it had any plans to continue selling NAKED condoms in the United States via the Internet from Australia;

- In the March 2011 email exchange regarding the confusion caused by Petitioner's use of the NAKED trademark on its TWITTER account, when Respondent thanked Petitioner “for discontinuing your sub brand naked,” Petitioner did not correct Respondent and explain that Petitioner believed it retained the

right to sell NAKED brand condoms in the United States via the Internet. In fact, Petitioner said that because it “helped out the last time” presumably meaning that because Petitioner stopped using NAKED in the United States, Respondent should take down its TWITTER site;

- As of September 3, 2011, Petitioner abandoned application Serial No. 78528237 for the mark NAKED CONDOMS; and
- Throughout all of the communications between Petitioner and Respondent, Petitioner never stated or reminded Respondent that Petitioner was retaining the right to sell NAKED condoms in the United States via Internet sales from Australia.

The evidence shows that the parties reached an agreement. The mutuality of intent to contract is satisfied because the parties recognized their trademark issue and they communicated and exchanged offers to resolve it. The consideration for the contract is Petitioner's agreement not to use or register the NAKED trademark for condoms in the United States and Respondent's agreement not to use or register the NUDE trademark for condoms. Finally, the lack of ambiguity in offer and acceptance is evidenced by the facts that Petitioner stopped using the NAKED mark in the United States, Petitioner did not interfere with Respondent's use and registration of the NAKED mark in the USPTO, Petitioner registered the NUDE trademark in the United States, and Respondent did not interfere with Petitioner's use and registration of the NUDE trademark in the USPTO.

That we are dealing with an informal or oral agreement or contract rather than a written contract does not diminish the effect of the agreement. The parties had reached an agreement as evidenced by the April 4, 2007 email where Respondent told Petitioner that the parties should put their agreement in writing and that Respondent wanted it memorialized.<sup>71</sup> Petitioner did not object and assert that was no agreement, rather Petitioner advised Respondent not to get the lawyers involved to put the agreement in writing.<sup>72</sup> If there was no agreement, Petitioner would have advised Respondent that there was no agreement or at least questioned Respondent as to why it wrote that there was an agreement. Moreover, there would be no need for Petitioner to advise Respondent not to get the lawyers involved. Petitioner did not want to have lawyers formalize a written agreement because Petitioner did not want Respondent to find out that Petitioner intended to circumvent their oral agreement and continue selling NAKED condoms in the United States via the Internet. Had lawyers gotten involved to put the agreement “on paper,” Petitioner surely would have been forced to expressly state that it was continuing to sell NAKED condoms in the United States via the Internet. As noted above at footnote 58, Mr. Porter testified that “I didn't want an agreement in writing that would give away my rights to that [the NAKED trademark].”<sup>73</sup> But Petitioner never expressed to Respondent that Petitioner had plans to continue selling NAKED condoms in the United States via the Internet from Australia.

Graham Porter, Petitioner's principal, testified that the parties had an agreement in place for the United States,<sup>74</sup> corroborating our finding that the parties reached an agreement and that Petitioner led

Respondent to reasonably believe that Petitioner had abandoned its rights in the United States to the NAKED mark in connection with condoms.

Q. You communicated to [Respondent] didn't you, that you would agree to adopt Nude and not sell Naked in the United States?

A. It was part of the negotiation that was still taking place. Yes.

Q. And you agreed to it?

A. In essence, I did agree.<sup>75</sup>

\* \* \*

Q. What was the agreement?

A. The important agreement that we wanted to have where we would coexist in the marketplace was [Petitioner] was going to withdraw Naked from being sold from our USA entity, which, as you have seen, that the numbers aren't huge.

Q. And what would [Respondent] do?

A. Nothing. He did nothing.

Q. He let you have Nude; right?

A. Right, and he continued to sell Naked the whole time.

Q. And you ran with Nude; right?

A. We ran with both.

Q. You ran with Nude - -

A. Nude from the USA and then Naked from Australia.

Q. Notwithstanding that you told him that you no longer have any Naked condoms in the USA; right?

A. Which is true. We had them in Australia. We continued selling from Australia.<sup>76</sup>

As part of the agreement, Respondent would not oppose Petitioner's pending application for the NUDE mark.<sup>77</sup>

Petitioner characterized the agreement as “a gentleman's agreement.”<sup>78</sup>

A. We had a gentleman's agreement that in the USA [Petitioner] would sell Nude and sell Naked from Australia. We still hadn't resolved our agreement.<sup>79</sup>

\* \* \*

Q. Mr. Porter, you gave the man [Ireland/Respondent] your word in April of 2007 that you would take Nude in the U.S., he would take Naked in the U.S., right, recognizing your caveat that you believe you retained the right to do Internet sales. But you don't dispute that you said, Jud [Respondent], go ahead and use Naked?

A. I don't dispute that at all. I don't think it's the same question.

Q. So just explain it. Since we are all in agreement that you said that to him, I will take Nude, you take Naked - -

A. And I will sell Naked in the U.S. from Australia.

Q. Tell me why you believe five years after you reached that agreement with him, five years after he began investing and spending money and developing the mark that you had the



right to come in and file a cancellation proceeding to take away that which you agreed that he could do and which he relied on for years before you did this. Tell me why you believe you believe [sic] you had the right to do that.

- A. When he sent this letter, it was basically destroying any agreement that we had in place as far as I'm concerned.<sup>80</sup>

We find the only reasonable interpretation of the entirety of the communications is that Petitioner agreed not to use the NAKED trademark in connection with condoms in the United States via Internet sales. Because Petitioner's Internet sales in the United States were de minimis, if Respondent even were aware of them, such sales did not require any action until Petitioner's TWITTER activities purportedly caused some instances of confusion.

Petitioner's standing is intrinsically connected with the question of whether the parties have an enforceable agreement that precludes Petitioner from using or registering the mark NAKED or NAKED CONDOMS and from challenging Respondent's use and registration of the NAKED mark. Petitioner's actions and communications stating that it no longer had any NAKED brand condoms in the United States so that it should be "clear sailing" for Respondent to launch its NAKED brand condoms caused Respondent to reasonably believe that any rights Petitioner had in the NAKED trademark for condoms had been abandoned. Therefore, we find that Petitioner agreed that it would not use or register the mark NAKED for condoms in the United States and that Respondent could use and register the mark NAKED for condoms in the United

States. In view thereof, Petitioner failed to prove that it has standing to cancel the registration because Petitioner does not have a real interest in this proceeding or a reasonable basis for its belief of damage, having contracted away its right to use and register NAKED and by extension NAKED CONDOMS. Accordingly, Petitioner lacks standing.

Because Petitioner does not have standing to bring this cancellation, we need not decide the issues of priority, whether Respondent had a bona fide intent to use NAKED when it filed its application for registration, or whether Respondent's use and registration of NAKED creates a false suggestion of a connection with Petitioner's name or identity. *See Multisorb Tech., Inc. v. Pactive Corp.*, 109 USPQ2d 1170, 1171-72 (TTAB 2013) (we have “discretion to decide only those claims necessary to enter judgment and dispose of the case,” as our “determination of registrability does not require, in every instance, decision on every pleaded claim.”) (citing *Am. Paging Inc. v. Am. Mobilphone Inc.*, 13 USPQ2d 2036, 2039-40 (TTAB 1989)), *aff'd*, 923 F.2d 869, 17 USPQ2d 1726 (Fed. Cir. 1990) (non-precedential).

**Decision:** The Amended Petition for Cancellation is denied.

#### Footnotes

1 Registered October 30, 2007; renewed.

2 Because the petition for cancellation was filed on October 29, 2012, within five years of the registration date, likelihood of confusion is not time-barred. Trademark Act § 14(1); 15 U.S.C. § 1064(a).

3 24 TTABVUE 10. The Amended Petition is the operative pleading in this case.

4 37 TTABVUE.

5 42 TTABVUE.

6 52 TTABVUE.

7 54 TTABVUE.

8 56 TTABVUE.

9 Because the Board found that there are genuine disputes of material fact regarding standing, we did not decide the issue of priority. 56 TTABVUE 12.

10 As the Board explained in a prior order, contractual estoppel is not obviated by inevitable confusion because it is a threshold inquiry as to whether Petitioner lacks a “real interest” in seeking cancellation of Respondent's registration. 56 TTABVUE 17 n. 10.

As noted earlier, Respondent's estoppel defense encompasses both contractual estoppel and equitable estoppel. Only the defense of equitable estoppel is negated by inevitable confusion. As noted in our discussion of Petitioner's standing, the issue of contractual estoppel is effectively a threshold inquiry into whether or not the parties entered into an enforceable agreement such that Petitioner now lacks a “real interest” in seeking cancellation of Respondent's registration or has “contracted away” its right to seek cancellation. Respondent's contract-based challenges to Petitioner's standing and claims survive our decision here.

*Id.*

11 56 TTABVUE 21.

12 56 TTABVUE 21 n.14.

13 37 TTABVUE 5.

14 37 TTABVUE 10.

15 Amended Petition for Cancellation ¶¶6-11 (24 TTABVUE 7-8).

16 Because Respondent's registration file is of record by operation of the Trademark Rules of Practice, there was

no need for Respondent to introduce it through a notice of reliance. 120 TTABVUE.

17 79-80 TTABVUE.

18 81 TTABVUE.

19 82 TTABVUE.

20 83 TTABVUE.

21 84 TTABVUE.

22 85 TTABVUE.

23 86 TTABVUE.

24 87 TTABVUE 6.

25 87 TTABVUE 11.

26 87 TTABVUE 20.

27 87 TTABVUE 26.

28 89 and 129 TTABVUE. Despite the fact that very little, if any, of the testimony or the exhibits constitute trade secret or commercially sensitive information, the excerpts from the Ireland deposition have been designated confidential in their entirety. Trademark Rule 2.116(g), 37 C.F.R. § 2.116(g), provides, in part, that “[t]he Board may treat as not confidential that material which cannot reasonably be considered confidential, notwithstanding a designation as such by a party.” Accordingly, we will not be bound by the parties’ designation.

29 88 TTABVUE 7. It was not necessary for Respondent to file its amended notice of reliance on the Mason discovery deposition already made of record by Petitioner. 107 TTABVUE. Trademark Rule 2.120(3)(ii)(7), 37 C.F.R. § 2.120(3)(ii)(7), provides that testimony from a discovery deposition made of record by one party may be referred to by any party for any purpose permitted by the Federal Rules of Evidence.

30 90 TTABVUE.

31 127 TTABVUE.

32 130 TTABVUE.

33 104 TTABVUE. Respondent submitted a condensed version of the transcript rather than in full-sized format. *See* Trademark Rule 2.123(g)(1), 37 C.F.R. § 2.123(g)(1) (“The deposition transcript must be submitted in full-sized format (one page per sheet), not condensed (multiple pages per sheet).”).

Although Respondent identified specific passages from the deposition upon which it is relying, Respondent introduced into the record the entire transcript. Accordingly, we consider the entire Graham discovery deposition as being of record.

34 105 TTABVUE 106. Exhibits E, G, and H filed in this notice of reliance were stricken in the Board's January 29, 2018 Order. 118 TTABVUE 3-6.

35 120 TTABVUE.

36 106 TTABVUE.

37 108 TTABVUE 5.

38 108 TTABVUE 24.

39 109 TTABVUE. Respondent unnecessarily filed the Ireland deposition a second time at 112 TTABVUE.

40 110 and 111 TTABVUE.

41 126 TTABVUE.

42 Porter Testimony Decl. ¶¶17-18, 23, 25-30 and Exhibits 7 and 9-13 (79 TTABVUE 6, 62 and 69-277).

43 Porter Testimony Decl. Exhibit 7 (79 TTABVUE 62-65).

44 Porter Testimony Decl. Exhibit 9 (79 TTABVUE 70). *See also* Porter Testimony Decl. Exhibits 10 and 11 (79 TTABVUE 182-190).

45 Petitioner's amended response to Respondent's interrogatory No. 17 (108 TTABVUE 29-30).

46 Respondent filed a statement of use on June 19, 2007, alleging first use as of April, 2007.

47 86 TTABVUE 7. The application was abandoned on September 28, 2011.

48 86 TTABVUE 38. Registered under Reg. No. 3282564 on August 21, 2007, renewed.

49 Porter Testimony Decl. Exhibit 22 (79 TTABVUE 345).

50 Porter Testimony Decl. Exhibit 25 (79 TTABVUE 352).

51 Porter Testimony Decl. Exhibit 27 (79 TTABVUE 357).

52 Porter Testimony Decl. Exhibit 27 (79 TTABVUE 356).

53 Porter Testimony Decl. Exhibit 28 (79 TTABVUE 361-370).

54 Porter Testimony Decl. Exhibit 28 (79 TTABVUE 364-365).

55 Porter Testimony Decl. Exhibit 30 (79 TTABVUE 374).

56 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 295) (80 TTABVUE 263). Petitioner did not introduce the email referred to in the testimony. Porter Testimony Decl. Exhibit 51 is the Graham Porter discovery deposition. The April 4, 2007 emails were identified as Porter Discovery Exhibit 44. Porter Discovery Exhibit 44 was not made of record.

57 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 295) (80 TTABVUE 264). Mr. Porter testified that when he wrote that email, he did not mean that the parties had an agreement. To the contrary, Mr. Porter testified that "I didn't want an agreement in writing that would give away my rights to that [the NAKED trademark]." 80 TTABVUE 266.

Q. When you said, "We no longer have any Naked condoms in the USA, so it should be clear sailing for you," what did you mean by that?

- A. What I meant by that is I have made a decision at this time once we [Petitioner] found a new supplier that we [Petitioner] were going to market Nude from ATS, Inc. and Naked from ATS Australia.
- Q. Let's focus on these words "so it should be clear sailing for you." What do these words mean, "so it should be clear sailing for you?" When you wrote that to my client, what were you telling him?
- A. That he [Respondent] was going to market with his [Respondent's] Naked condoms.
- Q. ... Wasn't it your intention in using these words that you were no longer going to interfere with his sale of Naked condoms in the USA?
- A. No, I very much wanted to have a coexistence.

Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 298-99) (80 TTABVUE 266-67).

58 86 TTABVUE 38. The application was published for opposition on February 13, 2007. No one filed an opposition to the registration of Petitioner's mark. 86 TTABVUE 40.

59 Respondent's application was published for opposition on June 8, 2004. No one filed an opposition to the registration of Respondent's mark.

60 Porter Testimony Decl. Exhibit 35 (79 TTABVUE 389).

61 Porter Testimony Decl. Exhibit 35 (79 TTABVUE 388).

62 Porter Testimony Decl. Exhibit 35 (79 TTABVUE 387).

63 Porter Testimony Decl. Exhibit 36 (79 TTABVUE 391).

64 86 TTABVUE 7. Despite Petitioner's assertion that it was still selling NAKED condoms in the United States via the Internet and despite Petitioner's prior use of the NAKED mark, Petitioner expressly instructed counsel to abandon the NAKED CONDOMS trademark application because a registration "wasn't required for the product at the time" due to the global financial crisis. Also, it allowed Petitioner "to stall for time." Porter Discovery Dep., p. 340-41 (104 TTABVUE 90). If, as Petitioner asserts, the parties only had an agreement to coexist and were in negotiations for a more comprehensive agreement, it would seem to undercut Petitioner's position that that Petitioner would allow its application for NAKED CONDOMS to go abandoned rather than use it for whatever leverage it may have in those negotiations.

65 Porter Testimony Decl. Exhibit 36 (79 TTABVUE 391). As noted above, Petitioner never had more than 48 consumers via Internet sales in any year. Petitioner's amended response to Respondent's interrogatory No. 17 (108 TTABVUE 29-30). In 2010, Petitioner had "at least 25" customers and in 2011 Petitioner had "at least 48" customers. *Id.*

66 Porter Testimony Decl. Exhibit 37 (79 TTABVUE 395).

67 Porter Testimony Decl. Exhibit 38 (79 TTABVUE 399).

68 Porter Testimony Decl. Exhibit 38 (79 TTABVUE 398).

69 Porter Testimony Decl. Exhibit 38 (79 TTABVUE 398).

70 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 295) (80 TTABVUE 264).

71 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 295) (80 TTABVUE 263).



72 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 295) (80 TTABVUE 264).

73 80 TTABVUE 266.

74 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 301) (80 TTABVUE 268).

75 Porter Discovery Dep., p. 253 (104 TTABVUE 68).

76 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 300-01) (80 TTABVUE 268-69).

77 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 302) (80 TTABVUE 270) (ATS, Inc. would not sell any FOUR SEASONS NAKED condoms in the United States and in exchange, Respondent would not oppose Petitioner's NUDE application). *See also* Porter Discovery Dep., p. 259 (104 TTABVUE 70) (Respondent's agreement not to object to Petitioner's NUDE application was of material consideration to Petitioner).

78 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 353) (80 TTABVUE 275). *See also* Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 301-02) (80 TTABVUE 269-70).

79 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 392) (80 TTABVUE 291).

80 Porter Testimony Decl. Exhibit 51 (Porter Discovery Dep., p. 432-33) (80 TTABVUE 297-98). Respondent had its trademark counsel send Petitioner a letter demanding that Petitioner stop selling NAKED condoms in the United States via the Internet. Porter Decl. Exhibit 66 (80 TTABVUE 358).

50a

981 F.3d 1083

United States Court of Appeals, Federal Circuit.

AUSTRALIAN THERAPEUTIC SUPPLIES PTY.  
LTD., Appellant

v.

NAKED TM, LLC, Appellee  
2019-1567

December 4, 2020

Appeal from the United States Patent and Trademark  
Office, Trademark Trial and Appeal Board in No.  
92056381.

**Attorneys and Law Firms**

Suzanne D. Meehle, Meehle & Jay PA, Orlando,  
FL, filed a petition for rehearing en banc for appellee.  
Also represented by Emily Behzadi, Davey T. Jay; Tania  
Williams, The Williams Firm, P.A., West Palm Beach,  
FL.

James Robert Menker, Holley & Menker, P.A.,  
Atlantic Beach, FL, filed a response to the petition for  
appellant.

Charles L. Thomason, Thomason Law Office,  
Louisville, KY, amicus curiae, pro se.

Before Prost, Chief Judge, Newman, Lourie, Dyk,  
Moore, O'Malley, Reyna, Wallach, Taranto, Chen,  
Hughes, and Stoll, Circuit Judges.

Wallach, Circuit Judge, dissents from the denial of the  
petition for rehearing en banc.

**ON PETITION FOR REHEARING EN BANC**

ORDER

Per Curiam.

Appellee **Naked** TM, LLC filed a petition for rehearing en banc. A response to the petition was invited by the court and filed by Appellant Australian Therapeutic Supplies Pty. Ltd. A motion for leave to file an amicus brief was filed by Lee Thomason and granted by the court. The petition for rehearing, response, and amicus brief were first referred to the panel that heard the appeal, and thereafter, to the circuit judges who are in regular active service. A poll was requested, taken, and failed.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on December 11, 2020.

FOR THE COURT

/s/ Peter R. Marksteiner

Peter R. Marksteiner Clerk of Court

December 4, 2020

Date

WALLACH, Circuit Judge, dissenting from denial of a petition for rehearing en banc

I write to express my disagreement with the merits of the decision in *Australian Therapeutic Supplies Pty.*

*Ltd. v. Naked TM, LLC (Australian III)*, 965 F.3d 1370 (Fed. Cir. 2020), and to note a potential point of confusion in our case law going forward. Statutory standing is a question of “whether a legislatively conferred cause of action encompasses a particular plaintiff’s claim.” *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 127, 134 S.Ct. 1377, 188 L.Ed.2d 392 (2014).<sup>1</sup> A cause of action “extends only to plaintiffs whose interests fall within the zone of interests protected by the law invoked.” *Id.* at 129, 134 S.Ct. 1377 (internal quotation marks and citation omitted). *Australian III* concerns how broad the “zone of interests” is for 15 U.S.C. § 1064—specifically, whether a prior settlement agreement may preclude a petitioner from establishing a valid cause of action. *Compare Australian III*, 965 F.3d at 1374–76 (concluding that a petitioner had a valid cause of action because “proprietary rights” are not required), *with Australian III*, 965 F.3d at 1376–81 (Wallach, J. dissenting) (concluding that a petitioner did not have a valid cause of action because it was precluded by a prior settlement agreement). *See* 15 U.S.C. § 1064 (providing for cancellation of registration of a trademark).

*Australian III*: (1) conflicts with our case law requiring a “legitimate commercial interest” to have a valid cause of action under 15 U.S.C. § 1064, *see Empresa Cubana Del Tabaco v. Gen. Cigar Co.*, 753 F.3d 1270, 1274 (Fed. Cir. 2014) (following *Lexmark*, noting that a petitioner must have a “legitimate commercial interest sufficient to confer standing”); (2) undermines our case law favoring the enforcement of settlement agreements, *see Wells Cargo, Inc. v. Wells Cargo, Inc.*, 606 F.2d 961, 965 (C.C.P.A. 1979) (“If there [is] a policy favoring challenges to trademark validity, it too has been viewed as outweighed by the policy favoring settlements.”); and (3) raises questions as to the impact of Supreme Court

precedent on our statutory standing jurisprudence, *see Lexmark*, 572 U.S. at 128 n.4, 134 S.Ct. 1377 (noting that statutory standing does not implicate Article III subject matter jurisdiction), 134 (providing “a direct application of the zone-of-interests test and the proximate-cause requirement [to] suppl[y] the relevant limits on who may sue”). Accordingly, I respectfully dissent from our denial of rehearing en banc. *See* FED. R. APP. P. 35(a)(1)–(2).

## BACKGROUND

### I. Legal Framework

Statutory standing is a question of “whether a legislatively conferred cause of action encompasses a particular plaintiff’s claim.” *Lexmark*, 572 U.S. at 127, 134 S.Ct. 1377.<sup>2</sup> A cause of action “extends only to plaintiffs whose interests fall within the zone of interests protected by the law invoked.” *Id.* at 129, 134 S.Ct. 1377 (internal quotation marks and citation omitted). Under the relevant statute, “a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue.” *Id.* at 134, 134 S.Ct. 1377. “[T]he breadth of the zone of interests varies according to the provisions of law at issue[.]” *Id.* at 130, 134 S.Ct. 1377.<sup>3</sup>

Relevant here, “[a] petition to cancel a registration of a mark ... may ... be filed ... by any person who believes that he is or will be damaged ... by the registration of a mark[.]” 15 U.S.C. § 1064. In *Empresa Cubana*, we explained that, in keeping with *Lexmark*, we must “focus[ ] on [a petitioner’s] entitlement to the cause of action defined by 15 U.S.C. § 1064,” *Empresa Cubana*, 753 F.3d at 1274, and confirmed the continued applicability of our pre-*Lexmark* 15 U.S.C. § 1064 jurisprudence to determine whether “[a] petitioner is

authorized by statute to seek cancellation of a mark,” *id.* at 1275. Under *Empresa Cubana*, a petitioner must show that “it has both a real interest in the proceedings ... [and] a reasonable basis for its belief of damage” to have a valid cause of action under 15 U.S.C. § 1064. *Id.* (internal quotation marks and citation omitted); *see Australian III*, 965 F.3d at 1373–74 (similar). Recently, we clarified both that “the *Lexmark* analytical framework is the applicable standard for determining whether a person is eligible under 15 U.S.C. § 1064 to bring a petition for the cancellation of a trademark registration,” and that there is “no meaningful, substantive difference between the analytical frameworks expressed in *Lexmark* and *Empresa Cubana*.” *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298, 1303 (Fed. Cir. 2020); *see id.* at 1305 (explaining that “[t]he zone-of-interests requirement and the real-interest requirement share a similar purpose and application” and “a party that demonstrates a reasonable belief of damage by the registration of a trademark demonstrates proximate causation within the context of [15 U.S.C.] § 1064”).<sup>4</sup>

Whether we adopt *Empresa Cubana*’s or *Corcamore*’s language, a petitioner needs a legitimate commercial interest to have a valid cause of action under 15 U.S.C. § 1064. *Corcamore*, 978 F.3d at 1303; *Empresa Cubana*, 753 F.3d at 1275; *see Lexmark*, 572 U.S. at 131–32, 134 S.Ct. 1377 (explaining that the “interests protected by the Lanham Act” are “commercial,” including “ ‘protect[ing] persons engaged in [commerce within the control of Congress] against unfair competition’ ” (alterations in original) (quoting 15 U.S.C. § 1127)).<sup>5</sup>

“In the usual case, where [a cancellation] is brought under [15 U.S.C. § 1052(d)], the [petitioner]

ha[s] a proprietary interest in [the] mark [at issue], and standing is afforded through its assertion that it will incur some direct injury to its own established trade identity.” *Jewelers Vigilance Comm., Inc. v. Ullenberg Corp.*, 823 F.2d 490, 493 (Fed. Cir. 1987) (discussing statutory standing to oppose, under 15 U.S.C. § 1063, registration of a mark)<sup>6</sup>; *see* 15 U.S.C. § 1052(d) (providing that a mark may not be registered “on the principal register” if it “so resembles a mark registered in the [USPTO], or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion”). However, a valid cause of action “can [also] be shown by establishing a direct commercial interest,” *Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 945 (Fed. Cir. 2000) (citing *Int’l Order of Job’s Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 1092 (Fed. Cir. 1984)), such as the “longtime production and sale of merchandise with the [mark]” at issue, with “an equal right” to that of registrant-approved retailers “to use the [mark],” *Job’s Daughters*, 727 F.2d at 1092, or “own[er]s[hip]” and use of potentially similar “prior registrations,” *Cunningham*, 222 F.3d at 945.

Whatever commercial interest the petitioner asserts, it must be “legitimate.” *Empresa Cubana*, 753 F.3d at 1275; *see Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1376 (Fed. Cir. 2012) (requiring “a legitimate personal interest” (internal quotation marks and citation omitted)); *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1029 (C.C.P.A. 1982) (similar); *cf. Lexmark*, 572 U.S. at 131–32, 134 S.Ct. 1377 (providing that the “interests protected by the Lanham Act” include “ ‘protect[ing] persons engaged in [commerce within the control of Congress] against unfair

competition’ ” (alterations in original) (quoting 15 U.S.C. § 1127)). Further, it must be rooted in “fact[ ]” and “affirmatively proved.” *Ritchie v. Simpson*, 170 F.3d 1092, 1099 (Fed. Cir. 1999) (citing *Lipton*, 670 F.2d at 1028); *see Lipton*, 670 F.2d at 1029 (explaining that while “the legitimacy of the petitioner's activity from which its interest arises will be presumed in the absence of evidence to the contrary,” a party may “of course, seek to attack the legitimacy of [an] application or in some other way negate appellee's interest”); *cf. Lexmark*, 572 U.S. at 133, 134 S.Ct. 1377 (“[A] plaintiff suing under [15 U.S.C.] § 1125(a) ordinarily must show economic or reputational injury[.]”). A petitioner may be deprived of a “legitimate commercial interest” under 15 U.S.C. § 1064 if such interest is precluded by a prior judgment, *see Empresa Cubana*, 753 F.3d at 1274–75 (explaining that a petitioner was not prevented from bringing cancellation proceedings before the TTAB because a relevant prior judgment “specifically did *not* address whether [the petitioner] could seek cancellation of the [registrations at issue]”), or a prior settlement agreement, *see Danskin, Inc. v. Dan River, Inc.*, 498 F.2d 1386, 1387 (C.C.P.A. 1974) (concluding that a petitioner could not, as a matter of law, seek cancellation of a mark because it had entered a prior settlement agreement with the registrant to “not oppose or petition to cancel directly or indirectly any registration” by that registrant); *cf. Friends of the Earth, Inc. v. Laidlaw Env'tl. Servs. (TOC), Inc.*, 528 U.S. 167, 192, 120 S.Ct. 693, 145 L.Ed.2d 610 (2000) (noting that “parties plainly lack a continuing interest” sufficient to sustain jurisdiction “when the parties have settled”). This requirement is meant to “prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner[, ] or opposer, is no more than an



intermeddler.” *Jewelers*, 823 F.2d at 492 (quoting *Lipton*, 670 F.2d at 1029–30).

## II. Procedural History

**Naked** TM, LLC (“**Naked**”) and Australian Therapeutic Supplies Pty. Ltd. (“**Australian**”) both sell **condoms** in the United States. *Australian Therapeutic Supplies Pty. Ltd. (Australian II)*, No. 9205638, 2018 WL 6929683, at \*1 (T.T.A.B. Dec. 21, 2018). In April 2007, **Naked** and **Australian** entered into an “informal” settlement agreement under which **Australian** “agreed that it would not use or register the mark **NAKED** for **condoms** in the United States and that [**Naked**] could use and register the mark **NAKED** for **condoms** in the United States.” *Id.* at \*6, \*11; *see id.* at \*9 (finding that **Australian** “did not want to have lawyers formalize a written agreement because [**Australian**] did not want [**Naked**] to find out that [**Australian**] intended to circumvent their oral agreement and continue selling **NAKED condoms** in the United States via the Internet”). On October 30, 2007, **Naked's** “application ... for the mark **NAKED** [ (typed drawing) for **condoms**] [was] registered as Registration No. 3325577.” *Id.* at \*7. Almost five years later, on October 18, 2012, **Australian**, “filed a petition to cancel” **Naked's** registration of the **NAKED** mark before the TTAB, alleging “fraud, likelihood of confusion, and false suggestion of a connection” and asserting statutory standing based on **Australian's** “prior use” and attempted registration “of the mark **NAKED** and **NAKED CONDOMS** both for **condoms**” in the United States. *Id.* at \*1; *see id.* (noting that **Australian** subsequently “filed an Amended Petition ... adding the ground that [**Naked**] did not possess the requisite bona fide intent to use the mark

**NAKED** when it filed the underlying application for the registration at issue”); J.A. 37–44 (Petition), 52–63 (Amended Petition).

After discovery, **Naked** moved for “summary judgment on its affirmative defenses of estoppel, laches, acquiescence, and unclean hands.” *Australian Therapeutic Supplies Pty. Ltd. (Australian I)*, No. 9205638, 2016 WL 1659338, at \*1 (Mar. 3, 2016). Australian “cross-moved for summary judgment on ... likelihood of confusion under ... 15 U.S.C. § 1052(d).” *Id.* The TTAB concluded that there was a “likelihood of confusion and inevitable confusion” between the two **NAKED** marks, *id.* at \*6–7, and that, based on its finding of inevitable confusion, **Naked's** “equitable defenses of laches, acquiescence, equitable estoppel, and unclean hands [were] not ... applicable,” *id.* at \*8. The TTAB also found, however, that “genuine disputes of material fact exist[ed] regarding [Australian's] [statutory] standing,” in particular “whether the parties’ previous communications and actions with respect to the use and registration of the mark **NAKED** resulted in an enforceable contract whereby [Australian] [wa]s precluded from using and registering the mark **NAKED** and challenging [**Naked's**] use and registration of the **NAKED** mark,” and reserved those issues for trial. *Id.* at \*5. Following trial, the TTAB concluded that Australian had “failed to prove that it ha[d] [statutory] standing” under 15 U.S.C. § 1064, to petition for cancellation of **Naked's** registration of the **NAKED** mark. *Australian II*, 2018 WL 6929683, at \*1, \*11. The TTAB found that Australian had previously entered a settlement agreement with **Naked** under which Australian had “agreed that it would not use or register the mark **NAKED** for condoms in the United States and that [**Naked**] could use and register the mark **NAKED**

for **condoms** in the United States.” *Id.* at \*11. It concluded that Australian, having “contracted away its right to use and register **NAKED** and by extension **NAKED CONDOMS**,” had “failed to prove that it has standing to cancel the [**NAKED**] registration.” *Id.*

On appeal, the Majority reversed and remanded. *Australian III*, 965 F.3d at 1372. The Majority concluded that “the [TTAB] erred when it determined that Australian must have proprietary rights” to petition for cancellation under 15 U.S.C. § 1064, and “that[,] based on the facts established before the [TTAB], Australian has a real interest in the cancellation proceeding and a reasonable belief of damage, thereby satisfying the statutory requirements to seek cancellation” under 15 U.S.C. § 1064. *Id.* at 1376. The Majority explained that Australian had “demonstrate[d] a real interest in the proceeding because it twice filed an application to register its unregistered mark,” *id.* at 1375, and had undertaken “advertising and sales in the United States” using the **NAKED** mark, *id.* at 1376. I dissented. *Australian III*, 965 F.3d at 1376 (Wallach, J. dissenting). While I agreed with the Majority that Australian was not required to prove a proprietary interest in the **NAKED** mark, I disagreed that the TTAB had required such a proprietary interest or that Australian had a valid cause of action against **Naked**. *Id.* at 1377. Specifically, Australian had failed to show “a legitimate commercial interest,” and therefore any real interest and reasonable belief in damages, in **Naked**’s registration. *Id.* at 1378–79. While “[c]ontracting away one’s rights to use a trademark” may not “preclude a petitioner from challenging” the registration of that mark before the TTAB, *Australian III*, 965 F.3d at 1374, seeking cancellation in breach of a settlement agreement, and pleading standing on the basis of additional breaches of

that settlement agreement, does preclude a petitioner from challenging that mark, *id.* at 1378–79 (Wallach, J. dissenting).

**Naked** petitioned for rehearing en banc. *See* Appellee's Petition. *Australian*, at the court's request, filed a response. *See* Appellant's Resp. An amicus also filed a brief, arguing that we should use this case to clarify our 15 U.S.C. § 1064 cause of action jurisprudence—in particular, how *Lexmark* impacts our statutory standing analysis, and, if necessary, overrule *Empresa Cubana*. *See* Amicus Br. 2–3.

## DISCUSSION

*Australian III* concluded that “the [TTAB] erred when it determined that *Australian* must have proprietary rights” to petition for cancellation under § 1064, and “that[,] based on the facts established before the [TTAB], *Australian* has a real interest in the cancellation proceeding and a reasonable belief of damage, thereby satisfying the statutory requirements to seek cancellation” under 15 U.S.C. § 1064. *Australian III*, 965 F.3d at 1376. Because *Australian III*: (1) is in direct conflict with our case law requiring a “legitimate commercial interest” for a valid cause of action under 15 U.S.C. § 1064; (2) undermines our case law favoring the enforcement of settlement agreements; and (3) raises questions as to the impact of Supreme Court precedent on our statutory cause of action jurisprudence, I respectfully dissent from our denial of rehearing en banc.

### I. *Australian III* is Contrary to Our Case Law Requiring a Legitimate Commercial Interest

*Australian III* is contrary to our case law requiring that petitioners have a “legitimate commercial interest” to “satisfy the requirements for bringing cancellation proceeding[s].” *Empresa Cubana*, 753 F.3d at 1275; see *Lexmark*, 572 U.S. at 131, 134 S.Ct. 1377. Before the TTAB, Australian petitioned for cancellation of **Naked's** registration of the **NAKED** mark based on likelihood of confusion with its “prior use of the mark **NAKED**.” *Australian II*, 2018 WL 6929683, at \*1; see Appellant's Br. 22 (“[Australian] has a direct commercial interest in this proceeding as a result of its prior and continuing use of the **NAKED** [and **NAKED CONDOMS**] [m]arks in the advertising, marketing, and the offering for sale of **condoms** on its websites.”); J.A. 59 (Amended Petition to Cancel) (similar). It offered evidence that it has advertised and sold **condoms** under the **NAKED** mark in the United States through its websites since at least April 2003. *Australian II*, 2018 WL 6929683, at \*5; see, e.g., J.A. 106, 168–70. It also offered evidence that it had applied for registration of the **NAKED** mark twice, first in 2003, U.S. Application Serial No. 78,758,237 (“the ’237 application”), which it subsequently abandoned, *Australian II*, 2018 WL 6929683, at \*8, and second, in November 2012, after it had filed its petition for cancellation in this case—U.S. Application No. 85,772,589 (“the ’589 application”), J.A. 44, 1091. Based on these prior uses and attempted registrations, *Australian III* concludes that Australian has a valid cause action to challenge **Naked's** registration of the **NAKED** mark under 15 U.S.C. § 1064. *Australian III*, 965 F.3d at 1375–76.

However, the record also showed that, in 2007, Australian and **Naked** entered into a settlement agreement. *Australian II*, 2018 WL 6929683, at \*11. Australian agreed not to register the **NAKED** mark in

the United States, not to use the **NAKED** mark in the United States, and not to challenge **Naked's** use and registration of the **NAKED** mark in the United States. *Australian II*, 2018 WL 6929683, at \*6–9, \*11 (finding that Australian had “agreed that it would not use or register the mark **NAKED** for condoms in the United States and that [**Naked**] could use and register the mark **NAKED** for condoms in the United States”); see J.A. 1541 (Australian's Managing Director and Co-Owner conceding that he had agreed “to [**Naked's**] use and registration of the trademark [**NAKED**] in the United States”), 1556 (Australian's Managing Director and Co-Owner testifying that “I understood that we had a gentleman's agreement to coexist in the marketplace”). That is, Australian's petition for cancellation of the **NAKED** mark and its proffered bases for its cause of action were either superseded by or in breach of its settlement agreement with **Naked**. *Australian II*, 2018 WL 6929683, at \*11; J.A. 1565 (Australian's Managing Director and Co-Owner stating that Australian abandoned the '237 application based on its “negotiations” with **Naked**).<sup>7</sup> Australian, therefore, having used and attempted to register the **NAKED** mark in breach of a settlement agreement and having sought cancellation in breach of that same settlement agreement, lacked a valid cause of action against **Naked** for registration of that mark. See *Danskin*, 498 F.2d at 1387; see also *Job's Daughters*, 727 F.2d at 1092 (finding a legitimate commercial interest in the “longtime production and sale of merchandise with the [mark]” at issue, with “an *equal right* [to] that of [registrant-approved retailers] to use the [mark]” (emphasis added)).

*Australian III*, by finding a valid cause of action in breach of a settlement agreement, is contrary to our

case law requiring a petitioner have a “legitimate commercial interest” under 15 U.S.C. § 1064. *Empresa Cubana*, 753 F.3d at 1275; *see* 15 U.S.C. § 1127 (providing that the Lanham Act “mak[es] actionable the deceptive and misleading use of marks in ... commerce”); *Lexmark*, 572 U.S. at 131, 134 S.Ct. 1377 (explaining that the Lanham Act's zone of interests extends to “‘protect[ing] persons engaged in [commerce within the control of Congress] against unfair competition’ ” (alterations in original) (quoting 15 U.S.C. § 1127)). Accordingly, rehearing en banc is necessary “to secure the uniformity of [our] decisions.” FED. R. APP. P. 35(a)(1); *see Deckers*, 752 F.3d at 956 (“The courts thus abide by the theory of stare decisis to promote these twin pillars of jurisprudence: predictability and stability.”).

## II. *Australian III* is Contrary to Our Case Law Favoring the Enforcement of Settlement Agreements

*Australian III* is contrary our case law favoring enforcement of settlement agreements. *See, e.g., Hemstreet v. Spiegel, Inc.*, 851 F.2d 348, 350 (Fed. Cir. 1988) (“The law strongly favors settlement of litigation, and there is a compelling public interest and policy in upholding and enforcing settlement agreements voluntarily entered into.”). *Australian III* alludes to the TTAB's conclusion that *Australian* and **Naked** had entered into a prior settlement agreement. *Australian III*, 965 F.3d at 1373–74. It does not, however, meaningfully address these findings. *Id.* at 1374 (stating that “[w]hile an agreement could ultimately bar *Australian* from proving *actual* damage, [15 U.S.C.] § 1064 requires only a *belief* of damage”).

Following summary judgment, the question before the TTAB was whether *Australian* and **Naked**

had a settlement agreement that precluded Australian from having a valid cause of action. *Australian I*, 2016 WL 1659338, at \*3. The TTAB found that such a settlement agreement did exist—specifically, that Australian had entered into a settlement agreement with **Naked** under which Australian had “agreed that it would not use or register the mark **NAKED** for **condoms** in the United States and that [**Naked**] could use and register the mark **NAKED** for **condoms** in the United States.” *Australian II*, 2018 WL 6929683, at \*11. On appeal, Australian did not substantively challenge this finding,<sup>8</sup> and *Australian III* does not conclude that this finding was unsupported by substantial evidence, *see generally Australian III*, 965 F.3d at 1372–73, 1375–76; *see also Zheng Cai v. Diamond Hong, Inc.*, 901 F.3d 1367, 1371 (Fed. Cir. 2018) (“We review the TTAB’s ... findings of fact for substantial evidence.” (citation omitted)), or that the TTAB misread the settlement terms, *see generally Australian III*, 965 F.3d at 1372–73, 1375–76; *see also McCall v. U.S. Postal Serv.*, 839 F.2d 664, 669 (Fed. Cir. 1988) (“[T]he interpretation of [settlement agreement terms] is a question of law.”). Rather, without comment or analysis, *Australian III* recharacterizes the settlement agreement, and the parties’ conduct in response to that agreement. *Compare Australian III*, 965 F.3d at 1373, *with Australian II*, 2018 WL 6929683, at \*6–9, \*11.

*Australian III* states both that the TTAB found “Australian [had] agreed it would not use or register its unregistered [**NAKED**] mark in the United States and ... **Naked** could use and register its **NAKED** mark in the United States,” and that the TTAB “made no finding” that “Australian [had] agreed not to challenge **Naked**’s use and registration of the **NAKED** mark.” *Australian III*, 965 F.3d at 1373. First, I understand this to be



internally contradictory. Australian agreed to **Naked's** registration of the **NAKED** mark. *Australian II*, 2018 WL 6929683, at \*11. A petition for cancellation is contrary to that agreement because it seeks to “cancel [the] registration of [**Naked's**] mark.” 15 U.S.C. § 1064. Second, it is also incorrect. The TTAB stated that Australian's “standing is intrinsically connected with the question of whether the parties have an enforceable agreement that precludes [Australian] from using or registering the mark **NAKED** or **NAKED CONDOMS** and from challenging [**Naked's**] use and registration of the **NAKED** mark,” and concluded that there was such an agreement. *Australian II*, 2018 WL 6929683, at \*11; *see id.* (“[W]e find that [Australian] agreed that it would not use or register the mark **NAKED** for condoms in the United States and that [**Naked**] could use and register the mark **NAKED** for condoms in the United States. In view thereof, [Australian] failed to prove that it has standing to cancel the registration[.]”). Last, even if Australian's petition itself is not precluded by the settlement agreement, Australian's alleged bases for its statutory standing remain either pre-empted by or in violation of its settlement agreement with **Naked**. *Compare Australian III*, 965 F.3d at 1373 (“Australian agreed it would not use or register its unregistered [**NAKED**] mark in the United States”), *with id.* at 1375–76 (concluding that Australian had “demonstrate[d] a real interest and reasonable belief of damage” based on its attempts to use and register the **NAKED** mark).

Having narrowed Australian's settlement agreement obligations, *Australian III* relies on *Selva & Sons, Inc. v. Nina Footwear, Inc.*, 705 F.2d 1316 (Fed. Cir. 1983), for the proposition “that contracting away one's rights to use a trademark does not preclude challenging a mark before the [TTAB].” *Australian III*,

965 F.3d at 1374 (citing *Selva*, 705 F.2d at 1325). This reliance is misplaced. In *Selva*, we held that the TTAB erred by “[r]efus[ing] to pass” on the issue of contractual estoppel. *Selva*, 705 F.2d at 1323–24 (capitalization normalized). We separately held that, while the TTAB had not directly addressed the issue, it had nonetheless erred by requiring “proof of damage” for standing, *id.* at 1325, when it concluded that the petitioner could not be injured because it “already ha[d] an existing,” substantially similar “registration” to that it sought to cancel, *id.* at 1321. We did not reach whether a settlement agreement could preclude statutory standing. *See id.* at 1324 (remanding to the TTAB to consider “the agreement, its construction, [and] its validity if necessary to decide the issues properly before it in this cancellation proceeding, including the issue of estoppel”).

“[I]t is well-established” that a settlement agreement made in absence of a writing is nonetheless “binding on the parties, particularly whe[re],” as here, “the terms are memorialized into the record.” *Tiburzi v. Dep’t of Justice*, 269 F.3d 1346, 1351 (Fed. Cir. 2001); *see Australian II*, 2018 WL 6929683, at \*6–9, \*11. *Australian III*, in concluding that Australian has a valid cause of action against **Naked**—that is, in concluding Australian has a legitimate commercial interest in the **NAKED** mark as demonstrated by its using and registering that mark in breach of a settlement agreement, as well as a valid cause of action against **Naked** despite having brought that action in breach of that same settlement agreement, *compare Australian III*, 965 F.3d at 1375–76, *with Australian II*, 2018 WL 6929683, at \*6–9, \*11—is contrary to our case law enforcing settlement agreements against would-be trademark opposers and challengers, *see Wells Cargo*,

606 F.2d at 965; *cf. Flex-Foot, Inc. v. CRP, Inc.*, 238 F.3d 1362, 1368 (Fed. Cir. 2001) (explaining that a “promise by the licensee not to challenge the validity of [a] patent ... implicates the important policy of enforcing settlement agreements and res judicata”). “To permit [Australian] thus to escape its obligation under the settlement w[ill] seriously decrease the willingness of parties to settle litigation on mutually agreeable terms and thus weaken the efficacy of settlements generally.” *Hemstreet*, 851 F.2d at 350; *see Jewelers*, 823 F.2d at 492 (noting that statutory standing requirements “prevent litigation where there is no real controversy between the parties, where a plaintiff, petitioner[,] or opposer, is no more than an intermeddler”); *see also Gould v. Control Laser Corp.*, 866 F.2d 1391, 1392 (Fed. Cir. 1989) (“Settlement moots an action[.]”). Accordingly, rehearing en banc is necessary here “to secure the uniformity of [our] decisions” favoring enforcement of settlement agreements. FED. R. APP. P. 35(a)(1); *see Hubbard v. United States*, 514 U.S. 695, 714, 115 S.Ct. 1754, 131 L.Ed.2d 779 (1995) (“Stare decisis has special force when ... citizens have acted in reliance on a previous decision, for in this instance overruling the decision would dislodge settled rights and expectations[.]” (internal quotation marks and citation omitted)).

### III. *Australian III* Raises Questions as to the Impact of Supreme Court Precedent on Our Statutory Cause of Action Jurisprudence

*Australian III* raises questions as to whether a party must have a valid cause of action at the time of filing. While we recently held that “[t]he *Lexmark* analytical framework is the applicable standard for

determining whether a person is eligible under [15 U.S.C.] § 1064 to bring a petition for the cancellation of a trademark registration,” *Corcamore*, 978 F.3d at 1303, we have not resolved what impact *Lexmark*’s statement that statutory standing does not implicate subject matter jurisdiction has on when a petitioner must have a statutory cause of action, *Lexmark*, 572 U.S. at 128 n.4, 134 S.Ct. 1377.

*Australian III* concludes that Australian’s ’589 application, which post-dates Australian’s petition for cancellation, confers statutory standing on Australian. *See Australian III*, 965 F.3d at 1375 (noting that the ’589 application was made “post filing” of its petition to cancel *Naked*’s registration of the **NAKED** mark and concluding that Australian has a valid cause of action to challenge *Naked*’s registration of the **NAKED** mark “because the USPTO refused registration of ... [the] ’589 application[ ] based on a likelihood of confusion with *Naked*’s registered mark” without addressing its “post filing” status). There may be an argument that use of a “post filing” application is sufficient, under *Lexmark*, to establish a statutory cause of action. *See Lexmark*, 572 U.S. at 128 n.4, 134 S.Ct. 1377 (noting that statutory standing does not implicate an Article III court’s subject matter jurisdiction); *Troy v. Samson Mfg. Corp.*, 758 F.3d 1322, 1326 (Fed. Cir. 2014) (“[T]he issues decided by the higher court need not be identical to be controlling. Rather, the relevant court of last resort must have undercut the theory or reasoning underlying the prior circuit precedent in such a way that the cases are clearly irreconcilable.” (internal quotation marks and citation omitted)). We have not, however, held that to be the law. Instead, our current jurisprudence suggests the opposite. Generally, “a party may not vindicate rights in court before the party actually possesses the rights.”

*Alps S., LLC v. Ohio Willow Wood Co.*, 787 F.3d 1379, 1384 (Fed. Cir. 2015). A petitioner must still plead and prove statutory standing as a “threshold inquiry.” *Lipton*, 670 F.2d at 1028. Trademark infringement claims require statutory standing at the time of filing. *Gaia Techs., Inc. v. Reconversion Techs., Inc.*, 93 F.3d 774, 777 (Fed. Cir.), *amended on reh'g in part*, 104 F.3d 1296 (Fed. Cir. 1996) (explaining that “[i]f [the plaintiff] can prove that it was the assignee of the [relevant trademark] at the time the suit was filed, [the plaintiff] has [statutory] standing to sue for ... for trademark infringement under 15 U.S.C. § 1114”). Similarly, “nunc pro tunc assignments” remain “[in]sufficient to confer retroactive [statutory] standing” under 35 U.S.C. § 281. *Enzo APA & Son, Inc. v. Geapag A.G.*, 134 F.3d 1090, 1093 (Fed. Cir. 1998); *see Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065, 1072 (Fed. Cir. 2020) (following *Lexmark*, holding that our 35 U.S.C. § 281 statutory cause of action analysis requires consideration of “whether [the plaintiff] was a patentee at the time her action was filed”).

The TTAB did not address the '589 application (or *Lexmark*) in its decision. *See generally Australian II*, 2018 WL 6929683, at \*1–11. Before the panel, **Naked** asserted that Australian's post-filing '589 application could not establish statutory standing. Appellee's Br. 24–26. *Australian III* does not address this timing argument and, by accepting the '589 application as evidence of statutory standing without comment, appears to extend *Lexmark* sub silentio. *See Australian III*, 965 F.3d at 1375. We “do[ ] not normally overturn, or so dramatically limit, earlier authority sub silentio.” *Shalala v. Illinois Council on Long Term Care, Inc.*, 529 U.S. 1, 18, 120 S.Ct. 1084, 146 L.Ed.2d 1 (2000); *see In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997) (rejecting

“appellants’ invitation to construe ... the cases cited by appellants so as to overrule, sub silentio, decades old case law”). En banc review is necessary to either conform *Australian III* to our case law or resolve the uncertainties introduced by *Lexmark*. See FED. R. APP. P. 35(a)(1)–(2).

## CONCLUSION

Australian lacks a legitimate commercial interest in the **NAKED** mark and, therefore, a valid cause of action against **Naked**. *Empresa Cubana*, 753 F.3d at 1275; see *Lexmark*, 572 U.S. at 131, 134 S.Ct. 1377. There is “no real controversy between the parties”—they resolved any such controversy between themselves through settlement in 2007—leaving Australian “no more than an intermeddler” in the instant action. *Coach Servs.*, 668 F.3d at 1376 (internal quotation marks and citation omitted); cf. *Gould*, 866 F.2d at 1392 (“When the case between the parties has been settled, there is no actual matter in controversy essential to the decision of the particular case[.]”). En banc action is necessary to maintain the uniformity our decisions and clarify the impact of *Lexmark* on those decisions. See FED. R. APP. P. 35(a)(1)–(2). Accordingly, I respectfully dissent from our denial of rehearing en banc.

## Footnotes

1 There is some variation, evidenced in our recent jurisprudence and the briefing here, as to whether this inquiry, formerly an issue of “prudential standing,” is called “statutory standing” or, alternatively, a “cause of action” requirement. In *Lexmark*, the Supreme Court noted that it has “on occasion referred to this inquiry as

‘statutory standing,’ ” and, while the term is “an improvement over the language of ‘prudential standing,’ since it correctly places the focus on the statute,” it is imperfect since whether a plaintiff has “a valid ... cause of action does not implicate subject-matter jurisdiction[.]” *Lexmark*, 572 U.S. at 128 n.4, 134 S.Ct. 1377. Following *Lexmark*, the Supreme Court has identified this inquiry as one of “statutory standing” or a “cause of action” requirement. *See, e.g., Bank of Am. Corp. v. City of Miami, Fla.*, — U.S. —, 137 S. Ct. 1296, 1302–05, 197 L.Ed.2d 678 (2017) (referring to “statutory” standing, “prudential standing,” and “the ‘cause-of-action’ ... requirement”). Both terms stand for the same inquiry, i.e., “whether a legislatively conferred cause of action encompasses a particular plaintiff’s claim.” *Lexmark*, 572 U.S. at 127, 134 S.Ct. 1377.

2 *Lexmark* concerned another Lanham Act provision, specifically 15 U.S.C. § 1125(a). *Lexmark*, 572 U.S. at 134, 134 S.Ct. 1377 (citing 15 U.S.C. § 1125(a)); *see* 15 U.S.C. § 1125(a) (providing for a cause of action for false advertising).

3 For example, “in the [Administrative Procedure Act (‘APA’)] context ... the test is not ‘especially demanding,’ ” as a “lenient approach is an appropriate means of preserving the flexibility of the APA’s omnibus judicial-review provision.” *Id.* (quoting *Match-E-Be-Nash-She-Wish Band of Pottawatomí Indians v. Patchak*, 567 U.S. 209, 225, 132 S.Ct. 2199, 183 L.Ed.2d 211 (2012)). What satisfies “the ‘generous review provisions’ of the APA,” however, “may not [be enough] for other” statutes. *Id.* (quoting *Bennett v. Spear*, 520 U.S. 154, 163, 117 S.Ct. 1154, 137 L.Ed.2d 281 (1997)). For the Lanham Act, while its often “broad language might suggest that an action is available to anyone who can satisfy the minimum requirements of Article III,” the Supreme

Court considered it “unlikel[y] that Congress meant” for the Lanham Act to “get such an expansive reading,” *Lexmark*, 572 U.S. at 129, 134 S.Ct. 1377 (internal quotation marks and citation omitted), and instead looked to the “unusual, and extraordinarily helpful, detailed statement of the [Lanham Act’s] purposes” as codified at 15 U.S.C. § 1127, *id.* at 131, 134 S.Ct. 1377 (internal quotation marks and citation omitted).

4 Since *Empresa Cubana*, this court has continued to apply our pre-*Lexmark* case law to satisfy *Lexmark*’s statutory zone-of-interests test. *See, e.g., Kaszuba v. Iancu*, 823 F. App’x 973, 978 (Fed. Cir. 2020); *Bank v. Al Johnson’s Swedish Rest. & Butik, Inc.*, 795 F. App’x 822, 823 (Fed. Cir. 2019); *Australian III*, 965 F.3d at 1374. The U.S. Patent and Trademark Office (“USPTO”) Trademark Trial and Appeal Board (the “TTAB”) has relied on this continuity. *See, e.g., Seeley Int’l Pty. Ltd.*, No. 91246790, 2020 WL 6306117, at \*2 n.18 (T.T.A.B. Oct. 26, 2020) (“Our decisions have previously analyzed the requirements of ... 15 U.S.C. §§ 1063–64, under the rubric of ‘standing.’ We now refer to this inquiry as entitlement to a statutory cause of action. Despite the change in nomenclature, our prior decisions and those of the Federal Circuit interpreting [15 U.S.C. §§ 1063–64] remain applicable.”); *Ethika, Inc., v. Alexander Hage-Boutros D1B1A Ethik Clothing Co.*, No. 9206368, 2020 WL 6306141, at \*5 (T.T.A.B. Oct. 26, 2020) (“To establish entitlement to a statutory cause of action under [15 U.S.C. § 1064], such as a cause of action for likelihood of confusion, a plaintiff must demonstrate a real interest in the proceeding and a reasonable belief of damage.” (citing, *inter alia*, *Australian III*, 965 F.3d at 1374; *Empresa Cubana*, 753 F.3d at 1275)). *Corcamore* clarifies that *Empresa Cubana* and our pre-*Lexmark* case law are in keeping with *Lexmark*. *See Corcamore*,



978 F.3d at 1305 (“[W]e see no meaningful, substantive difference in the analysis used in *Lexmark* and *Empresa Cubana*.”). *Corcamore* cannot, however, be read to overrule *Empresa Cubana* or its reading of *Lexmark*. See *Deckers Corp. v. United States*, 752 F.3d 949, 964 (Fed. Cir. 2014) (“[A] panel of this court—which normally sits in panels of three, and not en banc—is bound by the precedential decisions of prior panels unless and until overruled by an intervening Supreme Court or en banc decision.”).

5 The Supreme Court noted that “[i]dentifying the interests protected by the Lanham Act ... requires no guesswork, since the [Lanham] Act includes an unusual, and extraordinarily helpful, detailed statement of the statute's purposes.” *Lexmark*, 572 U.S. at 131, 134 S.Ct. 1377 (internal quotation marks and citation omitted). Specifically:

The intent of [the Lanham Act] is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

15 U.S.C. § 1127.

6“‘The linguistic and functional similarities between the opposition and cancellation provisions of [15 U.S.C. §§ 1063, 1064] mandate that we construe the requirements of these provisions consistently.” *Young v. AGB Corp.*, 152 F.3d 1377, 1380 (Fed. Cir. 1998).

7The TTAB also found that this breach was intentional. *See Australian II*, 2018 WL 6929683, at \*9 (finding that “[Australian] did not want to have lawyers formalize a written agreement because [Australian] did not want [Naked] to find out that [Australian] intended to circumvent their oral agreement and continue selling **NAKED condoms** in the United States via the Internet”).

8Australian asserted, in passing, that “it did not” “contract[ ] away its proprietary rights.” Appellant's Br. 19; *see id.* at 8 (characterizing, in its statement of the facts, the parties’ communications as unsuccessful settlement negotiations). Even if this is construed as argument, Australian failed to develop the point. The argument is, therefore, waived. *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1362 (Fed. Cir. 2012) (providing that arguments raised only in the “background of [an] opening brief” are waived); *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1320 (Fed. Cir. 2006) (providing that “mere statements of disagreement with the [lower tribunal] as to the existence of factual disputes do not amount to a developed argument” and that “a passing reference to an issue ... will not suffice to bring that issue before this court” (internal quotation marks and citations omitted)).