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UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

LOUIS VUITTON MALLETTIER, S.A.,)	CASE NO. 1:14-cv-03419 (JMF)
)	
Plaintiff,)	AMENDED
)	MEMORANDUM OF LAW IN
v.)	SUPPORT OF DEFENDANT’S
)	APPLICATION FOR AWARD OF
MY OTHER BAG, INC.,)	ATTORNEY FEES
)	
Defendant.)	

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Louis Vuitton Malletier has achieved a rare position among the royalty of fashion; it is one of the world's leading brands. And as a cultural icon, it is not surprising that Louis Vuitton is often the subject of comment, not all of it favorable. Much of that comment takes the form of parody or humorous comment. But instead of responding to its critics with noblesse oblige, it treats parody as lèse majesté. Indeed, as described below, its history of legal threats and lawsuits has earned Louis Vuitton a reputation as a trademark bully.

Until now, defendants in the Second Circuit had little recourse against such bullying because the Second Circuit had held that an unsuccessful trademark plaintiff has not filed an “exceptional” case, making it subject to an award of attorney fees, unless the plaintiff sued in bad faith. But in 2014, the Supreme Court decided that the term “exceptional” in the attorney fees provision of the Patent Code does not require proof of bad faith, but rather applies when the lawsuit “stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness v. Icon Health & Fitness*, 134 S. Ct. 1749, 1758 (2014). Other courts that previously required a showing of bad faith for fees under the Lanham Act, which provides for attorney fee awards using the same term, “exceptional,” have since held that the reasoning of *Octane Fitness* applies equally in the trademark context. *Infra* 5-7.

Here, Louis Vuitton sued defendant My Other Bag (“MOB”) for selling a bag that parodied its status as a fashion icon, and its case was dismissed on summary judgment: both the dilution and infringement claims were subject to a fair use defense **and** neither claim could be maintained on its affirmative merits. The case had the hallmarks of unreasonable litigation tactics, where a big company sues a tiny one, disregards the governing law, and runs up the costs of defense. Plaintiff could tell from MOB’s website that it was a one-woman business that lacked the resources to resist

a complex dilution, trademark and copyright attack. Indeed, plaintiff's reading was not far off: MOB ultimately resisted only because her counsel did not insist on being paid.

The chilling impact of Louis Vuitton's litigation strategy, not just in this case, but across the board, tells critics, "don't even think about it." That is an important reason why this company can win even when it loses after filing a meritless claim, and why the Court should hold that this suit was exceptional and award defendant its attorney fees under both the Lanham Act and the Copyright Code.

STATEMENT OF THE CASE

This case involves a canvas tote bag sold by a small company, defendant MOB, which poked fun at a fashion giant, plaintiff Louis Vuitton Malletier, S.A., by printing the scrawled words "My other bag . . ." on one side of the tote, and placing a parody version of the famous Louis Vuitton design on the other side of the bag, except that the initials "MOB" replaced the intertwined initials "LV." As the court explained, both the totes and the company name represent

a play on the classic "my other car . . ." novelty bumper stickers, which can be seen on inexpensive, beat up cars across the country informing passersby — with tongue firmly in cheek — that the driver's 'other car' is a Mercedes (or some other luxury car brand). [These] bumper stickers are, of course, a joke — a riff . . . on wealth, luxury brands, and the social expectations of who would be driving luxury and non-luxury cars. MOB's totes are just as obviously a joke, and one does not necessarily need to be familiar with the [bumper stickers] to get the joke or to get the fact that the totes were meant to be taken in jest.

DN 119, at 1.

But Louis Vuitton "can't take a joke," *id.*; instead of laughing, it sued MOB for trademark dilution, trademark infringement, and copyright infringement. The complaint sought injunctive relief including destruction of MOB's products, awards of compensatory, treble and statutory damages,

and attorney fees. For a company the size of MOB, just litigating this case, not to speak of the prospect of paying damages and attorney fees, could have meant destruction of the company. Had MOB not found counsel who were willing to assume the defense of the litigation without demanding prompt payment of the level of legal fees that it takes to litigate an intellectual property case in federal court in New York, Korzenik Affidavit ¶ 6, Philpott Affidavit ¶¶ 4, 6, MOB's days of parodying famous brands would be over. Luckily, lawyers stepped forward to take the case, and stayed with the case even when it became apparent that defendant could not pay their fees. *Id.* Following discovery and cross-motions for summary judgment, the court dismissed all of plaintiff's claims. The court held that none of plaintiff's claims were tenable as a matter of law.

ARGUMENT

I. IN THIS EXCEPTIONAL CASE, FEES SHOULD BE AWARDED UNDER THE LANHAM ACT.

A. The Supreme Court's *Octane Fitness* Rule Governs Lanham Act Fee Awards.

Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” MOB is the prevailing party and now seeks attorney fees on the ground that this case is exceptional.

In arguing for an award of attorney fees, defendant acknowledges that the Second Circuit has been one of a small number of circuits requiring evidence of “fraud or bad faith” before a Lanham Act case can be found “exceptional” and hence subject to an award of attorney fees to the prevailing party. *Twin Peaks Prod. v. Publ'ns Intern.*, 996 F.2d 1366, 1383 (2d Cir. 1993). In most circuits, a prevailing defendant can be awarded fees when the plaintiff's suit meets one of four criteria:

“groundless, unreasonable, vexatious, or pursued in bad faith.”¹ Defendant would have a far steeper hill to climb for an award of fees if the Second Circuit’s bad faith standard were still good law.

However, the Second Circuit’s bad faith requirement has been superseded by the Supreme Court’s 2014 decision in *Octane Fitness v. Icon Health & Fitness*, 134 S. Ct. 1749 (2014). That case was presented to the Supreme Court as an example of the problem of so-called patent trolls, who obtain patents more for the purpose of exploiting the patents by threatening litigation than for use in industry, Petition for Writ of Certiorari, No. 12-1184, at 19, 24. The Court responded with a sharp rejection of the Federal Circuit’s “bad faith” standard for attorney fee awards under the Patent Code. The Supreme Court recognized first that the selection of a standard turned on the proper meaning of the term “exceptional,” which means no more than “out of the ordinary course,” “unusual” or “special.” *Octane Fitness*, 134 S. Ct. at 1756. And it repeatedly relied on cases about attorney fees under other intellectual property statutes, including both *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), a copyright decision, and *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521 (D.C. Cir. 1985), a case where, in an opinion by then-Judge Ginsburg joined by then-Judge Scalia, the D.C. Circuit was, as the Supreme Court explained, “interpreting the term ‘exceptional’

¹*E.g.*, *Scott Fetzer Co. v. Williamson*, 101 F.3d 549, 555 (8th Cir. 1996); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1156 (9th Cir. 2002); *see also Ji v. Bose Corp.*, 626 F.3d 116, 129 (1st Cir. 2010) (“something less than bad faith”); *King v. PA Consulting Grp.*, 485 F.3d 577, 592 (10th Cir. 2007) (standard involves consideration of “(1) its lack of any foundation, (2) the plaintiff’s bad faith in bringing the suit, (3) the unusually vexatious and oppressive manner in which it is prosecuted, or (4) perhaps for other reasons as well”) *See generally Nightingale Home Healthcare v. Anodyne Therapy*, 626 F.3d 958, 960-962 (7th Cir. 2010) (analyzing standards followed in every circuit). Indeed, the Ninth Circuit, in a case similar to this one where a manufacturer misused trademark law to try to suppress work that parodied its trademarked “Barbie” doll, held that the groundlessness of the plaintiff’s infringement claim shown by its dismissal on summary judgment could form a sufficient basis for holding that the case was “exceptional.” *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 816 (9th Cir. 2003).

in the Lanham Act’s identical fee-shifting provision . . . to mean ‘uncommon or ‘not run-of-the-mill.’” 134 S. Ct. at 1756. The Court also rejected the “bad faith” standard because it would simply duplicate the power to award attorney fees under the bad faith exception to the American rule that the parties to litigation ordinarily pay their own fees. *Id.* at 1758.

Consequently, the Court held,

an “exceptional” case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) **or** the unreasonable manner in which the case was litigated.

Id. (emphasis added)

The Supreme Court also referenced the *Fogerty* factors used in copyright cases as options for the case-by-case analysis of district courts, including “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at 1756 n. 6.

Since *Octane Fitness* was decided, courts of appeals for two circuits and several district courts have held that, henceforth, the *Octane Fitness* standard governs trademark fee applications. Most significant is the Third Circuit’s ruling that *Octane Fitness* implicitly overruled that Court’s prior “bad faith” requirement for attorney fees in the Lanham Act, in that *Octane Fitness* “controls our interpretation of § 35(a) of the Lanham Act.” *Fair Wind Sailing v. Dempster*, 764 F.3d 303, 314 (3d Cir. 2014). The Court noted that the “exceptional case” language of the Patent Code and Lanham Act is identical, that the legislative history of the Lanham Act’s attorney fees provision referred to the Patent Code’s fees provision, and that previous Third Circuit panels had looked to patent cases in construing the attorney fees provision of the Lanham Act. Accordingly “a district court may find

a case ‘exceptional,’ and therefore award fees to the prevailing party, when (a) there is an unusual discrepancy in the merits of the positions taken by the parties or (b) the losing party has litigated the case in an ‘unreasonable manner.’” *Id.* at 315. The Fourth Circuit likewise decided “that there is no reason not to apply the *Octane Fitness* standard when considering the award of attorney’ fees under § 1117(a),” *Georgia-Pac. Consumer Prod. v. von Drehle Corp.*, 781 F.3d 710, 721 (4th Cir. 2015). It noted that fees could be awarded if there was a “need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* However, as the opinion reflects, the Fourth Circuit already had accepted the majority position among courts of appeals that bad faith is not needed for a fee award under the Lanham Act. *Id.*

Moreover, several district courts in circuits previously adhering to a bad faith requirement have held that *Octane Fitness* requires a lesser standard. For example, in several cases within the Eleventh Circuit, the courts held that they were required to disregard existing Eleventh Circuit precedent setting a bad faith standard for fees in Lanham Act cases. *BMW of North America v. Cuhadar*, 2014 WL 5420133 at *2 (M.D. Fla. July 10, 2014); *High Tech Pet Products v. Shenzhen Jianfeng Electronic Pet Product Co.*, 2015 WL 926023 at *1 (M.D. Fla. March 4, 2015); *Florida Van Rentals v. Auto Mobility Sales*, 2015 WL 4887550 at *2 (M.D. Fla. Aug. 17, 2015). Similarly, District Judge Engelmayer applied the *Octane Fitness* standard to Lanham Act fees. *Beastie Boys v. Monster Energy Co.*, 2015 WL 3823924 at *10 (S.D.N.Y. June 15, 2015). “Courts should consider whether a given case stands out from others based on [the *Fogerty*] factors, **or** based on a finding of willfulness or bad faith.” *Id.* (emphasis added and internal quotes omitted). Other Southern District judges have similarly noted that *Octane Fitness* changes the analysis of “exceptional cases” under the Lanham Act. See *Cross Commerce Media v. Collective*, 2014 WL 7323419 at *3

(S.D.N.Y. Dec. 16, 2014) (“The Court finds that this is an exceptional case within the standard articulated in this district, as well as within the more lenient standard set forth by the Supreme Court in *Octane [Fitness]*, to the extent it is applicable.”); *River Light V v. Lin & J Int’l*, 2015 WL 3916271 at *10 (S.D.N.Y. June 25, 2015) (noting that *Octane Fitness* “offers guidance”); *Penshurst Trading v. Zodax LP*, 2015 WL 4716344 at *2 (S.D.N.Y. Aug. 7, 2015) (finding that, independent of standard, case was not exceptional).

This Court should follow Judge Engelmayer’s reading of the impact of *Octane Fitness* not only to avoid a conflict within the Southern District but also because the reasoning is sound. The “exceptional cases” standard was first adopted by Congress to govern fees in the Patent Code as part of the 1952 general revision of the patent laws. Senate Report No. 82-1979, 82nd Cong., 2nd Sess., 1952 U.S.C.C.A.N. 2394, 2423 (1952). In 1974, that phrase was imported into the Lanham Act from the Patent Code, *Patent Office–Filing Oppositions*, Senate Report No. 93-1400, 93d Cong., 2d Sess., 1974 U.S.C.C.A.N. 7132, 7135-7136 (1974), to provide express statutory authority for an equitable doctrine that had been overruled by the Supreme Court in *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714 (1967). The Senate Committee recognized the need to bring the Lanham Act into line with “[t]he federal patent and copyright statutes [in] expressly provid[ing] for reasonable attorney fees,” 1974 U.S.C.C.A.N. at 7135, and said that just as plaintiffs should be protected by having fee awards available as an encouragement to enforce trademark rights when needed to “prevent[] purchaser confusion,” *id.* at 7136, allowing prevailing defendants to recover fees in exceptional cases “would provide protection against unfounded suits brought by trademark owners for harassment and the like.” *Id.*

In *Octane Fitness*, the Supreme Court relied in part on Lanham Act authority in deciding the

meaning of “exceptional cases” in the Patent Code, twice citing the D.C. Circuit’s decision in *Noxell Corp.* 134 S. Ct. at 1756, 1757. The mutual reliance on trademark authority in patent fee cases and patent authority in trademark fee cases supports the application of the Supreme Court’s standard for fees for prevailing defendants in patent cases to govern fee awards in trademark cases.

Moreover, the need for a fee standard that prevents patent trolls from chilling innovation through meritless or abusive litigation tactics is matched by a need in the trademark arena for means to combat the significant problem of trademark bullying—the threatening or bringing of meritless trademark claims in the hope of quashing criticism or suppressing competition of established businesses by new entrants. Two empirical studies of trademark enforcement practices have concluded that extortion and bullying has become a significant problem: a review of 7500 published decisions concluded that such litigation has become widespread, Port, *Trademark Extortion: The End of Trademark Law*, 65 Wash. & Lee L. Rev. 585 (2008), while a study based on interviews with copyright and trademark lawyers suggested a need for greater deterrent to the bringing of weak cases because “aggressive and bullying enforcement tactics can work and are sometimes part of the IP owner’s overall enforcement strategy. They are effective, in part, because many targets do not have the resources to defend a trademark or copyright claim on the legal merits in court.” Gallagher, *Trademark and Copyright Enforcement in the Shadow of IP Law*, 28 Santa Clara Computer & High Tech. L.J. 453, 487 (2012). Several commentators have proposed remedies for such abusive claims. Grinvald, *Shaming Trademark Bullies*, 2011 Wis. L. Rev. 625, 678 (2011); Greene, *Abusive Trademark Litigation and the Incredible Shrinking Confusion Doctrine—Trademark Abuse in the Context of Entertainment Media and Cyberspace*, 27 Harv. J. L. & Pub. Pol’y 609 (2004). The Supreme Court has noted the need to craft legal rules that head off the danger of the “anticompetitive

strike suit” in trademark litigation. *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 214 (2000). Applying the *Octane Fitness* standard in Lanham Act cases can be a good step in that direction.

Indeed, the Court of Appeals for the Seventh Circuit has recognized the special need for awards of attorney fees to encourage defendants in intellectual property cases to stand up for their own rights and thus, implicitly, for the public domain. *Nightingale Home Healthcare v. Anodyne Therapy*, 626 F.3d 958, 963 (7th Cir. 2010); *Woodhaven Homes & Realty v. Hotz*, 396 F.3d 822, 824 (7th Cir. 2005). The plaintiff, after all, has built-in statutory incentives to pursue claims that might lead to an award of damages, including treble damages or even statutory damages in some trademark cases, 15 U.S.C. § 1117(b), (c) & (d), but a defendant has no way of recovering damages from which attorney fees can be paid. The Seventh Circuit expressed particular concern in *Nightingale* about the misuse of the litigation process by a large, profitable business against a smaller, more vulnerable one, as in this case, and abusing trademark claims not to avoid consumer confusion but to drive a newer entrant out of competition with the plaintiff by impairing its competitiveness. And in *Woodhaven*, it reasoned, “[W]ithout the prospect of such [a fee] award, [a defendant] might be forced into a nuisance settlement or deterred all together from exercising his rights.” 396 F.3d at 824.

Moreover, as was true of the Patent Code attorney fee provision considered in *Octane Fitness*, limiting the application of the Lanham Act’s “exceptional cases” provision to cases of bad faith would make the provision superfluous. In the trademark arena as in patent law, courts’ inherent power to impose sanctions for abusive litigation misconduct, and the “bad faith” exception to the American Rule, already give the federal courts authority to award attorney fees to defendants who are victimized by litigation brought or maintained in bad faith. *Sierra Club v. U.S. Army Corps of*

Eng'rs, 776 F.2d 383, 391 (2d Cir. 1985); *Dow Chem. Pac. Ltd. v. Rascator Mar. S.A.*, 782 F.2d 329, 344 (2d Cir. 1986). It makes little sense to read an express Congressional provision to allow attorney fees to grant the same power that a court inherently already has. Rather, as the legislative history suggests, the provisions in both the Patent Code and Lanham Act were included to encourage courts to consider the policy considerations that drove the Supreme Court's decision in *Octane Fitness*. This court should follow its sister district court in *Beastie Boys* and apply the *Octane Fitness* standard to the Lanham Act language.

B. The Court Should Find This Case “Exceptional” Under the Lanham Act.

Louis Vuitton's suit against MOB “stands out from other cases” both in its groundlessness and in the manner in which the case was litigated. The case was groundless because there were multiple, alternative grounds supporting defendant's motion for summary judgment. On plaintiff's principal claim, for dilution by blurring, the Court granted summary judgment on both of two alternate grounds: fair use (because the fair use defense expressly supports parody) and lack of dilution (in that a parodic use reinforces the association between the famous mark and its owner, rather than blurring the uniqueness of that association). Moreover, summary judgment could have been granted on the dilution claim on one of the several other grounds offered by MOB's motion for summary judgment: the court acknowledged in footnote 2 of its opinion the possible ground, which it expressly declined to reach, that especially after the 2006 Trademark Dilution Amendments, dilution claims may only be brought when the defendant is charged with misuse of the famous mark “as a mark,” *i.e.*, as a source identification for the defendant's own goods. DN 73, 5-9. Other bases for summary judgment included the First Amendment's protection for communicative uses, *id.* 10-13, and the statutory defense of non-commercial use. *Id.* 13-15. The court granted summary

judgment against plaintiff's trademark infringement claim after concluding that not a single one of the *Polaroid* factors supported the claim of infringement, and as MOB's summary judgment briefs noted, DN 73 at 19, the parody defense that was one of the accepted grounds for summary judgment on dilution would equally have been a proper ground for summary judgment on infringement.

Louis Vuitton might have drawn some comfort in filing this case from a hope that its non-precedential win in *Louis Vuitton v. Hyundai Motor*, 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012), might make its dilution theory in this litigation at least **appear** colorable. But apart from the fact that *Hyundai* has itself been a heavily criticized decision, *Hyundai* at best aided plaintiff's response to MOB's fair use defense. Whatever intellectual solace Louis Vuitton's counsel might have drawn from *Hyundai*, it provided no basis for believing that plaintiff could show dilution by blurring not to speak of infringement, and no reason to believe that it could succeed in showing use as a mark and the other grounds for summary judgment. Moreover, plaintiff's win in *Hyundai* was entirely based on mistakes that the defendant in that case appears to have made in litigating, including the testimony by its own leadership that the company **never meant to comment** on Louis Vuitton. But when discovery was complete in this case, Louis Vuitton knew that it had no such evidence in this case. But instead of dropping its claims at that juncture, it insisted on moving for summary judgment and forcing MOB to brief that motion as well as pursuing its own motion for summary judgment. Thus, even if *Hyundai* made this case better than groundless at the time the complaint was filed—a point we dispute—it was groundless at the close of discovery, before the summary judgment briefing began. At that point, this was not even a close case.

Indeed, one of the remarkable features of the summary judgment decision is that not a single one of the factors that courts use to help assess infringement, or dilution, or fair use, favored the

plaintiff: at best, there were a couple of factors that were neutral. The groundlessness of the case is alone a basis for finding the case exceptional.²

Other aspects of the litigation provide further support for an award of attorney fees. Louis Vuitton took advantage of its huge size and litigation budget to try to grind a much smaller company into submission; disparity of size has repeatedly been invoked in other cases to support a finding of exceptionality.³ Had defendant's counsel not been willing to forebear from demanding payment for the roughly 1200 hours of legal time that they had to expend to defend this case, *e.g.*, Korzenik Affidavit ¶ 6; Philpott Affidavit ¶¶ 4, 6, the mere cost of mounting a successful defense could easily have put defendant out of business. *See* Martin Affidavit ¶¶ 3-4 (showing MOB's total revenues). Plaintiff must have recognized the difficulty that its suit would pose for a small company like MOB, and it may well have sued expecting that defendant would have to fold its hand rather than litigating the case to a successful conclusion. This factor supports an award of attorney fees.

²Indeed, the Ninth Circuit, in a case where a manufacturer misused trademark law to try to suppress an artist whose work parodied its trademarked "Barbie" doll, held that the groundlessness of the plaintiff's infringement claim shown by its dismissal on summary judgment could form a sufficient basis for holding that the case was "exceptional." *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 816 (9th Cir. 2003)

³*Noxell Corp. v. Firehouse No. 1 Barbeque Rest.*, 771 F.2d 521, 526-527 (D.C. Cir. 1985) (plaintiff was large conglomerate; defendant was a firefighter trying to start a restaurant); *Ale House Mgmt. v. Raleigh Ale House*, 205 F.3d 137, 144 (4th Cir. 2000) (successful company tried to block a new venture); *Yankee Candle Co., Inc. v. Bridgewater Candle Co.*, 140 F. Supp. 2d 111, 118, 119 (D. Mass. 2001), *aff'd on other grounds*, 259 F.3d 25 (1st Cir. 2001) (repeated reference to disparity in size). The Seventh Circuit has similarly suggested that "disparity in resources" between the parties is a valid consideration in deciding whether a case is exceptional. *Door Systems v. Pro-Line Door Systems*, 126 F.3d 1028, 1031 (7th Cir. 1997); *see also Nightingale Home Healthcare v. Anodyne Therapy*, 626 F.3d 958, 864 (7th Cir. 2010) ("Disparity in size will often be relevant in evaluating the legitimacy of the suit or defense"). And in *Lotus Development Corp. v. Borland Intern.*, 140 F.3d 70, 74-75 (1st Cir. 1998), the court cited the similar size of opposing litigants, and equal ability of both litigants to meet financial challenges of litigation, as a reason **not** to find the case exceptional.

Plaintiff ramped up the intimidating aspect of the litigation by seeking an award of treble damages, which would have been appropriate if this were a case of counterfeiting rather than parody, not to speak of statutory damages under the Copyright Code, and attorney fees, monetary awards that could have put a small company like the defendant out of business. Also supporting a finding that the case is exceptional is the way in which the case was litigated. Louis Vuitton could not fit all of its arguments within the Court's 25-page limit for briefs, so it multiplied its arguments by including long passages of argument about the evidence into its response to MOB's Statement of Material Facts, *see* DN 88 1-4, 10-13, 13-14, and by filing separate motions to strike all of one affidavit (by MOB's expert witness), DN 57, and part of another affidavit (from MOB's principal). DN 85. These tactics multiplied the cost of the litigation by forcing MOB's counsel to expend more hours defending against groundless motions.

It also appears that plaintiff further evaded the court's page limits by squeezing extra text into its opposition to MOB's motion for summary judgment.⁴ Courts have relied on manipulations of this sort to evade page limits as part of the reason for imposing monetary sanctions. *E.g., Emanuel v. Griffin*, 2015 WL 1379007 at *17 (S.D.N.Y. March 25, 2015) (this Court imposed sanctions under Rule 16); *see also Varda, Inc. v. Insurance Co. of N. Am.*, 45 F.3d 634, 640-41 (2d Cir. 1995) (court withheld costs award from successful party on appeal as sanction, while discussing even harsher punishments that were imposed at common law); *In re Oil Spill by the Oil Rig "Deepwater*

⁴ On most of the pages of DN 86, including all of the first fourteen pages, not only do the lines look to be closer together, but there are 26 or 27 lines of double-spacing on those pages instead of the 23 or 24 lines per page that are to be found in all of plaintiff's other briefs, in MOB's briefs, and, indeed, in the Court's opinion. Measurement of the pages with a pica ruler reveals that the line-spacing on most of the pages is less than the double-spacing required by Local Rule 11.1(b) and by the Court's Individual Rules of Practice for summary judgment motions in civil cases, ¶ 3(D).

Horizon,” No. 2:10-md-02179-CJB-SS, MDL 2179 (E.D. La. Sept. 15, 2014) at 3, available at [http://www.laed.uscourts.gov/sites/default/files/OilSpill/Orders/9152014Order\(OPATestMotToS strike\).pdf](http://www.laed.uscourts.gov/sites/default/files/OilSpill/Orders/9152014Order(OPATestMotToS%20strike).pdf) (“Counsel’s tactic would not be appropriate for a college term paper. It certainly is not appropriate here.”). Such manipulation to increase the number of arguments to which defendant’s counsel had to respond in their summary judgment papers, instead of candidly asking for extra pages and explaining why that was justified, provides an additional ground for treating this case as “exceptional” under the Lanham Act.

Regrettably, the bullying tactics on display in this litigation reflects are nothing new for Louis Vuitton: this company has long been identified as a shameless trademark bully. *See* Grinvald, *Shaming Trademark Bullies*, 2011 Wis. L. Rev. 625, 652 fn. 156 (2011); Frankel, *Louis Vuitton and Penn offer unintended lesson in trademark law*, Reuters (Ma, 9, 2012), posted at <http://blogs.reuters.com/alison-frankel/2012/03/09/louis-vuitton-and-penn-offer-unintended-lesson-in-trademark-law/>. For example, in 2002, Louis Vuitton sued dog toy maker Haute Diggity Dog for the pet toys “Chewy Vuitton.” Haute Diggity Dog eventually won its motion for summary judgment in the Fourth Circuit, but incurred \$200,000 of fees at the district court level. The company lost distributors and had merchandise returned because of the lawsuit.⁵ The co-owner of Haute Diggity Dog, when asked whether the lawsuit was worth it, said they didn’t have a choice because they had to “fight back” or “go out of business.” *Id.*

In 2008, Louis Vuitton sued Danish artist Nadia Plesner over a t-shirt with a Darfurian child holding a Louis Vuitton bag. Plesner said she had used the Louis Vuitton bag in order to draw

⁵ Flandez, *Tiny firm wins ‘Chewy Vuiton’ suit, but still feels a bite*, Pittsburgh Post-Gazette (Nov. 28, 2006) <http://www.post-gazette.com/business/businessnews/2006/11/28/Tiny-firm-wins-Chewy-Vuiton-suit-but-still-feels-a-bite/stories/200611280148>.

attention to society's misplaced priorities saying that "since doing nothing but wearing designer bags . . . apparently is enough to get you in the news, maybe it is worth a try for people who actually deserve and need attention."⁶ Plesner yielded to the threat of liability. In 2011, Louis Vuitton sued her again, this time for her painting "Darfurnica," which featured the same image as part of a large homage to Picasso's *Guernica*, asking for an ex parte order against her in the Hague. Plesner's Dutch attorney, Jens van den Brink, committed to protecting the freedom of expression, stood by his client, who therefore was able to reach the stage of prevailing in court, and thereby secured the right to exhibit both the original image and *Darfurnica*.⁷

In 2010, Louis Vuitton sent a cease-and-desist letter to the Kobe Fashion museum over a series of locust-shaped sculptures called "BATTAMON" (batta-mon means "knockoff") created by a Japanese artist. The works incorporated allegedly counterfeit Louis Vuitton bags, and were meant to "raise questions about the relationship between authenticity and imitation in a consumer driven society." The museum removed the sculptures to avoid a legal dispute.⁸

The next year, Louis Vuitton sued Warner Brothers Entertainment over the appearance of a Diophy (a competitor to Louis Vuitton) bag, identified by a character as a "Lewis Vuitton," in *The Hangover II*. Warner Brothers won the lawsuit on a motion to dismiss, with the court saying that "in a case such as this one, no amount of discovery will tilt the scales in favor of the mark holder at the expense of the public's right to free expression." *Louis Vuitton Malletier v. Warner Bros. Entm't*,

⁶ Plesner, *Simple Living & Darfurnica*, Plesner, <http://www.nadiaplesner.com/simple-living--darfurnica1>.

⁷ RNW Media, *Artist wins case against Louis Vuitton*, <https://www.rnw.org/archive/artist-wins-case-against-louis-vuitton>.

⁸ See generally Makarova, *Louis Vuitton's Discriminating Support for Contemporary Art*, *Art Asia Pacific*, <http://artasiapacific.com/Magazine/70/LouisVuittonSDiscriminatingSupportForContemporaryArt>

868 F. Supp. 2d 172, 184 (S.D.N.Y. 2012)

Then again the same year Warner Brothers was decided, Louis Vuitton sent a cease-and-desist letter to the dean of the University of Pennsylvania Law School, demanding that the school remove posters for a Fashion Law symposium that had a parody of the Louis Vuitton toile monogram on them.⁹ Noted intellectual property scholar David Nimmer said that the Louis Vuitton letter elicited a “response of laughter.”¹⁰ After a lengthy response from the Associate General Counsel of the University of Pennsylvania,¹¹ which contained many of the same arguments that defendant has made here, Louis Vuitton declined to file suit.

To a company like Louis Vuitton, it almost doesn't matter if its litigation of particular cases like this one is unsuccessful, because the chilling effect remains. When small companies, or artists, or others, receive threats, they cannot be sure that they will have the resources to litigate toe-to-toe with a litigant with the size and ferociousness of Louis Vuitton, and they have to worry that, as happened to MOB here, they may lose business as retailers hesitate to carry their product because they are afraid of facing litigation, or even preemptory seizures, themselves. Martin Affidavit ¶¶ 5-6. Louis Vuitton doesn't need to win to have its way. As in this case, it doesn't even need to have evidence of actual confusion, or real harm; it doesn't need to be able to establish even a single factor to the satisfaction of a court. Many victims cave because they cannot afford to fight. Plaintiff's

⁹ Letter from Michael Pantalony, Director of Civil Enforcement, North America, Louis Vuitton Malletier, to Dean Michael A Fitts, Dean, University of Pennsylvania Law School (Feb. 29, 2012)(available at https://www.law.upenn.edu/fac/pwagner/DropBox/lv_letter.pdf).

¹⁰ Alison Frankel, Louis Vuitton and Penn offer unintended lesson in trademark law, Reuters (March 9, 2012) <http://blogs.reuters.com/alison-frankel/2012/03/09/louis-vuitton-and-penn-offer-unintended-lesson-in-trademark-law/>.

¹¹ Letter from Robert F. Firestone, Associate General Counsel, University of Pennsylvania to Michael Pantalony, Director of Civil Enforcement, North America, Louis Vuitton Malletier (Mar. 2, 2012) (available at https://www.law.upenn.edu/fac/pwagner/DropBox/penn_ogc_letter.pdf).

status as a serial abuser of the trademark laws brings considerations of deterrence into play as an additional basis for treating this lawsuit as exceptional.

II. MOB SHOULD ALSO BE AWARDED ATTORNEY FEES FOR DEFENDING THE COPYRIGHT CLAIM.

Attorney fees are awardable under the Copyright Act to a prevailing party, provided such an award “seeks to promote the Copyright Act’s objectives.” *See Kepner–Tregoe, Inc. v. Vroom*, 186 F.3d 283, 289 (2d Cir. 1999), citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 535 n. 19 (1994). In cases where both copyright and trademark violations are alleged, fees can be awarded for the copyright part of the case even when the prevailing party fails to meet the more difficult trademark standard. *See Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1012 (2d Cir. 1995).

In *Fogerty*, where the Supreme Court considered whether the Copyright Act’s attorney fees provision applied to both plaintiffs and defendants, it suggested that courts should consider traditional equitable factors, including “frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence,” to determine whether an award of fees was appropriate. *Fogerty*, 510 U.S. at 534 n. 19 (quoting *Lieb v. Topstone Indus.*, 788 F.2d 151, 156 (3d Cir. 1986)). The Second Circuit has noted that such considerations may turn on whether the copyright claim is “objectively reasonable,” *Matthew Bender & Co. v. W. Pub. Co.*, 240 F.3d 116, 122 (2d Cir. 2001), although such a finding is not a prerequisite to the award of fees. *Id.*

Louis Vuitton’s argument for copyright infringement was objectively unreasonable, even without considering whether its copyright had expired because the expression was first fixed in a medium over a hundred years ago, DN 64, at 2, an issue that the Court did not have to reach in its

summary judgment ruling because it relied instead on fair use. In plaintiff's own motion for summary judgment, its **copyright** fair use arguments rested on conclusory statements instead of contending with MOB's substantial similarity analysis and the four fair use factors. DN 64 at 24. Moreover, it rested on the proposition of a 1992 case, saying that commercial use absolutely negates fair use, that simply cannot be squared with later precedent. *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 584 (1994) ("giving virtually dispositive weight to the commercial nature of the parody" was error). Moreover, although fair use is an affirmative defense, failure to consider a strong fair use argument can make a copyright claim objectively unreasonable. *Mattel, Inc. v. Walking Mountain Prods.*, 2004 WL 1454100 at *1 (C.D. Cal. June 21, 2004). Yet Louis Vuitton's brief supporting its own motion for summary judgment does not discuss the amount and substantiality of the portion used or the effects of the use of the copyrighted work on the market

Similarly, Louis Vuitton's response to MOB's motion for summary judgment spent only one paragraph attempting to rebut defendant's fair use argument, and apparently but inexplicably relied on the completely irrelevant *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), a trademark case, as an argument for copyright infringement. DN 86 at 18-19.¹² That brief performs the same sort of conclusory analysis as in plaintiff's own motion for summary judgment, again treats the commercial nature of the use as dispositive, *id.*, and seems to suggest that likelihood of confusion or dilution, two concepts from trademark law, are relevant to the fourth fair use factor. *Id.*

Under the considerations endorsed in *Fogerty*, an award of fees is appropriate on the copyright claim in this case. As the court noted, Louis Vuitton "attempts to use a copyright claim

¹²"We say "apparently" because the citation was to "*Rogers, infra.*" No case with the name "Rogers" was cited after this passage, but *Rogers v. Grimaldi* was discussed at page 12 of that same brief.

to pursue what is at its core a trademark and trade dress infringement claim,” DN 119 at 27, perhaps because of the potential for statutory damages as an incentive to settle. Given that this is not the first suit in which Louis Vuitton filed a copyright claim for a suit that was, at its core, about trademark, see *Louis Vuitton Malletier v. Haute Diggity Dog*, 507 F.3d 252, 269 (4th Cir. 2007), a grant of attorney fees to defendant in this case would fit the goal of deterrence laid out in *Fogerty*.

Furthermore, an award to MOB for advancing a fair use defense is consistent with the purposes of the Copyright Act. “The goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.” *Acuff-Rose Music*, 510 U.S. at 584. MOB’s “other bags” are transformative parodies of a popular work. Decision at 26. And, as under the Lanham Act, the relative financial strength of the two parties is a relevant consideration in deciding whether to award attorney fees. *Lieb*, 788 F.2d at 156. The fact that a fashion giant has picked on a small company, bringing to bear its oft-employed bullying tactics, thus supports an award of fees. MOB should be awarded attorney fees for its successful defense on summary judgment of the copyright claim.

III. FEES AND EXPENSES SHOULD BE AWARDED IN THE AMOUNT OF \$424,266.94.

The Second Circuit, like most circuits, determines attorney fee awards according to the lodestar method, whereby the Court multiplies the number of hours reasonably spent on the litigation by the reasonable attorney fees, determined by reference to the market for attorney services in the community where the district court sits. *Millea v. Metro-N. R. Co.*, 658 F.3d 154, 166 (2d Cir. 2011) (“the product of a reasonable hourly rate and the reasonable number of hours required by the case” creates a “presumptively reasonable fee”). See also *Perdue v. Kenny A. ex rel. Winn*, 559 U.S. 542, 551 (2010) (“lodestar approach . . . has achieved dominance in the federal courts”). For

lawyers in private practice, like Messrs. Korzenik, Keegan, Philpott, Kent, and Donaldson, who represented MOB on the merits, the presumptively proper hourly rate is the normal billing rate. For lawyers in public service or public interest practice, like Mr. Levy, who entered the case at the fee stage of the litigation, the rate is determined by reference to market rates for lawyers of similar qualifications. *Blum v. Stenson*, 465 U.S. 886, 895-896 (1984); *Reiter v. MTA N.Y. City Transit Auth.*, 457 F.3d 224, 233 (2d Cir. 2006).¹³

In that regard, it is the prevailing hourly rate in the district where the district court sits that governs the presumptively reasonable rate for attorneys. *Arbor Hill Concerned Citizens Neighborhood Ass'n v. Albany*, 522 F.3d 182, 190 (2d Cir. 2007). However, “[t]rademark litigation is a particularly difficult field of specialization and is recognized as meriting greater than average rate of pay.” *Toys ‘R’ Us v. Abir*, 1999 WL 61817 at *2 (S.D.N.Y. Feb. 10, 1999) (quoting *Dunkin’ Donuts v. Mercantile Ventures*, 32 U.S.P.Q.2d 1460, 1463 (W.D. Tex. 1994)). “In recent years, New York district courts have approved rates for experienced law firm partners in the range of \$500 to \$800 per hour.” *Regulatory Fundamentals Grp. v. Governance Risk Mgmt. Compliance*, 2014 WL 4792082, at *2 (S.D.N.Y. Sept. 24, 2014).

The qualifications, hourly rates and time spent on the litigation by counsel are laid out in the attached affidavits. Because different statutes and argument support awards of fees under the Lanham and Copyright Acts, counsel divided their time where possible between the defense of the copyright and trademark claims; where counsel concluded that they could not fairly attribute blocks

¹³ Fees are customarily awarded for time spent on the fee litigation. *Trichilo v. Sec’y of Health & Human Servs.*, 823 F.2d 702, 708 (2d Cir.), *supplemented*, 832 F.2d 743 (2d Cir. 1987); *Donovan v. CSEA Local Union 1000*, 784 F.2d 98, 106 (2d Cir. 1986).

of time to one issue or the other, New York counsel have allocated 80% to the Lanham Act claims and 20% to the copyright claims, while California counsel allocated 90% to Lanham Act and 10% to copyright. No fees are sought for the small amount of time devoted exclusively to issues under New York State's anti-dilution law, which has a still-different fee provision; time spent exclusively on that issue has been deducted from the fees sought for both firms. These allocations, and the time and fees spent by each firm, are enumerated in Korzenik, Philpott and Levy Affidavits and their exhibits; thus the amounts of fees shown in the table now reflect amounts averred by the affidavits.

The derivation of the lodestar by multiplying the time reasonably spent by each practitioner's reasonably hourly rate is showing by the following table:¹⁴

Lawyer	Rate / hr	TM Time	TM Amount	© Time	© Amount	Total Fee
Philpott	\$340/365	74.4	26166	8.3	2907	29073
Kent	\$430	141.5	62621	15.7	6958	69579
Donaldson	\$250/275	463.9	122245	51.5	13583	135828
Cal. Clerks	\$150	64.4	9665	7.2	1074	10739
Korzenik	\$450	83.8	35755	21.0	9405	45160
Keegan	\$350	172.2	58305	43.1	15050	73355
Levy	\$750	22.9	15900	4.9	3825	21000
Albert	\$150	14.4	2160	3.4	510	2670
TOTAL		1037.5	334092	155.1	53312	387404

¹⁴This table has changed slightly since the motion was originally filed; there was imprecision in the data originally presented by this table and in the supporting affidavits because, the week before the deadline, the attorneys in the California firm who represent defendant suffered serious health emergencies, Philpott Affidavit ¶ 16, and because this brief was finished during the beginning of a serious blizzard after all possible proofreaders had left Public Citizen's D.C. office. The table's hours are rounded. Rule 54(d)(2)(B)(iii) provides that the motion for award of attorney fees must present "the amount sought or a provide a fair estimate of it." The data is now being supplemented.

In addition, the attached affidavits of counsel show that defendant expended \$36,862.94 in costs, as summarized in the following table:

Source of Cost Data	Costs
Korzenik Affidavit	279.02
Philpott Affidavit	10108.42
Martin Affidavit	26475.50
Total	\$36862.94

Consequently, defendant asks the court to award \$424,266.94 in attorney fees and costs.

CONCLUSION

Defendant's motion for an award of attorney fees should be granted.

Respectfully submitted,

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¹⁵Counsel express thanks to Kendra Albert, a third-year student at Harvard Law School, for her invaluable contribution to the preparation of this brief.