

# No. 18-293

United States Court of Appeals  
for the Second Circuit

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LOUIS VUITTON MALLETTIER, S.A.

Plaintiff-Appellee,

v.

MY OTHER BAG, INC.,

Defendant-Appellant.

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

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**REPLY BRIEF FOR DEFENDANT-APPELLANT**

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## INTRODUCTION

In its opening brief, defendant-appellant My Other Bag, Inc., (“MOB”) presented four issues for the Court’s review:

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?

Plaintiff-appellee Louis Vuitton Malletier (“LV”) has not presented any counter-statement of the issues under Rule 28(b)(2), and its responsive brief fails to respond directly to most of the second, third and fourth questions in its defense of the district court’s decision. Moreover, LV argues that the first half of the first question—that is, whether *Octane Fitness* provides the proper standard for an award of attorney fees under the Lanham Act—is not squarely presented for the Court’s review because LV

should prevail under the *Octane Fitness* standard.

A proper answer to each of the four questions presented requires reversal of the order denying fees and a remand to the district court: either reversal and remand to allow the court below to decide the amount of fees to be awarded, or reversal to allow the district court below to apply the proper legal standard to the issue of liability for fees under either the Lanham Act or the Copyright Act.

## ARGUMENT

### **I. The Trial Court Applied the Wrong Legal Standard in Purporting to Follow *Octane Fitness*, Which Governs Lanham Act Fee Applications.**

The first issue on which this appeal turns has two parts—(a) whether the construction that the Supreme Court placed on the term “exceptional” in the Patent Code also governs the construction of that term in the Lanham Act, and (b) if so, whether the district court gave *Octane Fitness*’s understanding of the “exceptional cases” standard too narrow a scope. LV urges the Court not to decide whether *Octane Fitness* governs this case because, it says, it wins either way. At the same time, it stoutly defends the district court’s erroneous application of *Octane Fitness*.

LV offers no good reason why this Court should leave trial judges in this Circuit in any doubt about whether *Octane Fitness* governs Lanham Act fee applications. It offers no reason why the Court should defer joining the several other

circuits—indeed every circuit to have addressed the issue—in holding that *Octane Fitness* supplies the governing standard in Lanham Act cases. If the Court leaves that question open, trial judges who decide to award fees under the Lanham Act will have to address the issue under both *Octane Fitness* and this Court’s previous bad faith standard. In deciding this appeal, the Court will be modeling for district courts how they should be deciding future cases under *Octane Fitness*; indeed, the court will be addressing several issues about how that case’s standards apply. Not only would that be a waste of resources in this Court if bad faith is still the standard, but forcing trial judges to resolve Lanham Act fee applications under two separate standards scarcely serves interests in judicial economy. Nor would it serve the interests of potential litigants who are trying to assess the financial implications of the objective weight of their claims and defenses—that is, whether to undertake the significant expense of asserting a fair use defense or simply to fold when sued by a much bigger company.

Turning, then, to the meaning of *Octane Fitness*, LV begins by urging the Court to apply a standard of review that demands an extraordinary level of deference to the trial court’s application of the *Octane Fitness* standard to decide whether fees would be awarded. LV Brief at 11, 21, citing *Fox v. Vice*, 563 U.S. 826 (2011), and *Goldberger v. Integrated Resources*, 209 F.3d 43 (2d Cir. 2000). But these two cases addressed the amount of fees to be awarded, not whether the cases met the standard



for an award of fees in the first place. Thus, they stand for the unremarkable proposition that a trial judge's determination about the appropriate amount of fees is owed a high level of deference under an abuse-of-discretion standard. Even in that context, *Fox v. Vice* reaffirmed that "the trial court must apply the correct standard, and the appeals court must make sure that has occurred," 563 U.S. at 838, and "[a] district court by definition abuses its discretion when it makes an error of law." *Id.* at 839. Here, most of MOB's objections to the manner in which the court below applied *Octane Fitness* (and, indeed, all of its objections to the denial of copyright fees) relate to questions of law, and these are, therefore, arguments that the Court should address de novo.

Pertaining specifically to the construction of *Octane Fitness*, MOB argued in its opening brief (at 27) that although the Supreme Court indicated that district courts should apply a totality of the circumstances test, its clearest holding was as follows:

[A]n "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).

As MOB's brief pointed out (at 35), the Fourth Circuit has clearly held that either of these two alternatives can be a sufficient ground for finding a case exceptional,

*Verisign, Inc. v. XYZ.COM LLC*, 891 F.3d 481, 488 & n.4 (4th Cir. 2018), and the Federal Circuit recently held, in a case decided after MOB’s opening brief was filed, that the other prong of these two alternatives—litigating in an unreasonable manner—can alone be a sufficient basis for finding a case exceptional. *In re Rembrandt Techs. LP Pat. Litig.*, 899 F.3d 1254, 1277 (Fed. Cir. 2018). Indeed, one of LV’s own cases, *see* LV Br. at 26, *University of Utah v. Max-Planck-Gesellschaft zur Foerderung der Wissenschaften*, 851 F.3d 1317 (Fed. Cir. 2017), suggests, in the very sentence before the one quoted in LV’s brief, that objective unreasonableness alone may support a determination that the case was exceptional. 851 F.3d at 1323.<sup>1</sup>

On the issue of the objective unreasonableness prong, MOB argued in its opening brief that the trial court misapplied that prong of the *Octane Fitness* standard insofar as it held that even objective unreasonableness was not enough—that is, that objective unreasonableness plus some other consideration was needed to make a case

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<sup>1</sup> LV attempts to equate the Fourth Circuit’s endorsement of a “no reasonable litigant” standard for finding a lawsuit “objectively unreasonable” with the district court’s different formulation, drawn from *Small v. Implant Direct Mfg.* 2014 WL 5463621 (S.D.N.Y. Oct. 23, 2014), with its plain insistence on bad faith: “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.’” LV Br. at 17. But the question is whether a party could **reasonably** think its claims could succeed. *See also iLOR, LLC v. Google, Inc.*, 631 F.3d 1372, 1378 (Fed. Cir. 2011) (cited in *Verisign*) (indicating that a claim is objectively baseless when “no reasonable litigant could reasonably expect success on the merits”).

exceptionally weak. Specifically, the trial court ruled that fees had to be denied because “[the court] 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).” MOB opening brief 40, quoting JA398 (emphasis added). *Small*, which the district court cited, erred in relying on the presence of good faith as a basis for not finding “exceptional meritlessness” under *Octane Fitness*. See MOB’s opening brief at 40-41. Accordingly, the ruling below effectively imported bad faith back into the consideration regarding “the substantive strength of [the losing party’s] litigating position” as part of its multi-factor analysis, even though the Supreme Court expressly rejected the need to find bad faith for finding cases exceptional. LV ignores this point, but that approach to the strength of litigating position was legal error warranting reversal.

LV runs away from the trial court’s reliance on *Small*, and from that case’s reliance on “the presence of good faith”—indeed, the case is never mentioned in LV’s brief. LV argues instead that the trial court’s “objectively unreasonable plus” stance was appropriate, and that only **subjective** bad faith has been rejected. LV Br. at 15. It treats “objective reasonableness” as equivalent to the question whether any party

could see an opening through which its arguments could be squeezed—not even whether a party could **reasonably** see an opening. MOB and its supporting amici have argued that that standard for assessing the strength of a party’s litigating position is too high, because “[m]ost lawyers could see some sort of opening in almost any case”—LV argues in response that such a limitation is precisely the point. Br. at 15, 17 and n.4. But the Supreme Court’s ruling in *Octane Fitness* surely does not support the proposition that fees should almost never be awarded in intellectual property cases. Under the language of *Octane Fitness*, objective unreasonableness, not a focus on what any lawyer could hope to do beyond mere reasonableness, should be enough to make a case “one that stands out from others with respect to the substantive strength of a party’s litigating position.” 134 S. Ct. at 1756. The district court’s use of an “objective unreasonableness plus” standard is alone a sufficient basis to warrant a remand to permit the decision to be made on a proper standard.

**II. The Trial Court Failed to Apply Its Own Summary Judgment Determinations, as Affirmed by This Court, in Deciding Whether the Weakness of Louis Vuitton’s Litigating Position Stood Out from the Ordinary Lanham Act Case.**

In its opening brief, MOB argued that each of LV’s Lanham Act claims—for infringement and for dilution—was objectively unreasonable in substantial part because the ruling on fees failed to apply faithfully the merits holdings on which the

court granted summary judgment and on which this Court previously affirmed. Summary judgment was granted and affirmed because MOB's canvas totes were an "obvious" parody, and in light of that obviousness, LV did not prevail on a single one of the *Polaroid* "likelihood of confusion" factors (which this Court uses to assess infringement claims). Indeed, LV stood no chance of prevailing on any of those likelihood of confusion factors given that the parody was "obvious." MOB Br. at 43. Moreover, LV's concessions at oral argument on the merits appeal regarding its failure to obtain evidence in support of its infringement claim show that it was aware from the litigation's outset that its chance of prevailing, if any, rested solely on its dilution claims. *Id.* at 44-45. And LV's dilution claims were particularly weak because commentary through parody is a statutory defense to dilution. *Id.* at 46-47. Moreover, the trial court's ruling that application of *Polaroid* factors is too "awkward" to permit an award of attorney fees based on the weakness of the plaintiff's position stands on its head this Court's longstanding precedent on the application of infringement claims to expressive uses of trademarks: that First Amendment considerations counsel extra protections for expressive uses. But, under the trial court's analysis, such cases could never result in an award of fees based on strength of litigating position. *Id.* at 43-44.

LV defends the trial court's ruling, first, by questioning in a footnote whether

this Court can reverse a trial court's denial of fees based on that court's failure to give proper consideration its own summary judgment ruling, or based on this Court's own reading of that ruling. LV Br. at 12 n.2. But even if a single sentence in a footnote preserves such an argument for this Court's consideration, *but see Norton v. Sam's Club*, 145 F.3d 114, 117 (2d Cir. 1998), LV never explains why the trial court should have done anything different from the trial courts in the many other cases, cited in MOB's opening brief, at 39-40, did in assessing the strength of the plaintiff's litigation position, by taking its merits findings as a given in deciding whether the weakness of that litigation position made the lawsuit exceptional. Especially after affirmance on appeal based on the trial court's ruling—a ruling in which this Court agreed that MOB's bags were an obvious parody—the trial court's finding that the parody was “obvious” became the law of the case. And because the trial court should have relied on its own previous findings, as was done by the several other courts cited in MOB's opening brief, this Court, as well, should look to those findings in assessing the strength of LV's litigation position with respect to the propriety of an award of attorney's fees.

Indeed, at LV's behest, the district court initially deferred ruling on attorney fees. JA297. In DN 135, the parties' joint letter about the timing of consideration of MOB's motion for an award of attorney fees, LV argued, at that stage of the fee

litigation, that the trial judge should await the appeal because the determination of the merits appeal would provide “useful guidance,” even “authoritative guidance how the parody issue should be handled.” *Id.*, at 2-3. “In short, the Court of Appeals decision is likely to shed considerable light on how ‘exceptional’ this case is or was.” DN 135 at 3. But neither the trial court in its fees ruling, nor LV in its brief on this appeal, has paid the slightest attention to the “authoritative guidance” from the decision on the merits appeal.

LV tries to play down the trial court’s rulings and this court’s affirmance on parody grounds by referring to the summary judgment determination that MOB had engaged in “parody,” “permissible parody,” or “protected parody.” LV Br. at 19, 24, 38. But that is not all that the trial court and merits appellate panel did—they found not only parody but “obvious” parody.

And once it is taken as established that MOB’s parody was “obvious,” much of LV’s argument that it had a reasonable basis for thinking at the outset of the litigation that it could identify an “opening through which [its] arguments could be squeezed,” JA398, to prevail in its infringement claims disintegrates. Not only was LV unable to present sufficient evidence to create a genuine issue of fact about even a single one of the *Polaroid* “likelihood of confusion” factors, but the obviousness of the parody made the outcome of those factors a foregone conclusion. And

although LV's brief suggests that the company did not even understand at the outset that MOB would oppose its infringement claims by arguing parody, LV Br. at 4, 19, 24, that point was made in the very first pre-litigation correspondence, JA315, and LV counsel's written response made clear his recognition that the litigation would be over a parody claim. JA372. In any event, because the parody was "obvious," it follows that LV should have understood that it could not prevail on infringement.<sup>2</sup>

Indeed, an exchange at oral argument on the merits appeal made clear that LV actually **did** understand during the merits phase below that, if it could possibly prevail on its Lanham Act claim, it could only prevail on dilution, not infringement. As MOB noted in its opening brief (at 44-45), the panel questioned LV's counsel closely at oral argument about the fact that LV had not introduced any survey evidence,

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<sup>2</sup> MOB's opening brief noted the significance of plaintiff's failure to introduce any evidence of actual confusion, which showed that plaintiff should have known that it could not succeed on its infringement claims. Br. at 12, 42; see also Amici Br. at 10. LV responds that, in the run-of-the-mine case, absence of evidence of actual confusion need not be fatal to a claim of likely confusion. LV Br. at 25-26. True though this be, lack of evidence of actual confusion becomes much more significant when the products have existed side-by-side in the market for three years or more. *Lois Sportswear, U.S.A. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986). In that circumstance, as MOB's opening brief noted, at 12, lack of evidence of actual confusion (which can also be shown by survey evidence) can be fatal to the plaintiff's claim. Other circuits hold likewise. *E.g., Oriental Fin. Group v. Cooperativa de Ahorro y Crédito Oriental*, 832 F.3d 15, 31 (1st Cir. 2016). LV has not rebutted this point; and LV's deliberate decision to press forward with its infringement claim without even trying to conduct a consumer survey speaks volumes about what it must reasonably have understood about its likelihood of success on infringement.



which LV admitted that it typically does when suing for infringement. LV's explanation for not presenting a survey was that this was a case over dilution, not infringement. *Id.* at 45. This explanation did not simply show that LV had decided to concentrate its merits appeal on its dilution claim—it showed as well that LV **knew** during the trial court litigation that it lacked any realistic chance of showing likely confusion. And having not obtained or presented any evidence to show likely confusion, and having failed to obtain any concessions on these issues in discovery, at the very least LV should have known by the time of the summary judgment phase of the litigation that it had no realistic chance of success on infringement. At that point, at least, litigation of its infringement claim had become exceptional. Yet it pressed that claim both on summary judgment and in its merits appeal.

MOB's opening brief noted that the fees ruling below threatens to stand on its head this Court's longstanding special protection for the expressive uses of trademarks, in that it effectively bars defendants who are sued for the parodic use of trademarks from obtaining awards of attorney fees. Under the rationale below, trademark owners will always be able to point to the multi-factor character of an infringement showing, and hence they will necessarily be able to contend that they could not have known how the multi-factor evaluation will come out. MOB Br. at 43. LV contends that humorless trademark owners might be held liable for fees if they

ignore evidence or fail to conduct “basic pre-trial investigation.” LV Br. at 25. But there are two problems with this response. First of all, it suggests that the only “basic pre-trial investigation” that a trademark owner needs to complete is a conclusory check-box of “whether a particular imitation might violate its legal rights.” LV Br. at 1. Multi-factor legal frameworks and marketplace analyses cannot be so necessarily “fact-intensive” and “difficult” (LV Br. at 1) that a trademark owner can reasonably ensnare an “obvious” parody in years of litigation with only hypothetical harm. Second, the “exceptions” to which LV points are not specific to parody cases, and hence the argument is not responsive to MOB’s “stands on its head” point, because these “exceptions” would apply in parody as well as non-parody cases. Thus, an affirmance in this case will be taken by trademark owners and parodists alike as showing that defendants mounting a parody defense will never be able to show that the trademark owner’s litigating position is sufficiently predictably weak as to render the case exceptional.

The obviousness of the parody also made LV’s litigating position sufficiently weak to be deemed exceptional because, on the issue of dilution, parody forms a statutory defense, not simply an argument that informs consideration of the *Polaroid* likelihood of confusion factors. 15 U.S.C. § 1125(c)(3)(A)(ii). The one exception is when the trademark has been used as a designation of source, but as MOB’s

opening brief noted (at 47-48), although the trial court's fees opinion said in passing that LV had made "colorable (albeit unsuccessful) [designation of source] arguments," that conclusion was simply not true to what the district court had done on the merits. Rather, after noting that the MOB line of parody totes both used "My Other Bag" as the designation of source, while the MOB parody on the other side of each bag plainly used LV's marks as a point of commentary, not a designation of source for the totes, JA280, the merits ruling found that LV's contrary argument, the designation of source argument, was **deceptive**. That is, the merits decision found that the argument was based solely on a "mischaracterized citation to the record," and this Court specifically based its affirmance of the dilution summary judgment on this finding. MOB Br. at 48, citing JA 280, 303. LV simply ignores this problem in its brief, thus conceding the point.

Consequently, the denial of Lanham Act fees should be reversed based on the weakness of LV's litigating position alone.

### **III. The Trial Court Exaggerated the Impact of a Fee Award on Litigious Plaintiffs Such as Louis Vuitton and Ignored the Impact of Denying Compensation to Small Parodists Like My Other Bag.**

MOB's opening brief explained that the district court abused its discretion in its assessment of the "considerations of compensation and deterrence" both by overstating the adverse impact that an award of attorney fees could have on proper

enforcement of the rights of trademark owners as well as by understating—indeed ignoring—the adverse impact that a denial of fees would have on legitimate commentary and other “fair” trademark uses, not to speak of encouraging over-enforcement. MOB Br. at 49-55. MOB pointed out first that this was a case of a large company suing a small one that would not have had the resources to defend itself had its private counsel not have provided the bulk of their services without charge. *Id.* 49-50. The point here was not to support an inference of bad faith harassment, as LV contends, Br. at 28, 34, but simply to rely on a “consideration regarding compensation and deterrence” that every circuit to consider the question has deemed relevant to its analysis. MOB Br. at 49-50 n.6. Because the district court ignored relevant considerations, this Court should weigh the disparity of resources in the balance in deciding whether there was an abuse of discretion.<sup>3</sup>

MOB’s opening brief took issue with the trial court’s reliance on the supposed need to avoid chilling zealous enforcement of trademark rights by trademark owners. MOB Br. at 53-54. MOB pointed out, *id.* at 50, that successful trademark plaintiffs can secure awards of damages (measured by their own lost sales or by an infringer’s

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<sup>3</sup> Unlike the context of punitive damages awards cited by LV, Br. at 34 & n.12, many attorney fees decisions under a variety of statutes take the disparate financial strength of the two sides into account. *Garcia-Rubiera v. Fortuno*, 727 F.3d 102, 115 (1st Cir. 2013); *Taylor v. Westly*, 525 F.3d 1288, 1290 (9th Cir. 2008); *Lieb v. Topstone Industries*, 788 F.2d 151, 156 (3d Cir. 1986).

profits), even treble damages, not to speak of attorney fees when the defendant's legal position is unusually weak. Making fees available to successful defendants creates a needed financial counterincentive to excessive litigation and encourages fair users to stand up for their rights. LV completely ignores MOB's point about plaintiffs' existing financial incentives. Instead, its characterization of the prospect of counterincentives is that MOB wants to "chill" the enforcement of trademark rights, LV Br. at 32, 34; it then goes on to argue that the main reason why fees are available under the Lanham Act is to encourage trademark owners to enforce their rights. LV Br. at 33, 36. Nor does LV try to rebut MOB's arguments about the need for incentives to encourage defendants who are making fair use of trademarks to stand up for their rights. Instead, LV argues that incentives for defendants are irrelevant because fragments of the legislative history show that some members of Congress had a broad concern to encourage trademark enforcement and supposedly wanted fees to be available to successful defendants only when the plaintiff was motivated by reasons of harassment. LV Br. at 33.

None of these arguments is sound. To begin with, the "exceptional cases" language in the Patent Code and Lanham Act supports awards of fees to prevailing plaintiffs and prevailing defendants alike; these statutes do not favor fees for plaintiffs over defendants. In addition, the Supreme Court has indicated that the

standards for attorney fee award in intellectual property cases need to be evenhanded between successful plaintiffs and successful defendants. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534-535 (1994). Moreover, restricting defendants to receiving fee awards to cases brought for purposes of harassment, as LV's fragment of legislative history would seem to suggest, would reinstitute the very bad faith requirement that was overruled in *Octane Fitness*. Indeed, *Octane Fitness* was a case in which a successful defendant sought review of the denial of an award of attorney fees, and the Court's holding was that bad faith cannot be a prerequisite for attorney fees for successful defendants. Additionally, *Octane Fitness* indicated that considerations of compensation and deterrence are appropriate and distinct desiderata when a successful defendant seeks fees by contending that an intellectual property owner brought an exceptional case.

The Court should be mindful of the fact that it has already ruled forcefully in affirming the fair use defenses offered by MOB and that it did so affirming three key findings: 1) that LV based its "sole" proof of a dispositive issue on a manifest "mischaracterization" of the record; 2) that LV did not score on a single one of the *Polaroid* likelihood of confusion factors or on the *Campbell* fair use factors; and 3) that LV litigated at length against a fair use defense that was based on an "obvious" parody. Thus, if the District Court's no-fee ruling is upheld, it will signal to all who

read the two prior decisions that mischaracterizations of the record, zero scores on any of the relevant factors, and obvious parody will not put any plaintiff in any peril of a fee award, or put any defendant in a position to recover the costs of standing up for fair use.

MOB noted in its opening brief the lessons of the award of attorney fees against Mattel in the *Walking Mountain* case. MOB Br. at 53, citing *Mattel, Inc. v. Walking Mt. Productions*, 353 F.3d 792, 816 (9th Cir. 2003). LV has not responded. Simply put, Mattel was a similarly aggressive intellectual property litigant against fair users in the Ninth Circuit, until it was held liable for a fee award. LV is the Mattel of the Second Circuit, bringing claims against expressive works based not just on copyright but now more consistently on trademark and dilution grounds. Unless this Circuit speaks, LV will have spoken very effectively on what kind of claiming will be tolerated.

Finally, as MOB argued, Br. at 54, and as its supporting amici amplified in their brief, at 10-14, the district court misstated substantive trademark law when it predicated its denial of fees on the proposition that trademark owners are forced to bring suit against those who use their marks to avoid losing their rights. LV's appellate brief repeats this canard, but it has no answer for the arguments against this proposition in MOB's opening brief and in the brief of amici curiae. Specifically, the

main sanction for non-enforcement is said to be genericide (and this was the reason that the district court gave for not wanting to discourage LV's historic pattern of aggressive enforcement, JA402). However, LV faced no danger of "unmistakable brand" and "iconic designs" (LV Br. at 1) for handbags becoming generic. Moreover, parodic reference actually reinforces the association between the trademark holder and its mark. *Hormel Foods Corp. v. Jim Henson Productions*, 73 F.3d 497, 506 (2d Cir. 1996). And, in any event, not a single case holds that a trademark holder lost its rights by failing to take action against an alleged parody. Lemley, *Fame, Parody, and Policing in Trademark Law*, 2019 Mich. St. L. Rev. (forthcoming), available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3243968](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3243968), at page 7. Indeed, that study found that there is not "a single case holding a mark abandoned or otherwise lost solely for failure to police the mark at all. All the cases considering the issue point in the opposite direction." *Id.* at 7 (citing cases).<sup>4</sup>

MOB agrees with amici's contention that the argument that trademark owners must enforce their rights, even in the most marginal cases, to avoid losing those rights

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<sup>4</sup> The one case cited below on this point, JA402, did not involve genericide. *Malaco Leaf v. Promotion In Mot.*, 287 F. Supp. 2d 355 (S.D.N.Y. 2003). There, the plaintiff sued over the shape of candy fish, claiming trade dress, even though nearly seventy other candy makers used the same shape. The "complete failure to police the product design," 287 F. Supp.2d at 366, was taken as evidence that the configuration was generic, that is, that Malaco had never had trademark rights in the shape of its candy.



is a sorry misstatement of trademark law that companies following an unconstrained enforcement agenda often offer as an excuse for their actions. Amici Br. at 11. This Court should refuse to place its imprimatur on that argument.

**IV. In Denying Attorney Fees Under the Copyright Act, the District Court Wrongly Demanded Exceptionality and Wrongly Held That the Balancing of Lanham Act Compensation and Deterrence Considerations Foreclosed Fees under the Copyright Act.**

MOB argued that the trial court erred as a matter of law by denying its application for an award of attorney fees with respect to the defense of the copyright claim because this was not an “exceptional” case. MOB Br. at 57-58. LV makes no effort to defend the importation of an exceptionality requirement into the copyright context; instead, it contends that the district court “did no such thing.” LV Br. at 38. But LV does not address the plain and unambiguous language of the district court, which began its analysis of the copyright fees issue by saying that its denial of fees under the Lanham Act “all but compel[led] denial of [MOB’s] application under the Copyright Act, JA404, and concluded one page later by saying, “[LV’s] copyright claim was not so weak as to render its pursuit exceptional.” JA405. Nor is there anything about the Copyright Act that makes awards of attorney fees under that statute “draconian.” JA405. By invoking that concern as a basis for denying fees, the district court relied on an erroneous conception of the law. Moreover, LV conceded

**below** that a plaintiff can be subject to an award of fees when defendant’s likelihood of success is “clear on its face,” DN 160 at 23; that is not the “objectively unreasonable” requirement imposed by the Lanham Act requirement of exceptionality, at least as construed by the district court.

MOB has also objected to the trial court’s determination that, once it found in the Lanham Act context that the *Kirtsaeng* factors, especially the factors regarding compensation and deterrence, militated against an award of fees, it was compelled to rule that those same factors necessarily barred copyright fees. MOB Br. at 59, citing *Kirtsaeng v. John Wiley & Sons*, 136 S. Ct. 1979, 1985 (2016).<sup>5</sup> Although these factors are commonly employed in both Lanham Act and copyright cases, the way in which they apply to claims under the two statutes is very different, for two reasons that MOB argued in its opening brief and to which LV has no response. First, even if this Court disagrees with MOB and shares the trial court’s concern about undue impact on trademark holders’ rights by chilling them from enforcing their rights and thus suffering a diminution of their trademark protection, that concern has no

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<sup>5</sup> LV’s contention that MOB waived its contention that the *Kirtsaeng* factors relating to compensation or deterrence by confining that point to a single sentence, LV Br. at 40, is mystifying. Although MOB addressed the reasons why it should have been clear from the outset that MOB would prevail on the copyright merits, DN 154 at 23-24, the bulk of MOB’s argument below was directed to the other *Kirtsaeng* factors. See DN 154 at 21-22, 24-25.

application under the copyright laws. Nobody has ever suggested that copyright owners suffer any loss of copyright protection when they pick and choose among infringers whom they sue. Moreover, copyright holders have a claim to statutory damages in amounts up to \$150,000 per infringement, 17 U.S.C. § 504(c)(2), which gives them an enormous financial incentive to sue infringers; that incentive for prosecuting meritorious cases far outweighs any disincentive for filing marginal suits that the prospect of an adverse attorney fee award might create.

Second, *Kirtsaeng* expressly provided that the purpose of awarding fees to a successful defendant who was “clearly correct” is to give him “an incentive to litigate the case all the way to the end,” and in this way to “promote the Copyright Act’s purposes.” 136 S. Ct. at 1986-87. Thus, even if the Court holds with respect to the Lanham Act fee application that the law supports a one-way ratchet in favor of encouraging enforcement of trademarks, and even if the Court rejects MOB’s contention that this Court’s longstanding tradition of special solicitude for expressive uses of trademarks weighs in the balance in favor of successful parody defendants, the trial court’s refusal to consider the interests of copyright parody defendants in the “compensation and deterrence” balance runs counter to controlling Supreme Court precedent.

## 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 5773 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.

October 12, 2018

**CERTIFICATE OF SERVICE**

I hereby certify that, on this 12th day of October, 2018, I am causing this Reply Brief to be filed using the Court's ECF system, which will effect electronic service on all parties.

          /s/ Paul Alan Levy            
Paul Alan Levy