

No. 18-293

United States Court of Appeals
for the Second Circuit

LOUIS VUITTON MALLETTIER, S.A.

Plaintiff-Appellee,

v.

MY OTHER BAG, INC.,

Defendant-Appellant.

**On Appeal from an Order of the United States District Court
for the Southern District of New York**

**CORRECTED BRIEF AND SPECIAL APPENDIX
FOR DEFENDANT-APPELLANT**

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CORPORATE DISCLOSURE

Pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure, counsel for Defendant-Appellee My Other Bag, Inc. certifies that My Other Bag, Inc. is a privately-owned corporation solely owned by Ms. Tara Martin, and that no parent corporation or publicly held corporation that owns 10% or more of My Other Bag's stock exists.

Respectfully submitted,

/s/ Brian J. Philpott
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June 8, 2018

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GLOSSARY OF ABBREVIATIONS

DN. District Court Docket Entry Number

JA..... Joint Appendix

LV. Louis Vuitton Malletier, S.A.

MOB. My Other Bag, Inc.

JURISDICTION

The district court had jurisdiction of this trademark and copyright action under 28 U.S.C. §§ 1331, 1337, and 1338, and 17 U.S.C. § 501. After summary judgment was granted for defendant, and affirmed by this Court, defendant applied for attorneys' fees. Honorable Jesse Furman denied that motion on January 8, 2018. JA396-406, 2018 WL 317850. Defendant noticed its appeal on January 31, 2018. JA1. The Court has jurisdiction under 28 U.S.C. § 1291.

QUESTIONS PRESENTED

1. Does the Supreme Court's decision in *Octane Fitness v. Icon Health & Fitness*, 134 S. Ct. 1749 (2014), supply the proper standard for deciding whether to award attorneys' fees under the Lanham Act; if so, did the district court properly construe the *Octane Fitness* standard as it applies to a prevailing defendant in a Lanham Act case?

2. Was the district court's analysis with respect to the strength of the plaintiff's litigation position inconsistent with the Lanham Act, with its own ruling on the merits, and with this Court's analysis in the merits appeal?

3. Did the district court give undue weight to the impact of a fee award on intellectual property ("IP") owners like Louis Vuitton, and insufficient weight to the impact of a denial of fees on IP defendants like My Other Bag?

4. Did the district court improperly conclude that denial of fees under the

Lanham Act “all but compels” denial of fees under the Copyright Act, which does not require an “exceptional case” before fees may be awarded?

STATEMENT OF THE CASE

A. Statutory Framework

Because this appeal turns in significant part on the strength or weakness of the plaintiff’s litigating position with respect to its claims for trademark infringement and dilution and copyright infringement, this brief begins with an account of the statutory framework within which this case was litigated.

Plaintiff Louis Vuitton Malletier (“LV”) brought this action over a series of canvas totes that bore the words “My Other Bag . . .” on one side and a cartoonish image of an LV handbag on the other side, claiming trademark infringement under sections 32 and 45(a) of the Lanham Act, 15 U.S.C. §§ 1114 and 1125(a), and trademark dilution under section 45(c) of the Lanham Act, 15 U.S.C. § 1125(c). To establish trademark infringement, plaintiff was required to show that defendant’s product was likely to cause confusion about defendant’s affiliation, connection, or association with plaintiff, or about the origin, sponsorship, or approval of defendant’s goods by plaintiff. In this circuit, the standard means for courts to assess the likelihood of confusion is by the application of a series of non-exclusive factors, originally set forth in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d

Cir. 1961), and including the strength of the mark; similarity between the marks; proximity of the products; likelihood that the prior owner will “bridge the gap”; actual confusion; defendant’s good faith; relative quality of the products; and sophistication of the relevant buyers. Defendant My Other Bag (“MOB”) asserted that its product parodied LV and its bags; although in some circuits the parody question would have presented the defense of nominative use, in this Circuit the parody issue is considered solely in the context of evaluating the *Polaroid* factors. When defendant has made an expressive use of a trademark, this Court also accords the defendant particular leeway to ensure that trademark law does not interfere with the exercise of First Amendment rights. *Harley Davidson v. Grottanelli*, 164 F.3d 806, 812 (2d Cir. 1999).

To establish its claim for trademark dilution, LV was required to show that MOB’s products created a likelihood of either dilution by blurring or dilution by tarnishment. Because LV eventually conceded that its only dilution claim was for blurring, LV had to show an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark”; the factors used to assess the likelihood of blurring are set forth in the statute. 17 U.S.C. § 1125(c)(2)(B). Although parody affects the assessment of these factors, parody, criticism and comment are also defined as an aspect of fair use which affords

a statutory defense to dilution, 17 U.S.C. § 1125(c)(3)(a)(ii), so long as the proffered use is not “a designation of source for [defendant’s] own goods.” § 1125(c)(3)(a).

Finally, LV’s claim for copyright infringement required LV to show that MOB had made an infringing copy of a copyrighted image, subject to MOB’s defense of fair use, which is analyzed based on four non-exclusive statutory fair use factors, set forth in 17 U.S.C. § 107.

MOB sought an award of attorney fees under the Lanham Act, which provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party,” 15 U.S.C. § 1117(a), and under the Copyright Act, which authorizes courts to “award a reasonable attorney’s fee to the prevailing party as part of the costs.” 17 U.S.C. § 505.

B. The Facts and Louis Vuitton’s Claims

Defendant MOB is a small company owned by Tara Martin, who had the ingenuity to conceive of a series of canvas totes that import to the fashion world the well-known series of bumper stickers that use the stock phrase, “My other car is a [Jaguar/Rolls/Porsche/etc].” Nobody seeing an old sedan bearing such a sticker could possibly think that the old car is a luxury sports car, JA266, and the notion of a Lanham Act suit over such a bumper sticker would be ridiculous.

MOB’s canvas totes bear the words “My Other Bag . . .” scrawled on one side

in a uniform script that does not mimic the fonts typically used by luxury fashion houses. Cartoonish drawings appear on the other side of the totes, each drawing evocative of an iconic handbag by a brand such as Gucci, Chanel or Fendi. The text and drawing together comprise an obvious joke, playfully suggesting that the bearer of the tote is a person of status and refinement, who does own such bags, but would not use bags to carry groceries, beach towels, or gym clothes. JA275. At the same time, the canvas totes express a playful parody of the message conveyed when someone carries a Gucci bag to the opera or a soiree—the message that this bag necessarily belongs to somebody who can afford to drop thousands of dollars on a handbag. *Id.*

In short, MOB’s totes juxtapose the iconic status of LV with the plainness of a canvas tote and the playfulness of a cartoon, making light of disparities between haves and have-nots. The ensuing litigation, however, illuminated a different disparity: between a one-woman company and a multinational, iconic brand that pursued an “obvious parody” all the way to the Supreme Court.

The other multinationals whose products MOB parodied might not have appreciated being the target of Tara Martin’s gentle humor; or perhaps these companies appreciated these parodies as teasing praise for, in Martin’s words, “the bags that we love.” *Id.* The only company that went so far as to sue over MOB’s

products was the notoriously humorless and aggressive LV. In 2013, LV sent Martin a letter accusing her of trademark counterfeiting, infringement and dilution. JA357-362. It demanded that Martin stop making and selling the canvas totes that referred to LV's products, recall any extant copies of those products, and pay LV all profits previously earned from the sales of these products. *Id.* LV also claimed copyright infringement by use of a parody version of LV's "multicolore design." It warned that, absent MOB's immediate compliance, LV would sue.

Through counsel based in Los Angeles, MOB responded by explaining that the possibility was remote that any reasonable consumer could possibly be confused about whether MOB's simple canvas totes, bearing cartoonish designs that interpolated the letters MOB in lieu of the LV initials found on LV's luxury items, were produced by LV:



My Other Bag
Side 1 (JA296)



MOB Bag
Side 2
(JA296)



LV Bag
(JA295)

And, in any event, MOB's counsel explained, MOB's totes represented an obvious parody of LV's designs and bags, and parody provided a fair use defense to all of LV's trademark and copyright claims. JA314-315. There was a further exchange of correspondence the following year, as LV predicted that consumers would inevitably be confused about the source of the canvas totes, and insisted that it saw no "element of satire, ridicule, joking or amusement." JA372.

In 2014, LV filed suit against MOB, claiming trademark and copyright infringement and trademark dilution. LV sued in its home city of New York, rather than in Los Angeles where MOB was located, thus forcing MOB to hire a New York litigation firm in addition to its California counsel. Maximizing its suit's in terrorem effect, LV sought treble damages under 15 U.S.C. § 1117, on the theory that MOB was engaged in trademark counterfeiting (even though LV eventually admitted in

discovery that MOB's products were not counterfeits, DN 60-9 at 7 ¶¶ 17-18, and that it had no damages, JA60-61), and copyright statutory damages and attorneys' fees under 17 U.S.C. § 504(c).¹

C. Rulings on the Merits

Discovery practice ensued; MOB presented expert testimony supporting its parody defense, but LV offered no expert testimony at all. MOB moved for summary judgment in full, while fending off LV's cross-motion for partial summary judgment on its dilution and copyright claims and various motions aimed at excluding MOB's evidence. DN62-64, 70-71, 82-85; JA67-96, JA145-265. The district court ultimately granted summary judgment to MOB in full, JA 266-296, and this Court affirmed two weeks after oral argument in a per curiam order. JA299-304. LV sought both rehearing en banc and certiorari, but both were denied without dissent.

The private law firms representing MOB entered the case on a paying basis, but provided the bulk of their representation on a pro bono basis, contingent on a possible attorneys' fee award, because the cost of litigation quickly outstripped MOB's ability to pay. JA307-308, 325. By the time the litigation was completed, MOB's counsel had expended over half a million dollars worth of billable time on the merits portion

¹LV also invoked New York dilution law. Because no fees were sought for defense of that claim, those issues are not addressed further.

of the case. JA311-312, 329. Meanwhile, MOB's sales dropped precipitously, from about \$925,000 in 2014, to \$360,000 in 2015 and \$330,000 in 2016, as the retailers who were formerly glad to carry its designs chose to withdraw their orders because of the lawsuit. JA320.

MOB sought summary judgment on LV's trademark infringement claims on three separate grounds: first, there was no likelihood of confusion on the part of a reasonable consumer about whether Louis Vuitton would have been the source of MOB's canvas totes; second, the totes were a parody, representing an obvious joke that any reasonable consumer would have recognized; and third, given the expressive character of the text and designs on MOB's totes, LV's trademark infringement claims had to be considered against the backdrop of the First Amendment principles laid out in such cases as *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) and *Yankee Publishing v. News America Publishing*, 809 F. Supp. 267 (S.D.N.Y. 1992). On the issue of dilution, MOB argued that the canvas totes were obviously parodic, and also that there was no showing of likely dilution considering the statutory factors that courts otherwise consider on this issue.

Ruling on MOB's summary judgment motion on both trademark infringement and dilution, as well as on LV's cross-motion for summary judgment on its trademark dilution claim, the district court and court of appeals were dismissive of LV's

position. The district court began with these undisputed facts:

[MOB] sells simple canvas tote bags with the text “My Other Bag ...” on one side and drawings meant to evoke iconic handbags by luxury designers, such as Louis Vuitton, Chanel, and Fendi, on the other. MOB’s totes—indeed, its very name—are 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). The “my other car” bumper stickers **are, of course, a joke**—a riff, if you will, 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 “my other car” trope to get the joke or to get the fact that the totes are meant to be taken in jest.

JA266 (emphasis added).

Throughout its opinion on the merits of this case, the district court returned time and again to what it saw as an “obvious” parody: “defendant’s use of the mark is an obvious parody or pun, readily so perceived, and unlikely to cause confusion among consumers,” JA290; “no reasonable observer is likely to infer from the cartoon-like bag-within-the-bag design and the juxtaposition of MOB’s basic, canvas tote with the exclusive, luxury status of Louis Vuitton that Louis Vuitton sponsors or otherwise approves of MOB’s tote bags,” *id.*; “when the entirety of the bag is considered, there is no credible risk that a reasonably prudent consumer would think Louis Vuitton ‘sponsored or otherwise approved’ of MOB’s totes,” JA291; “MOB’s use of Louis Vuitton’s marks in service of what is an obvious attempt at humor is not likely to

cause confusion or the blurring of the distinctiveness of Louis Vuitton's marks; if anything, it is likely only to reinforce and enhance the distinctiveness and notoriety of the famous brand." JA293.

Nor did plaintiff introduce any probative evidence showing that even a single one of the *Polaroid* likelihood of confusion factors ran in its favor. For example, even though evidence of actual confusion is strong evidence of likely confusion, and even though the absence of evidence of actual confusion strongly militates against a finding of likely confusion, plaintiff had no evidence of actual consumer confusion. JA288. By the time of summary judgment, the products had coexisted in the market place for three years, making the absence of evidence of actual confusion highly damning. *Lois Sportswear, U.S.A. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986).² Moreover, LV submitted no survey evidence suggesting a tendency to cause consumer confusion. LV admitted in discovery, DN 60-9 at 8 ¶¶ 23-26, and then in its appellate brief, *see infra* at 44-45, that no consumers were confused by MOB's bags. And during oral argument on the merits in this Court LV's counsel admitted that, when LV is seriously pursuing a trademark infringement claim, it ordinarily

² LV relied on the fact that a handful of social media posts had referred in passing to MOB's LV bags, but in the context of each post, as Judge Lynch retorted at the merits argument, it was clear that the consumers were simply distinguishing MOB's parodies of LV from its parodies of other luxury brands. JA334.

presents a consumer survey to support its claims of likely confusion; his only explanation for having failed to present a survey in this case is that “we were focusing on trademark dilution.” JA335.

LV’s dilution claim, for its part, depended heavily on serious mischaracterization of an unreported district court decision and of a fragment of deposition testimony. In *Louis Vuitton Malletier v. Hyundai Motor America*, 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012), LV had successfully obtained partial summary judgment on a dilution claim against an automaker whose commercial had included a brief shot of a basketball bearing a version of LV’s Toile Monogram. The trial court in that case rejected Hyundai’s fair use defense to trademark dilution, but not on any ground relevant in this case, because Hyundai had disclaimed any parodic intent, claiming rather to be making a generalized reference to the concept of luxuriousness.

Another serious mischaracterization in service of LV’s dilution argument related to the testimony of MOB’s Tara Martin. LV’s argument was that, despite MOB’s “obvious” parody, MOB could not rely on a parody defense because MOB was using LV’s marks as a designation of source for MOB’s own goods. Ruling on the merits, the district court that found LV’s argument “MOB expressly admitted that it uses the [LV] trademarks to designate the source of its own goods,” JA89, was

plainly contrary to the undisputed facts, and to Martin’s testimony itself. As its merits ruling stated, LV’s argument “rests on a single, mischaracterized citation to the record,” JA280; in actuality, “it is plain that Martin’s sole point was that she did not believe that consumers were confused about who produces MOB’s tote bags.” JA281.³ This Court specifically understood the district court’s analysis that way, and endorsed that analysis, rejecting LV’s argument about this transcript excerpt:

The district court, however, determined that the testimony of MOB’s CEO, upon which LV principally relies to support this argument, unambiguously refers to the likelihood of consumer confusion, not the designation of source. [citation omitted]. Our review of the transcript does not suggest otherwise. In any event, the nature of MOB’s business—it sells quite ordinary tote bags with drawings of various luxury-brand handbags, not just LV’s, printed thereon—and the presence of “My other bag,” an undisputed designation of source, on one side of each bag, independently support summary judgment for MOB on this designation-of-source issue .

JA303.

Having failed to obtain in discovery the evidence it needed to sustain its dilution arguments, LV could and should have dismissed its action; instead, it pressed on to this Court and beyond, requiring further expense and attorney time.

LV’s copyright infringement claim was also dismissed. That claim was limited to MOB’s supposed use of LV’s copyrighted “multicolore” pattern on one of MOB’s

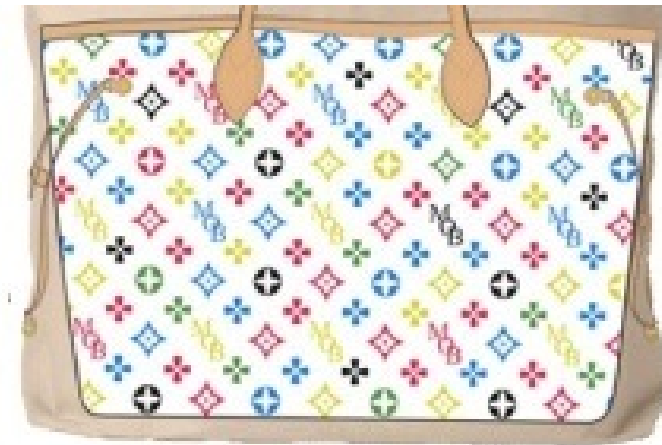
³ Excerpts from Martin’s deposition are at JA97 to JA131.

parody bags. However, MOB did not copy that image – as with the other “other bag” portrayals, the totes in question bore only a simplified cartoon that conjured up, not copied, the multicolore designs. Hence, MOB argued that it had not made an infringing copy at all.

LV original
(JA33)



MOB cartoon
on bag (JA33)



The district court dismissed LV’s copyright claim solely on MOB’s fair use argument, again based on the “obvious parody” and because “any reasonable observer

would grasp” that MOB’s totes were not a market replacement for LV’s high-end Multicolore handbags. JA292.

As with its dilution claims, LV’s principal response to MOB’s argument on the copyright claim mischaracterized the law, but here LV’s misconduct was even more serious: LV argued that MOB had ignored the rule that “[e]very commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.” LV Opening Brief, No. 16-0241, at 64, *citing Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 562 (1985). However, 24 years ago, in the most well-known parody decision of the twentieth century, the Supreme Court overturned this “rule.” *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 585 (1994).

LV fared no better on the merits in its appeal to this Court. For example, during oral argument, when the panel began by asking LV counsel what evidence there was to support its claim of trademark infringement, LV’s counsel changed the subject to trademark dilution, saying that no proof of confusion is needed for dilution claims. LV’s counsel asserted that LV’s dilution claim was limited to dilution by blurring, on the ground that ordinary consumers would think that, by carrying an MOB tote bag, they would get “the same distinctiveness and exclusivity, the same kind of fashion statement that they would get from carrying a [LV] bag.” A member

of the panel responded:

So . . ., you're going to argue to the jury that a reasonable, eight people in the Southern District of New York, would accept the idea that they would think or that a reasonable other person would think that they're getting the same cachet from carrying this bag . . . [O]f course, you just want to bully them into having to spend the money on a trial . . . I suggest that . . . if this were a real trial and you tried that out on a mock jury and you tried that out with some jury consultants, you would be laughed out of the room if you thought that people are going to think that they got a cachet out of carrying their canvas bag for \$30.

DN 151-2; JA338; <http://www.ca2.uscourts.gov/decisions/isysquery/3701a7af-7fe3-4fad-bac3-488f1c4c9d4d/31-40/list/>

This Court affirmed “for substantially the reasons stated by the district court in its through and well reasoned opinion.” JA300. The Court addressed trademark infringement and copyright infringement in a single paragraph each, and with trademark dilution in just three paragraphs.

Undeterred, LV pressed on. It sought rehearing en banc, arguing, in part, that decisions about parody and about “consumers’ commercial impressions” are such quintessentially issues of fact that they must **always** be submitted to a jury. Petition for Rehearing, at 13-15. *See also* LV Merits Appellate Brief 3, 59-60; LV Merits Reply 20. After rehearing en banc was denied without dissent, LV sought amicus support from the International Trademark Association for a certiorari petition that would have been based on the same proposition, that parody issues must always be

decided as a matter of fact by a jury, and can never be resolved as a matter of law. JA391. After that amicus request was declined, LV sought Supreme Court review on a different ground. The Supreme Court denied review.

D. The Trial Court’s Attorney Fees Ruling

After summary judgment was granted, MOB sought an award of attorneys’ fees under the Lanham Act, which allows attorney fee awards for the prevailing party “in exceptional cases,” 15 U.S.C. § 1117, and under the Copyright Act, which allows attorney fees award “to the prevailing party.” 17 U.S.C. § 505. The trial court postponed that motion pending appeal. JA297. After rehearing en banc was denied, MOB renewed its attorney fee motion. Although in past cases, this Court has required a finding of bad faith before fees could be awarded under the Lanham Act, MOB argued that the Supreme Court’s decision in *Octane Fitness*, overruling the Federal Circuit’s similar requirement of bad faith before a patent suit can be deemed “exceptional,” applies equally to determinations of whether a case is “exceptional” under the Lanham Act. MOB argued that LV’s trademark claims should be deemed groundless under either of the two prongs propounded in that case—both because LV’s substantive trademark claims were objectively baseless both as a matter of fact and law, and because LV had litigated the case in an unreasonable manner. In addition, MOB argued that considerations of compensation and deterrence warranted

an award in this case because a century-old multinational company had deliberately picked on a one-woman start-up, potentially driving it out of business, and this was just the latest instance of LV seeking to quash commentary from an independent voice. Hyper-aggressive owners should not be able to impose punitive defense costs on objectively reasonable fair users.

The trial court denied the motion. With respect to the trademark claims, it said that it did not need to decide whether *Octane Fitness* applied because MOB would not be awarded fees even under that less stringent standard. First, it held that “Louis Vuitton’s arguments were [not] so objectively unreasonable (as either a legal or factual matter) that no party ‘could see an opening . . . through which the argument[s] could be squeezed.’ *Small v. Implant Direct Mfg.* . . . , 2014 WL 5463621, at *3 (S.D.N.Y. Oct. 23, 2014).” JA398. The court explained that both trademark infringement and dilution claims implicated multi-factor analyses, with respect to which “no one factor . . . is controlling,” hence it could have been hard for LV to predict its likelihood of success on the merits. JA400. And although the court had found that MOB’s totes were obvious parodies, parodists might in theory be liable for either infringement or dilution, and in any event the likelihood of confusion factors can be “awkward in the context of parody.” JA399. The court followed the approach in *Small*, a district-court patent case where the court had said it would impose fees

only “where a party knew or willfully ignored evidence of his claims’ meritlessness, where meritlessness could have been discovered by basic pretrial investigation, or where such meritlessness is made clear to the court early in the litigation.” JA400 (quoting *Small*).

Second, the court rejected MOB’s contention that LV had litigated the case in “an exceptionally vexatious and coercive manner.” JA401. It saw the various examples of litigation abuse cited by MOB as either “aggressive litigation tactics” or, in some cases, regrettable but not uncommon and hence not sufficient to make the case “exceptional” under the Lanham Act. *Id.*

Third, addressing whether LV’s history of trademark bullying favored an award of fees here, the district court acknowledged that “the suit was brought by the proverbial Goliath against the proverbial David.” JA402. However, it decided that this factor was outweighed by the fact that trademark owners must enforce their rights or lose them. It stated that the law itself encourages “aggressive” enforcement of trademarks, and it would be unfair to “present trademark owners with the Hobson’s Choice of either defending their marks and risking punitive attorney’s fee awards or turning a blind eye to infringement and dilution and risking the loss of their rights.” *Id.* Moreover, although the court acknowledged LV’s reputation as a trademark bully, *id.*, the court was unwilling to place “its judicial imprimatur” on that label.

JA403. MOB's examples of overreach, the Court felt, were "isolated" and some "were resolved amicably." *Id.* Because there was no showing that LV "engaged in litigation abuse on a systemic level," concerns about trademark bullying could not support an attorneys' fee award here. *Id.* In summary, the court relied on what it deemed to be the three relevant factors—(1) LV had made "nonfrivolous arguments in support of its trademark claims," (2) there was minimal evidence of improper conduct, and (3) MOB had not proved that LV's **only** reason for suing was improper. *Id.*

With respect to the copyright claim, the district court ruled that because the inquiry into attorneys' fees under the Copyright Act is guided by the same factors as in *Octane Fitness*, the Court's denial of fees under the Lanham Act "all but compel[s] denial of the application under the Copyright Act." JA404. Because fair use turns on a fact-intensive multi-factor test, LV's copyright arguments were not frivolous or baseless, nor could the court "say that the company itself believed them to be so." JA405. In fact, for attorney fee purposes the court elevated the fact that MOB sold its totes for commercial gain into a "prong" of the fair use analysis that "favored LV." *Id.* And although MOB had properly faulted LV for arguing, contrary to binding Supreme Court precedent, that commercial use of a copy is presumptively unfair, that single impropriety "does not, by itself, call for the draconian shifting of fees." *Id.* In

sum, it concluded, “Louis Vuitton’s copyright claim was not so weak as to render its pursuit exceptional, thereby warranting a fee award.” *Id.*

SUMMARY OF ARGUMENT

LV has achieved a rare position among the royalty of fashion; it is one of the world’s leading brands. As a cultural icon, it is not surprising that LV is often the subject of sardonic comment and parody. With fame comes attention, wanted or not. 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 LV a reputation as a trademark bully lacking good judgment about when to sue and threaten suit.

Until recently, Second Circuit defendants had little recourse against hyper-aggressive enforcers because this Court had held that unless unsuccessful trademark plaintiffs sue in bad faith, they have not filed “exceptional” cases, which could subject them to an attorneys’ fees award. But in 2014, the Supreme Court decided that the term “exceptional” in the attorneys’ fees provision of the Patent Code does not require proof of bad faith; rather, it 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). Under *Octane Fitness*, a suit can be deemed “exceptional” for the sole reason that patent claims were too weak. Although this Court has not yet decided whether that decision applies to determinations whether Lanham Act suits are “exceptional,” six other circuits, as well as the Federal Circuit predicting Second Circuit law, have held that the decision now supplies the Lanham Act standard. This Court should now join the broad judicial consensus and hold that *Octane Fitness* applies to the Lanham Act fee-shifting provision that uses the same term, “exceptional”; indeed, the Supreme Court cited Lanham Act authority in construing the Patent Act term “exceptional.”

The district court assumed that *Octane Fitness* applied, but it misstated the case’s holding, saying that mere objective unreasonableness is not enough, even though *Octane Fitness* stated its definition of the term “exceptional” in the alternative. Here, LV sued a one-woman company for selling a washable canvas tote, designed to carry groceries and gym clothes, that both the trial court and this Court recognized on summary judgment as an “obvious parody” of LV and its luxury handbags. LV’s trademark infringement claim was objectively unreasonable (even LV eventually admitted that consumers were not confused), and MOB’s fair use defense prevailed over both infringement and dilution because the parody was “obvious.”

Moreover, although the district court denied fees, in part out of concern about counteracting a trademark holder's incentives to protect its mark, the court ignored the perverse incentives its ruling created for small companies like MOB to humbly surrender whenever they get demand letters from fashion giants like LV. The chilling impact of LV's litigation strategy, not just here, but across the board, tells commenters, "don't even think about it." That is an important reason why LV can win even when it loses a meritless suit. It is why the Court should vacate the denial of fees and remand for consideration under a proper standard.

The district court also denied MOB's application for an award of attorneys' fees for defending against plaintiff's copyright infringement claim, reasoning that because the Lanham Act factors and Copyright Act factors are similar, denial of fees for the former all but compels denial of fees for the latter; hence, the Copyright claim was not exceptional. But unlike the Lanham Act, the Copyright Act does not limit fee awards to "exceptional cases." For this reason, as well as other errors of law reflected in the lower court's discussion of the fees issue, the denial of copyright fees should also be vacated for consideration on proper legal standards.

In sum, neither statute required MOB to prove that LV's claims were "frivolous" or that LV sued "solely because of an improper motive." Awards of trademark or copyright fees are not "draconian." Rather, fee awards advance the

broader objectives of trademark and copyright law when protection of fair use and expression is at issue, allowing proverbial Davids to defend against Goliath.

ARGUMENT

I. STANDARD OF REVIEW

The issues of whether *Octane Fitness* governs Lanham Act fee application, Section II below, whether the trial court properly construed *Octane Fitness* (Sections II(B) and III(A), whether the Court applied correct legal standards in discussing the trademark infringement and dilution claims (Sections III(B) and (C)), and whether the trial court applied the wrong legal standards in determining whether to grant fees for defense of the copyright claim (Section IV), raise questions of law that are reviewed de novo. *Garcia v. Yonkers Sch. Dist.*, 561 F.3d 97, 102 (2d Cir. 2009). The issue whether the trial court properly assessed considerations of compensation and deterrence, or the other *Fogerty* factors, with respect to either trademark or copyright rights, in Sections III(D) and IV below, is reviewed for abuse of discretion, except that to the extent that MOB argues that the trial court made errors of law in the course of its discussion, those issues are subject to de novo review. *SEC v. TheStreet.Com*, 273 F.3d 222, 229 (2d Cir. 2001).

II. *OCTANE FITNESS* PROVIDES THE STANDARD FOR ASSESSING THE STRENGTH OF PLAINTIFF’S LITIGATING POSITION TO DETERMINE WHETHER A LAWSUIT IS “EXCEPTIONAL” UNDER THE LANHAM ACT.

Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), provides that “[t]he court in exceptional cases may award reasonable attorneys’ fees to the prevailing party.” MOB is the prevailing party. The only question for this Court is whether this case is “exceptional.” Although the district court assumed (correctly) that *Octane Fitness* supplies the appropriate legal standard for what constitutes an exceptional case under the Lanham Act, its view of *Octane Fitness* was far too narrow.

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

The Second Circuit has historically been one of a small number of circuits requiring evidence of “fraud or bad faith” before a Lanham Act case can be found “exceptional,” enabling an award of attorneys’ fees to the prevailing party. *Twin Peaks Prod. v. Publ’ns Int’l*, 996 F.2d 1366, 1383 (2d Cir. 1993). However, the bad faith requirement has been superseded by the Supreme Court’s 2014 decision in *Octane Fitness*, which sharply rejected the Federal Circuit’s “bad faith” standard for attorney fee awards under the Patent Code.

Specifically, in *Octane Fitness* the Supreme Court recognized 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. It repeatedly relied on cases about attorneys’ fees under other intellectual property laws, including *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521 (D.C. Cir. 1985), a Lanham Act case which, as the Supreme Court explained, “interpret[ed] the term ‘exceptional’ in the Lanham Act’s identical fee-shifting provision . . . to mean ‘uncommon or ‘not run-of-the-mill.’” 134 S. Ct. at 1756. Consequently, *Octane Fitness* expressly rejected the “bad faith” standard because it would simply duplicate the power to award attorneys’ fees under the bad faith exception to the American rule that the parties to litigation ordinarily pay their own fees. *Id.* at 1758. Instead, it held that,

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 provided further guidance about how to apply this standard by citing the factors used in copyright fees cases to be sued in case-by-case analysis by 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, citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994).

We have not identified a single unreversed reported decision at the court of appeals or district court level that has addressed the impact of *Octane Fitness* and decided that it does not affect the standard for awards of fees under the Lanham Act. Since *Octane Fitness* was decided, courts of appeals for six circuits (Third, Fourth, Fifth, Sixth, Ninth and Eleventh) have recognized that, under *Octane Fitness*, the standard for fee-shifting under the Lanham Act is more permissive than previously construed. *Tobinick v. Novella*, 884 F.3d 1110, 1118 (11th Cir. 2018); *SunEarth v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1181 (9th Cir. 2016) (en banc); *Baker v. DeShong*, 821 F.3d 620, 624 (5th Cir. 2016); *Slep-Tone Entm’t Corp. v. Karaoke Kandy Store*, 782 F.3d 313, 317-318 (6th Cir. 2015); *Georgia-Pac. Consumer Prod. v. von Drehle Corp.*, 781 F.3d 710, 721 (4th Cir. 2015); *Fair Wind Sailing v. Dempster*, 764 F.3d 303, 314 (3d Cir. 2014). So, too, has the Federal Circuit in *Romag Fasteners v. Fossil*, 866 F.3d 1330, 1334-1335 (Fed. Cir. 2017), predicting Second Circuit law.

Four of the circuits adopting *Octane Fitness* for Lanham Act cases—the Third, Fifth, Eleventh, and Federal Circuits—did so in the face of earlier precedent demanding bad faith, and each effected this change without going en banc. *Tobinick*,

884 F.3d at 1118; *Baker*, 821 F.3d at 624; *Fair Wind Sailing*, 764 F.3d at 314-315. *Accord Romag*, 866 F.3d at 1334-1335 (predicting Second Circuit law). This Court, like other circuits, allows a panel to overrule previous panel precedent when an intervening Supreme Court ruling has “cast doubt on [a] prior ruling.” *Doscher v. Sea Port Group Securities*, 832 F.3d 372, 378 (2d Cir. 2016).

This Court should follow these other circuits not only to avoid a needless conflict among the lower courts but also because their reasoning about the impact of *Octane Fitness* on prior circuit precedent is sound. 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. Most notably, 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. Other courts of appeals have similarly cited Patent Act fees decisions in assessing whether Lanham Act cases were “exceptional” *See also Securacomm Consulting v. Securacom Inc.*, 224 F.3d 273, 281 (3d Cir. 2000); *CJC Holdings v. Wright & Lato*, 979 F.2d 60, 65 & n.2 (5th Cir. 1992).

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 attorneys’ fees to defendants who are victimized by litigation brought or maintained in bad faith. *Dow Chem. Pac. Ltd. v. Rascator Mar. S.A.*, 782 F.2d 329, 344 (2d Cir. 1986); *Sierra Club v. U.S. Army Corps of Eng’rs*, 776 F.2d 383, 391 (2d Cir. 1985). As the legislative history suggests, the provisions in both statutes were included to encourage courts to consider the policy considerations that drove the Supreme Court’s decision in *Octane Fitness*.

Applying *Octane Fitness* in trademark cases is also consistent with the Lanham Act’s legislative history. 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*, Sen. Rep. 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 attorneys’ 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.*

Moreover, using *Octane Fitness* in Lanham Act cases is appropriate in light of practical considerations in modern trademark litigation. *Octane Fitness* 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 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 by well-funded trademark holders in the hope of quashing commentary or suppressing other forms

of expressive speech. Two empirical studies of trademark enforcement practices have concluded that extortion and bullying have 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). See also Grinvald, *Shaming Trademark Bullies*, 2011 Wis. L. Rev. 625, 678 (2011) (need for remedies for trademark bullying); 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) (same). 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 is an appropriate step in that direction.

Indeed, the Seventh Circuit has recognized the special need for awards of attorneys' 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). After all, plaintiffs have 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 defendants cannot recover damages from which attorneys' fees can be paid. The Seventh Circuit expressed particular concern in *Nightingale* about misuse of the litigation process by a large, profitable business against a smaller, more vulnerable one, abusing trademark claims not to avoid consumer confusion but to drive a party out of business. 626 F.3d at 962-963. 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.

This court should follow its sister circuits and apply the *Octane Fitness* standard to Lanham Act attorney fees.

B. A Case May Be Deemed “Exceptional” Based Solely on the Weakness of Plaintiff’s Claim.

Octane Fitness left some ambiguity about the proper way in which to determine whether attorneys’ fees should be awarded to a prevailing party in a Lanham Act case. The clearest holding of the case, quoted in the previous section of the brief, is as follows:

an “exceptional” case is . . . 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.

134 S. Ct. at 1756 (emphasis added).

But the opinion also cited approvingly the D.C. Circuit’s opinion in *Noxell*, which said that trial courts should consider the factors applied in copyright cases under *Fogerty* (“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”), and said that trial courts “may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Id.*

The Court did not specify the relationship between the standard implied by its “either/or” definition of the term “exceptional” and grant of authority to weigh fee applications considering the *Fogerty* factors and the totality of the circumstances.

Courts have approached this question in various ways, but the best construction of the decision is the one adopted by the Fourth Circuit in *Georgia-P. Consumer Products LP*, 781 F.3d at 721: A case can be deemed exceptional for any one of three reasons: (1) that it stands out from other cases with regard to the respective strengths of the parties’ litigating positions on the merits, (2) that it stands out from other cases given the manner in which it was litigated, or (3) that it merits being treated as exceptional based on the various *Fogerty* factors. *Accord Verisign, Inc. v. XYZ.COM LLC*, — F.3d —, 2018 WL 2407644, at *6 n.4 (4th Cir. May 29, 2018) (“unusual discrepancy in the merits of the positions taken by the parties” is alone a basis for finding cases exceptional).⁴ In any event, MOB should have been awarded fees under any of the approaches adopted by the various circuits following *Octane Fitness*.

On appeal, MOB contends that the trial court committed errors of law in its application of the first and third alternative bases for finding cases exceptional.

III. UNDER THE CORRECT LEGAL STANDARDS, LV’S TRADEMARK CLAIMS SHOULD HAVE BEEN FOUND EXCEPTIONAL.

The trial court assumed that *Octane Fitness* applied to the trademark claims

⁴ See also *Tobinick* 884 F.3d at 1118 (“to be an ‘exceptional case’ under the Lanham Act requires only that a case ‘stands out from others,’ either based on the strength of the litigating positions or the manner in which the case was litigated”); *Sun Earth*, 839 F.3d at 1181 (totality of the circumstances approach includes “objective unreasonableness”).

but decided that neither of LV's trademark claims, for infringement or for dilution, met the standard of exceptionality. However, its explanation for this decision reflects that it applied, in effect, the very same bad-faith standard rejected by *Octane Fitness*. Moreover, the court below failed to consider the infringement and dilution claims separately. Because of these legal errors, the denial of fees should be vacated and the case remanded for further consideration according to proper standards.

A. A Case Can Be Deemed Exceptional When the Plaintiff's Claim Is Objectively Baseless as Determined by the Terms of the Merits Ruling.

Although the Supreme Court held that a case could be deemed exceptional solely because the losing party's litigating position was too weak (in the Court's words, when a case "sufficiently stands out from others with respect to the substantive strength of a party's litigating position"), it did not specify how weak the position must be. However, one part of its holding was that the losing party need not be found to have proceeded in bad faith—that was part of the Federal Circuit standard that was being overruled. And the purpose of the new definition of "exceptional" was to make fees appropriate in weak cases that other fee bases did not reach; otherwise, adopting the "exceptional" standard would have been surplusage.

The parts of the *Octane Fitness* opinion discussing the "strength of position" aspect of exceptionality use both "frivolous" and "objectively baseless." If claims

had to be deemed “frivolous” to merit treatment as exceptional under the Lanham Act, then that statute’s provisions would overlap with Rule 11, which allows awards of fees for frivolous claims and defenses. *Caisse Nationale de Credit Agricole-CNCA v. Valcorp*, 28 F.3d 259, 264 (2d Cir. 1994); *Motown Productions v. Cacomm, Inc.*, 849 F.2d 781, 787 (2d Cir. 1988). Rather, it should suffice for the court to determine that claims (or defenses) were objectively baseless or objectively unreasonable.

In that regard, the Ninth Circuit’s pre-*Octane Fitness* decision in *Mattel, Inc. v. Walking Mt. Productions*, 353 F.3d 792, 816 (9th Cir. 2003), is instructive. Mattel, the maker of Barbie dolls, sued a man who was selling photographs of “nude Barbie in danger of being attacked by vintage household appliances.” *Id.* at 796. After affirming the summary judgment dismissing Mattel’s trademark infringement and dilution claims, the court granted Walking Mountain’s appeal from the trial court’s denial of its motion for an award of attorneys’ fees on the ground that the claims were exceptional. “Analysis of Mattel’s trademark and trade dress infringement claims indicates that Mattel’s claims may have been groundless or unreasonable.” *Id.* at 816. Accordingly, the court remanded to allow the district court to decide in the first instance whether Mattel’s claims met that standard. On remand, the trial court found that Mattel’s claims **had** been “groundless and unreasonable,” and awarded fees. *Mattel, Inc. v. Walking Mt. Productions*, 2004 WL 1454100, at *3 (C.D. Cal. June 21,

2004).

Many decisions hold the fact that a case survived a summary judgment motion or went to trial indicates that the case was not objectively groundless and hence not exceptional. *Selee Corp. v. McDanel Adv. Ceramic Techs.*, 2017 WL 3122565, at *4 (W.D.N.C. July 21, 2017); *Cava Group v. Mezeh-Annapolis*, 2017 WL 2493099, at *1 (D. Md. June 7, 2017); *Mt. Mktg. Group v. Heimerl & Lammers*, 2016 WL 2901735, at *4 (D. Minn. May 18, 2016); *Exclaim Mktg. v. DirecTV*, 2015 WL 5725703, at *7 (E.D.N.C. Sept. 30, 2015), *aff'd*, 674 Fed. Appx. 250 (4th Cir. 2016); *LendingTree v. Zillow*, 54 F. Supp. 3d 444, 459 (W.D.N.C. 2014); *Am. Natl. Ins. Co. v. Am. Natl. Inv. Advisors*, 2014 WL 6613342, at *20 (N.D. Ill. Nov. 21, 2014). Other courts have treated failure to seek summary judgment, or prevailing on partial summary judgment albeit losing on the remaining claims at trial, as supporting the conclusion that the party's claims were not objectively unreasonable. *Ducks Unlimited v. Boondux*, 2018 WL 1249912, at *8 (W.D. Tenn. Mar. 9, 2018); *Buccellati Holding Italia v. Laura Buccellati*, 2015 WL 11202358, at *4 (S.D. Fla. Mar. 10, 2015).

By the same token, the fact that LV's trademark claims were dismissed on summary judgment, although not alone dispositive, is an important indication the suit may have been objectively unreasonable. *SAS v. Sawabeh Info. Services Co.*, 2015

WL 12763541, at *6 (C.D. Cal. June 22, 2015). Although LV went too far in arguing on the merits that claims relating to commercial impression and likelihood of confusion are inherently fact issues that should always be decided by a jury, it is uncommon for those issues to be resolved on summary judgment; hence, the category of cases where one side or other could not even present a genuine issue of fact material to those issues makes a fair category of candidates for a finding of exceptionality.

MOB does not suggest that a plaintiff's loss on summary judgment (or a motion to dismiss) is alone sufficient to make its claims exceptional. But, when summary judgment (or a motion to dismiss) is granted against the plaintiff, the trial court can look to the legal and factual propositions that were established by the summary judgment ruling to determine whether the claims were exceptionally weak. That is how the courts in *Sawabeh Info. Services Co.* and *Donut Joe's v. Interveston Food Services*, 116 F. Supp. 3d 1290, 1294 (N.D. Ala. 2015), decided that the plaintiffs' claims there were exceptional. Courts use a similar analysis to find objectively unreasonable the position of defendants who suffer a default judgment. These courts typically say that losing by default does not make cases per se exceptional, but that the propositions established by that judgment (that is, the allegations of the complaint that are presumed to be true pursuant to the default)

govern the assessment of exceptionality. *E.g., Spy Optic v. Melbourne Wholesale*, 2018 WL 672275, at *7 (M.D. Fla. Jan. 31, 2018), *report and recommendation adopted*, 2018 WL 716040 (M.D. Fla. Feb. 2, 2018); *Mountz, Inc. v. N.E. Indus. Bolting and Torque*, 2017 WL 780585, at *2 (N.D. Cal. Jan. 27, 2017), *report and recommendation adopted*, 2017 WL 766598 (N.D. Cal. Feb. 28, 2017); *Laerdal Med. Corp. v. Basic Med. Supply*, 2016 WL 6436557, at *4 (S.D. Tex. Oct. 31, 2016); *High Tech Pet Products v. Shenzhen Jianfeng Elec. Pet Prod. Co.*, 2015 WL 926023, at *2 (M.D. Fla. Mar. 4, 2015).

The court below did not, however, apply an “objectively unreasonable” or “objectively baseless” standard to MOB’s fee application. According to the district court, it was not enough for LV’s position to have been objectively unreasonable. Rather, it denied fees because “it cannot say that Louis Vuitton’s arguments were so objectively unreasonable (as either a legal or factual matter) that no party ‘could see an opening . . . through which the argument[s] could be squeezed.’ *Small v. Implant Direct Mfg. LLC*, No. 06-CV-683 (NRB), 2014 WL 5463621, at *3 (S.D.N.Y. Oct. 23, 2014).” JA398 (emphasis added). The court’s rationale simply rewords the same bad faith standard that *Octane Fitness* rejected, a reading confirmed by a review of *Small*, on which the court below relied. *Small* was a patent case where the court, purporting to apply *Octane Fitness*, said, “[W]here a party has set forth some good

faith argument in favor of its position, it will generally not be found to have advanced ‘exceptionally meritless’ claims.” *Small*, 2014 WL 5463621, at *3. And in discussing LV’s trademark infringement arguments, the court below held that they were not “frivolous or a mere shakedown,” JA399, synonymous with bad faith claims; it did not address whether they were objectively unreasonable.

B. LV’s Litigating Position on Trademark Infringement Should Have Been Found Exceptional.

Had the court below properly assessed whether LV’s litigating position on its trademark infringement claim was objectively unreasonable, instead of whether it was brought in bad faith or as a shakedown, taking as a given the legal and factual propositions established by its summary judgment ruling as well as by this Court’s affirmance, it should have found LV’s claim to have been objectively unreasonable, for several reasons.

First of all, the summary judgment ruling was based on an analysis of the *Polaroid* factors for deciding whether there was a likelihood of confusion; the court’s summary judgment opinion found no issue of fact preventing even a single one of the factors from supporting MOB’s position. JA285-290. In denying fees, the court said that, because application of some *Polaroid* factors is “awkward” where the allegedly infringing use is a parody situation, LV could not have known for sure whether it

could show likelihood of confusion. JA399. But the existence of parody typically affects the way only some of the eight *Polaroid* factors are applied—particularly the strength of the mark and the similarity between marks—in that, when there is a successful parody, strength and similarity tend to refute likely confusion in that they make it more likely that consumers will recognize that they are seeing a parody. *Hormel Foods Corp. v. Jim Henson Productions*, 73 F.3d 497, 503 (2d Cir. 1996). The existence of parody has less impact on the other six *Polaroid* factors, a matter that the district court failed to take into account in assessing whether the “strength of [LV’s] litigating position” rendered this case exceptional. It is not simply, as the court below said, that plaintiff had no survey evidence, no experts, and no other evidence of actual confusion, JA399, important though these lacunae were. Here, no evidence supported LV on **any** of the *Polaroid* factors. These were, after all, canvas totes with cartoonish images of LV’s very expensive bags, and just as a jury would have “laughed out of the room” LV’s contention that carrying these totes would have conferred cachet on the users and hence created dilution by blurring, JA339, so too it was obvious, simply by considering the two products, that no likelihood of confusion was possible.

Moreover, the district court did not consider the way in which its holding in its merits decision that the parody was “obvious” as a matter of law affected the strength-

of-the-litigating-positions analysis in this case. Even if in some cases a plaintiff cannot be sure whether a trademark infringement allegation will be sustained over a parody defense, where the parody was not obvious, here the parody was “obvious” as a matter of law. Hence, it was also obvious, as a matter of law, that the *Polaroid* factors heavily affected by whether a use is parodic would favor defendant. And because the other *Polaroid* factors already indisputably favored MOB from the start, the fact that MOB’s products were “obvious parody” should have told LV from the beginning that litigating likelihood of confusion was objectively unreasonable.

If affirmed by this Court, the decision below sends a disturbing message to plaintiffs like LV: because likelihood of confusion is based on many factors, trademark holders can always argue that they can’t be sure how the *Polaroid* test will come out. Under the decision below, plaintiffs with valid trademarks enjoy special protection against attorney fee liability when they sue parodists, because multi-factor tests supposedly make the outcome inherently uncertain; this stance encourages LV’s ability to engage in the bullying of its parodists and critics. That argument is a continuation of its effort, on appeal from the merits, to secure the adoption of a legal rule that claims about likelihood of confusion and the commercial impression of alleged parodies is always a question for the jury. *Supra* at 17. Under the district court’s approach, in future cases, no matter how plain a parody may be, a trademark

holder plaintiff can be confident that it will not have to pay the defendant's attorneys' fees.

On the district court's theory, a non-parodist defendant more easily gets fees awarded than a parodist defendant can. That approach stands on its head this Court's traditional solicitude for free expression in trademark cases. *Cliffs Notes v. Bantam Doubleday Dell Pub. Group*, 886 F.2d 490, 491 (2d Cir. 1989); *Rogers v. Grimaldi*, 875 F.2d at 998. Those considerations should also apply at the attorney fee stage. That MOB's use of LV's mark was an expressive one was an alternate ground for the summary judgment sought below, although the court below did not reach it.

On reasoning analogous to *Cliff Notes* and *Rogers*, the Court's application of *Octane Fitness* should provide greater protection for defendants who are sued over expressive use of trademarks. This Court and the court below predicated their merits rulings on the recognition that the parody here was "obvious." The Court should hold that suing over an **obvious** fair use is objectively unreasonable and makes a case "exceptional."

Moreover, in the course of the merits appeal, LV essentially gave away its claim that consumers experienced any likelihood of confusion, even though it persisted in appealing the infringement aspect of the summary judgment. First, the dilution part of its appellate brief, explaining the difference between dilution and

infringement, included the following statement: “The consumer often *knows* that the junior user is from a different source, but wants the fame the trademark conveys while buying the junior user’s products. **This is exactly what happened here . . .**” LV App Br. 35 (italicization in original; bold emphasis added). And at the outset of oral argument, when Judge Lynch focused on the lack of evidence supporting LV’s infringement claim, LV’s counsel deflected those questions by agreeing that it typically presents such evidence when suing for infringement, but “[i]n this case, we were focusing on trademark dilution, and dilution does not require a showing of likelihood of confusion.” DN No. 151-2; JA335. Wholly apart from the dilution claim, the infringement claim certainly was objectively baseless.

The trial court acknowledged the problem that LV can’t take a joke, and that LV needs to **learn** to take a joke. The prospect of a fee award is a significant incentive not to sue over obvious parodies, yet the trial court’s ruling, if affirmed, basically encourages LV to continue to sue over “obvious parodies.” The district court’s denial of fees for bringing an objectively unreasonable trademark infringement claim should be vacated.

C. LV’s Litigating Position on Its Dilution Claim Should Have Been Found Exceptional.

On the issue of the strength of LV’s litigating position on dilution, the trial

court did address the proper consideration—whether LV’s claims were “objectively unreasonable,” JA399—but the court’s discussion of this issue was seriously flawed, for several reasons.

First, the trial court ignored the fact that LV’s claim for dilution by blurring disintegrated during oral argument on the merits in this Court. Its counsel revealed that LV’s theory of blurring was that consumers would derive some cachet by carrying MOV’s canvas totes; as one judge remarked during oral argument, if made to a jury of eight reasonable New Yorkers, the blurring argument would have been “laughed out of the room.” JA388.⁵ Translated into *Octane Fitness* terms, LV’s argument for dilution by blurring was objectively unreasonable. But the court below never addressed whether that blurring theory was objectively unreasonable.

Second, unlike trademark infringement, the provision governing trademark dilution expressly provides that a successful parody provides a full fair use defense to a dilution claim. 15 U.S.C. § 1125(c)(3)(ii) (“fair use . . . including use in connection with . . . identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner”). Thus, the court’s finding, upheld on appeal, that MOB’s totes were an obvious parody means

⁵ MOB does not suggest that an observation by a single judge during oral argument constitutes any sort of ruling.

that the success of MOB's parody defense was a foregone conclusion.

To be sure, unlike resolution of the *Polaroid* likelihood of confusion factors, many of which were independent of LV's failings on the parody question, the "likelihood of blurring factors" were more closely bound up with the question of whether MOB's canvas totes were parodic. Consequently, had application of the statutory blurring factors tied up with the parody question been closer, LV would have had a good argument against invoking that part of the summary judgment analysis as a basis for finding its dilution claim objectively unreasonable. But the court below failed to account for the significance of its merits determination that the parody was "obvious." That being so, LV's dilution by blurring argument was bound to fail; LV had no excuse for bringing a dilution claim.

Nor could LV reasonably have relied on the contention, rejected by the district court in its merits decision, that MOB had used LV's mark as a designation of source. The district court concluded that LV "advanced colorable (albeit unsuccessful) arguments that MOB's tote bags designated LV as their source." JA400. But when ruling on the merits, neither the court below nor this Court treated LV's designation-of-source argument as colorable; both courts denounced the argument as deceptive. LV's designation-of-source argument rested entirely on its citation of a segment of Tara Martin's deposition, in which she had allegedly admitted that she had used the

LV marks as a designation of source. JA89. The district court, in granting summary judgment, stated that LV's had "mischaracterized [this] citation to the record." JA280. And this Court endorsed that ruling, endorsing its "determin[ation] that the testimony of MOB's CEO, upon which LV principally relie[d] to support [its designation-of-source contention], unambiguously refers to the likelihood of consumer confusion, not the designation of source." JA303.

LV had **no** evidence on the designation-of-source issue when it filed this case, or at any time thereafter, and hence no reasonable expectation that its dilution claim was viable. Indeed, all of the evidence was against LV's "designation of source argument"—as this Court said in affirming on the merits, "the nature of MOB's business—it sells quite ordinary tote bags with drawings of various luxury-brand handbags, not just LV's, printed thereon—and the presence of "My other bag," an undisputed designation of source, on one side of each bag, independently support summary judgment for MOB on this designation-of-source issue." JA303. LV's cannot rest on its own misstatement of the evidence to claim "a colorable argument" against the parody defense.

Finally, the district court noted LV's reliance on its victory in *Hyundai* as "a prior decision in this District that arguably supported its claims," JA399, and concluded that LV's arguments were, therefore, "not objectively unreasonable." *Id.*

But whatever the broadly-criticized *Hyundai* decision might conceivably have done for LV, it could not have helped LV confront the parody defense that condemned LV's blurring claim to failure, for the very reason that Hyundai's CEO disclaimed, during his deposition, any intent to parody LV. JA276. LV apparently found this response persuasive, because it did not cite *Hyundai* to this Court. In this respect, as well, the trial court's assessment of LV's claims for the purpose of deciding whether to award attorneys' fees was at odds with its assessment at the summary judgment stage. Its finding that the dilution claim was not "exceptional" should likewise be vacated.

D. Considerations of Compensation and Deterrence Ignored or Understated Below Support a Finding That This Lawsuit Was Exceptional.

The *Fogerty* factors of compensation and deterrence also support an award of attorneys' fees. Plaintiff was a huge company picking on a small one, a factor that many courts have considered in deciding whether a trademark suit is exceptional.⁶

⁶ *Noxell Corp. v. Firehouse No. 1 Barbeque Rest.*, 771 F.2d 521, 526-527 (D.C. Cir. 1985) (plaintiff was large conglomerate; defendant was firefighter trying to start 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*

Had defendant's private firm counsel not been willing to forebear from demanding payment for more than 1500 hours of legal time that they had to expend to defend this case, JA307-308, the mere cost of mounting a successful defense could have put defendant out of business. JA321. 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 consideration supports an award of attorneys' fees.

Moreover, LV's complaint included deliberately intimidating claims for treble damages and the like, JA49, although its director of intellectual property admitted during deposition, JA61, that LV had no evidence of lost sales or any diminution of its brand's iconic stature as a result of MOB's totes. And this case is just the latest example of LV's penchant for threatening or pursuing trademark enforcement action against those who use its marks for the purpose of commentary and parody. This tendency over the years has given LV a reputation in the community as a shameless trademark bully. See Grinvald, *Shaming Trademark Bullies*, 2011 Wis. L. Rev. 625, 652 n.156 (2011); Frankel, *Louis Vuitton and Penn offer unintended lesson in*

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"). See also *Lotus Development Corp. v. Borland Intern.*, 140 F.3d 70, 74-75 (1st Cir. 1998) (opposing litigants' similar size and equal ability to finance litigation was reason **not** to find the case exceptional).

trademark law, Reuters (May 9, 2012), <http://blogs.reuters.com/alison-frankel/2012/03/09/louis-vuitton-and-penn-offer-unintended-lesson-in-trademark-law/>.

As explained below, LV's repeated threats and suits included ones against Nadia Plessner over a T-shirt with a Darfurian child holding an LV bag (she stopped selling the shirt) and over the same image in a painting called "Darfuria," Plesner, *Simple Living & Darfurnica*, <http://www.nadiaplesner.com/simple-living-darfurnica/>; against a Japanese fashion museum that included a series of locust-shaped sculptures called "BATTA Mon" carrying allegedly counterfeit LV bags (batta-mon means "knockoff"), Makarova, *Louis Vuitton's Discriminating Support for Contemporary Art*, Art Asia Pacific, <http://artasiapacific.com/Magazine/70/LouisVuittonsDiscriminatingSupportForContemporaryArt>; against 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*, *Louis Vuitton Malletier v. Warner Bros. Entm't*, 868 F. Supp. 2d 172 (S.D.N.Y. 2012); against University of Pennsylvania Law School over posters for a symposium that included a parody of LV's toile monogram, 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/>; and against dog toy maker Haute Diggity Dog

for its “Chewy Vuitton” toys, *Louis Vuitton v. Haute Diggity Dog*, 507 F.3d 252, 260 (4th Cir. 2007).

When the targets of these threats could obtain pro bono counsel (as here), or when they were attached to substantial institutions that could afford to litigate using high-powered counsel, they were able to resist. Targets who do not have such resources must generally give up.

The trial court’s response to the problem of trademark bullying and over-aggressive enforcement missed the larger point about “compensation and deterrence.” It observed that, given how big LV is, it is not surprising that it often brings trademark litigation, and it noted that MOB had only cited “a few isolated examples of arguable overreach.” JA402-403. It concluded that such examples did not add up to a pattern of “litigation abuse on a systematic level,” and that in some cases those matters “were resolved amicably.” JA403. The court’s response misses the point; when the recipient of a threat of litigation simply backs down, that is not “amicable resolution,” and it doesn’t take many publicized “examples” of successful bullying to convey the lesson to future potential commenters that defying a demand from LV is an expensive proposition no matter how meritorious the defense. For example, in the case of the maker of the dog toys, Haute Diggity Dog, eventually won its motion for summary judgment and prevailed in the Fourth Circuit, but incurred \$200,000 of

fees at the district court level alone. Flandez, *A Tiny Firm Wins “Chewy Vuiton” Suit, But Still Feels a Bite* (Wall Street Journal, Nov. 28, 2006), <https://www.wsj.com/articles/SB116467346662633964>. Like MOB, that company lost distributors and had merchandise returned because of the lawsuit. *Id.* Those losses are not recoverable.

Awarding attorneys’ fees to meritorious fair users when LV sues over “obvious parody” creates the right set of incentives for LV and other trademark owners. Indeed, although Mattel acquired its own reputation as a trademark bully through litigation such as *Walking Mountain* and *Mattel v. MCA Records*, 296 F.3d 894 (9th Cir. 2002), its well publicized losses in those cases, coupled with the salutary effects of the attorney fee award on remand from the Ninth Circuit in *Walking Mountain*, appears to have encouraged Mattel to be a more responsible trademark litigant.⁷ An award of attorney fees in this case could have the same impact on LV, at the same time that it would, as the Supreme Court said in the copyright context, give parodists targeted by meritless trademark claims “every incentive to keep fighting.” *Kirtsaeng v. John Wiley & Sons*, 136 S. Ct. 1979, 1986 (2016).

The trial court also erred in its view that a court should hesitate to award fees

⁷ A Westlaw search for decisions on Lanham Act suits by Mattel identified one ruling, on cybersquatting, since the *Walking Mountain* fee award.

against trademark owners because “the law compels trademark owners to police their marks or risk losing their rights.” JA402. Trademark owners already have ample incentives to enforce when needed. The potential for loss of rights is not the main incentive, because that is quite rare outside the prospect of trademark genericide, not at issue here; the main incentives are that truly infringing competitors will cost them business (which LV admitted below is **not** the case here, JA61), and that the law enables them to recover the infringer’s profits, their own damages, and indeed treble damages and attorneys’ fees in appropriate cases. 15 U.S.C. §§ 1117(a), (b) and (c).

Moreover, the trial court paid no heed to the incentives for parodists and critics. For them, the lesson from this case is that, because a trademark holder can always complain that it has to guess how multi-factor tests will be resolved, parodists can never have realistic expectations of recovering fees. Thus, the next time LV issues blustering threats of litigation against an expressive user of LV’s marks, counsel for the threat’s target might well be able to advise that the expressive user has a good chance of getting summary judgment. However, responsible counsel must also point to this case, and warn that defending a trademark case can easily cost over half a million dollars. AIPLA, *2017 Report of the Economic Survey* 52 (2018) (reporting survey data about typical costs of trademark litigation).

Because the trial court ignored the perverse incentives that its ruling creates for

trademark holders, while eviscerating needed incentives for parodists and other expressive users, the Court should vacate the denial of fees under the Lanham Act and remand for further consideration under a proper standard.

IV. THE TRIAL COURT’S RULING ON COPYRIGHT FEES SHOULD ALSO BE VACATED.

Section 505 of the Copyright Act provides that courts “may . . . award a reasonable attorney’s fee to the prevailing party.” To determine whether the defense of a copyright claim warrants a fee award, courts must consider the following non-exhaustive list of factors: “frivolousness, motivation, objective unreasonableness[,] and the need in particular circumstances to advance considerations of compensation and deterrence.” *Kirtsaeng v. John Wiley & Sons*, 136 S. Ct. 1979, 1985 (2016). Substantial weight must be given to objective reasonableness, but that “can only be an important factor in assessing applications, not the controlling one.” *Id.* at 1988. As the Court said in *Kirtsaeng*, “fee awards under §505 should encourage the types of lawsuits that promote [the statutory] purpose of enriching the general public through access to creative works . . . [and] encouraging and rewarding authors’ creations while also enabling others to build on that work.” *Id.* at 1986 (citations omitted).

The goal, said *Kirtsaeng*, is to ensure that “a person defending against a

patently meritless copyright claim has every incentive to keep fighting. . . . [This serves to] promote the Copyright Act’s purposes, by enhancing the probability that both creators and users . . . will enjoy the substantive rights the statute provides.” *Id.* at 1986-87. The Copyright Act’s purposes are furthered by discouraging claims like LV’s— “compensation and deterrence may be required where a party is forced to . . . defend against objectively unreasonable claims.” *Jovani Fashion v. Cinderella Divine*, 820 F. Supp. 2d 569, 574 (S.D.N.Y. 2011). “When a litigant—whether plaintiff or defendant—is clearly correct, the likelihood that he will recover fees from the opposing (i.e., unreasonable) party gives him an incentive to litigate the case all the way to the end,” and awarding fees to a party defending against such a claim “promote[s] the Copyright Act’s purposes.” *Kirtsaeng*, 136 S. Ct. at 1986-87.

MOB sought summary judgment on LV’s copyright claim both because MOB had not made an infringing copy, particularly considering that the toile pattern was first published over 100 years ago and hence is in the public domain, and because its version of the image was fair use. JA167-173. The district court addressed only the fair use ground.⁸ Seeking fees, MOB urged that LV’s copyright claim was

⁸ Although the trial court could properly decide not to address the question whether there was an infringing copy because fair use was an alternate ground for summary judgment, it could not ignore the former issue in deciding whether LV had an objectively unreasonable copyright claim.

objectively unreasonable because every judge that considered the merits rejected LV's claims,⁹ because MOB's parody was "obvious," and because LV leaned heavily on a patent misstatement of the law: it cited *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 562 (1985), for the proposition that commercial use presumptively defeats fair use, even though the Supreme Court abrogated that rule in *Campbell v. Acuff-Rose Music*, 510 U.S. 569 (1994). Considerations of compensation and deterrence included the fact that LV was invoking a theoretical copyright claim as a cudgel to advance a trademark claim, that LV has a history of suing and threatening commenters, and that a big company was picking on a little one.

The trial court's consideration of MOB's copyright fees application reflected several fundamental misconceptions about the applicable law. Most strikingly, it said that its resolution of MOB's Lanham Act fees application "all but compel[led] denial of its application under the copyright Act," JA404, that an award of copyright fees against a plaintiff is "draconian," JA405, and that fees had to be denied because LV's copyright claim was not "exceptional." *Id.* Unlike the Lanham Act, section 505 of the Copyright Act does not confine fee awards to exceptional cases. The Supreme Court in *Octane Fitness* drew on dictionary definitions in holding that "exceptional"

⁹ In *Kirtsaeng*, several judges and Justices agreed with the losing plaintiff.

required that fees be limited to cases that were “uncommon,” unusual,” or “not run-of-the-mill.” Thus, although fee awards under both statutes require consideration of the same multivariate factors, there is no statutory requirement that fees in copyright cases be limited even to a minority of cases, certainly not to a **small** minority of cases. *See* 17 U.S.C. § 505.

Second, the court below indicated that, as with the trademark claim, the fact that fair use turns on a multifactor test militated against an award of fees because such tests make it too hard for plaintiffs to be sure that they cannot overcome a fair use defense. Indeed, said the court, “one prong of the fair use inquiry, commerciality, favored LV (although the Court did not ultimately weigh that factor heavily in its analysis.” JA405. But commercial character is not a fair use factor; it only has some bearing on the first fair use factor, the “purpose and character of the use.” Under Second Circuit law the key question with respect to the first factor is whether the use is transformative. *Authors Guild v. Google*, 804 F.3d 202, 214 (2d Cir. 2015). The trial court recognized that MOB’s use of a cartoon version of the multicolore design, with the initials MOB substituted for the initials LV, was transformative, JA291-292, and in affirming this Court certainly held that the first fair use factor favored MOB because it “constitutes transformative use.” JA303. This merits analysis recognized that commerciality is a subordinate matter in factor one analysis; the trial court

wrongly took the opposite tack in deciding fees.

Additionally, there was no uncertainty over the fourth fair use factor. The district court had found “any reasonable observer would grasp” that MOB’s totes were not a market replacement for LV’s handbags. JA292. And, in any event, LV admitted it was not aware of any decrease in sales attributable to MOB’s totes. JA61.

Moreover, the trial court’s discussion of the copyright fees issue did not expressly touch on considerations of compensation and deterrence, a plain legal error under *Kirtsaeng*. Presumably, its statement that its analysis of the Lanham Act fees compelled denial of copyright fees was meant to encompass the court’s discussion of compensation and deterrence in the Lanham Act context, but there is a key distinction between the two statutes: unlike the purported legitimacy of trademark owners worrying about the impact of failing to police use of its mark, cited by the court below on the issue of Lanham Act fees, a copyright owner never risks diminishing the strength of his copyright by failing to enforce it. Thus, the lower court’s sympathy for the plight of trademark owners, even if sound in that context, has no application to copyright owners. Ignoring this difference was an additional legal error that warrants vacating the ruling below on copyright fees.

Indeed, copyright holders have an additional financial incentive to enforce their rights against true infringers. Under 17 U.S.C. § 504, copyright holders that have

suffered no damages at all are entitled to recover statutory damages of at least \$750 and as much as \$30,000 per infringement, and as much as \$150,000 in statutory damages if the infringement is willful. The courts can preserve the Supreme Court's stated goal of ensuring that defendants have a financial incentive to defend the public domain that is at least equal to the financial incentive of copyright holders to enforce their rights by ensuring that, when the defendant secures summary judgment based on the conclusion that it was engaged in "obvious parody," the law should presume an award of attorney fees against the plaintiff.

In weighing copyright fees, the trial court paid no heed to the important public interest in protecting freedom of expression and the First Amendment values that copyright's fair use defense enforces. Its exclusive focus on the plight of the downtrodden intellectual property owner, which must supposedly sue or lose its rights, risks a judicial imprimatur on a litigant that has shown no compunction against pursuing those who seek to comment on its iconic status. A fee award can help point LV in the right direction in future cases, while providing needed encouragement for free expression and the public domain.

CONCLUSION

The order of the district court denying MOB's application for attorneys' fees under the Lanham and Copyright Acts should be vacated. The case should be

remanded for consideration of the application under legal standards enunciated by the Court.

Respectfully submitted,

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**CERTIFICATE OF COMPLIANCE
WITH LOCAL RULE 32.1 and APPELLATE RULE 32(a) and (f)**

1. This brief complies with the word limitation of Circuit Rule 32.1(a)(4)(A) because it contains 13,691 words, excluding the parts of the brief exempted by Rule 32(f) of the Federal Rules of Appellate Procedure.

2. This brief complies with the typeface requirements of Rule 32(a)(5) of the Federal Rules of Appellate Procedure and with the type-style requirements of Rule 32(a)(6) because the brief has been prepared using Word Perfect 8 in a proportionally spaced typeface, namely, Times New Roman font in size 14.

/s/ Paul Alan Levy
Lead Counsel for My Other Bag, Inc.

June 6, 2018

CERTIFICATE OF SERVICE

I hereby certify that, on this 18th day of June, 2018, I am causing this Corrected Brief and Special Appendix to be filed using the Court's ECF system, which will effect electronic service on all parties. The original version, as well as the Joint Appendix, were e-filed on June 8, 2018.

/s/ Corey Donaldson
Corey Donaldson

SPECIAL APPENDIX

STATUTORY PROVISIONS INVOLVED

Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1), provides in relevant part:

(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;

* * *

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Section 35(a)-(c) of the Lanham Act, 15 U.S.C. § 1117(a)-(c), provides:

(a) Profits; damages and costs; attorney fees When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) Treble damages for use of counterfeit mark In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section 220506

of title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of—

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of title 26, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

(c) Statutory damages for use of counterfeit marks In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of—

(1) not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

Section 43(a) and (c) of the Lanham Act, 15 U.S.C. § 1125(a) and (c), provide in relevant part:

(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,

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.

* * * *

(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

* * *

(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.

(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—

* * *

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

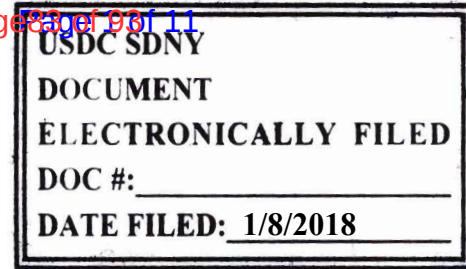
Section 107 of the Copyright Act, 17 U.S.C. § 107, provides as follows:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

Section 505 of the Copyright Act, 17 U.S.C. § 505, provides in relevant part as follows:

. . . Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
LOUIS VUITTON MALLETIER, S.A.,	:	
	:	
Plaintiff,	:	14-CV-3419 (JMF)
	:	
-v-	:	<u>OPINION AND ORDER</u>
	:	
MY OTHER BAG, INC.,	:	
	:	
Defendant.	:	
-----X	:	

JESSE M. FURMAN, United States District Judge:

In this action, familiarity with which is assumed, Louis Vuitton Malletier, S.A. (“Louis Vuitton”) brought claims against My Other Bag, Inc. (“MOB”) for trademark infringement, trademark dilution, and copyright infringement. Louis Vuitton’s claims related to MOB’s production and sale of canvas tote bags parodying Louis Vuitton’s iconic handbags by evoking “the classic ‘my other car . . . ’ novelty bumper stickers.” *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.* (“*MOB Dist. Ct. Op.*”), 156 F. Supp. 3d 425, 430 (S.D.N.Y. 2016). On January 6, 2016, the Court issued an Opinion and Order granting MOB’s motion for summary judgment in its entirety. *See id.* The Second Circuit affirmed, *see Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 F. App’x 16 (2d Cir. 2016) (summary order), and the Supreme Court later denied Louis Vuitton’s petition for the writ of certiorari, *see Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 138 S. Ct. 221 (2017). MOB now moves, pursuant to the Lanham Act and the Copyright Act, for attorney’s fees and costs. (Docket No. 143). For the reasons that follow, that motion is denied.

FEES UNDER THE LANHAM ACT

Section 35(a) of the Lanham Act provides that a district court “in exceptional cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). Applying that provision, the Second Circuit has long required that a prevailing defendant in a trademark infringement case show “fraud or bad faith” to receive attorney’s fees. *See Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1383 (2d Cir. 1993); *see also Patsy’s Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 221 (2d Cir. 2003). In *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), however, the Supreme Court rejected a similar standard in interpreting parallel language in the Patent Act, 35 U.S.C. § 285. Instead, relying in part on “the Lanham Act’s identical fee-shifting provision,” the Court concluded that an “exceptional case,” given the “totality of the circumstances,” 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.* at 1756 (internal quotation marks omitted). Nonexclusive factors that may inform the “exceptional case” analysis include “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 (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 n.19 (1994)); *see also Beastie Boys v. Monster Energy Co.*, 112 F. Supp. 3d 31, 46 (S.D.N.Y. 2015).

Most courts that have addressed the issue since *Octane Fitness*, including courts in this District, have held that the Supreme Court’s decision applies to fee applications under the Lanham Act as well. *See, e.g., SunEarth, Inc. v. Sun Earth Solar Power Co.*, 839 F.3d 1179, 1181 (9th Cir. 2016) (en banc) (per curiam); *Baker v. DeShong*, 821 F.3d 620, 624 (5th Cir.

2016); *Georgia-Pac. Consumer Prods. LP v. von Drehle Corp.*, 781 F.3d 710, 721 (4th Cir. 2015); *Slep-Tone Entm't Corp. v. Karaoke Kandy Store, Inc.*, 782 F.3d 313, 317-18 (6th Cir. 2015); *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303, 314-15 (3d Cir. 2014); *VIDIVIXI, LLC v. Grattan*, No. 15-CV-7364 (JGK), 2016 WL 4367972, at *3 (S.D.N.Y. Aug. 13, 2016); *Beastie Boys*, 112 F. Supp. 3d at 46. The Second Circuit, however, has not resolved that question, opting on two occasions to defer it to another day. *See Dynamic Concepts, Inc. v. Tri-State Surgical Supply & Equip. Ltd.*, No. 15-0563-CV, 2017 WL 5176230, at *8 (2d Cir. Nov. 8, 2017) (summary order); *Penshurst Trading Inc. v. Zodax L.P.*, 652 F. App'x 10, 12 (2d Cir. 2016) (summary order). In theory, that raises the difficult question of whether the Second Circuit's prior precedent remains good law or whether it has been superseded by *Octane Fitness*. The Court, however, need not answer that question because, even if the more lenient *Octane Fitness* standard applies, it concludes that MOB's application for fees and costs should be denied. *See, e.g., Penshurst Trading Inc. v. Zodax LP*, No. 14-CV-2710 (RJS), 2015 WL 4716344, at *2 (S.D.N.Y. Aug. 7, 2015) ("In any event, whether or not the Court applies the slightly more lenient standard set forth in *Octane Fitness* to Plaintiffs [sic] Lanham Act claims, the Court concludes that this case is not 'exceptional' as necessary to justify the award of attorneys' fees."), *aff'd*, *Penshurst*, 652 F. App'x 10.

The Court reaches that conclusion for several reasons. First, and most significantly, although the Court (and, by all appearances, the Second Circuit) did not find this case to be a particularly close call, it cannot say that Louis Vuitton's arguments were so objectively unreasonable (as either a legal or factual matter) that no party "could see an opening . . . through which the argument[s] could be squeezed." *Small v. Implant Direct Mfg. LLC*, No. 06-CV-683 (NRB), 2014 WL 5463621, at *3 (S.D.N.Y. Oct. 23, 2014) (first alteration in original) (quoting

EON Corp. IP Holdings LLC v. Cisco Sys. Inc., No. 12-CV-1011 (JST), 2014 WL 3726170, at *5 (N.D. Cal. July 25, 2014)). Each of Louis Vuitton’s trademark claims — dilution by blurring and infringement — required the application of a fact-intensive, multifactor analysis, *see* 15 U.S.C. § 1125(c)(2)(B); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961), making it difficult for Louis Vuitton to predict the likelihood of success on the merits. Indeed, as the Court noted in its opinion granting summary judgment to MOB, the blurring analysis is generally “subtle,” *MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 432 (quoting *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 521-22 (S.D.N.Y. 2008)), leaving room for a range of reasonable assessments about the merits of a given argument. Similarly, in part because “normal application of the *Polaroid* test” to trademark infringement claims “is at best awkward in the context of parody, which must evoke the original and constitutes artistic expression,” *MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 441 (citation and internal quotation marks omitted), Louis Vuitton’s infringement arguments cannot be viewed as “frivolous or a mere shakedown,” *Penshurst*, 652 F. App’x at 12 (internal quotation marks omitted).

It is true that the Court ultimately found that MOB’s totes were “obvious[ly]” parodies of Louis Vuitton’s handbags. *MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 443, 445. Notably, however, the use of a mark as parody does not necessarily resolve either a dilution or an infringement claim. Significantly, on the dilution front, Louis Vuitton had obtained a prior decision in this District that arguably supported its claim. *See Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10-CV-1611 (PKC), 2012 WL 1022247 (S.D.N.Y. Mar. 22, 2012). (*See also* Docket No. 160 (“Pl. Mem.”), at 10-11). The Court ultimately found that decision both flawed and distinguishable, *see MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 436 & n.4, but it plainly supports the notion that Louis Vuitton’s arguments were not objectively unreasonable. Additionally, parody

does not even constitute a “fair use” where the trademark is used as a designation of source, *see* 15 U.S.C. § 1125(c)(3); *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 106 (2d Cir. 2009), and Louis Vuitton advanced colorable (albeit unsuccessful) arguments that MOB’s tote bags designated Louis Vuitton as their source. Ultimately, “[m]ere assertions that a party’s arguments were without merit are generally unavailing; rather, courts are more likely to award fees where a party knew or willfully ignored evidence of his claims’ meritlessness, where such meritlessness could have been discovered by basic pre-trial investigation, or where such meritlessness is made clear to the court early in the litigation.” *Small*, 2014 WL 5463621, at *3. The record here does not support such a finding about Louis Vuitton or its claims.

The Court is also unpersuaded by MOB’s arguments that Louis Vuitton’s claims were “factually untenable” because Louis Vuitton did not introduce evidence regarding the loss of sales or diminution of its iconic status, conduct surveys demonstrating actual consumer confusion, or retain expert witnesses. (Docket No. 154 (“Def. Mem.”), at 14-15). Notably, MOB does not identify (and the Court has not found) any case in which a trademark plaintiff’s claims have been found objectively unreasonable for failure to retain an expert or to submit survey evidence or the like. Nor is that surprising. For one thing, the Lanham Act provides that dilution is actionable “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” 15 U.S.C. § 1125(c)(1). Indeed, the purpose of the dilution by blurring analysis is to ascertain whether a use is “likely” to cause dilution of the distinctiveness of a mark; it does not require proof that the mark has already become “less iconic.” (Def. Mem. 14). Moreover, no one factor in either the blurring or the infringement test is controlling. *See, e.g., Starbucks*, 588 F.3d at 107; *Gruner + Jahr USA Publ’g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993). Thus, Louis Vuitton was not required to put forth

any specific category of evidence, including proof of actual consumer confusion, to make its case. The absence of such evidence certainly made Louis Vuitton less likely to prevail on the merits, but it did not render its case so “untenable” that it would support an award of fees.

Next, the Court rejects MOB’s contention that Louis Vuitton litigated this case in an exceptionally vexatious and coercive manner. As the Supreme Court noted in *Octane Fitness*, a “district court may award fees in the rare case in which a party’s unreasonable conduct — while not necessarily independently sanctionable — is nonetheless so ‘exceptional’ as to justify an award of fees.” 134 S. Ct. at 1757. “[M]ost cases awarding fees,” however, “involve *substantial* litigation misconduct.” *Small*, 2014 WL 5463621, at *4 (emphasis added) (citing cases); *see, e.g., Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC*, No. 08-CV-0442 (DLC), 2016 WL 1328936, at *3 (S.D.N.Y. Apr. 5, 2016) (awarding fees where “bad faith litigation tactics” necessitated “burdensome and time-consuming” responsive measures), *aff’d*, 679 F. App’x 33 (2d Cir. 2017). Louis Vuitton’s tactics here did not rise to that level. MOB claims that its adversary mischaracterized the deposition testimony of MOB’s principal, Tara Martin; improperly “include[d] long passages of argument about the evidence into its response to MOB’s Statement of Material Facts”; filed separate motions to strike MOB’s fact and expert witnesses; and “evaded the Court’s page limits by squeezing extra text into its opposition to MOB’s motion for summary judgment.” (Def. Mem. 15-17). Much of this behavior, however, was well within the metes and bounds of acceptable, if aggressive, litigation tactics. And the conduct that arguably crossed those metes and bounds — for example, purportedly filing oversize or improperly spaced briefs without permission — is, in the Court’s experience, not particularly uncommon, even if it is regrettable. It follows that Louis Vuitton’s conduct comes nowhere near qualifying as “exceptional” for purposes of awarding attorney’s fees.

In the final analysis, the strongest argument for awarding MOB attorney's fees and costs may be the need to deter litigation abuse. As MOB demonstrates, (Def. Mem. 18-21), Louis Vuitton's aggressive efforts to protect its trademarks have, on occasion, veered toward the unseemly, earning it a reputation in some quarters as a "trademark bully." Leah Chan Grinvald, *Shaming Trademark Bullies*, 2011 Wis. L. Rev. 625, 651 n.156 (2011); Alison Frankel, *Louis Vuitton and Penn Offer Unintended Lesson in Trademark Law*, Reuters (Mar. 9, 2012), <http://blogs.reuters.com/alison-frankel/2012/03/09/louis-vuitton-and-penn-offer-unintended-lesson-in-trademark-law>. (See also Docket No. 151, Ex. A, at 9). Moreover, overzealous enforcement raises special concerns where, as here, litigation is brought by the proverbial Goliath against the proverbial David. See, e.g., *Leibovitz v. Paramount Pictures Corp.*, No. 94-CV-9144 (LAP), 2000 WL 1010830, at *5 (S.D.N.Y. July 21, 2000); *Littel v. Twentieth Century-Fox Film Corp.*, No. 89-CV-8526 (DLC), 1996 WL 18819, at *3 (S.D.N.Y. Jan. 18, 1996). Several considerations, however, weigh against awarding MOB fees and costs on that basis. First and foremost, the Court is sensitive to the fact that the law compels trademark owners to police their marks or risk losing their rights. See, e.g., *Malaco Leaf, AB v. Promotion in Motion, Inc.*, 287 F. Supp. 2d 355, 364-65 (S.D.N.Y. 2003) (noting that an owner's trademark "may become generic, meaning commonly used and not entitled to protection, as a result of the trademark owner's failure to police [it]" (alteration in original) (internal quotation marks omitted))). That is, there is good reason for Louis Vuitton to aggressively seek enforcement of its marks, and a court should proceed cautiously before imposing fees on a trademark owner, lest it present trademark owners with the Hobson's Choice of either defending their marks and risking punitive attorney's fee awards or turning a blind eye to infringement and dilution and risking the loss of their rights.

Second, the Court would need a far better record before adding its judicial imprimatur to the “trademark bully” label. That is, given the size and nature of Louis Vuitton’s business, it is no surprise that the company is involved in a lot of trademark litigation. Notably, however, Louis Vuitton has prevailed in much of that litigation. (*See* Pl. Mem. 22 & n.13). Thus, MOB’s ability to cite a few isolated examples of arguable overreach — some of which were resolved amicably, no less — does not provide a statistically significant basis to conclude that Louis Vuitton has engaged in litigation abuse on a systemic level. Finally, its conclusory aspersions regarding Louis Vuitton’s motives aside, MOB does not point to any concrete evidence suggesting that Louis Vuitton was solely, or even primarily, motivated *in this case* by an improper desire to chill parody or stamp out a smaller competitor. *Cf. Gust, Inc. v. AlphaCap Ventures, LLC*, 226 F. Supp. 3d 232, 245 (S.D.N.Y. 2016) (“The boilerplate nature of [Plaintiff’s] complaint, the apparent absence of any reasonable pre-suit investigation, and the number of substantially similar lawsuits filed within a short time frame, suggest that [Plaintiff’s] instigation of baseless litigation is not isolated to this instance, but is instead part of a predatory strategy aimed at reaping financial advantage from the inability or unwillingness of defendants to engage in litigation when faced with even frivolous patent lawsuits.”), *reconsideration denied*, No. 15-CV-6192 (DLC), 2017 WL 2875642 (S.D.N.Y. July 6, 2017).

In short, considering the totality of the circumstances — including Louis Vuitton’s nonfrivolous arguments in support of its trademark claims, the minimal evidence of improper conduct throughout the litigation, and the absence of proof that Louis Vuitton brought its claims solely because of an improper motive — the Court finds that this case is not “exceptional” within the meaning of *Octane Fitness* and that fees under the Lanham Act are therefore unwarranted.

FEES UNDER THE COPYRIGHT ACT

MOB also seeks attorney's fees under the Copyright Act, which provides that a district court may "award a reasonable attorney's fee to the prevailing party" in a copyright action. 17 U.S.C. § 505. Fee awards are not "automatic" or granted as "a matter of course," but rather are committed to the discretion of the court. *Fogerty*, 510 U.S. at 520, 533. A fee award may be appropriate when it serves copyright law's ultimate purpose of "enriching the general public through access to creative works" by "encouraging and rewarding authors' creations while also enabling others to build on that work." *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1079, 1086 (2016) (quoting *Fogerty*, 510 U.S. at 527). The inquiry is guided by the same nonexclusive factors cited by the Supreme Court in *Octane Fitness*: frivolousness, motivation, unreasonableness, and the need for compensation and deterrence. *See Fogerty*, 510 U.S. at 534 n.19. Although a district court should "give substantial weight to the objective reasonableness of the losing party's position" in determining whether attorney's fees are appropriate, it "must also give due consideration to all other circumstances relevant to granting fees; and it retains discretion, in light of those factors, to make an award even when the losing party advanced a reasonable claim or defense." *Kirtsaeng*, 136 S. Ct. at 1083.

The analysis and conclusions above with respect to MOB's application under the Lanham Act all but compel denial of its application under the Copyright Act. Indeed, only a few additional comments are in order. First, as the Court noted in its summary judgment opinion, the fact that MOB's works were clear parodies of Louis Vuitton's works was not dispositive. *See MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 444 ("[P]arody, 'like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.'" (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 581 (1994))). Instead, as with

its trademark claims, Louis Vuitton’s copyright claim turned on the application of a fact-intensive, multifactor test. *See* 17 U.S.C. § 107. In part for that reason, the Court cannot say that Louis Vuitton’s arguments were frivolous or baseless, let alone that the company itself believed them to be so. In fact, one prong of the inquiry, commerciality, favored Louis Vuitton (although the Court did not ultimately weigh that factor heavily in its analysis). *See MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 444-45. Nor can the Court say that Louis Vuitton pressed its copyright arguments in a way that would justify a fee award. MOB properly takes Louis Vuitton to task for urging the Second Circuit to apply a rule (namely, that commercial uses of copyrighted material are presumptively unfair) that was abrogated by the Supreme Court in 1994. *See Campbell*, 510 U.S. at 584. But that impropriety does not, by itself, call for the draconian shifting of fees. *See, e.g., Leibovitz*, 2000 WL 1010830, at *2-4 (declining to find that a plaintiff’s arguments opposing a fair use defense were objectively unreasonable where the plaintiff primarily cited “easily distinguishable cases” and “relied largely on pre-*Campbell* case law which held that every commercial use was presumptively unfair”). And finally, MOB’s own contentions that Louis Vuitton dedicated insufficient space in its briefs and performed a conclusory analysis to rebut MOB’s fair use defense are unavailing. “[A]t its core,” this case may well have been more of a trademark case than a copyright case. *MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 443 (internal quotation marks omitted). But Louis Vuitton’s copyright claim was not so weak as to render its pursuit exceptional, thereby warranting a fee award.

CONCLUSION


As this Court’s decision granting summary judgment to MOB made clear, Louis Vuitton certainly needs to learn how to take a joke. *See MOB Dist. Ct. Op.*, 156 F. Supp. 3d at 446 (“In some cases . . . it is better to accept the implied compliment in a parody and to smile or laugh

than it is to sue. This . . . is such a case.” (citations, brackets, and internal quotation marks omitted)). Its lack of a refined sense of humor, however, is not a reason to pile on further by awarding MOB — however sympathetic its cause may be — attorney’s fees and costs. Accordingly, and for the reasons stated above, MOB’s motion for attorney’s fees is denied.

The Clerk of Court is directed to terminate Docket No. 124.

SO ORDERED.

Date: January 8, 2018
New York, New York



JESSE M. FURMAN
United States District Judge