Preface

This 2016 Cumulative Supplement is current through June 2017.

Secondary Trademark Infringement made its debut in print form almost three years ago. The book was an outgrowth of an online treatise entitled, secondarytrademarkinfringement.com, enhanced with expert, real-world litigation practice commentary. The new book's scope was comprehensive: From the early pre-Lanham Act "passing off" ruses to the Internet-era online infringement cases, the book chronicled the law in both contributory and vicarious trademark infringement, encompassing a span of more than a hundred years. So how much new law, we wondered then, would there be to discuss in the years to come?

That question was answered before the books even left the warehouse. No sooner had we sent the final manuscript to the printer than the Ninth Circuit handed down a sweeping decision in *Petroliam Nasional Berhad (Petronas) v. GoDaddy.com, Inc.* (*GoDaddy*),[1] holding that there is no cause of action for contributory cybersquatting under the Anticybersquatting Consumer Protection Act. This ruling was not a mere "development"; it was a great upheaval in the law. The *GoDaddy* court's analysis is at odds with the plain meaning of the statute, its legislative history, and all the contributory liability case law construing it. Chapter 4 has been revised to analyze and incorporate the Ninth Circuit's blanket rejection of contributory cybersquatting in *GoDaddy*,[2] following the Supreme Court's denial of the plaintiff's petition for writ of certiorari in that case.

Notwithstanding the anomalous result in *GoDaddy*, courts continue to extend contributory liability doctrine to a range of Lanham Act violations.[3] Recently, for example, the Eleventh Circuit expressly recognized a cause of action for contributory false advertising in *Duty Free Americas, Inc. v. Estee Lauder Cos.* (*DFA*).[4] In *DFA*, the court clarified that false advertising

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[1] 737 F.3d 546, 108 USPQ2d 2012 (9th Cir. 2013).

[2] 897 F. Supp. 2d 856, 101 USPQ2d 1507 (N.D. Cal. 2012), *aff'd*, 737 F.3d 546, 108 USPQ2d (9th Cir. 2013), *cert. denied*, 135 S. Ct. 55, 190 L. Ed. 2d 31 (2014).

[3] *See, e.g.*, Energizer Brands, LLC v. Procter & Gamble Co., No. 4:16-CV-223, 2016 U.S. Dist. LEXIS 65326, at *12 (E.D. Mo. May 18, 2016) (recognizing validity of contributory dilution claim).

[4] 797 F.3d 1248 (11th Cir. 2015).

is properly classified with trademark infringement as a form of unfair competition, noting both are prohibited under the same provision of the Lanham Act, Section 43(a).[5] In recognizing the contributory claim, the court concluded that the two Section 43(a) prohibitions "should be interpreted to have the same scope."[6]

There have been other developments, though less dramatic than the *GoDaddy* decision, since the Main Volume was released. For example, early on we began to see the courts[7] moving away from a rigid reading of the rule announced in the landmark decision of *Tiffany (NJ) Inc. v. eBay Inc.*,[8] which required the plaintiff to prove knowledge of "specific instances"[9] of infringement.

This is a trend that is likely to continue as courts apply the *Inwood Labs.* test to novel circumstances. Indeed, we saw further chipping away at *Tiffany* in *Mori Lee, LLC v. Sears Holding Corp.* (*Mori Lee*).[10] In *Mori Lee*, the court allowed a contributory liability claim to go forward where the defendant had specific notice of infringement by one of its vendors of *other* parties' marks prior to the plaintiff's claimed infringement. And the court took a liberal view of the pleadings in *Eliya, Inc. v. Steven Madden, Ltd.*, (*Eliya*)[11] where the plaintiff sought to amend its complaint to add the defendant retailer's supplier as an alleged contributory infringer. The plaintiff's allegations that the defendant's supplier knew or should have known about the alleged infringing activity because the plaintiff's shoes' trade dress was "well known to the consuming public and trade"[12] were sufficient at this early stage in the case to create the plausible inference that the supplier had constructive knowledge of the retailer's alleged infringement, the court reasoned.[13] The developments in this area are discussed in Chapter 3.

The courts have expounded on the law in other areas as well this past year. For example, it has been established in the landlord-tenant cases[14] that a defendant's mere ownership of property on which infringing

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[5] *See id.* at 1276 ("Both [Section 43(a)'s] trademark protections and its prohibition on false advertising are 'part of the broader law of unfair competition that has its sources in English common law.'") (quoting Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 428, 65 USPQ2d 1801, 1805 (2003) (citation omitted by the court)).

[6] *Id.* at 1275.

[7] *See, e.g.*, Omega SA v. 375 Canal, LLC, No. 12 Civ. 6979, 2013 WL 2156043 (S.D.N.Y. May 20, 2013), *defendant's motion for summary judgment denied*, 2016 U.S. Dist. LEXIS 178147 (S.D.N.Y. Dec. 22, 2016).

[8] 576 F. Supp. 2d 463 (S.D.N.Y. 2008), *aff'd in part and rev'd in part*, 600 F.3d 93, 94 USPQ2d 1188 (2d Cir. 2010).

[9] *Id.*, 576 F. Supp. 2d at 510.

[10] No. 13cv3656, 2014 WL 4680739, at *3 (S.D.N.Y. Sept. 8, 2014). Note that the court ultimately dismissed the contributory claim on defendant's motion for summary judgment because the underlying direct infringement claims failed to support it. Mori Lee, LLC v. Sears Holdings Corp., No. 13cv3656, 2015 U.S. Dist. LEXIS 124404 (S.D.N.Y. Sept. 15, 2015).

[11] No. 15-CV-1272, 2016 U.S. Dist. LEXIS 36249 (E.D.N.Y. Mar. 21, 2016).

[12] *Id.* at *9.

[13] *Id.*

[14] *See* the Main Volume, Chapter 7.III.B.2.

activity takes place does not support a contributory liability claim.[15] But subsequent courts have also made clear that that rule does not bar them from scrutinizing the relationships between the defendant and the direct infringer to determine whether in fact the requirements for contributory liability have been met. That trend continued in *Luxottica Group, S.p.A. v. Greenbriar Marketplace II, LLC*,[16] where the court sustained the contributory liability claim notwithstanding the defendant's argument that it was a mere property owner; the court found that the evidence in the record showed the defendant had sufficient control over the property and the infringing flea market from which a jury could find contributory liability.[17] Similarly in the corporate context, although a corporate parent is not automatically held liable for the acts of its subsidiary,[18] the court in *Eclipse Aesthetics LLC v. Regenlab USA LLC*[19] sustained a contributory liability claim against a parent corporation where the plaintiff alleged more than a mere parent-subsidiary relationship between the direct and indirect infringers. These cases are treated in this year's Supplement at Chapters 7 and 3, respectively.

Moreover, a number of trademark licensing cases have emerged in the time since the Main Volume was released, prompting us to expand the scope of Chapter 8, from "Franchisors and Franchisees" to the more general "Licensors and Licensees." While the law is clear that a defendant's mere status as licensor does not subject it to contributory liability for its licensee's infringement of a third party's mark,[20] the courts continue to wrestle with how, precisely, to characterize the relationship between a licensor and its licensee. We suggest an answer to this question in the revised Introduction to Chapter 8.

We are also seeing a growing number of cases in which the courts dismiss contributory liability claims because the plaintiff fails adequately to plead and prove the underlying direct infringement claim. Years ago, some courts refrained from rejecting contributory claims on this basis in the early phases of litigation. The trend towards early dismissal, however, also seems likely to continue, especially in light of the heightened pleading standards required under the landmark cases of *Twombly* and *Iqbal*. The knowledge element of contributory liability claims is also covered in Chapter 3 and in the Practice Notes in Chapter 3, Sections V.C ("The Role of Intent") and V.D.3 ("Actual or Constructive Knowledge—No Affirmative Duty; Willful Blindness; Negligence").

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[15] Coach, Inc. v. Swap Shop Inc., 916 F. Supp. 2d 1271 (S.D. Fla. 2012); Louis Vuitton Malletier v. The Flea Market, Inc., No. C 09-01062, 2009 WL 1625946 (N.D. Cal. 2009).

[16] 212 F. Supp. 3d 1375 (N.D. Ga. 2016).

[17] *Id.* at 1386.

[18] TRB Acquisitions LLC v. Seduka, LLC, No. 15 Civ. 4401, 2016 U.S. Dist. LEXIS 64846, at *9–10 (S.D.N.Y. May 10, 2016) (internal citations and quotation marks omitted), discussed below in Section II.B of the Supplement.

[19] 2016 U.S. Dist. LEXIS 105920 (N.D. Tex. Aug. 10, 2016).

[20] Oban US, LLC v. Nautilus, Inc., No. 3:13cv1076, 2014 WL 2854539, at *3 (D. Conn. June 23, 2014).

This supplement also expands on the Main Volume with new Practice Notes on a variety of topics important to both direct and secondary trademark infringement litigation. These include Notes on damages, on injunctive relief, and on the impact of the Supreme Court's decision in *eBay Inc. v. MercExchange, L.L.C.*,[21] on the prerequisites for an injunction in Chapter 12; a Note on pleading vicarious liability claims; another Note in Chapter 8 on pleading contributory liability against a franchisor in Chapter 11; a Note on default judgments in Chapter 7; and a Note on litigation issues in service provider cases in Chapter 6.

Since the Main Volume was published, Griff Price, our original co-author and IP litigator par excellence, passed the torch to his former colleague and fellow IP litigator, Naresh Kilaru, also of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. Griff's Practice Notes, infused with his expertise and seasoned insight, benefitted the treatise immensely. I thank Griff, many many times over, for all he's done and for securing Naresh's excellent contributions to further the work.

We are grateful for the support and encouragement of Elizabeth Turqman, our managing editor. And we are delighted to once again have Wendy Leibowitz and David Reynaud on our team. We thank you all for the high degree of care and attention you have given to our work.

Jane Coleman
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[21] 547 U.S. 388, 78 USPQ2d 1577 (2006).