

No. 21-212

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In the  
Supreme Court of the United States

DIRES, LLC,  
SCOTT STENZEL, AND CRAIG MILLER,  
*Petitioners,*  
V.

SELECT COMFORT CORPORATION AND  
SELECT COMFORT SC CORPORATION,  
*Respondents.*

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On Petition for a Writ of Certiorari to the United  
States Court of Appeals for the Eighth Circuit

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**BRIEF IN OPPOSITION**

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**QUESTION PRESENTED**

In 1962, Congress amended the Lanham Act to make both pre-sale and post-sale confusion actionable. Act of Oct. 9, 1962, Pub. L. No. 87-722, § 17, 76 Stat. 769, 773-74 (removing term “purchasers” to expand trademark protection to pre-sale, point-of-sale, and post-sale confusion) (codified as amended at 15 U.S.C. § 1114(1)(a)). Because of these amendments, courts have uniformly recognized that there can be liability for trademark infringement when there is a likelihood of pre-sale confusion, particularly when an advertiser employs “bait and switch” advertising like the Petitioners do here.

The actual question presented through the Petition is:

Whether engaging in “bait and switch” advertising causing a likelihood of pre-sale confusion, under the specific facts at issue in the underlying case, can be actionable as trademark infringement under the Lanham Act.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Supreme Court Rule 29.6, Respondent Select Comfort Corporation n/k/a Sleep Number Corporation<sup>1</sup> discloses that it has no parent corporation and that it is a publicly held corporation. Public entities that own ten percent or more of Sleep Number Corporation's stock are BlackRock Fund Advisors, a subsidiary of BlackRock, Inc., and The Vanguard Group, Inc. Respondent Select Comfort SC Corporation's parent corporation is Sleep Number Corporation.

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<sup>1</sup> Select Comfort Corporation has changed its name to Sleep Number Corporation.

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## **STATEMENT OF THE CASE**

Petitioners Dires, LLC, Craig Miller, and Scott Stenzel (collectively “Dires”) submit their Petition for Writ of Certiorari despite the existence of no circuit split and no compelling reason to grant review. Specifically, Dires’ Petition ignores the universally-held view amongst all circuits to address the issue that pre-sale, initial interest confusion is actionable when an advertiser employs a “bait and switch” scheme or otherwise causes actual confusion. Moreover, Dires’ Petition disregards the factual context at issue in this case and does not acknowledge the Lanham Act’s plain language that has been in place for decades.

Similar to other factual contexts in which multiple courts have acknowledged initial interest confusion, Dires engages in a multi-faceted scheme using Respondents Select Comfort Corporation and Select Comfort SC Corporation’s (“Sleep Number”) trademarks and goodwill to confuse customers looking for Sleep Number into instead going to Dires’ website. Once in contact with these deceived and confused customers, Dires fosters the confusion and/or makes false statements to obtain sales. Dires’ scheme is successful because Sleep Number has spent decades and considerable resources advertising its products and the famous Sleep Number brand.

On summary judgment, the district court improperly held that pre-sale confusion could not exist as a matter of law, disregarding the 1962

amendments to the Lanham Act, relevant case law, and overwhelming evidence of pre-sale confusion hurting consumers and Sleep Number. This decision was at odds with other courts and had potentially far-reaching, negative implications for consumers and trademark owners. By rejecting pre-sale confusion and holding only point-of-sale confusion actionable, the court improperly approved Dires' tactics of deceiving consumers prior to their ultimate purchase.

On appeal, the Eighth Circuit reversed the district court and concluded, in part, that the district court erred by finding pre-sale, initial interest confusion could not apply, particularly in light of the ample evidence of actual customer confusion in the record. Ultimately, the Eighth Circuit vacated the district court's summary judgment ruling and jury verdict and remanded the matter to the United States District Court for the District of Minnesota for additional factual findings relating to Sleep Number's trademark-infringement claim.

## **I. FACTUAL BACKGROUND.**

Respondent Sleep Number is a leading manufacturer of adjustable air beds and the owner of the heavily advertised Sleep Number brand of adjustable air mattresses. (Petitioners' Appendix ("Pet. App.") at A-4 ("Eighth Circuit Order").) Sleep Number sells its products nationwide in Sleep Number branded retail stores, online at [sleepnumber.com](http://sleepnumber.com), and over the phone. (*Id.*) As confirmed by the jury in the underlying action, the

Sleep Number brand has become a well-known, famous brand. (*See id.* at A-11 n.1.) Sleep Number owns trademark registrations for Sleep Number®, Select Comfort®, Comfortaire®, and What’s Your Sleep Number?® (among others not at issue here). (*Id.* at A-37.)

Petitioner Dires, LLC is an online retailer, and the individual Petitioners Craig Miller and Scott Stenzel—along with John Baxter, another individual defendant in the underlying action—are executives or owners of Dires or related companies. (*Id.* at A-4.) Dires markets and sells adjustable air beds to consumers under the brand name “Personal Comfort.” (*Id.* at A-1.) Dires’ products are sold online at personalcomfortbed.com and over the phone. *Id.* at A-4.)

In selling its products, Dires employs multiple advertising tactics that involve Sleep Number’s trademarks. For example, Dires purchases Sleep Number’s trademarks as keywords on search engines such as Google and structures its advertisements that appear in response to consumer searches in bolded and grammatically nonsensical fashions to give the misleading impression that Dires sells Sleep Number beds. (*Id.* at A-5.) Exemplar advertisements include “**Sleep 55% Off Number Beds**”; “**Number Bed Sleep Sale 60% - Closeout Sale**”; “50% Off Sleep Number Beds”; and “**Comfort Air Beds on Sale.**” (*Id.* at A-46 (emphasis in original).) The advertisements additionally include website links reproducing Sleep Number’s trademarks verbatim. (e.g.

personalcomfortbed.com/vSleepNumber or  
personalcomfortbed.com/cComfortaire). (*Id.* at A-7.)  
Dires also utilizes Sleep Number's trademarks as  
identical phrases, or employs confusingly similar  
words or phrases, in its own web-based advertising,  
in text and graphic advertisements, and as  
embedded links on third-party websites. (*Id.*)

In the underlying action, Sleep Number  
alleged that Dires used these means to divert  
customers to its own website and telephone lines  
where Dires would foster and promote the confusion  
and add false claims about the parties' products to  
convince consumers to buy Dires' products instead of  
Sleep Number's. (*Id.* at A-7–A-8.) On summary  
judgment and again at trial, Sleep Number  
presented evidence (too extensive to cite here) that  
Dires' advertisements cause confusion, both in the  
form of survey evidence and, in a rarity for  
infringement cases, voluminous examples of actual  
confusion from telephone call transcripts and  
messages between customers and Dires' employees.  
(*Id.* at A-7–A-8, A-98.) Customers not only saw the  
confusing advertisements and acted upon them, but  
contacted Dires after viewing and clicking on the  
confusing advertisement, going to Dires' website,  
and obtaining Dires' phone number, all while still  
confused (and sometimes even purchasing products  
from Defendants while still confused). (*See id.* at A-  
49.) This is precisely what Dires intended to occur,  
as it specifically designed its advertising to sow  
confusion (*id.* at A-65), and acknowledged that such

confusion showed the advertising worked as intended (*id.* at A-8).

## II. PROCEDURAL BACKGROUND.

Sleep Number commenced this action asserting claims of, among other things, trademark infringement, trademark dilution, unfair competition, and false advertising. (*Id.* at A-4.) In short, Sleep Number sought to end Dires' advertising tactics that cause consumer confusion and drive those consumers to Dires' website instead of a website that sells Sleep Number products. See *generally id.*

Both parties filed cross-motions for summary judgment relevant to the issue of pre-sale or initial interest confusion. (*Id.* at A-34–A-79.) As the Eighth Circuit has explained, Sleep Number “expressly disavowed any theory of trademark infringement that relied exclusively on [Dires’] use of [Sleep Number’s] trademarks as paid search terms with search engine providers such as Google. Rather, [Sleep Number] alleged infringement based on that use *coupled with* [Dires] several and varied other uses of similar and identical trademarks in multiple forms of online advertising.” (*Id.* at A-6 (emphasis added).) Ultimately, the district court rejected Sleep Number’s claim of trademark infringement based on pre-sale, initial interest confusion and held that Sleep Number was required to “establish a likelihood of actual confusion at the time of purchase” (thus granting summary judgment to the defendants on Sleep Number’s pre-sale infringement claim). (*Id.* at

A-62.) The district court therefore required Sleep Number to prove not only that consumers were confused by Dires' advertisements, but also that consumers went through the entire sales process before purchasing Dires' product while still confused. This ruling shielded "bait and switch" advertising causing actual confusion from the Lanham Act.

Given its ruling on summary judgment, the district court instructed the jury at trial that Sleep Number was required to prove a likelihood of confusion at the time of purchase to prevail on its trademark infringement claim. (*Id.* at A-92–A-94.) As a result, the jury returned a verdict finding, among other things, that Dires did not infringe Sleep Number's trademarks. (*Id.* at A-8.) Sleep Number appealed the district court's summary judgment order to the United States Court of Appeals for the Eighth Circuit.

### **III. EIGHTH CIRCUIT DECISION.**

On May 11, 2021, the Eighth Circuit vacated the district court's summary judgment ruling and jury verdict as to Sleep Number's claim of trademark infringement and remanded for further proceedings. (*Id.* at A-30.) Specifically, the Court reversed the district court's refusal to allow Sleep Number to pursue a pre-sale, initial interest confusion claim, concluding based upon the specific facts at hand that "the district court erred by finding as a matter of law that the relevant consumers were sophisticated and that a theory of initial-interest confusion could not apply." (*Id.* at A-3–A-4.) Notably, the Eighth Circuit

relied on the case “enjoy[ing] a full record including highly detailed descriptions of Plaintiffs’ and Defendants’ customers’ experience and ample evidence of (1) *actual confusion* including transcripts of potential customers who called Defendants’ call centers and believed they were calling Plaintiffs, and (2) statements by Defendants’ principals describing the actual confusion as evidence that their own advertising was working.” (*Id.* at A-21 (emphasis in original).)

In reaching its decision, the court noted that, “although not addressing initial-interest confusion specifically,” the Eighth Circuit had already “clearly established that claims of infringement are not limited solely to a likelihood of confusion at the time of purchase.” (*Id.* at A-14.) Thus, applying Eighth Circuit precedent, the court determined that, under certain circumstances and in the circumstance at hand, initial interest confusion is actionable in the Eighth Circuit. (*Id.* at A-16.) In particular, and as relevant here, the Eighth Circuit held that “when a jury question exists as to the issue of consumer sophistication, a plaintiff should not be barred from proving presale, initial-interest confusion.” (*Id.*)

The Eighth Circuit therefore determined that the district court’s rulings on the claim of pre-sale, initial interest confusion were in error, and held that “given the strength of [Sleep Number’s] evidence on the issue of confusion, we cannot conclude that the summary judgment and instructional errors were harmless.” (*Id.* at A-21.) The Eighth Circuit thus remanded for additional factual findings on

trademark infringement and other issues. (*Id.* at A-30.)

On May 24, 2021, Dires filed a Petition for Rehearing En Banc (“En Banc Petition”). On June 16, 2021, the Eighth Circuit denied Dires’ En Banc Petition. (*Id.* at A-81.) Dires filed its Petition for Writ of Certiorari to this Court (“Petition”), which was docketed on August 13, 2021.

### **REASONS FOR DENYING THE PETITION**

Here, neither of the circumstances under Supreme Court Rule 10 applies and no other compelling reasons to grant certiorari exist. Dires’ Petition overlooks the plain language of the Lanham Act that has been in place since 1962; ignores the prevailing view amongst all courts that pre-sale, initial interest confusion is actionable when an advertiser employs a “bait and switch” scheme or causes actual confusion; and disregards the factual context at issue in the underlying case. The Court therefore should deny Dires’ Petition.

#### **I. THE EIGHTH CIRCUIT’S DECISION DOES NOT CONFLICT WITH OTHER CIRCUITS ON AN IMPORTANT ISSUE REQUIRING CLARIFICATION.**

Dires’ portrayal of the Eighth Circuit Order as conflicting with holdings from other federal circuit courts of appeal on the same important issue is incorrect. Under Supreme Court Rule 10, “certiorari jurisdiction exists to clarify the law.” *City & Cty. of*

*S.F. v. Sheehan*, 135 S. Ct. 1765, 1774 (2015). Here, no such clarification is necessary, as the Eighth Circuit’s ruling followed the plain language of the Lanham Act and is aligned with the acknowledgement across courts that have addressed the issue that initial interest confusion is actionable when “bait and switch” tactics or actual confusion are shown. Further, the ruling is limited to its facts, which does not present compelling reasons for Supreme Court review.

**A. No Supreme Court Clarification Is Needed Because the Eighth Circuit Order Is Consistent with Federal Law and Precedent.**

The Eighth Circuit reached a proper decision that does not need Supreme Court clarification because it (1) followed the plain language of the Lanham Act, and (2) issued a decision aligned with circuit courts across the country.

First, the Eighth Circuit issued its decision in accordance with general trademark principles that have been in place since the 1962 amendments to the Lanham Act. Act of Oct. 9, 1962, Pub. L. No. 87-722, § 17, 76 Stat. 769, 773–74 (codified as amended at 15 U.S.C. § 1114(1)(a)). As the Eighth Circuit noted in its ruling, “several courts have interpreted [the 1962 Lanham Act] amendment as expanding trademark protection beyond point-of-sale confusion to reach presale confusion (including initial-interest confusion) and post-sale confusion.” (Pet. App. at A-16–A-17 (citing 4 J. Thomas McCarthy, *McCarthy on*

*Trademarks & Unfair Competition* (“McCarthy”), § 23:7 (5th ed. 2018) (collecting cases on the issue).) Indeed, both the Eighth Circuit and its sister circuits have acknowledged that the removal of the word “purchasers” from the statute expanded the protection to customer confusion at all stages of the sales process.<sup>2</sup> *See, e.g., Insty\*Bit, Inc. v. Poly-Tech Indus., Inc.*, 95 F.3d 663, 672 (8th Cir. 1996) (“The 1962 amendment included confusion of **nonpurchasers** as well as **direct purchasers** . . . Thus, an action for trademark infringement may be based on confusion of consumers other than direct purchasers, including observers of an allegedly infringing product in use by a direct purchaser.”) (emphasis added); *see also Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295 (3d Cir. 2001) (noting that, prior to the 1962 amendment, “the Lanham Act only applied where the use of similar marks was ‘likely to cause confusion or mistake or to deceive **purchasers** as to the source of origin of such goods or services’” (citing Lanham Trade-mark Act of 1946, Pub. L. No. 79-489, 50 Stat. 427, codified as amended at 15 U.S.C. § 1051 *et seq.*) (emphasis added)); *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991) (“Since Congress intended to protect the reputation of the manufacturer as well as to protect purchasers, the

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<sup>2</sup> In doing so, the Eighth Circuit correctly concluded that “adoption of the [initial interest] theory is consistent with the overall practice of recognizing the varied nature of commercial interactions and the importance of not cabining the jury’s analysis of the likelihood of confusion factors.” (Pet. App. at A-17.)

Act's protection is not limited to confusion at the point of sale."); *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 221 (5th Cir. 1985) (noting that Lanham Act was amended in 1962 "specifically to allow any kind of confusion in support of a trademark infringement action").

Second, circuit courts that have addressed the initial interest confusion doctrine under circumstances similar to here have explicitly adopted it. See *Jim S. Adler, P.C. v. McNeil Consultants, L.L.C.*, --- F. 4th ---, No. 20-10936, 2021 WL 3508713, at \*427 (5th Cir. Aug. 10, 2021) (noting that the circuit has "held that initial interest confusion is actionable under the Lanham Act" and acknowledging the possibility of initial interest confusion in the context of search-engine advertising); *Groeneveld Transp. Efficiency, Inc. v. Lubecore Int'l, Inc.*, 730 F.3d 494, 518 (6th Cir. 2013) ("One does not have to be an economist to see that such a deceitful creation of an initial interest is harmful to consumer interests, brand-development incentives, and efficient allocation of capital, even if the confusion is ultimately dissipated by the time of purchase."); *Australian Gold, Inc v. Hatfield*, 436 F.3d 1228, 1238 (10th Cir. 2006) ("In this case, we recognize another variant of potential confusion: 'initial interest confusion.'"); *Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 537 n.2 (2d Cir. 2005) ("The Lanham Act protects against several types of consumer confusion, including . . . initial interest confusion."); *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1025 (9th

Cir. 2004) (“Although dispelled before an actual sale occurs, initial interest confusion impermissibly capitalizes on the goodwill associated with a mark and is therefore actionable trademark infringement.”); *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002), *as amended* (Oct. 18, 2002) (holding trademark infringement actionable “when a customer is lured to a product by the similarity of the mark, even if the customer realizes the true source of the goods before the sale is consummated”); *Checkpoint Sys.*, 269 F.3d at 295 (“We agree with the view that Congress’s amendment of the Lanham Act in 1962 expanded trademark protection to include instances in which a mark creates initial interest confusion.”).<sup>3</sup>

Accordingly, certiorari is not necessary because the Eighth Circuit Order falls well within the parameters of the Lanham Act and aligns with other court decisions. Simply put, the Court need not adopt or reject pre-sale, initial interest confusion; Congress has already written that basis for liability into the Lanham Act.

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<sup>3</sup> The preeminent treatise on trademark law, *McCarthy on Trademarks & Unfair Competition*, confirms the adoption of initial interest confusion throughout the country. *See* McCarthy § 23:6 (“Most courts now recognize the initial interest confusion theory as a form of likelihood of confusion which can trigger a finding of infringement.”).

**B. No Supreme Court Review Is Warranted Because There Is No Conflict Between the Circuits.**

Dires fails to demonstrate a conflict among the circuits warranting this Court's review. Dires' Petition erroneously asserts that the initial interest doctrine "has been rejected by the First, Fourth, and Eleventh Circuits." (Petition at i; *see also id.* at 3, 6.) In reality, these circuits have either: (1) not explicitly addressed initial interest confusion; or (2) issued their decisions under the similar principle that likelihood of confusion can occur at any time during a transaction.

As to the First Circuit, Dires wrongly asserts that the circuit has rejected the initial interest doctrine. In fact, no First Circuit decision has expressly addressed initial interest confusion; rather, only district courts in that jurisdiction have done so. Those courts have gone no further than acknowledging the lack of initial interest authority within the circuit or noting that, even if recognized, the doctrine would be inapplicable to the particular facts of the case. *See, e.g., Smartling, Inc. v. Skawa Innovation Ltd.*, 358 F. Supp. 3d 124, 141 n.9 (D. Mass. 2019) (noting that the "First Circuit has yet to adopt" the initial interest concept); *Concordia Partners, LLC v. Pick*, No. 2:14-CV-009-GZS, 2015 WL 4065243, at \*9 n.7 (D. Me. July 2, 2015) (same); *Moving & Storage, Inc. v. Panayotov*, C.A. No. 12-12262-GAO, 2014 WL 949830, at \*4 (D. Mass. Mar. 12, 2014) (noting that "even if" the initial interest doctrine was recognized, it was inapplicable because

“diversion, without any hint of confusion, is not enough” (quoting *Hearts on Fire Co. v. Blue Nile, Inc.*, 603 F. Supp. 2d 274, 286 (D. Mass. 2009))). Notably, one of the only district courts within the First Circuit to address the initial interest doctrine, in *Hearts on Fire Co. v. Blue Nile, Inc.*, which Dires cites, held that “initial interest confusion can support a claim under the Lanham Act” and allowed the plaintiff’s claim to move forward under an initial interest theory. 603 F. Supp. 2d 274 at 287.

As to the Eleventh Circuit, Dires mistakenly claims the jurisdiction has not adopted the initial interest doctrine. In fact, decisions in the Fifth Circuit prior to October 1981, which are precedential in the Eleventh Circuit,<sup>4</sup> applied the doctrine to reach findings of liability. In *Armstrong Cork Co. v. World Carpets, Inc.*, the Fifth Circuit cited the Lanham Act’s 1962 amendment to hold that “[a]ny kind of confusion will now support an action for trademark infringement.” 597 F.2d 496, 501 n.5 (5th Cir. 1979). Likewise, in *Roto-Rooter Corp. v. O’Neal*, the Fifth Circuit found confusion likely as a matter

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<sup>4</sup> Following the creation of the Eleventh Circuit in 1981 and redistricting of a portion of the Fifth Circuit into the Eleventh Circuit, the Eleventh Circuit adopted all Fifth Circuit cases issued prior to October 1981 as precedential in the Eleventh Circuit. *Bonner v. City of Prichard*, 661 F.2d 1206, 1207 (11th Cir. 1981) (en banc) (“We hold that the decisions of the United States Court of Appeals for the Fifth Circuit (the “former Fifth” or the “old Fifth”), as that court existed on September 30, 1981, handed down by that court prior to the close of business on that date, shall be binding as precedent in the Eleventh Circuit, for this court, the district courts, and the bankruptcy courts in the circuit.”).

of law, despite undisputed testimony that customers knew the defendant's identity by the time they made their purchases. 513 F.2d 44, 46 (5th Cir. 1975); *see also St. Charles Mfg. Co. v. Mercer*, 737 F.2d 891, 892 (11th Cir. 1983) (liability for sales of third-party goods after defendant initially had attracted consumers using advertisements referring to plaintiff's goods).

The initial interest doctrine therefore has strong roots in the Eleventh Circuit. *See, e.g., Foxworthy v. Custom Tees, Inc.*, 879 F. Supp. 1200, 1215–16 (N.D. Ga. 1995) (“This ‘getting-the-foot-in-the-door’ aspect is significant to the likelihood of confusion analysis because the relevant concern is not confusion through a side-by-side comparison, but whether confusion is likely when only one product, such as the one with the foot in the door, is the only product on the shelf.”). Dires’ argument that the Eleventh Circuit itself has affirmatively rejected initial interest confusion rests on a single opinion from that court, which, rather than rejecting the doctrine, serves only as an example of the court declining to address the doctrine under the particular factual circumstances before it. *See Suntree Techs., Inc. v. Ecosense Int’l, Inc.*, 693 F.3d 1338, 1347 (11th Cir. 2012) (“Because Suntree failed to present evidence of an intent to mislead or confuse, or of actual confusion, we need not reach the question whether initial interest confusion is actionable in the Eleventh Circuit.”). Dires’ proffered examples of Eleventh Circuit case law otherwise consist of two district court opinions that are not

germane to a circuit split and, in any case, do not affirmatively reject initial interest confusion as a basis for liability. *See USA Nutraceuticals Grp., Inc. v. BPI Sports, LLC*, 165 F. Supp. 3d 1256, 1268 (S.D. Fla. Feb. 22, 2016) (noting that while the initial interest has not been recognized, uncertainty aside, the conduct at issue did “not create a likelihood of confusion”); *Vital Pharm., Inc. v. Am. Body Bldg. Prods., LLC*, 511 F. Supp. 2d 1303, 1318 (S.D. Fla. 2007) (noting only that the Eleventh Circuit “has not embraced” the initial interest doctrine).

Finally, as to the Fourth Circuit, each decision cited by Dires to have affirmatively addressed, and declined to explicitly adopt, the initial interest doctrine is inapplicable here and does not reveal a circuit split. Dires’ Petition first cites to *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005) as purportedly rejecting the initial interest doctrine. The *Lamparello* decision, however, is limited to the unique facts of that matter—facts not present in this case. Notably, *Lamparello* addressed confusion in the use of infringing domain names only. *Id.* at 311–12. It did not address search engine advertising, let alone the type of intentionally misleading advertising at issue here. Even so, the Fourth Circuit made clear in *Lamparello* that initial interest confusion could not apply because the claims did not involve advertising between competitors, the parties did not deal in similar goods or services, and neither the plaintiff nor defendant was a commercial party. *Id.* at 315. Here, the infringing advertising at issue takes place between two commercial entities who

compete against one another and who deal in similar goods and services. *Lamparello* is different on its facts and does not create a circuit split.

Dires also cites to *Passport Health, LLC v. Avance Health Sys., Inc.*, 823 F. App'x 141, 150 (4th Cir. 2020), *as amended*, (Aug. 17, 2020), in support of its argument, and incorrectly claims the case is “strikingly similar to this one.” (Petition at 7.) As an initial matter, *Passport Health* is unpublished, not precedential, and, therefore, does not create a circuit split. *See Hogan v. Carter*, 85 F.3d 1113, 1118 (4th Cir. 1996); *see also* Michael Hannon, *A Closer Look at Unpublished Opinions in the United States Courts of Appeals*, 3 J. App. Prac. & Process 199, 231 (2001) (“In the case of a circuit split, there should be published opinions from circuits on both sides of the split.”). Further, as with *Lamparello*, *Passport Health* is distinguishable and inapplicable to the facts at issue here. *Passport Health* addressed the potential for initial interest confusion only as it relates to the similarity of the marks, without considering the context of the mark’s use, and without addressing any other factors. *See Passport Health*, 823 F. App'x at 149–51. That is not the situation in this case. Here, the confusion and deception persisted beyond a search results page, and there is ample evidence of actual confusion both before and after consumers reached Dires’ website.

In fact, contrary to Dires’ argument, the Fourth Circuit has not restricted likelihood-of-confusion determinations to the point of sale, which is the issue in this case. Indeed, in *Rosetta Stone*

*Ltd. v. Google, Inc.*, that court reversed summary judgment on a trademark infringement claim against the plaintiff. 676 F.3d 144, 163, 165 (4th Cir. 2012). The court relied upon actual confusion evidence involving online advertising without restricting a finding of likelihood of confusion to any particular time. *Id.* at 156–59. Here, as in *Rosetta Stone*, there is significant evidence that consumers were not only confused when viewing the online advertisements, but remained confused after viewing Dires’ website. *See id.* at 156–57. Indeed, this case has significantly more evidence of actual confusion—existing all of the way through the sales process—than in *Rosetta Stone*, as well as evidence of an intent to deceive, which was lacking in *Rosetta Stone*. *Compare id.* at 156 with Pet. App. at A-21. Thus, the holding in *Rosetta Stone* reaffirms that there is no circuit split arising from Fourth Circuit case law that the Court needs to address.

Lastly, even the Fourth Circuit has recognized that a “bait and switch” scheme such as this one is indeed actionable trademark infringement. *See Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 204 (4th Cir. 1998) (finding trademark infringement based upon defendant suggesting its bar was associated with Elvis Presley, which “brings patrons in the door” who “may stay, despite realizing that the bar has no relationship with [Elvis]”). Thus, the Fourth Circuit does not limit potential infringement to any particular time, but instead assesses the

totality of the circumstances and the potential harm when determining if confusion is likely.<sup>5</sup>

Clearly the First, Fourth, and Eleventh Circuits have not “rejected” or “outright declined to adopt” the initial interest doctrine or rejected pre-sale confusion as being actionable, as Dires asserts. (Petition at i, 3.) At most, the Fourth Circuit has articulated a slightly different formulation of the same legal rule, but that does not constitute a circuit split on the same important question of federal law worthy of Supreme Court review. As Justice Breyer states, the Court is not interested in “cases that involve not actual divides among the lower courts, but merely different verbal formulations of the same underlying legal rule.” Stephen G. Breyer, *Reflections on the Role of Appellate Courts: A View from the Supreme Court*, 8 J. App. Prac. & Process 91, 96 (2006).

Here, the standard for trademark infringement is uniform in all circuits—whether the use of a mark is “likely to cause confusion, or to

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<sup>5</sup> This “totality of circumstances” approach set forth in *Passport Health* is aligned with the Eighth Circuit Order. Specifically, the Eighth Circuit acknowledged that confusion is not required at any particular point in time, and that the factfinder must consider all circumstances surrounding a potential transaction to determine whether confusion is indeed likely. (See Pet. App. at A-17 (“If we do not generally impose strict constraints on the jury’s nuanced assessment of how or whether the consuming public might be confused, it would be odd to presume that all commercial interactions are alike or that, in all settings, trademarks are worthy of protection only in the few moments before the consummation of a transaction.”).)

cause mistake, or to deceive.” 25 U.S.C. § 1114(1)(a). Although different circuits may articulate different factors in determining trademark infringement, the standard always remains the same: whether certain behavior is likely to cause confusion. The Court simply need not settle the issue of the initial interest doctrine when the standard for trademark infringement is uniform and there is no actual circuit split on the issue.

**C. No Compelling Reasons Exist for the Court to Review an Order that Was Unique to the Facts of the Case, Including “Ample” Evidence of Confusion.**

Supreme Court Rule 10 makes clear that the Court will only grant a petition for certiorari for “compelling reasons.” But no such reasons exist when, as here, the decision the Petition seeks to have reviewed rests on the *particular* facts of the case at hand and is being remanded for additional factual findings.<sup>6</sup>

Many of the cases Dires cites reflect the exact same concept—holdings limited to their facts. More specifically, the cases that purportedly “narrowed” the initial interest doctrine only did so because no actual confusion was shown. *See 1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1246–47 (10th Cir.

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<sup>6</sup> Dires acknowledges this, stating that the Eighth Circuit found that “initial interest confusion could apply in *this* Internet marketing case.” (Petition at 5 (emphasis added).)

2013) (finding that small percentage of actual initial confusion did not support likelihood of confusion); *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137, 1149 (9th Cir. 2011) (“[B]ecause the sine qua non of trademark infringement is consumer confusion, when we examine initial interest confusion, the owner of the mark must demonstrate likely confusion.”); *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175–83 (9th Cir. 2010) (issuing decision on nominative fair use without addressing actual confusion, since plaintiff presented no evidence of actual confusion); *Savin Corp. v. Savin Grp.*, 391 F.3d 439, 459 (2d Cir. 2004) (finding insufficient evidence of actual confusion); *Playboy Enters., Inc. v. Netscape Commc'ns Corp.*, 354 F.3d 1020, 1027 (9th Cir. 2004) (finding that a “high likelihood of initial interest confusion . . . among consumers . . . generates a genuine issue of material fact on the actual confusion issue”); *Moore v. Doe*, No. CV 20-6569-DMG (SPX), 2020 WL 6804508, at \*3 (C.D. Cal. Oct. 13, 2020) (noting only a narrowing when confusion is not present); *Ducks Unlimited, Inc. v. Boondux, LLC*, No. 214CV02885SHMTMP, 2017 WL 3579215, at \*28 (W.D. Tenn. Aug. 18, 2017) (finding initial interest was not actionable because plaintiff did not demonstrate confusion or intent); *Ascentive, LLC v. Opinion Corp.*, 842 F. Supp. 2d 450, 465 (E.D.N.Y. 2011) (finding initial interest confusion unlikely due to lack of likely confusion or competition). (See Petition at 9–15.)

Unlike in Dires' cited cases, here "ample" evidence of confusion supported the Eighth Circuit's ruling.<sup>7</sup> (See Pet. App. at A-21.) In such circumstances, when there is evidence of *actual* confusion, there is strong proof of a *likelihood* of confusion. See McCarthy § 23:13 ("Any evidence of actual confusion is strong proof of the fact of a likelihood of confusion."); see also *Kemp v. Bumble Bee Seafoods, Inc.*, 398 F.3d 1049, 1058 (8th Cir. 2005) ("When, as here, it is shown by an alleged infringer's own salesman that even sophisticated professional buyers experienced actual confusion, such evidence supports a finding that confusion is likely."); *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 720 (3d Cir. 2004) ("The rarity of [actual confusion evidence] makes even a few incidents highly probative of the likelihood of confusion."); *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999) ("Although evidence of actual confusion is not necessary for a finding that a likelihood of confusion exists, it is perhaps the most effective way to prove a likelihood of confusion."); *World Carpets Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) ("There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion.").

Attempting to side-step this evidence of confusion, Dires purposefully conflates the concept of

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<sup>7</sup> In light of such evidence, Dires' reliance on this Court's *Transunion v. Ramirez* case is misplaced. 141 S. Ct. 2190 (2021). (See Petition at 14.)

trademark infringement based exclusively on a party's purchase of trademarks as keywords for advertising (which is not at issue here), with Dires' undertaking of a multi-faceted "bait and switch" advertising scheme. (See Petition at 15–17.) Sleep Number has never argued, nor did the Eighth Circuit hold, that purchasing trademarks for keywords, in and of itself, constitutes trademark infringement. Indeed, the Eighth Circuit expressly acknowledged that it was *not* deciding whether the purchase of keywords was in and of itself actionable. (See Pet. App. at A-5.) Dires' attempts now to confuse the issues and argue initial interest confusion harms a party's ability to advertise using keywords is simply a red herring, as Dires' actions went well beyond the simple use of keywords. (See *id.* at A-21 (emphasizing Dires' intent in using its advertising in a misleading way and the resulting confusion).)

Dires' cases and arguments do not change the simple fact that the Eighth Circuit's ruling was limited to the facts at issue, including the actual evidence of confusion and Dires' "bait and switch" tactics. Because cases decided on different facts do not provide contrary results for the Court to review, there are no compelling reasons for the Court to grant certiorari.

## II. DIRES' POLICY-BASED ARGUMENTS DO NOT NECESSITATE SUPREME COURT REVIEW

In a last-ditch effort to obtain this Court's review, Dires makes purported "policy" arguments for review. These arguments ignore the context of the Eighth Circuit Order and do not compel the Court's individualized review of this case.<sup>8</sup>

First, a repetitive theme in Dires' Petition is an argument that the Eighth Circuit Order has broad effects and could result in expanded liability for internet marketing conduct. (*See* Petition at 1, 6, 9–14.) As detailed above, however, this argument is misguided; the Eighth Circuit's decision aligns with both long-standing federal trademark law, as well as the current state of the law across the country. (*Supra*, Reasons for Denying the Petition § I.A.) In other words, the Lanham Act already provides for the liability Dires argues against. Further, the

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<sup>8</sup> This Court has consistently denied petitions for writs of certiorari regarding the initial interest doctrine, suggesting it has repeatedly determined that no policy considerations have warranted consideration of the doctrine before, and the Petition fails to demonstrate that any exist now. *See, e.g., Multi Time Mach. Inc. v. Amazon.com, Inc.*, 804 F.3d 930, 937 (9th Cir. 2016), *cert. denied*, 577 U.S. 1144 (2016); *Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 766 (8th Cir. 2010), *cert. denied*, 562 U.S. 1270 (2011); *Lamparello v. Falwell*, 420 F.3d 309, 316 (4th Cir. 2005), *cert. denied*, 547 U.S. 1069 (2006); *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 409 (2d Cir. 2005), *cert. denied*, 546 U.S. 1033 (2005); *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539, 553 (6th Cir. 2005), *cert. denied*, 547 U.S. 1179 (2006).

Eighth Circuit’s ruling arises from and turns on the unique facts of this case—involving “ample” evidence of confusion. (*Supra*, Reasons for Denying the Petition § I.C.) As such, the Eighth Circuit Order does not establish an overly-broad formulation of the initial interest doctrine, in the internet context or otherwise, and there is no compelling reason for the Court to step in.

Second, Dires argues that “consumers’ interest” in “useful” online advertising requires the Supreme Court to “reconsider” or “revisit” the initial interest doctrine. (Petition at 14, 17.) Online advertising schemes like Dires’ that result in “ample evidence of actual confusion” are simply not “useful” to the consumers or serve their “interest” in any way. To the contrary, Dires’ conduct undermines the consumer as the significant confusion evidence in this case makes clear. Moreover, Dires’ purported policy argument ignores the plain language of the Lanham Act, which protects against customer confusion at all stages of the sales process, and disregards the actual confusion present in this case, which is contrary to any consumer’s interest. Dires’ argument also hinges on two questions of *fact* unique to the Eighth Circuit’s ruling—(1) whether consumers were confused by Dires’ advertising at the point of click, and (2) whether consumers may be confused when shopping for expensive mattresses online. (*See* Petition at 14–17.) Such fact-based arguments, contingent on a district court’s review of the particular facts of a case, are inappropriate for Supreme Court review and do not warrant review

here. *See* Sup. Ct. R. 10 (“A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings . . .”).

Accordingly, the Court should reject Dires’ policy-based arguments that it is necessary to review or reconsider this issue of federal law, which the Eighth Circuit correctly applied to the unique facts at issue.

**CONCLUSION**

Based on the foregoing, Sleep Number respectfully requests the Court deny Dires’ Petition for Writ of Certiorari.

Respectfully submitted this 14th day of October, 2021.

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