

No.

In the Supreme Court of the United States

SULZER MIXPAC AG, PETITIONER,

v.

A&N TRADING COMPANY, ET AL.,
RESPONDENTS.

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

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether any degree of utility categorically renders a product feature functional and thus ineligible for federal trademark protection under the Lanham Act, 15 U.S.C. § 1127.

CORPORATE DISCLOSURE STATEMENT

The parent corporation of Sulzer Mixpac AG is Sulzer AG, a Swiss company. There is no other publicly held corporation that owns 10% or more of the stock of Sulzer Mixpac AG.

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PETITION FOR WRIT OF CERTIORARI

Sulzer Mixpac AG respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit in this case.

OPINIONS BELOW

The Second Circuit's order denying Mixpac's petition for rehearing is unreported. Pet.App.43a-44a. The opinion of the United States Court of Appeals for the Second Circuit is reported at 988 F.3d 174. Pet.App.1a. The opinion of the district court is not reported but is available at 2019 WL 10378258. Pet.App.20a.

JURISDICTION

The order of the court of appeals denying petitioner's petition for rehearing was entered on May 6, 2021.

Pet.App.43a-44a. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant statutory provisions are reproduced in the appendix to this petition. *See* Pet.App.45a-74a.

STATEMENT

This case presents an important, recurring, and outcome-determinative question of federal trademark law that divides the courts of appeals. The Lanham Act enables sellers of goods to protect their trademarks, which consumers use to distinguish between brands and to identify the distinctive sources. A “trademark,” under the Act, is a “word, name, symbol, or device . . . used by a person[] . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods.” 15 U.S.C. § 1127. This protection extends to product features or designs—commonly called “trade dress.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764-65 & n.1 (1992). The Lanham Act also protects consumers and trademark holders from copycats and counterfeiters by prohibiting the use of others’ trademarks in ways that are “likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1).

The Act excludes protection for trademarks that “comprise[] any matter that, as a whole, is functional.” *Id.* § 1052(e)(5). “[A] product feature is functional . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (quoting *Inwood Labs. Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

The courts of appeals are now intractably split over how to determine whether a trademark is functional. Until the decision below, at least seven courts of appeals

considered the fact that a product feature has some useful purpose as one factor in a holistic evaluation of whether a product feature is functional. Thus, the First, Fourth, Sixth, Seventh, Eighth, Ninth, and Federal Circuits consider not just the degree of utility, but also other factors, such as whether the trademark holder has advertised the utility of the feature, cost savings in making the product as a result of the design feature, and the availability of other designs for competitors to use. The USPTO has taken a similar approach by advising its Trademark Examining Attorneys not to confuse functionality with a bare finding that a design serves some function.

In the decision below, however, the Second Circuit bucked that consensus and held that *any* degree of utility categorically renders a product feature functional. Thus, in the Second Circuit, product features that serve any purpose at all cannot receive trademark protection.

The importance of this split renders this case worthy of this Court's review. Functionality is one of the most frequently litigated defenses to trademark infringement. If successful, that defense invalidates a trademark. But if different circuits use different functionality tests, the validity of a trademark would depend on where a party litigated. That disparity destroys the uniformity the Lanham Act sought to create and encourages aspiring trademark infringers to forum-shop by operating under the Second Circuit's pro-infringement test. Further, the Second Circuit's opinion jeopardizes scores of well-known trademarks, from the red wax on Maker's Mark bottles (which protects the cork) to the rubber toe-cap on Converse's Chuck Taylor sneakers (which protects the wearer's toes) to the brown color on UPS's trucks (which hides grime).

Only this Court can clarify this recurring issue of trademark law. And this case is an ideal candidate for review. It presents a pure question of federal law on which the courts of appeals are clearly divided. Whether any degree of utility categorically renders trade dress functional was squarely presented and dispositive below. The Court should grant the petition.

A. Factual Background

Mixpac is a Swiss manufacturer of dental products. Pet.App.4a. Mixpac sells a system for mixing adhesives comprised of two different chemicals that combine to make, for example, material used to make impressions of teeth. *Id.* Mixpac’s system has three components. *Id.* First is a dispenser, which works like a caulking gun: it forces liquid material out of a cartridge when a dentist pulls the trigger. *Id.* The second component is the cartridge, which other manufacturers typically buy and then fill with their own materials. Pet.App.4a-5a. The final component is the disposable mixing tip. *Id.* Mixing tips have a plastic base that attaches to the cartridge and a nozzle with a mixing element inside that blends the materials:



Pet.App.75a.

Dental material manufacturers buy Mixpac’s cartridges, fill them, and package the filled cartridge with a recommended tip. Pet.App.5a.

For over 20 years, Mixpac has used its “Candy Colors” to distinguish its mixing tips from competitors’ and signal superior quality. Pet.App.5a-6a. The USPTO granted Mixpac trademark registrations for the Candy Colors®—yellow, teal, blue, pink, purple, and brown. *Id.* Mixpac also makes cartridge caps in the Candy Colors®. Pet.App.9a. Other manufacturers use different colors or no color at all for their mixing tips. Pet.App.10a.

A&N Trading Company, A&N Trading Co Ltd., and Sung Bin An (collectively “A&N”) distribute mixing tips manufactured by Seil Global—a company run by Mr. An’s parents. Pet.App.5a. The U.S. District Court for the Southern District of New York had previously enjoined Seil Global from selling candy-colored mixing tips that blatantly imitated Mixpac’s. Pet.App.5a-7a. In 2016, despite Mixpac’s trademark registrations, A&N “displayed and advertised [Seil Global’s] mixing tips” featuring colors that were “identical or nearly identical to the colors on Mixpac’s mixing tips.” Pet.App.6a.

B. Procedural Background

1. Mixpac sued A&N in the same court, alleging trademark infringement, 15 U.S.C. §§ 1114, 1125(a), trademark counterfeiting, 15 U.S.C. § 1114, and false designation of origin, 15 U.S.C. § 1125(a). Pet.App.7a. Following a bench trial, the district court found that “this is a knockoff case pure and simple,” that A&N was attempting “to capitalize on the goodwill and market position of Mixpac,” and that A&N’s use of the Candy Colors® “was in bad faith.” Pet.App.38a-39a.

The court found that the Candy Colors® were a “strong mark” in the dental market. Pet.App.39a. The district court also rejected A&N’s defense that the mixing tips were functional, finding that the Candy Colors® added to the cost of manufacturing, and that competitors

used alternative designs. Pet.App.22a, 39a-41a. The district court enjoined A&N from selling mixing tips in the Candy Colors® and awarded Mixpac \$2,000,000 in damages. Pet.App.31a-32a.

2. The Second Circuit reversed, holding that a product feature with any utility at all “affect[ed] the quality” of the product, rendering it functional, even if the feature’s utility was not “essential to use of the product.” Pet.App.15a-17a. The Second Circuit further held that so long as a product feature has some small modicum of utility, courts cannot consider other factors, like “other design possibilities” or any “effect on competition,” as part of the functionality inquiry. Pet.App.16a-17a (citation omitted). Applying that test, the Second Circuit found the Candy Colors® were functional because, in the court’s view, each color signified a given diameter for the tip and thus “affect[ed] the quality” of the mixing tips. Pet.App.17a. According to the Second Circuit, that small degree of utility alone transformed the Candy Colors® from a whimsical, source-identifying adornment into a functional feature of a dental product.

The Second Circuit denied Mixpac’s petition for rehearing en banc and panel rehearing on May 6, 2021. Pet.App.43a-44a. This petition followed.

REASONS FOR GRANTING THE PETITION

This petition presents a conflict among the courts of appeals on an important and recurring question of federal law concerning trademark protection for product features that serve some useful purpose. The Second Circuit held that any usefulness renders a product feature unprotectable, departing sharply from the First, Fourth, Sixth, Seventh, Eighth, Ninth and Federal Circuits, all of which treat a feature’s utility as only one factor among many in the functionality inquiry.

This clear circuit split warrants this Court’s review. The question presented is frequently litigated and often dispositive in trademark litigation. And the Second Circuit’s anomalous approach means that trademarks are uniquely vulnerable to invalidation in New York federal courts, which hear a disproportionate share of the nation’s trademark cases. Virtually all circuits that hear trademark disputes have weighed in, and this split will not resolve without this Court’s intervention. Delay would only exacerbate the impact of the decision below, which jeopardizes the validity of countless trademarks. If those trademarks are invalidated under the Second Circuit’s outlier standard and copycats enter the market, trademark holders will lose the value of their brands. This case presents the issue squarely, cleanly, and in an oft-recurring fact pattern and is therefore an ideal vehicle.

I. The Circuits Are Sharply Divided Over Whether Any Degree of Utility Categorically Renders a Trademark Functional

At least seven circuits hold that product features can receive trade dress protection even if the feature has some utility. The Second Circuit, in the decision below, departed from this consensus by imposing a categorical rule that any degree of usefulness makes a product feature functional and thus unprotectable.

1. The First, Fourth, Sixth, Seventh, Eighth, Ninth, and Federal Circuits all treat a finding that a product feature has *some* utility as the beginning, not the end, of the functionality analysis.

Start with the First Circuit: In *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), the First Circuit explained that “[t]he fact that a product contains some functional elements does not . . . preclude Lanham Act protection.” *Id.* at 37. Instead, the “crucial inquiry is

into the effect that granting protection will have on the opportunity of others to compete.” *Id.* The First Circuit thus declined to hold that a particular faucet design was functional, even though aspects of the design “g[a]ve the appearance of being functional” and were “suggestive of functionality.” *Id.* at 38.

The Fourth Circuit applies a multi-factor approach and considers “the existence of utility patents” claiming the relevant product feature; “advertising focusing on the utilitarian advantages of a design”; “the availability of functionally equivalent designs”; and “the effect of the design on manufacturing.” *McAirlaids, Inc. v. Kimberly-Clark Corp.*, 756 F.3d 307, 313 (4th Cir. 2014) (internal quotation marks omitted). These factors assess whether a trademarked feature is “not merely useful, but rather essential to the use or purpose of the article.” *Tools USA & Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 659 (4th Cir. 1996) (internal quotation marks omitted). Thus, in *McAirlaids* the Fourth Circuit held that the functionality of McAirlaids’ absorbent pads’ “unique bonding pattern,” which concededly affected the pads’ absorbency, stretchiness, and strength, was a question of fact for a jury. 756 F.3d at 313-14 (citation omitted).

The Sixth Circuit also refuses to treat some degree of utility as dispositive and assesses other factors. The Sixth Circuit considers the existence of utility patents, advertising materials “tout[ing] [a] design’s utilitarian advantages,” and the availability of alternative designs to competitors. *Fuji Kogyo Co., Ltd. v. Pac. Bay Int’l, Inc.*, 461 F.3d 675, 685 (6th Cir. 2006) (quoting *Valu Eng’g, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1274 (Fed. Cir. 2002)). The Sixth Circuit also evaluates whether “the design results in a comparatively simple or cheap method of manufacturing the product.” *Id.* (citation omitted).

In *Leapers, Inc. v. SMTS LLC*, for example, the Sixth Circuit reversed a district court’s summary-judgment ruling that the knurling pattern on a rifle scope was functional. 879 F.3d 731, 738-40 (6th Cir. 2018). Although all agreed that knurling had some utility, there were unresolved factual issues regarding the degree of usefulness, the availability of alternative designs, and the reason the plaintiff selected the particular pattern. *Id.*

The Seventh Circuit takes a similar multi-factor approach to functionality. That court considers “advertising . . . that touts the utilitarian advantages of the item’s design elements,” the availability of “alternative designs,” “the existence of a utility patent . . . that involves or describes the functionality of a[] . . . design element,” and the “utilitarian properties of the item’s unpatented design elements.” *Bodum USA, Inc. v. A Top New Casting Inc.*, 927 F.3d 486, 492 (7th Cir. 2019) (quoting *Ga.-Pac. Consumer Prods. LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727-28 (7th Cir. 2011)), *cert. denied*, 140 S. Ct. 675 (2019). The Seventh Circuit also considers, as part of this multi-factor test, “the effect of the design feature on an item’s quality or cost.” *Id.* (citation omitted). None of these factors, however, “is dispositive.” *Id.* Applying this test, the Seventh Circuit held that the handle of a French Press coffeemaker was not functional, even though having a handle made the device easier to use. *Id.* at 492-95.

The Eighth Circuit also distinguishes “the colloquial meaning of ‘functional’” from “the specialized meaning that it has in trademark law,” which requires more than bare utility. *Frosty Treats, Inc. v. Sony Comput. Ent. Am. Inc.*, 426 F.3d 1001, 1007 (8th Cir. 2005). Thus, “[t]he fact that [a] feature . . . serves some function is not enough” to make the feature functional. *Home Builders Ass’n v. L&L Exhibition Mgmt., Inc.*, 226 F.3d 944, 948 (8th Cir. 2000) (citation omitted). Under that standard,

the Eighth Circuit determined that a trademark of an event name containing “St. Louis” was non-functional, even though including “St. Louis” served some utilitarian purpose by conveying that the event was in St. Louis. *Home Builders*, 226 F.3d at 948-49. The name did not “impact patent law concerns,” nor did the name’s “exclusive use . . . prevent the sponsors of competing [events] from competing effectively using other, equally descriptive names.” *Id.* at 949.

The Ninth Circuit has similarly held that a design feature is not automatically functional simply because it has some utility. The Ninth Circuit considers not just “whether the design yields a utilitarian advantage,” but also “whether alternative designs are available[,] . . . whether advertising touts the utilitarian advantages of the design[,] and . . . whether the particular design results from a comparatively simple or inexpensive method of manufacture.” *Moldex-Metric, Inc. v. McKeon Prods., Inc.*, 891 F.3d 878, 880 n.2 (9th Cir. 2018) (citation omitted). The Ninth Circuit has made clear that “[n]o single factor is dispositive and all should be weighed collectively.” *Id.* Indeed, the Ninth Circuit held that a reasonable jury could find that the fluorescent green color of earplugs was not functional, even though the bright color undisputedly made the earplugs more visible during safety checks. *Id.* at 887.

The Federal Circuit has also adopted a multifactor test and held that trade dress with some utility was not functional in light of that test. *In re Morton-Norwich Products, Inc.* adopted a four-factor test looking to “the existence of an expired utility patent”; whether a trademark holder “touts [a design’s] utilitarian advantages through advertising”; whether “there are other alternatives available”; and whether the “particular design results from a comparatively simple or cheap method of

manufacturing the article.” 671 F.2d 1332, 1340-41 (C.C.P.A. 1982). The Federal Circuit relied on that four-factor test to reject an argument that the rubber toe cap and bumper design of Converse’s famous Chuck Taylor sneakers was functional—despite possible “functional benefit[s]” from shoe toe caps and bumpers. *Converse, Inc. v. Int’l Trade Comm’n*, 909 F.3d 1110, 1124 (Fed. Cir. 2018).

2. In the decision below, the Second Circuit unambiguously adopted a categorical approach. The court of appeals held that if a product feature has any utility, it “affects the quality of the product” and is therefore functional. Pet.App.17a. It is not relevant, in the Second Circuit’s view, that the product feature is not “essential to use of the product.” Pet.App.15a. Because even a minimal degree of utility affects the product’s quality, the Second Circuit explained, it did not need to consider either “other design possibilities” or whether affording trademark protection would have “a significant effect on competition.” Pet.App.16a-17a (citation omitted). Thus, breaking with the consensus of other circuits, the Second Circuit’s analysis started and finished with its finding that Candy Colors® had some degree of usefulness.

The difference between the Second Circuit’s approach and the approaches of other courts of appeals is stark. In at least seven other circuits, a product feature’s minimal utility would be the jumping-off point for further inquiry. But the Second Circuit will invalidate a trademark covering that feature, even if the feature has only a minimal degree of utility, plentiful alternative designs, and serves primarily to identify the product’s source.

The Third Circuit’s recent functionality decision, *Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250 (3d Cir. 2021), *pet. for cert. docketed*, No. 20-1817 (U.S. June 29, 2021), reinforces the need for this

Court’s review. In that decision, the Third Circuit held that Ezaki Glico’s stick-shaped, partially chocolate-coated cookie design was functional because the design made the cookie “more useful as a snack.” *Id.* at 259-60. That decision could be interpreted either to adopt a *per se* rule (like the Second Circuit) or to endorse a multi-factor analysis (like the other seven circuits). In a preliminary discussion defining the term “functional,” the Third Circuit relied on dictionary definitions equating “functional” with “useful.” *Id.* at 256. That discussion suggests that *any* “usefulness” would render a product functional, as the Second Circuit held in this case.

But the Third Circuit also observed that “[t]here are several ways to prove functionality,” including through evidence that (1) “a feature or design makes a product work better”; (2) advertising “touts a feature’s usefulness”; (3) a utility patent claims the relevant product features; and (4) “there are only a few ways to design a product.” *Id.* at 258. Those factors are more consistent with the courts of appeals that conduct a multifaceted analysis. *See id.* Either way, the Third Circuit’s ambiguous decision piles onto a clear circuit split in an area of trademark law where clarity is essential.¹

3. This petition presents a quintessential question for the Court’s review. This Court has repeatedly granted certiorari to decide, in the intellectual-property context, whether a single factor is dispositive or whether courts must consider and balance competing values. For example, the Court granted certiorari in *Romag Fasteners*,

¹ Ezaki Glico has petitioned for a writ of certiorari. *See* No. 20-1817. Ezaki Glico reads the Third Circuit to have held that a design feature is functional if it is “useful” in any manner. If Ezaki Glico were correct, the Third Circuit would join the Second Circuit on the minority side of a 7-2 split.

Inc. v. Fossil, Inc., and rejected willfulness as a precondition to an award of profits in a trademark suit, instead siding with circuits that had considered multiple equitable factors to determine whether such an award was appropriate. 140 S. Ct. 1492, 1497 (2020); *see also, e.g., Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1988 (2016) (granting certiorari to hold that the objective reasonableness of a losing party’s legal position is “only an important factor in assessing [attorneys’] fee[s] applications—not the controlling one”). In light of the acute and recognized need to “provide a degree of national uniformity” in intellectual property law, *Matal v. Tam*, 137 S. Ct. 1744, 1751-52 (2017), this Court has swiftly resolved splits among the circuits over inflexible formulations of patent, trademark, and copyright law.

Nor is there any need for further percolation. Nine circuits already have weighed in, and the split spans the most important venues for trademark litigation. New York alone saw 9,659 trademark cases between 1996 and 2018, or 12 percent of all trademark cases in the United States. *See* Administrative Office of the U.S. Courts, *Just the Facts: Intellectual Property Cases—Patent, Copyright, & Trademark* (Feb. 13, 2020), <https://tinyurl.com/5bt52xvd>. California was the only state with more trademark filings, hearing 16,526 cases and 21 percent of the national trademark caseload. *Id.* That the Ninth Circuit and Second Circuit find themselves on opposite sides of the split ensures that the two most frequent venues for trademark litigation will continue reaching divergent results. This Court’s immediate intervention is warranted to remedy that stark disparity.

II. The Question Presented Is Recurring, Important, and Squarely Presented

The Second Circuit’s decision contravenes the core national interest in uniformity underlying the Lanham

Act, goes to the heart of one of the most frequently raised trademark defenses, and undermines the well-settled expectations of trademark holders and consumers.

1. The circuits' inconsistent approaches to functionality undermine the interest in national uniformity that prompted the Lanham Act. Previous federal trademark legislation "reflected the view that protection of trademarks was a matter of state concern" and consequently "rights to trademarks were uncertain and subject to variation in different parts of the country." *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985). Congress enacted the Lanham Act in 1946 to fix this problem, endeavoring to "put all existing trade-mark statutes in a single piece of legislation" and hoping to "simplify trademark practice." H.R. Rep. No. 79-219 (1946), at 4; *see also id.* (recognizing that "trade is no longer local, but is national"). The Second Circuit's departure from the functionality approach of at least seven other circuits has recreated the same regionally divergent trademark laws that Congress intended to fix in 1946.

The Second Circuit's divergent approach threatens national trademark registrations. The Lanham Act confers "national protection for trademarks used in interstate and foreign commerce." *Park 'N Fly*, 469 U.S. at 193. But in light of the circuit split, a trademark holder could successfully defend its trademark on functionality grounds in any of the at least seven circuits employing a multi-factor approach, yet face invalidation of the exact same trademark in the Second Circuit.

The circuit split is particularly problematic for color trademarks, notwithstanding this Court's unanimous decision upholding their qualification for trademark protection in *Qualitex*. 514 U.S. at 166. "When a color serves as a mark, normally alternative colors will likely be available for similar use by others." *Id.* at 168 (citation

omitted). Consistent with its multi-factor test, the Ninth Circuit has found alternative colors “particularly probative” in evaluating the functionality of a color trademark, even where the color has some utility. *Moldex-Metric*, 891 F.3d at 886. Yet the Second Circuit’s *per se* rule means that it declined to consider precisely what the Ninth Circuit found “particularly probative”: alternatives to the Candy Colors®. Pet.App.17a. Without this Court’s intervention, the viability of color trademarks will thus depend significantly on where an infringement suit is brought.

For example, UPS enjoys trademark protection for the “chocolate brown” it has used to color its delivery trucks for more than a century. *See* Reg. No. 2,901,090. That brown color obviously serves *some* function—it hides grime better than lighter colors. Nonetheless, in the Ninth Circuit, the existence of numerous alternative colors that similarly hide grime (e.g., other shades of brown, beige, grey) is powerful evidence that UPS’s trademark is not invalid as functional. *Moldex-Metric*, 891 F.3d at 886. In the Second Circuit, by contrast, those alternative colors are irrelevant and the minimal functionality of UPS’s chocolate brown threatens the validity of its trademark.

The frequency with which courts grapple with the functionality defense amplifies the importance of resolving the split. Functionality is among the most frequently litigated trademark defenses. Many courts have adjudicated the issue in the first half of 2021 alone. *See, e.g., Sure Fit Home Prods., LLC v. Maytex Mills, Inc.*, 2021 WL 2134863, at *5 (S.D.N.Y. May 26, 2021); *WCM Indus., Inc. v. Hirshfeld*, 2021 WL 1430449, at *2 (E.D. Va. Apr. 6, 2021); *Laboratorios Pisa S.A. de C.V. v. PepsiCo, Inc.*, 2021 WL 783854, at *4 (S.D. Tex. Feb. 27, 2021); *Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc.*,

2021 WL 736710, at *22 (E.D.N.Y. Feb. 25, 2021); *Constructive Eating, Inc. v. Masontops, Inc.*, 2021 WL 719701, at *9-11 (E.D. Mich. Feb. 23, 2021); *Toyotire Corp. v. Atturo Tire Corp.*, 2021 WL 463254, at *3-8 (N.D. Ill. Feb. 9, 2021).

2. The Second Circuit's *per se* rule also threatens countless trademarks and risks confusing the many consumers who rely on those trademarks to navigate the marketplace. A finding of functionality invalidates a trademark and is a complete defense to its infringement. *Qualitex*, 514 U.S. at 164-65. But virtually all designs have *some* function. Coca-Cola's iconic glass bottle design functions as a beverage container. The iconic copper and black design of Duracell batteries helps the user know which end is which. The Volkswagen Beetle's rounded body makes the car more aerodynamic. A Jeep's formidable grill lets air into the engine. The colors on a Rubik's cube match to identify each side. The orange cap on a bottle of Elmer's glue helps one find the bottle in a cabinet. And the red wax seal on a bottle of Maker's Mark protects the cork from air. Countless additional examples abound.

The Second Circuit's categorical approach, however, threatens to invalidate trademarks for all these designs despite their indisputable distinctiveness to consumers. Knock-off artists seeking to capitalize on the goodwill of such designs thus have a strong incentive to operate in the Second Circuit, where they have a better chance of prevailing, rather than in circuits that use a multi-factor analysis. And consumers will be less able to rely on recognizable features when purchasing once-trademarked products.

These consequences are especially pernicious for the holders of well-established trademarks. Congress has afforded "incontestable" status to registered trademarks that have been in continuous use for more than five years,

granting those trademarks additional protections and immunities. 15 U.S.C. § 1065. But even incontestable trademarks can be invalidated as functional. *Id.* § 1115(b). By significantly expanding the functionality doctrine, the Second Circuit’s approach undermines the expectations of even the most settled trademark holders. Mixpac, for example, has used and advertised its Candy Colors® for more than 20 years in reliance on nationwide, incontestable U.S. trademark registrations—registrations that the Second Circuit’s *per se* rule jeopardized.

3. This case is an ideal vehicle to resolve the question presented, as the issue is squarely before the Court and is outcome-determinative. There is no doubt that A&N has flagrantly infringed Mixpac’s trademarks if they are valid. The district court nearly a decade ago enjoined Seil Global—A&N’s “alter ego”—from selling candy-colored mixing tips, and has repeatedly held Seil Global in contempt for violating those injunctions (though Seil Global has never paid the resulting fines). Pet.App.23a-27a. Thus, the district court had little difficulty concluding now that “this is a knockoff case pure and simple,” and that there is “no doubt” that A&N’s “bad faith” use of Mixpac’s trademarked colors engendered a “very high likelihood of confusion.” Pet.App.38a-39a.

The Second Circuit did not dispute these findings. That court reversed the district court’s judgment in favor of Mixpac based on its understanding that the Candy Colors® served some minimal purpose—i.e., “the colors signify [the] diameter” of the mixing tips. Pet.App.15a (quotations omitted). In at least seven other circuits, the minimal utility of the colors would have been just one of many factors to weigh. *E.g.*, *Moldex*, 891 F.3d at 887. The courts would be free to hold that the existence of alternative colors outweighed any slight utility the Candy Colors® trademark may have—as the district court here

did. *Id.* By erecting an absolute rule that any degree of utility makes a product functional, the decision below invalidated trademarks that would have survived in any other circuit.

The petition for certiorari from the Third Circuit’s decision in *Ezaki Glico* (No. 20-1817) raises similar issues involving the functionality doctrine. This case presents a particularly ideal vehicle for the Court to address those issues, because the Second Circuit’s decision below unambiguously imposed a bright-line rule that any degree of utility categorically renders a design feature functional and then refused to consider any other factors. At a minimum, given the importance of the functionality doctrine to trademark law and the extensive circuit split, this Court should grant certiorari in both cases.

III. The Decision Below Is Wrong

The Second Circuit’s holding that any degree of functionality categorically renders a design “functional” as a matter of law flouts both this Court’s precedents and common sense. That *per se* rule serves only to arbitrarily exclude designs from trademark protection and this Court should reject it.

This Court in *Qualitex* rejected the notion that functionality begins and ends with finding that a design feature has some utility. There, after affirming that “color alone” may qualify for trademark protection, the Court evaluated whether the “green-gold color” of the dry-cleaning pads at issue was functional. *Qualitex*, 514 U.S. at 165-66. The Court recognized that the color served some function: “it [was] important to use *some* color on press pads to avoid noticeable stains.” *Id.* at 166. But the Court went on to hold that the color was nonetheless non-functional because there was no “competitive need in the press pad industry for the green-gold color,

since other colors were equally usable.” *Id.* (quotations omitted); *see also id.* (characterizing inquiry as whether design serves a “significant function”); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982) (“[A] product feature is functional if it is *essential* to the use or purpose of the article or if it affects the cost or quality of the article.” (emphasis added)).

In *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, this Court again rejected a single-minded focus on whether a product has some degree of utility. 532 U.S. 23 (2001). This Court explained that even a feature claimed in a patent as part of a useful invention is not automatically functional. *Id.* at 29-30. The court must still evaluate whether that patented feature is “not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.” *Id.* at 30.

The Second Circuit’s categorical rule cannot be reconciled with these precedents. That rule eviscerates the core holding of *Qualitex* that a design feature was not functional *even though* it had some utility. 514 U.S. at 166. The rule likewise turns *TrafFix* on its head by holding that any degree of utility is dispositive without considering whether a feature is nonetheless “ornamental, incidental, [or] arbitrary.” 532 U.S. at 30. And the rule renders irrelevant this Court’s separate test for “aesthetic” functionality, where the function of a design lies in its aesthetic value. *See id.* at 32-33. If a feature is *per se* functional at the first hint of utility, courts will never need to reach the question whether “exclusive use of the feature” puts “competitors at a significant non-reputation-related disadvantage.” *Qualitex*, 514 U.S. at 165. A design cannot create a significant competitive disadvantage if it is entirely useless.

The Second Circuit’s *per se* rule similarly contravenes the approach taken by the USPTO in examining trademark applications. Consistent with this Court’s precedents, the agency’s examination manual makes clear that “whether a product feature is ‘functional’ should not be confused with whether that product feature performs a ‘function.” U.S. Patent & Trademark Office, Trademark Manual of Examining Procedures § 1202.02(a)(v). That rejection of a *per se* approach draws from the common-sense observation that “most objects perform a function, for example, a bottle holds liquid and a lamp provides light. However, only certain configurations that allow an object to work better are functional.” *Id.* The Second Circuit’s *per se* rule ignored this USPTO practice just as it ignored the teachings of this Court. This Court should address this important question, which has divided the lower courts and made all the difference to the outcome of this case below.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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SEPTEMBER 14, 2021

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APPENDIX A

19-2951

Sulzer Mixpac AG v. A&N Trading Co., et al.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 2020

(Argued: November 13, 2020 Decided: February 18, 2021)

Docket No. 19-2951

SULZER MIXPAC AG,

Plaintiff-Counter-Defendant-Appellee,

v.

A&N TRADING COMPANY, A&N TRADING CO.,
LTD., and SUNG BIN AN, AKA TONY AN,

*Defendants-Counter-Claimants-Appellants.*¹

Before: JACOBS, POOLER, and BIANCO, *Circuit
Judges.*

¹ The Clerk of Court is directed to amend the caption as above.

Appeal from grant of final judgment of the United States District Court for the Southern District of New York (Lewis A. Kaplan, *J.*) to Sulzer Mixpac AG on its claims of unfair competition, infringement of common law trademarks, and its claims under the Trademark Act of 1946 (Lanham Act), 60 Stat. 427, as amended, 15 U.S.C. § 1051 *et seq.*, for trademark counterfeiting, infringement of registered marks, and false designation of origin. The district court held that Mixpac’s trade dress—its use of yellow, teal, blue, pink, purple, brown, and white on mixing tips—is not functional. We disagree, and hold that the use of these colors on mixing tips is functional, as the colors signify diameter and enable users to match a cartridge to the appropriate mixing tip.

Therefore, we reverse and remand for entry of final judgment in favor of A&N Trading Company, A&N Trading Co., Ltd., and Sung Bin An on Sulzer Mixpac AG’s unfair competition, trademark infringement, trademark counterfeiting, and false designation of origin claims. We decline to address A&N Trading Company, A&N Trading Co., Ltd., and Sung Bin An’s counterclaims. We also decline to address in the first instance Sulzer Mixpac AG’s civil contempt claim, which the district court did not reach.

Reversed and remanded.

JOSHUA B. KATZ, Kent, Beatty & Gordon, LLP, (Jack A. Gordon, *on the brief*), New York, NY, *for Defendants-Counter-Claimants-Appellants* A&N Trading Co., A&N 3 Trading Co., Ltd. and Sung Bin An, *aka Tony An*.

MICHAEL T. MURPHY, Global IP Counselors, LLP (Daniel Hwang, Suzanne E. Konrad, *on the brief*), Washington, DC, *for Plaintiff-Counter-Defendant-Appellee Sulzer Mixpac AG.*

Charles D. Cole, Jr., Newman Myers Kreines Harris, P.C. (*on the brief*), New York, NY, *for Plaintiff-Counter-Defendant-Appellee Sulzer Mixpac AG.*

POOLER, *Circuit Judge:*

If a product's trade dress is functional, there can be no trade dress protection. The functionality doctrine is at the core of the parties' dispute. Plaintiff-Counter-Defendant-Appellee Sulzer Mixpac AG ("Mixpac") and Defendants-Counter-Claimants-Appellants A&N Trading Company, A&N Trading Co., Ltd., and Sung Bin An, also known as Tony An (collectively, "A&N") are competitors in the U.S. market for mixing tips used by dentists to create impressions of teeth for dental procedures, such as crowns.

A&N appeals from a final judgment and permanent injunction entered in the United States District Court for the Southern District of New York (Lewis A. Kaplan, *J.*) on Mixpac's claims of unfair competition, common law trademark infringement, and trademark infringement, trademark counterfeiting, and false designation of origin under the Trademark Act of 1946 (the "Lanham Act"), 60 Stat. 427, as amended, 15 U.S.C. § 1051 *et seq.*, and on A&N's counterclaims seeking a declaratory judgment that Mixpac's trade dress is functional. The district court entered judgment for Mixpac on these counts. A&N

argues on appeal that Mixpac's use of particular colors on mixing tips is functional because the colors serve as a color-coding scheme that signifies the size of a mixing tip.

Following a one-day bench trial, the district court concluded that Mixpac's use of particular colors on mixing tips was not functional, as the colors add to manufacturing costs and other companies use different or no colors for their mixing tips. We disagree. The evidence establishes that the colors signify mixing tip sizes, enabling users to more easily match cartridges to the appropriate mixing tips. Therefore, we conclude that Mixpac's trade dress is functional. We reverse the judgment of the district court, and remand. We decline to address in the first instance A&N's argument that the district court should have dismissed Mixpac's contempt claim with prejudice.

BACKGROUND

I. The Parties

Mixpac manufactures a system to mix adhesives for dental applications. The system consists of a dispenser-like caulking gun, a cartridge containing two cylinders, and a mixing tip. Mixpac manufactures all three parts of the system and is a leading supplier of mixing tips. A mixing tip is composed of a cylinder that contains helixes that blend components as they pass through the tip. The materials that are mixed come from a two-cylinder cartridge. The mixing tip is attached to the cartridge via the mixing tip's cap. The cartridge, in turn, is attached to the dispenser-like caulking gun. When the trigger of the caulking gun is pulled, the components inside the cartridge are pushed into the mixing tip for blending. To accommodate different types of dental procedures, mixing tips vary in their diameter, the length of the

helixes that mix component materials, and cap sizes.

Mixpac's customers are primarily dental material manufacturers such as 3M ESPE and Dentsply that buy Mixpac cartridges, fill them with their own dental materials, and sell sets of filled cartridges and mixing tips to dental distributors. The distributors, in turn, sell to dental professionals. Mixpac also sells mixing tips directly to dental distributors, such as Henry Schein.

A&N Trading Company is the predecessor company of A&N Trading Co., Ltd., a corporation of South Korea. A&N distributes mixing tips that are manufactured by Seil Global Co., Ltd. ("Seil Global"). Sung Bin An, also known as Tony An, is a citizen of South Korea. An is the president, sole owner, and only employee of A&N Trading Co., Ltd. An's mother is the president of Seil Global and his father is Seil Global's chief executive officer. An is a shareholder of Seil Global and has been a Seil Global employee since February 2016.

II. Mixpac's Trademark Registrations and A&N's Alleged Infringement

Mixpac owns twelve U.S. trademark registrations for particular colors on mixing tips. On March 23, 2010, it obtained trademarks on the principal register for the use of yellow and teal on mixing tip caps. On June 14, 2011, it obtained trademarks on the principal register for the use of blue, pink, purple, and brown on mixing tip caps. In January 2015 and January 2016, it obtained registered marks on the principal register for these same colors as "applied to the lower portion of dental mixing tips." App'x at 884; *see also* App'x at 885-89. Mixpac also owns trademarks on the supplemental register for yellow, teal, blue, pink, purple, and brown (collectively, the "Candy

Colors”) as applied to mixing tip cylinders and helixes, which it obtained in July and November of 2017.² App’x at 890-901.

The trademark registrations reflect that Mixpac used Candy Colors on mixing tip caps as early as December 1997, but only began to use Candy Colors on mixing tip cylinders and helixes in 2017. The only exception was blue, which Mixpac used on mixing tip cylinders and helixes as early as 2009.

Notwithstanding Mixpac’s trademark registrations, A&N displayed and advertised mixing tips with clear caps and colored helixes during the 2016 Greater New York Dental Meeting (“2016 GNYDM”), held from November 27-30, 2016. The colors were identical or nearly identical to the colors on Mixpac’s mixing tips. Tony An represented A&N at the 2016 GNYDM. Seil Global manufactured the mixing tips that A&N displayed and paid A&N’s expenses for the 2016 GNYDM.

Seil Global and Mixpac already had a tumultuous history. In 2008, Mixpac sued Seil Global and five other dental products manufacturers and distributors in the U.S. District Court for the Southern District of New York, alleging trademark and trade dress infringement (the

² Registration on the principal register confers on the mark’s holder certain benefits in litigation, including a rebuttable presumption that the mark is valid. *See* 15 U.S.C. § 1115(a). The supplemental register lists “non-mark designations . . . that are only ‘capable’ of someday becoming a ‘mark’ upon the acquisition of secondary meaning.” 3 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 19:33 (5th ed. 2020). Thus, registration on the supplemental register does not confer the same benefits as does registration on the principal register, *see* 15 U.S.C. § 1094; in fact, it “does nothing to enlarge the substantive rights of the registrant.” *Clairol Inc. v. Gillette Co.*, 389 F.2d 264, 267 (2d Cir. 1968).

“2008 Litigation”). Seil Global defaulted. In 2009, the district court entered a default judgment in Mixpac’s favor, followed by a permanent injunction against Seil Global, prohibiting it and “its principals, officers, members, agents, servants, employees, attorneys, and those persons under their control or in active concert or participation with them who receive actual notice” from “selling, offering for sale, distributing, or advertising any mixing tips that infringe The Colored Dome Mark and Mixpac Trade Dress” or from “assisting, aiding or abetting” any entity in doing so. Special App’x at 4-5. On May 28, 2013, the district court entered an order for civil contempt and sanctions against Seil Global after it failed to respond to multiple orders to show cause. The district court awarded \$41,250 in damages and imposed a \$20,000 fine, which remain unpaid. An became aware of the permanent injunction and civil contempt order no later than 2016.

III. Proceedings in District Court

On November 28, 2016, as the 2016 GNYDM continued, Mixpac filed suit against A&N, alleging unfair competition, infringement of common law marks, and claims under the Lanham Act for trademark infringement under 15 U.S.C. §§ 1114 and 1125(a), trademark counterfeiting under 15 U.S.C. § 1114, and false designation of origin under 15 U.S.C. § 1125(a).³ Mixpac also sought to hold A&N in civil contempt of the injunction entered in the 2008 Litigation. A&N counterclaimed, alleging that Mixpac’s use of Candy Colors on mixing tips was functional and, therefore, its trademark registrations

³ Mixpac also sued A&N for violations of Sections 349, 350, and 360-1 of New York’s General Business Law, which the parties stipulated to dismiss.

should be canceled. Mixpac filed a Supplemental Complaint on February 12, 2019 to plead new U.S. trademark registrations, namely the registrations on the supplemental register.

After a one-day bench trial held on May 9, 2019, the district court granted final judgment and a permanent injunction for Mixpac on its claims for unfair competition, false designation of origin, infringement, and counterfeiting. The district court did not reach the contempt claim and awarded Mixpac \$2 million in statutory damages. Witnesses presented direct testimony through written statements, followed by cross and redirect examinations. A&N called two witnesses: Tony An and Dr. George Cisneros, a Professor at the NYU College of Dentistry who testified as an expert. Mixpac called three witnesses: Paul Jutzi, Mixpac's Director of Technology and Innovation; Daniel Ferrari, Mixpac's Director of Market Segment Healthcare; and expert witness Dr. Howard S. Glazer, a dentist with a general dental practice in Fort Lee, New Jersey. Mixpac also introduced the posthumous direct testimony of expert witness Jacob Jacoby, Ph.D., who ran a consumer research firm.

The witnesses testified as to the Candy Colors' purpose. Jutzi testified that applying Candy Colors to the mixing tips "adds time and significant cost" and it "would be less expensive for Mixpac to make clear mixing tips without any color." App'x at 582. He testified that while "Mixpac makes mixing tips with different sizes and types in the same color, and also the same size in different colors . . . [it] provides cartridges and mixing tips that can be matched by the same color." App'x at 583. His testimony on cross-examination (considered together

with other evidence in the record) acknowledges that all yellow mixing tips are 4.2 millimeters in diameter, all teal mixing tips are 6.5 millimeters in diameter, and all blue mixing tips are 3.2 millimeters in diameter. Ferrari similarly testified on cross-examination that Mixpac's catalog identifies mixing tip diameters by color, where teal indicates 6.5 millimeters, pink indicates 5.4 millimeters, yellow indicates 4.2 millimeters, blue indicates 3.2 millimeters, and brown indicates 2.5 millimeters. Glazer testified that in dental practice he does "not use, or select, a replacement mixing tip based on [c]olor alone because each of the two-component materials used is unique." App'x at 383.

Additional evidence sheds light on the Candy Colors' purpose. In connection with the 2008 Litigation, Mixpac submitted declarations from its employees. In a declaration dated November 25, 2008, Richard J. Wilson, then Business Manager for Sulzer Mixpac USA, described that, "[t]o assist in identifying Mixpac's product and to enable users to quickly select a mixing tip that matches the proper cartridge, [Mixpac] chose a unique and arbitrary color coding system." App'x at 2622. Wilson further declared that the "colors of the cartridge cap are matched to the mixing tip to indicate the proper size and mixing ratio for the dental materials." App'x at 2623. Armin Hegglin, then Area Sales Manager U.S. for Mixpac, similarly declared that "Mixpac uses a color code with its mixers to enable an end user to quickly identify the appropriate [t]ip that is matched with the same colored cartridge cap." App'x at 2629. Further, Mixpac's advertising materials assert that "[i]n order to simplify handling MIXPAC is using color-coded mixers and outlet caps. The color of the outlet cap used for a certain dental

product identifies the mixer best suited for th[e] product.” App’x at 2468.

In addition to the bench trial testimony, the declarations of Mixpac employees, and Mixpac’s advertising materials, websites advertise mixing tips based primarily on their color under Mixpac’s system. A website for Dental City, for example, advertises a bag of 48 pink mixing tips with 5.4 millimeter diameters, the same diameter as Mixpac’s pink mixing tips. Materials manufacturers also rely on Mixpac’s color-coding scheme in their product use instructions. Thus, Mixpac is “the leader of its industry” and “holds nearly 100% of the market” of Candy Colored mixing tips. App’x at 2493.

On August 14, 2019, the district court issued its findings of fact and conclusions of law, and a final judgment and permanent injunction in Mixpac’s favor. The district court concluded that the Candy Colors are non-functional because Mixpac’s use of the colors “adds to the cost to Mixpac of making . . . mixing tips” and “[o]ther companies in the industry use different colors or no colors for their dental products including dental mixing tips.” Special App’x at 3.

The district court incorporated its oral factual findings on the record at trial into its findings of fact and conclusions of law. At trial, the district court found that An was dishonest in his testimony and deliberately spoliated evidence of communications with potential customers following his attendance at the 2016 GNYDM. It also found that Cisneros’ testimony was not credible. Most importantly, with respect to functionality, the district court applied the functionality standard as discussed in *Fabrication Enterprises, Inc. v. Hygenic Corp.*, 64 F.3d 53, 59 (2d Cir. 1995). It found that it was

“satisfied from Dr. Glazer’s quite persuasive and credible testimony that the degree of functionality here is small” and that “[m]ost important of all with respect to functionality is the fact that alternative designs are obviously and clearly available without impairing the utility of the product.” App’x at 859. It thus rejected A&N’s argument that color is a proxy for diameter. The district court acknowledged however, that “a small minority” of dentists “have [probably] asked for a yellow tip or a blue tip.” App’x at 858.

The district court concluded that Mixpac proved by a preponderance of the evidence that it holds valid marks for the Candy Colors, that A&N “used a reproduction, counterfeit, copy, or colorable imitation” of the marks without Mixpac’s consent, and that it did so “in connection with the sale, distribution, or advertising of goods.” Special App’x at 9-10. It also concluded that such use was likely to cause confusion and did cause confusion. The district court also concluded that A&N failed to prove their counterclaims by a preponderance of the evidence.⁴

DISCUSSION

On appeal from a bench trial, we determine whether the district court’s “findings of fact were clearly erroneous.” *Ezekwo v. N.Y.C. Health & Hosps. Corp.*, 940 F.2d 775, 780 (2d Cir. 1991) (internal quotation marks omitted). Factual findings are clearly erroneous if “they are without adequate support in the record, are against

⁴ We decline to rule as to the propriety of the district court’s conclusion that A&N failed to prove their counterclaims by a preponderance of the evidence because A&N’s brief does not explain why that was error. *See Gross v. Rell*, 585 F.3d 72, 95 (2d Cir. 2009) (“[I]ssues not sufficiently argued are in general deemed waived and will not be considered on appeal.”) (internal quotation marks omitted).

the clear weight of the evidence, or are the product of an erroneous view of the law.” *Id.* In addition, with respect to the district court’s legal conclusions, “our scope of review is *de novo.*” *Id.*

I. Functionality

A product’s design “may acquire a distinctiveness which serves to identify the product with its manufacturer” and such design “is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods.” *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28 (2001). The Lanham Act provides a cause of action when a person “uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods.” 15 U.S.C. § 1125(a)(1)(A). The Lanham Act also prohibits:

without the consent of the registrant— . . .
us[ing] in commerce any reproduction,
counterfeit, copy, or colorable imitation of a
registered mark in connection with the sale,
offering for sale, distribution, or advertising
of any goods or services on or in connection
with which such use is likely to cause
confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1114(1)(a)

There is, however, a “well-established rule that trade dress protection may not be claimed for product features that are functional.” *TrafFix*, 532 U.S. at 29. In *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, the Supreme Court advised against overextension of trade dress, noting that “product design almost invariably serves

purposes other than source identification.” 529 U.S. 205, 213 (2000). “The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). “Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products.” *TrafFix*, 532 U.S. at 29. This applies even where an entity makes significant investments in a particular feature, because the Lanham Act “does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.” *Id.* at 34-35.

“Whether a trade dress is or is not functional is a question of fact disturbed on appeal only if clearly erroneous.” *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1002 (2d Cir. 1997).⁵ In our Circuit, “a product feature is considered to be ‘functional’ in a utilitarian sense if it is (1) ‘essential to the use or purpose of the article,’ or if it (2) ‘affects the cost or quality of the article.’” *Christian Louboutin S.A. v. Yves Saint Laurent Am. Holding, Inc.*, 696 F.3d 206, 219 (2d Cir. 2012)

⁵ A&N asserts in a footnote in its opening brief that this Court has not yet decided the standard of review applicable to a district court’s functionality finding following the Supreme Court’s decision in *TrafFix*. To the extent that this can be characterized as an argument, a footnote is “insufficient to raise the argument on appeal.” *Citizens Against Casino Gambling in Erie Cnty. v. Chaudhuri*, 802 F.3d 267, 286 (2d Cir. 2015) (“Merely mentioning the relevant issue . . . is not enough; issues not sufficiently argued are in general deemed waived and will not be considered on appeal.” (citation omitted)).

(footnote omitted) (quoting *Inwood Lab'ys, Inc. v. Ives Lab'ys, Inc.*, 456 U.S. 844, 850 n.10 (1982)). Product features are essential when they are “dictated by the functions to be performed by the article.” *Id.* (internal quotation marks omitted); accord *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 331 (2d Cir. 1983) (“[A] feature that merely accommodates a useful function is not enough.”). A feature affects cost or quality when it “permits the article to be manufactured at a lower cost or constitutes an improvement in the operation of the goods.” *Louboutin*, 696 F.3d at 219 (internal quotation marks omitted).

A feature can still be functional even if it is not essential to a product’s use or purpose and does not affect a product’s cost or operation. This is referred to as aesthetic functionality, where “the aesthetic design of a product is *itself* the mark for which protection is sought.” *Id.* at 219-20 (emphasis in original). In such instances, this Court considers whether “giving the markholder the right to use it exclusively would put competitors at a significant non-reputation-related disadvantage.” *Id.* at 220 (internal quotation marks omitted).

The district court did not apply the *Louboutin* test in either its oral statements on the record at the bench trial or in its findings of fact and conclusions of law. The district court’s findings that Mixpac’s use of colors for mixing tips adds to Mixpac’s manufacturing costs and that some of Mixpac’s competitors use different or no colors for their mixing tips are not clearly erroneous and are supported by the record. Jutzi testified that Mixpac incurs “significant cost” for adding Candy Colors to mixing tips. App’x at 582. Ferrari testified that “[m]any other mixing tips use colors different from the Candy

Colors” and discussed a colorless universal mixing tip that Coltene manufactures. App’x at 614-15.

A&N does not argue to the contrary. Instead, A&N argues that the mixing tips’ color coding helps users identify useful product characteristics, such as diameter. Because the color coding aids users, A&N argues that it affects the quality of the mixing tips and is “essential to how they are intended to be used.” Appellants’ Br. at 50. The evidence elicited at the bench trial does not support A&N’s argument that use of colors on mixing tips is essential to use of the product. Color-coded mixing tips and cartridges are simply not akin to the “dual-spring” traffic sign design in *TrafFix*, where the dual-spring system afforded a “unique and useful mechanism to resist the force of the wind” and wind resistance is essential to a traffic sign’s purpose of alerting drivers. *TrafFix*, 532 U.S. at 33. The district court did not make a factual finding that colors are essential to the use or purpose of mixing tips, and we decline to do so on this record.

The evidence elicited at the bench trial, however, firmly establishes that the colors signify diameter, which in turn assists users with selecting the proper cartridge for their needs. As Mixpac’s own employees acknowledge, the colors enable users to quickly match the proper mixing tip with the proper cartridge, and thereby “improve[] the operation of the goods.” *Louboutin*, 696 F.3d at 219 (internal quotation marks omitted). The colors on the mixing tips serve roughly the same purpose as the colors of the flash-frozen ice cream that the Eleventh Circuit considered in *Dippin’ Dots, Inc. v. Frosty Bites Distribution, LLC*, where the ice cream’s colors signified flavor, i.e., pink signified strawberry, white signified vanilla, and brown signified chocolate, and

were therefore found to be functional. 369 F.3d 1197, 1203-04, 1207 (11th Cir. 2004); *see also Inwood*, 456 U.S. at 853, 856-58 (concluding that our Circuit erred when it set aside the district court’s findings that colors of certain prescription drugs were functional, in part, because patients “associate[d] color with therapeutic effect” and “rel[ied] on color to differentiate one [drug] from another” because those facts were not clearly erroneous).

The district court arguably came to this very conclusion when it acknowledged in its oral findings a “small” “degree of functionality,” after noting that “there are probably cases in which some dentists have asked for a yellow tip or a blue tip.” App’x at 858-59. But its findings are unclear because it failed to apply the test set forth in *Louboutin*, and thus did not consider whether the colors affected the quality of the tips. *Louboutin* set out the three-step functionality test, where “[a]t the start, we address the two prongs of the *Inwood* test, asking whether the design feature is either essential to the use or purpose or affects the cost or quality of the product at issue. . . . Next, if necessary, we turn to a third prong, which is the competition inquiry” 696 F.3d at 220 (internal quotation marks omitted). We stressed that “if a design feature would, from a traditional utilitarian perspective, be considered essential to the use or purpose of the article, or to affect its cost or quality, then the design feature is functional under *Inwood* and our inquiry ends.” *Id.* (internal quotation marks omitted). If and only if a design feature is not functional in the traditional sense, do we move to the fact-intensive test where the feature must be “shown not to have a significant effect on competition in order to receive trademark protection.” *Id.* The district court erred because it did not apply this test

when it considered only that Mixpac's use of the Candy Colors adds to manufacturing costs and that other companies use different or no colors.

Mixpac does not refute by evidence or argument that, because the colors on the tip correspond to the tip sizes, the color affects the quality of the product. It argues only that Cisneros, A&N's expert witness, testified that choosing a mixing tip based on color alone would be "stupid." Appellee's Br. at 27 (citing App'x at 214). But that does nothing to counter A&N's argument because the functionality doctrine does not require that a product's functional feature be the only reason why relevant consumers purchase it. We thus conclude that the colors are functional, rendering Mixpac's trade dress unprotectible. Our finding of functionality means we need not reach A&N's arguments that the district court's counterfeiting and infringement analyses were fatally flawed. *See TrafFix*, 532 U.S. at 33 ("Functionality having been established, whether [the] design has acquired secondary meaning need not be considered. There is no need, furthermore, to engage . . . in speculation about other design possibilities")

II. Contempt

A&N complains that the district court did not rule on whether A&N should be held in contempt. It argues that the default judgments underlying the claim are legal nullities because (1) Seil Global was not subject to personal jurisdiction and (2) even assuming the court could exercise jurisdiction, the injunction underlying the claim is fatally vague under Federal Rule of Civil Procedure 65(d)(1)(C). The district court did not reach the merits of Mixpac's contempt claim. We generally refrain from considering issues not decided by the district

court. See *United States v. Gomez*, 877 F.3d 76, 92 (2d Cir. 2017). Though we have “broad discretion” to consider issues “raised, briefed, and argued in the district court,” we are “more likely to exercise our discretion (1) where consideration of the issue is necessary to avoid manifest injustice or (2) where the issue is purely legal and there is no need for additional fact-finding.” *Id.* (internal quotation marks, alterations, and citations omitted). We see no reason to deviate from our practice. For the same reason, we do not decide the issue of personal jurisdiction. We also decline to consider A&N’s argument that the injunction is fatally vague, as A&N has failed to show manifest injustice would result. On remand, the district court is free to consider Mixpac’s contempt claim in the first instance.

Finally, we see no reason to reassign this case on remand. Reassignment upon remand is a “serious request rarely made and rarely granted.” *United States v. Awadallah*, 436 F.3d 125, 135 (2d Cir. 2006). We are not “persuaded that the original judge would have substantial difficulty in putting out of . . . mind . . . previously expressed views” or that “reassignment is advisable to preserve the appearance of justice.” *Id.* (internal quotation marks omitted); see also *Ligon v. City of New York*, 736 F.3d 118, 128-29 (2d Cir. 2013) (granting request to reassign upon remand because judge demonstrated partiality towards plaintiffs based on statements made during trial and judge’s participation in media interviews), *vacated in part on other grounds*, 743 F.3d 362 (2d Cir. 2014).

CONCLUSION

We conclude that the record evidence establishes that Mixpac’s use of colors on its mixing tips affects their

quality by identifying the mixing tip's diameter, rendering the trade dress functional. We decline to address the contempt claim, on which the district court did not rule. Upon remand, the district court should consider the contempt claim. The judgment of the district court is reversed, and the case is remanded for further proceedings consistent with this opinion.

APPENDIX B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

SULZER MIXPAC AG,

Plaintiff,

16-cv-9175 (LAK)

-against-

A&N TRADING CO., et al.,

Defendants.

-----X

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. Findings of Fact

A. The Parties

1. The plaintiff is Sulzer Mixpac AG (“Mixpac”). Mixpac manufactures a system for mixing two-part adhesives for dental applications. All of Mixpac’s mixing tips are made in Switzerland. Direct Testimony Statement of Paul Jutzi (“Jutzi Direct”) ¶ 6.
2. Mixpac’s dental system consists of (1) a dispenser-like caulking gun, (2) a cartridge containing a two-part chemical such as an epoxy having a catalyst and a resin, and (3) a mixing tip that mixes the chemicals before they are applied for making, for example, an impression or mold for teeth. Jutzi Direct ¶ 7.
3. Defendant Sun Bin An aka Tony An is an employee

and shareholder of Seil Global. He has been an employee of the company since February 2016. Stipulated Facts ¶¶ 7-8.

4. Defendant An's father is the chief executive officer of Seil Global and his mother is the president. Stipulated Facts ¶¶ 1-2.
5. An used and did business under the name A&N Trading Company ("A&N Trading Co.") from February until December 2016. An Deposition Tr. 174:15-176:18. A&N Trading Co. was a predecessor to defendant A&N Trading Co. Ltd., which An formed in December 2016. Stipulated Facts ¶ 4; An Deposition Tr. 175:8-15.
6. Defendant A&N Trading Co. was the company – though not formally incorporated – that existed at the time of the 2016 Chicago and New York dental shows. Stipulated Facts ¶ 5; An Deposition Tr. 32:6-21, 33:8-17, 174:15-175:4.
7. Defendant An is the president, sole owner, and only employee of defendant A&N Trading Co. Ltd. Stipulated Facts ¶ 3.

B. Mixpac's Trademark Registration History

8. Mixpac since 1997 has sold different mixing tips, each designed to include one of six "candy-like" colors. The colors are yellow, teal, blue, pink, purple, and brown or white (the "Candy Colors"). Jutzi Direct ¶¶ 15, 17.
9. Mixpac has used the Candy Colors in connection with other parts of its dental system, including on the cartridge caps and intra-oral tips. Jutzi Direct ¶¶ 61, 63.

10. In December 2008 and October 2009, Mixpac filed trademark registrations for each of the Candy Colors on the dome portion of Mixpac's mixing tips. It filed also a trademark registration for the dome shape used on the mixing tip. PX1-7.
11. The trademark registrations became effective between March 2010 and November 2011. PX1-7.
12. Mixpac filed additional trademark registrations in December 2013 and October 2014 seeking trademark protection for the Candy Colors "applied to the lower portion of dental mixing tips." PX11-16. These became effective between January 2015 and January 2016. PX11-16.
13. Mixpac filed a third set of trademark registrations in December 2014 that sought trademark protection for the Candy Colors "applied to dental mixing tips." PX17-22. These registrations became effective between July and November 2017. PX17-22.

C. The Candy Colors are Non-Functional

14. Mixpac's use of the Candy Colors adds to the cost to Mixpac of making the Candy Color mixing tips. Direct Testimony Statement of Daniel Ferrari ("Ferrari Direct") ¶¶ 77-78; Jutzi Direct ¶ 84.
15. Other companies in the industry use different colors or no colors for their dental products including dental mixing tips. Ferrari Direct ¶ 75.

D. Mixpac's Advertising of the Candy Colors

16. Mixpac advertises its products including mixing tips. A Mixpac advertising campaign employs the phrase "Look For It!" to promote its products that

use the Candy Colors. Ferrari Direct ¶¶ 61-66.

17. Mixpac has spent at least \$1,000,000 since 2010 on advertising featuring the Candy Colors in the United States. Ferrari Direct ¶ 59.

E. Prior Enforcement Actions and Judgments Against Seil Global

18. In 2008, Mixpac sued Seil Global in this Court, alleging that Seil Global had infringed its trademark and trade dress. DX-I at 1. Mixpac alleged that defendants in that case, including Seil Global, had copied its design for mixing tips that included the Candy Colors on the dome-shaped portion of the mixing tips. DX-I ¶¶ 12-22. Mixpac sought an injunction, among other forms of relief. DX-I at 1, 16-19.
19. Seil Global did not defend the action. PX8.
20. The Court entered a default judgment in favor of Mixpac and issued a permanent injunction against Seil Global on July 23, 2009. The injunction prohibited Seil Global and “its principals, officers, members, agents, servants, employees, attorneys, and those persons under their control or in active concert or participation with them who receive actual notice of this Order” from “selling, offering for sale, distributing, or advertising any mixing tips that infringe The Colored Dome Mark and Mixpac Trade Dress” or from “assisting, aiding or abetting” any other entity in performing the prohibited activities. PX8.
21. In 2011, Mixpac moved this Court by Order to Show Cause why Seil Global should not be found in

contempt of the 2009 permanent injunction for making, selling, and distributing mixing tips that allegedly infringed Mixpac's trademarks and trade dress. PX9.

22. The Court entered the order. PX9.
23. Seil Global did not file a response. PX9.
24. This Court found Seil Global in contempt of the 2009 permanent injunction and awarded \$10,000 in compensatory damages to Mixpac on September 12, 2011. PX9.
25. In 2013, Mixpac again moved by Order to Show Cause why Seil Global should not be found in contempt of the permanent injunction for allegedly infringing on Mixpac's trademarks and trade dress. DX-L at 1.
26. The Court entered the order. DX-L at 1.
27. Seil Global did not respond to the Court's order. DX-L at 1.
28. The Court entered an order for civil contempt and sanctions against Seil Global on May 28, 2013. The order awarded damages in the amount of \$41,250 and included a \$20,000 fine. DX-L at 3.
29. Specifically, the Court found that Seil Global was in contempt of the injunction for selling "New Design" mixing tips that had a clear dome shaped base and colors identical or nearly identical to the Candy Colors visible through the dome on the base and on screw. DX-L at 1; Stipulated Facts ¶ 16; PX53.
30. Seil Global has not paid the fine or damages. DX-

GS at 4.

31. Defendant An became aware of the 2009 permanent injunction and 2013 contempt order no later than 2016. An Deposition Tr. 201:13-202:6.

F. A&N Trading Company Displayed and Advertised Mixing Tips with Colors Identical or Nearly Identical to the Candy Colors at the 2016 Greater New York Dental Meeting

32. A&N Trading Co. was an exhibitor at the 2016 Greater New York Dental Meeting (“GNYDM”) at the Javits Center in New York City from November 27-30, 2016. Stipulated Facts ¶ 5; An Direct ¶ 34; An Deposition Tr. 63:9-12.

33. Defendant An attended the show as a representative of A&N Trading Co. So too did Ricky Jung, a Seil Global employee. Stipulated Facts ¶¶ 5, 13; An Direct ¶ 34; An Deposition Tr. 63:9-23.

34. A&N Trading Co. displayed and advertised at its booth mixing tips with a clear dome and colored screw. Stipulated Facts ¶ 5; Jutzi Direct ¶ 94; PX35; An Direct ¶¶ 34, 35; DX-DS–DV.

35. The mixing tips that A&N Trading Co. displayed at GNYDM were nearly identical to Mixpac mixing tips. Stipulated Facts ¶ 5; PX3 5; An Direct ¶¶ 34, 35; DX-DM-DR; DX-DS–DV. The colors on the A&N Trading Co. mixing tips displayed at GNYDM were identical or nearly identical to the Mixpac Candy Colors. Stipulated Facts ¶ 5; Ferrari Direct ¶ 35; PX35; An Direct ¶¶ 34, 35; DX-DM-DR; DX-DS–DV.

36. The mixing tips were available for customers to take as samples. An Deposition Tr. 66:8-16, 69:3-8.
37. During GNYDM, An collected business cards from people who visited the A&N Trading Co. booth and later contacted them. An Deposition Tr. 77:24-78:11, 79:23-80:1.

G. A&N Trading Co.'s Mixing Tips Displayed at GNYDM Caused Confusion

38. Attendees at GNYDM asked if they or A&N Trading Co. could legally sell A&N Trading Co.'s mixing tips in the United States or if doing so would subject them to liability vis-a-vis Mixpac. An Deposition Tr. 77:24-78:4, 79:15-80:1, 80:21-81:18.

H. A&N Trading Co. and A&N Trading Co. Ltd. are Alter Egos of Seil Global

39. A&N Trading Co. exhibited at the February 2016 Chicago Dental Society Mid-Winter Meeting (the "2016 Chicago Dental Show"). An Deposition Tr.33:8-14; An Direct ¶ 33.
40. Defendant An did not attend the 2016 Chicago Dental Show, but a representative of the company did. An Deposition Tr. 33: 18-34: 1; An Direct ¶ 33.
41. Seil Global paid for A&N Trading Co.'s booth at the 2016 Chicago Dental Show. Seil Global paid for the A&N Trading Co. representative's travel expenses as well. An Deposition Tr. 34:2-8.
42. A&N Trading Co. displayed mixing tips at its booth. An Direct ¶ 33; An Deposition Tr. 34:9-11. The mixing tips displayed were made by Seil Global. An Deposition Tr. 61:24-62:9.

43. Similarly, Seil Global paid the expenses of A&N Trading Co. and its representatives, An and Jung, at and associated with GNYDM, Stipulated Facts ¶¶ 13-14, and provided the mixing tips that A&N Trading Co. displayed at its booth in New York. Stipulated Facts ¶ 6. The mixing tips that were not given out as samples at GNYDM were given back to Seil Global. An Deposition Tr. 184:19-23.
44. Defendant An conducted A&N Trading Co. business at and around the time of GNYDM using a Seil Global email account. An Deposition Tr. 145:20-24, 149:13-20.
45. The business address listed in the GNYDM exhibitor list for A&N Trading Co. is Seil Global's current business address. Stipulated Facts ¶ 10. A&N Trading also borrowed office space in Korea from Seil Global. An Deposition Tr. 110:1-9.
46. A&N Trading Co. is the predecessor to A&N Trading Co. Ltd. Stipulated Facts ¶ 4. The corporate records of A&N Trading Co. Ltd. list the same business address as a current or prior address listed on Seil Global's Korean corporate records. Stipulated Facts ¶ 11.
47. A&N Trading Co. Ltd. had an agreement with Seil Global that the former would do only business in the United States. An Deposition Tr. 182:6-9, 194:1-10.

I. Bad Faith, Wilfulness, and Credibility Determinations

48. The Court's factual findings on the record at trial, including those regarding defendant An's bad faith,

wilfulness, and spoliation of evidence, are incorporated here. Trial Tr., May 9, 2019, 163:8-164:2, 164:9-23, 170:1-171:4. The Court's credibility determinations regarding defendant An and Dr. Cisneros are incorporated here as well. Trial Tr., May 9, 2019, 165:3-166:8; 170:1-171:4.

II. Conclusions of Law

A. Mixpac Has Proved Counts II and III by a Preponderance of the Evidence

1. Plaintiff holds valid marks for the Candy Colors that are entitled to protection.
2. Defendants used a reproduction, counterfeit, copy, or colorable imitation of the Candy Color marks without plaintiffs consent at the 2016 GNYDM.
3. Defendants used the reproduction, counterfeit, copy, or colorable imitation in commerce in connection with the sale, distribution, or advertising of goods at the 2016 GNYDM.
4. Defendants' use of the reproduction, counterfeit, copy, or colorable imitation was likely to cause confusion or mistake, or to deceive, and in fact did cause confusion at the 2016 GNYDM.
5. The Court's preliminary conclusions of law with regard to infringement as stated on the record at trial – particularly including but not limited to the Court's finding that the defendants acted wilfully – are made final and incorporated here.

B. Mixpac Has Proved Count IV by a Preponderance of the Evidence

6. Defendants used the Candy Color marks on mixing

tips displayed at the 2016 GNYDM.

7. The mixing tips that defendants displayed at the 2016 GNYDM were advertised for sale. The defendants thus used the Candy Color marks in commerce.
8. Defendants' use of the Candy Color marks on the mixing tips displayed at the 2016 GNYDM was likely to cause confusion or mistake, or to deceive as to the affiliation or origin of the good, and in fact did cause confusion as to the affiliation or origin of the good.
9. The Court's preliminary conclusions of law relevant to this count as stated on the record at trial are made final and incorporated here.

C. Mixpac Has Proved Count VIII by a Preponderance of the Evidence

10. Defendants used or imitated the Mixpac Candy Colors on defendants' mixing tips that they displayed at the 2016 GNYDM.
11. The mixing tips that defendants displayed at the 2016 GNYDM were liable to deceive and did deceive potential purchasers into believing that the goods were manufactured or sold by the plaintiff.
12. The Court's preliminary conclusions of law relevant to this count as stated on the record at trial are made final and incorporated here.

D. Mixpac Has Proved Count IX by a Preponderance of the Evidence

13. Defendants used the Candy Colors or colors nearly identical to the Candy Colors on dental mixing tips

that defendants displayed at the 2016 GNYDM.

14. The mixing tips that defendants displayed at the 2016 GNYDM caused confusion with or were mistaken for mixing tips produced by plaintiff.
15. Defendants acted in bad faith in displaying and advertising for sale at the 2016 GNYDM their mixing tips with colors identical or nearly identical to the Candy Colors.
16. The Court's preliminary conclusions of law relevant to this count as stated on the record at trial are made final and incorporated here.

E. Remaining Counts

17. Counts V, VI, and VII have been dismissed by stipulation.
18. The plaintiff asserts and the Court agrees that it need not reach Count I because it has found that plaintiff proved infringement by a preponderance of the evidence and a finding in favor of plaintiff on Count I would not entitle plaintiff to any additional relief.

F. Counterclaims

19. Defendants have failed to prove their counterclaims by a preponderance of the evidence substantially for the reason that they have failed to prove that the marks are functional.

Dated: August 14, 2019

/s/ Lewis A. Kaplan
Lewis A. Kaplan
United States District Judge

APPENDIX C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

SULZER MIXPAC AG,

Plaintiff,

16-cv-9175 (LAK)

-against-

A&N TRADING CO., et al.,

Defendants.

-----X

JUDGMENT AND PERMANENT INJUNCTION

This case duly having come on for trial by the Court without a jury and the Court having rendered findings of fact and conclusions of law, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

1. Defendants, their principals, officers, members, agents, servants, employees, attorneys, and all persons in active concert or participation with them, including, but not limited to, Seil Global, who receive actual notice of this judgment and permanent injunction by personal service or otherwise, and each of them, is hereby enjoined and permanently restrained from:

- (a) Selling, offering for sale, distributing or advertising the A&N Trading Co. dental mixing tips that defendants displayed at the 2016 GNYDM, or any other dental mixing tips that infringe any of Mixpac's Candy Color marks or

32a

are colorable imitations of any Mixpac dental mixing tips, and/or

(b) Assisting, aiding, or abetting any other person or entity in engaging in or performing any of the activities described in subparagraph (a).

2. Plaintiff shall recover of defendants, jointly and severally, statutory damages in the amount of \$2,000,000 based on defendants' wilful infringement together with the costs of this action.

Dated: August 14, 2019

/s/ Lewis A. Kaplan
Lewis A. Kaplan
United States District Judge

APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

SULZER MIXPAC AG,

Plaintiff,

v.

16 Civ. 9175
(LAK)

A&N TRADING COMPANY, *et al.*,

Defendants. Trial

-----X

New York, N.Y.
May 9, 2019
9:30 a.m.

Before:

HON. LEWIS A. KAPLAN,

District Judge

APPEARANCES

NEWMAN MYERS KREINES GROSS HARRIS, P.C.

Attorneys for Plaintiff

BY: CHARLES D. COLE, JR.

-and-

GLOBAL IP COUNSELORS, LLP

BY: MICHAEL T. MURPHY

DANIEL HWANG

KENT, BEATTY & GORDON, LLP

Attorneys for Defendants

BY: JACK A. GORDON

JOSHUA B. KATZ

ANDREW E. SARTI

* * * * *

[161] MR. GORDON: We'd like to prepare them after we have the transcript from today's proceedings. We can have them to you in short order, your Honor.

THE COURT: What's "short order"?

MR. GORDON: Fourteen days.

THE COURT: Okay. Both of you submit in Word Perfect format. I'll tell you where I am tentatively. I reserve the right to edit this transcript. I may conceivably issue the edited transcript as findings and conclusions, or I may prepare, with the help you're providing me, my own.

But let me give you a brief rationale. I won't go through a discussion now of all the trademark registration, and counsel have alluded to the extensive background here.

Mixpac sued Seil Global in 2009. There was a default judgment entered. A permanent injunction was entered. The permanent injunction binds Seil Global, its principals, officers, members, agents, servants, employees, attorneys, and those persons under their control or in active concert or participation with them who receive actual notice of the order from, among other things, selling, offering for sale, distributing, or advertising any mixing tips that infringed the colored-dome mark and Mixpac trade dress or any colorable imitations thereof.

It's conceded that the defendants in this case are covered by that language and by Rule 65(d)(2). It remains [162] open, for the moment, the question of whether I ever have to make a finding about whether that injunction has been violated or not and whether it's sufficiently specific to satisfy Rule 65 and also the personal jurisdiction issue we've been talking about.

In 2011, Mixpac moved to hold Seil Global in contempt of the 2009 injunction. Seil Global did not respond. It was found in contempt. A judgment was entered for \$10,000 in compensatory damages which Seil Global never paid.

Seil Global was again held in contempt in 2013. It didn't respond to that motion either. There were specific findings with respect to the nature of the contempt. There was an additional award totaling \$61,250. Seil Global didn't pay that either.

Then in February 2016, A&N Trading Company, which was not a legal entity and which supposedly was operated by the gentleman who testified earlier today whose nickname is Tony and last name is An. I'll refer to him as Tony An and his father, if it becomes necessary to do so, as Mr. An.

Two people attended that trade show on behalf of A&N. Seil Global paid for them to do so. A&N Trading mixing tips were displayed at the show. They were all made by Seil Global.

There was another trade show in New York, this time in November of 2016 at the Javits Center. A&N Trading exhibited again. Its business address, coincidentally, is identical to [163] that of Seil Global. Two Seil Global personnel, including Tony An, attended. The cost of the whole enterprise, including the travel, was paid by Seil Global.

Again, mixing tips were displayed. They were provided by Seil Global as well. They were made available as samples to customers. During the show, Tony An collected business cards from people who visited the booth and later contacted them.

Now, there are two or three very notable facts possibly about these trade shows or at least one of them.

One extremely notable fact is that the reason, according to Tony An, that they attended, at least the New York trade show and, if memory serves, maybe also the Chicago one, was to exhibit the Seil Global allegedly infringing tips to the trade in an effort to find out whether the plaintiffs in this case would object to their introducing these products in the United States.

That assertion is ludicrous and, in my estimation, a deliberate lie by Tony An on the witness stand in this trial.

It cost Seil Global, according to Tony An, around \$20,000 to exhibit at those trade shows. The notion that they did that to see whether Mixpac would object is preposterous.

Email existed. Mail existed. Telephones existed. No rational businessman who had a bona fide interest in finding out whether Mixpac would object would have spent \$20,000 to send people to the United States twice to exhibit at a trade [164] show instead of picking up the phone or writing. It is nonsense. It is really just enormously preposterous.

Now, the first count of the complaint alleges that the defendants violated the 2009 injunction and the contempt order. I'm not going to address that today because I want to consider whether it makes any difference. There is no doubt in my mind, however, that the defendants advertised, offered for sale, and distributed mixing tips at the New York trade show.

Oh, yes. The other point I wanted to make about Tony An's testimony is that he admitted that right after this lawsuit was brought, he deleted the sent box in his email application, and it was there that his communications, his messages outbound, to customers that he met at the trade show were contained.

Given the background of this case and the

dishonesty in relation to the reason for going to the trade shows, I conclude that that was a deliberate spoliation of evidence and that had the evidence not been destroyed for the purpose of preventing it from coming to light in this lawsuit, it would have demonstrated much greater evidence of attempts to introduce the products in the United States by the exposure at the trade shows and the followup thereafter than is in this record in direct form.

Now, this leads to a collateral observation, though it's collateral only to this particular factual episode. It [165] relates to the testimony of Dr. Cisneros. And I want to get this up on my screen so I don't misquote him.

Dr. Cisneros' qualifications to testify as an expert, and assuming, for the sake of argument, that he's qualified, the reliability and the logic and the scientific nature of his investigation were otherwise – all would be important – expressed the view in paragraph 59 of his direct testimony that there was no bad faith on the part of the defendants.

Now, even if Dr. Cisneros was eminently qualified to express opinions about dental tips and some other matters in this case, he has no qualifications whatsoever to express an opinion with respect to whether the defendants in this case acted in good faith or not.

But that didn't stop him one bit. He said: "I understand from the testimony of Defendant Sung Bin, Tony An, that his purpose in displaying the dental mixing tips at the 2016 New York dental show was not to sell them but to get the opinion of plaintiff that they did not infringe any of its rights. This indication of no bad faith," and so on.

The notion that anybody would purport to express an opinion as an expert on good faith or bad faith is shocking to begin with. The notion that someone would

undertake to do so on the basis of the obviously self-interested account of a named defendant in the lawsuit is absurd.

And I mention it not to be unpleasant to Dr. Cisneros, [166] who I understand is sitting in the back of the courtroom, but to illustrate my broader conclusion that this is an indication of any stick to beat the dog opinion.

Anything that came to mind that he could use to support the defendants' case wound up in his testimony, without regard to expertise, personal knowledge, or anything else. I regard his testimony for this and other reasons as entirely without weight. It is not credible, apart from qualifications.

Now, the principal defense here is twofold: The first fold is quite technical. The registered marks are on use of color on the dome and use of color on another part of the Mixpac tips. Those are the two groups of registrations.

And the defendants' product uses colors identical to those that Mixpac uses on a different part of their mixing tip, namely, the element often referred to as the screw.

Now, if the registrations were all there were to this case, that might give one some pause. But they are not. This is, despite the very comprehensive pleading of different claims, fundamentally a trade dress case.

It is clear to me, both from my observation of the allegedly infringed products and the accused products and the history and the bad faith, that this is a knockoff case pure and simple.

This is an attempt by the defendants to capitalize on the goodwill and market position of Mixpac by producing a [167] product in the hope, in the hope, that it

will be confused by the relevant marketplace to a sufficient extent to make it a worthwhile enterprise for the defendants by virtue of the identity of colors and the proximity of that to the parts of the Mixpac product that are identified in the two groups of trademark registrations.

But it is most assuredly primarily a trade dress case. And looking at it from that standpoint, I have no doubt – and I find by a preponderance of the evidence at least – that there is a very high likelihood of confusion. That, after all, is the purpose of the whole enterprise.

Now, a consideration of the Polaroid factors really supports what I've said. We are dealing with an extremely strong mark. The trade dress is strong. The degree of similarity is imperfect but close enough.

The proximity of the products is identical. I don't know that the bridging the gap factor cuts much one way or the other. There is some evidence of actual confusion, not tons but some.

As I've said, the junior user's use was in bad faith. There is nothing to be said on the subject of the quality of the junior user's product. There is just no evidence on that that I'm aware of. The consumer group I think is, in part, sophisticated and, in part, less so. But on the overall balance, there is a likelihood of confusion, and that's my view [168] tentatively.

Now, a couple of other comments. The other named defense is functionality. I've had a little experience with functionality defenses in trademark cases. This one doesn't fly.

I've set out previously all of the relevant standards. I think they're all good law today. Nobody has suggested otherwise. *Fabrication Enterprises, Inc. v. Hygenic Corp.*, 64 Fed.3d 53. I apply them here. I won't repeat

them all. It would take me the rest of the afternoon.

The one point I would quote is that in order to – the portion that reads: “In order properly to account for these risks” – and that’s a reference to the risks of overdoing, in one direction or the other, the functionality analysis – “a court must examine a number variables including: One, the degree of functionality of the similar features of the product; secondly, the degree of similarity between the non-functional (ornamental) features of the competing products; and three, the feasibility of alternative designs that would not impair the utility of the product.” That appears at page 59.

The defendant has labored mightily to establish that everybody in the dental world regards the color as a proxy for diameter. I think there are probably cases in which some dentists have asked for a yellow tip or a blue tip. It would be only human nature. I think they are a minority, a [169] substantial minority, that is to say, a small minority.

Tips are mostly distributed with cartridges by manufacturers, directly or through intermediaries. I’m satisfied from Dr. Glazer’s quite persuasive and credible testimony that the degree of functionality here is small.

The degree of similarity I’ve already really discussed. The tips to a layman, accused, and the allegedly infringed are actually very similar. The defendant relies a lot on the placement of the color. But that is, in my judgment, fundamentally a detail of diminished importance compared to the potential for confusion of the knockoff of the color scheme.

Most important of all with respect to functionality is the fact that alternative designs are obviously and clearly available without impairing the utility of the product.

There are examples of colorless tips available in the marketplace in evidence. It is surely the case that a competitor could function in this market using different colors.

There is just no persuasive evidence that that's not true, and the evidence leads me to conclude by a preponderance, even if the burden is on the plaintiff, that they have met it. So much for functionality.

I'm satisfied that there was a use in commerce, at least one, probably more. Let's see if I've overlooked [170] anything. Oh, yes. I want to say a word about the German decision.

Tony An testified that he had a good-faith belief that the A&N tips, which are really Seil Global tips, didn't infringe based on a decision by a court in Düsseldorf which I have reviewed.

My reading of the decision indicates to me that the core of the rationale of the German court was rooted in the details of German and EC trademark law which is rather different in some important respects from ours, and I did not see anything in there about likelihood of confusion.

Now, if I'm mistaken in that, somebody needs to tell me because my German isn't as good as it should be. Of course, I'm teasing because you've provided a translation, *abeir ich verstehe ein bistchen Deutsch*.

In any case, I don't think that decision is strong authority here. That reflects not any criticism of the Düsseldorf court. I have no reason to doubt that it was not an erudite analysis or even a correct analysis of German and EC law. But it's just different law and different standards, and it has no bearing here, or at least not much bearing.

Now, of course, Tony An is a layperson, and I doubt

that his German is any better than mine and probably a lot worse. So it is theoretically possible that he might have read that and come to the conclusion he claims.

[171] On the other hand, however, I have found for other reasons that he acted in bad faith in this case, and the German decision doesn't change my mind about that. It's made my finding on that issue.

Now, a word about relief is in order. Let me get some notes. Now, I heard Mr. Murphy I thought say that the plaintiff wanted either statutory damages or attorney's fees.

Was I right? Were there alternative prayers?

MR. MURPHY: We asked for all of them of course, but we'd be satisfied with either.

THE COURT: What would the statutory damages amount to here?

MR. MURPHY: Well, that's in the Court's discretion of course.

THE COURT: In what range?

MR. MURPHY: \$1,000 to \$100,000, assuming no willfulness. But it sounds like the Court has concluded that there was willfulness.

THE COURT: I have.

MR. MURPHY: And bad faith. It would need also be with respect to counterfeiting of those registrations. The registrations involved would be either the color in the lower portion or the colored-dome registrations. The law says "per registration." There were, I believe, five registrations involved which we've alleged.

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APPENDIX E

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

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 6th day of May, two thousand twenty-one.

Sulzer Mixpac AG,

Plaintiff-Counter-Defendant-
Appellee,

v.

ORDER

A&N Trading Company, A&N
Trading Co. Ltd., and Sung
Bin An, AKA Tony An,

Docket No:
19-2951

Defendants-Counter-
Claimants-Appellants.

Appellee, Sulzer Mixpac AG, filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*. The panel that determined the appeal has considered the request for panel rehearing, and the active members of

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the Court have considered the request for rehearing *en banc*.

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:
Catherine O'Hagan Wolfe, Clerk
[SEAL]

APPENDIX F**15 U.S.C. § 1052. 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—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(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: *Provided*, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them,

except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be refused registration only pursuant to a proceeding brought under section 1063 of this title. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be canceled pursuant to a proceeding brought under either section 1064 of this title or section 1092 of this title.

APPENDIX G**15 U.S.C. § 1065. Incontestability of right to use mark under certain conditions**

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided*, That—

(1) there has been no final decision adverse to the owner's claim of ownership of such mark for such goods or services, or to the owner's right to register the same or to keep the same on the register; and

(2) there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of; and

(3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) hereof; and (4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 1062 of this title.

The Director shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

APPENDIX H

15 U.S.C. § 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term “any person” includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a

State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this chapter, the remedies given to the owner of a right infringed under this chapter or to a person bringing an action under section 1125(a) or (d) of this title shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 1125(a) of this title shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, the remedies of the owner of the right infringed or person bringing the action under section 1125(a) of this title as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future

issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 1125(a) of this title with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D)(i)(I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

(II) A domain name registrar, domain name

registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has—

(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;

(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

(cc) willfully failed to comply with any such court order.

(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—

(I) in compliance with a court order under section 1125(d) of this title; or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.

(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii)

based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this chapter. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

(E) As used in this paragraph—

(i) the term “violator” means a person who violates section 1125(a) of this title; and

(ii) the term “violating matter” means matter that is the subject of a violation under section 1125(a) of this title.

(3)(A) Any person who engages in the conduct described in paragraph (11) of section 110 of title 17 and who complies with the requirements set forth in that paragraph is not liable on account of such conduct for a violation of any right under this chapter. This subparagraph does not preclude liability, nor shall it be construed to restrict the defenses or limitations on rights

granted under this chapter, of a person for conduct not described in paragraph (11) of section 110 of title 17, even if that person also engages in conduct described in paragraph (11) of section 110 of such title.

(B) A manufacturer, licensee, or licensor of technology that enables the making of limited portions of audio or video content of a motion picture imperceptible as described in subparagraph (A) is not liable on account of such manufacture or license for a violation of any right under this chapter, if such manufacturer, licensee, or licensor ensures that the technology provides a clear and conspicuous notice at the beginning of each performance that the performance of the motion picture is altered from the performance intended by the director or copyright holder of the motion picture. The limitations on liability in subparagraph (A) and this subparagraph shall not apply to a manufacturer, licensee, or licensor of technology that fails to comply with this paragraph.

(C) The requirement under subparagraph (B) to provide notice shall apply only with respect to technology manufactured after the end of the 180-day period beginning on April 27, 2005.

(D) Any failure by a manufacturer, licensee, or licensor of technology to qualify for the exemption under subparagraphs (A) and (B) shall not be construed to create an inference that any such party that engages in conduct described in paragraph (11) of section 110 of title 17 is liable for trademark infringement by reason of such conduct.

APPENDIX I**15 U.S.C. § 1115. Registration on principal register as evidence of exclusive right to use mark; defenses****(a) Evidentiary value; defenses**

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal

are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

(1) That the registration or the incontestable right to use the mark was obtained fraudulently; or

(2) That the mark has been abandoned by the registrant; or

(3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin; or

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark

under subsection (c) of section 1062 of this title: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or (9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

APPENDIX J**15 U.S.C. § 1125. False designations of origin, false descriptions, and dilution forbidden****(a) Civil action**

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term “any person” includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be

protected is not functional.

(b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third

parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), “dilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions

The following shall not be actionable as dilution by

blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof

In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies

In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity if—

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first

used in commerce by the person against whom the injunction is sought after October 6, 2006; and

(B) in a claim arising under this subsection—

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action

The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that—

(A) is brought by another person under the common law or a statute of a State; and

(B)(i) seeks to prevent dilution by blurring or dilution by tarnishment; or

(ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) Savings clause

Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.

(d) Cyberpiracy prevention

(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard

to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18 or section 220506 of title 36.

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm

the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c).

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of

the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if—

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner—

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the

registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall—

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for

injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

APPENDIX K**15 U.S.C. § 1127. Construction and definitions; intent of chapter**

In the construction of this chapter, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

The word “commerce” means all commerce which may lawfully be regulated by Congress.

The term “principal register” refers to the register provided for by sections 1051 to 1072 of this title, and the term “supplemental register” refers to the register provided for by sections 1091 to 1096 of this title.

The term “person” and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term “juristic person” includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term “person” also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The term “person” also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her

official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The terms “applicant” and “registrant” embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term “Director” means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term “related company” means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms “trade name” and “commercial name” mean any name used by a person to identify his or her business or vocation.

The term “trademark” includes any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

The term “service mark” means any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person,

including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term “certification mark” means any word, name, symbol, or device, or any combination thereof—

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term “collective mark” means a trademark or service mark—

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

The term “mark” includes any trademark, service mark, collective mark, or certification mark.

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this

chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be “abandoned” if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for

determining abandonment under this paragraph.

The term “colorable imitation” includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term “registered mark” means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase “marks registered in the Patent and Trademark Office” means registered marks.

The term “Act of March 3, 1881”, “Act of February 20, 1905”, or “Act of March 19, 1920”, means the respective Act as amended.

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

The term “domain name” means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term “Internet” has the meaning given that term in section 230(f)(1) of title 47.

Words used in the singular include the plural and vice versa.

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;

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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.

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APPENDIX L

