

No. 10-____

IN THE
Supreme Court of the United States

SUPER DUPER, INCORPORATED,
D/B/A SUPER DUPER PUBLICATIONS,
Petitioner,

v.

MATTEL, INCORPORATED,
Respondent.

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

PETITION FOR WRIT OF CERTIORARI

THOMAS ZELLERBACH
KHAI LEQUANG
ORRICK, HERRINGTON
& SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, CA 94025
(650) 614-7400

E. JOSHUA ROSENKRANZ
Counsel of Record
MARK DAVIES
ORRICK, HERRINGTON
& SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10103
jrosenkranz@orrick.com
(212) 506-5000

QUESTIONS PRESENTED

This case presents two related questions concerning a district court's authority under the Lanham Act, 15 U.S.C. § 1117(a), to award a plaintiff the defendant's "profits":

1. Whether a district court may award a plaintiff the defendant's profits in the absence of a finding that the defendant intentionally infringed the plaintiff's mark?

2. Whether a district court may award a plaintiff the defendant's profits in the absence of a finding that customers were actually confused by the defendant's infringement?

PARTIES TO THE PROCEEDINGS

Petitioner Super Duper, Inc., doing business as Super Duper Publications, was the plaintiff-appellant in the courts below. Respondent Mattel, Inc. was the defendant-appellee in the courts below.

CORPORATE DISCLOSURE STATEMENT

Super Duper, Inc. is neither a subsidiary nor affiliate of any publicly owned corporation. No corporation owns any of its stock.

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OPINIONS BELOW

The opinion of the United States Court of Appeals for the Fourth Circuit was entered on June 10, 2010, and is available at 2010 WL 2340250 (4th Cir. 2010), and reprinted at App. 1a-17a. The order granting defendant's motion for increased profits pursuant to 15 U.S.C. § 1117 is reprinted at App. 18a-28a.

JURISDICTION

The judgment of the court of appeals was entered on June 10, 2010. The court of appeals denied a timely petition for rehearing or rehearing *en banc* on July 7, 2010. App. 29a-30a. On August 20, 2010, the Chief Justice extended the time for filing this petition to November 4, 2010. The Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The Lanham Act was intended to make “actionable the deceptive and misleading use of marks,” and “to protect persons engaged in . . . commerce against unfair competition.” 15 U.S.C. § 1127. Section 35(a), codified at 15 U.S.C. § 1117(a) (emphasis added), provides:

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.

INTRODUCTION

This case presents an ideal opportunity for the Court to resolve one of the most entrenched and important disputes in all of trademark law. As circuit courts and commentators have recognized, the circuits are divided over the criteria for

awarding a plaintiff the defendant's "profits" due to trademark infringement. Six appellate courts permit an award of profits without any evidence of either intentional infringement or actual customer confusion. Six other appellate courts, however, insist on either a finding of intentional infringement or a finding of actual confusion or both. Virtually every trademark suit includes a request for defendant's profits, and the division over the criteria for awarding profits is causing great disharmony in federal trademark law.

In this case, the Fourth Circuit has condoned a grave misuse of the profits provision. The jury rejected Mattel, Incorporated's claims that Super Duper, Incorporated intentionally infringed any of its trademarks and Mattel never attempted to show any damages from actual customer confusion. Nevertheless, the Fourth Circuit upheld a \$1 million profits award. The petition should be granted.

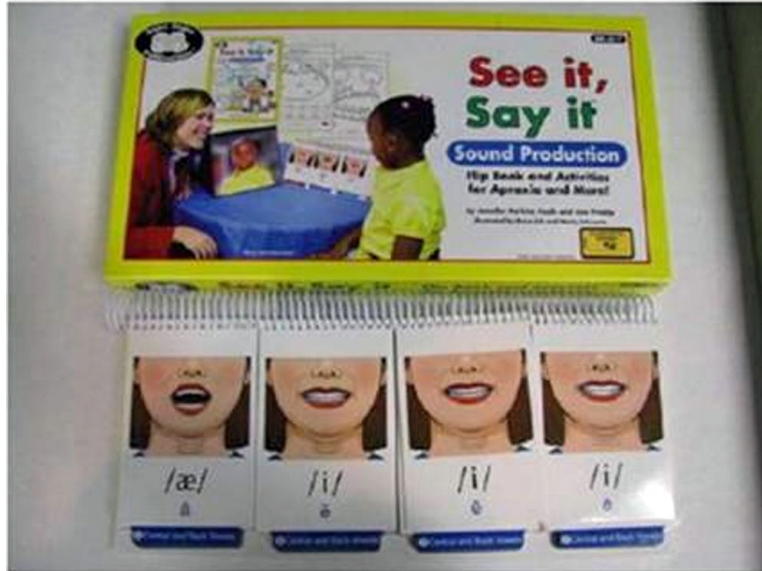
STATEMENT OF THE CASE

Petitioner Super Duper is a developer and distributor of pedagogical tools for children with special needs. Court of Appeals Joint Appendix ("J.A.") 534-41. Super Duper was founded by Thomas and Sharon Webber over twenty years ago, upon Sharon Webber's completion of her master's degree and certification in speech and language pathology. J.A. 532-34. Since its founding, Super Duper has grown from a small "mom-and-pop" operation, run out of the Webbers' spare room, to a

substantial operation with a campus of over 100,000 square feet. J.A. 534-55, 581-83.

Super Duper's products are designed to help children overcome a wide range of speech-related challenges, from simple articulation problems to difficulties with stuttering due to neurological disorders such as apraxia, which can severely impair a person's speech. J.A. 551-63.

As would be expected of a company in the field of speech therapy, Super Duper has used the word "say" in describing and marketing its products to schools and speech pathologists. For example, Super Duper products include: a flip-book with accompanying workbook providing articulation exercises (SEE IT! SAY IT!), educational audio cassettes with accompanying song books designed to help improve hearing and fluency (SAY AND SING), a vocabulary game that involves plastic fish, fishing rods, and a tackle box (FISH AND SAY/FISH & SAY), and a magnetic board game with removable magnetic square pieces that help students absorb phonetic, hearing and fluency lessons (SORT AND SAY/SORT & SAY/SAY AND SORT). J.A. 534-38, 1629-34. Here is a picture of the flip-book product:



J.A. 1629-30.

Super Duper applied for and received federal trademark registrations for several product names using the word “say,” including SAY AND DO, SEE IT! SAY IT! and FOLD & SAY. J.A. 799-816.¹

Respondent is Mattel, the world’s largest toy company. Mattel sells a family of “pull toys” under the “SEE ‘N SAY” mark. These toys are plastic, circular toys bearing depictions of various figures

¹ Registration of a mark under § 2 of the Lanham Act, 15 U.S.C. § 1052, enables the owner to sue an infringer under § 32, 15 U.S.C. § 1114; it also entitles the owner to a presumption that its mark is valid, *see* § 7(b), 15 U.S.C. § 1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, *see* § 15, 15 U.S.C. § 1065.

(such as animals), an arrow that can be directed to point at the figures and a string that can be pulled to trigger a prerecorded statement about the figure to which the arrow is pointing (such as “the cow says moo”). J.A. 44-63. Here is an image of one pull toy:



J.A. 1635-36.

Super Duper’s marks and Mattel’s marks were both used for many years. Super Duper does not make “pull toys” or any other toys.

In 2004, Mattel initiated proceedings with the Trademark Office to oppose several applications and cancel several registrations of Super Duper’s marks that include the word “say.” Thereafter, Super Duper sought a declaratory judgment from the United States District Court of the District of

South Carolina that its marks do not violate Mattel's trademark rights. J.A. 64-79.

Mattel filed counterclaims under the Lanham Act, 15 U.S.C. § 1051 *et seq.*, alleging that fifteen of Super Duper's marks violated Mattel's rights in four marks (SEE 'N SAY; SEE 'N SAY JUNIOR; SEE 'N SAY BABY; THE FARMER SAYS). J.A. 235-36, 409. Mattel alleged (1) trademark infringement; (2) unfair competition; and (3) trademark "dilution by blurring."² Mattel sought over \$10 million in monetary relief, including an award of Super Duper's profits. J.A. 425, 1974.

The action was tried before a jury. On the infringement counts, the jury found that seven of Super Duper's marks infringed Mattel's four marks. App. 42a.³ The jury found, however, that Super Duper did not engage in unfair competition and that the infringement was not intentional.

² Dilution by blurring means that there was an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B). Dilution may be found "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).

³ The marks found to infringe were: SEE IT! SAY IT!; SAY AND SING; FISH AND SAY; FISH & SAY; SORT AND SAY; SORT & SAY; SAY AND SORT. App. 42a. The marks found not to infringe were: SAY AND DO; SAY & DO; FOLD AND SAY; FOLD & SAY; SPIN, SAY & DO; SPIN, SAY AND DO; SAY & GLUE; FUN, DECK & SAY. *Id.*

App. 43a. The jury did not award Mattel any infringement damages. App. 44a.

On the trademark dilution counts, the jury found that two of Mattel's marks (SEE 'N SAY and THE FARMER SAYS) were famous, that the seven Super Duper marks were likely to dilute Mattel's marks and that the trademark dilution was intentional. App. 44a-46a. The jury awarded Mattel \$400,000 of Super Duper's profits. App. 46a.

After trial, the district court increased the profits award to \$999,113. App. 26a. The court relied on section 35(a) of the Lanham Act, codified at 15 U.S.C. § 1117(a), which permits a court to award a trademark plaintiff the "defendant's profits." 15 U.S.C. § 1117(a). The court justified the award as necessary to "adequately compensate [Mattel]" and to "deter [Super Duper] from future misconduct." App. 25a. The district court also "considered" the six factors for awarding profits that the Fourth Circuit had set forth in *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006).⁴ App. 26a-27a. The court emphasized the intentional dilution finding and the public interest

⁴ Under the Fourth Circuit's six factor test for awarding profits, a district court considers: "(1) whether the defendant had the intent to confuse or deceive, (2) whether the sales have been diverted, (3) the adequacy of other remedies, (4) any unreasonable delay by the plaintiff in asserting its rights, (5) the public interest in making the misconduct unprofitable, and (6) whether it is a case of palming off." *Synergistic*, 470 F.3d at 175.

in making the misconduct unprofitable. App. 27a. The district court disregarded as “inapplicable” “whether sales have been diverted” from Mattel to Super Duper. App. 27a. The district court also awarded Mattel \$2,643,844 in attorneys’ fees, citing the “enhanced” profits award obtained by counsel. App. 40a, J.A. 2702-15.

Super Duper appealed. Although the court of appeals recognized that the dilution verdict was problematic, the court upheld the profits award based on the infringement verdict. The jury’s dilution finding could not justify the district court’s profits award because the relevant marks were in use before October 6, 2006. *See* 15 U.S.C. § 1125(c)(5)(A). Nevertheless, the court of appeals “reject[ed] Super Duper’s contention that the district court erred in increasing Mattel’s award of lost profits.” App. 15a n.8. The court explained that the district court’s decision was “consistent” with *Synergistic*. *Id.* Although the court recognized the jury had awarded no profits based on infringement, the “award of profits and attorneys’ fees and costs in this case was ***independently justified*** by the jury’s conclusion that Super Duper’s use of seven trademarks infringed four of Mattel’s preexisting marks.” App. 14a (emphasis added). Thus, the court “decline[d] to exercise [its] discretion to correct the district court’s error in regard to the award of profits” under the dilution laws. App. 14a.

REASONS FOR GRANTING THE PETITION

The Lanham Act is designed to prevent “others from copying a source-identifying mark” and thereby “helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.” *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 163-64 (1995). At the same time, however, consumers “should not be deprived of the benefits of competition.” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213 (2000). As with other intellectual property laws, the Lanham Act is a “careful balance” “between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

The profits provision of the Lanham Act reflects this delicate calibration between protecting innovation and encouraging competition. Although the Lanham Act gives district courts discretion to award the defendant’s profits to the plaintiff, the Act imposes two limitations. Any award of monetary relief is “subject to the principles of equity.” 15 U.S.C. § 1117(a). Moreover, any monetary award “shall constitute compensation and not a penalty.” *Id.*

The courts of appeals are fundamentally divided over how the profits provision of the Lanham Act translates into criteria to guide specific profit

awards. As discussed below, six circuits do not require that a plaintiff prove willful trademark infringement or actual customer confusion, while six circuits hold that proof of willfulness or actual confusion or both is required. The meaning of the profits provision is important to the sound operation of the trademark laws. This case is an excellent vehicle for the Court to resolve the circuit disagreement.

I. THE CIRCUITS ARE DIVIDED OVER THE CRITERIA FOR AWARDING PROFITS UNDER THE LANHAM ACT

A. Six Circuits Do Not Require Intentional Infringement Or Actual Confusion

The Third, Fourth, Fifth, Sixth, Seventh, and Eleventh Circuits do not require willful infringement or actual confusion for an award of the defendant's profits.

The Third, Sixth and Seventh Circuits have expressly rejected both intentional infringement and actual confusion as prerequisites for an award of profits. See *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 174 (3d Cir. 2005) (“we conclude that [a] bright-line willfulness requirement has been superseded by statute”); *Century Distilling Co. v. Cont'l Distilling Corp.*, 205 F.2d 140, 146 (3d Cir. 1953) (“[T]he view that in the absence of confusion . . . there is no basis for an award of profits . . . is not, in our opinion, a correct statement of the law.”) (disapproved on other grounds in *Fleischmann Distilling Corp. v. Maier*

Brewing Co., 386 U.S. 714, 715 n.4 (1967)); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 606-607 (6th Cir. 1991) (holding “there is no express requirement that the parties be in direct competition or that the infringer willfully infringe . . . to justify an award of profits” and rejecting the defendant’s contention “that actual confusion . . . must be shown to justify a monetary award”); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989), *cert. denied*, 493 U.S. 1075 (1990) (“Other than general equitable considerations, there is no express requirement that the parties be in direct competition or that the infringer willfully infringe . . . to justify an award of profits.”); *Web Printing Controls Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1205-1206 (7th Cir. 1990) (reversing and remanding judgment denying profits due solely to lack of actual confusion).

Along the same lines, the Fourth and Fifth Circuits hold that intentional infringement and actual confusion are two factors among six that are relevant to, but not dispositive of, an award of profits. “[A]lthough willfulness is a proper and important factor in an assessment of whether to make a damages award, it is not an essential predicate thereto.” *Synergistic*, 470 F.3d at 175; see *Quick Techs., Inc. v. Sage Group PLC*, 313 F.3d 338, 349 (5th Cir. 2002) (“[W]e decline to adopt a bright-line rule in which a showing of willful infringement is a prerequisite to an accounting of profits.”). Likewise, these circuits regard the presence of actual confusion as a consideration in favor of an award of profits but not as a requirement. See *Texas Pig Stands, Inc. v. Hard*

Rock Cafe Int'l, Inc., 951 F.2d 684, 695 (5th Cir. 1992) (“[T]he diversion of sales is not a prerequisite to an award of profits.”) (citing *Maltina Corp. v. Cawy Bottling Co.*, 613 F.2d 582, 585 (5th Cir. 1980)); *Synergistic*, 470 F.3d at 176 (“[T]he fact that no sales were diverted[] should weigh against an award being made.”).

The Eleventh Circuit has expressly rejected intentional infringement as a requirement for profits. *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988) (“Nor is an award of profits based on either unjust enrichment or deterrence dependent upon a higher showing of culpability on the part of defendant”). The Eleventh Circuit also holds that a “plaintiff need not demonstrate actual damage to obtain an accounting of an infringer’s profits under section 35 of the Lanham Act.” *Wesco Mfg., Inc. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1487-88 (11th Cir. 1987).

B. Six Circuits Require Intentional Infringement Or Actual Confusion Or Both

The First, Second, Ninth, Tenth, Federal and District of Columbia Circuits all require either intentional infringement or actual confusion or both before awarding the defendant’s profits.

The general rule in the First Circuit is that “a plaintiff seeking damages must prove actual harm, such as the diversion of sales to the defendant.” *Aktiebolaget Electrolux v. Armatron Int'l, Inc.*, 999 F.2d 1, 5 (1st Cir. 1993). The First Circuit,

however, also holds that “where defendant’s inequitable conduct warrants bypassing the usual rule of actual harm, damages may be assessed on an unjust enrichment or deterrence theory.” *Id.* But “when the rationale for an award of defendant’s profits is to deter some egregious conduct, willfulness is required.” *Tamko Roofing Prods., Inc. v. Ideal Roofing Co.*, 282 F.3d 23, 36 n.11 (1st Cir. 2002) (citing *Securacomm Consulting, Inc. v. Securacom Inc.*, 166 F.3d 182, 190 (3d Cir. 1999)). The First Circuit has been silent about whether intentional infringement is required for an award of profits in any other situation. *Tamko*, 282 F.3d at 36.

In the Second Circuit, a plaintiff must always prove intentional infringement to justify an award of profits. *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992) (“a finding of defendant’s willful deceptiveness is a prerequisite for awarding profits.”). Although actual confusion is not always a requirement for an award of profits in the Second Circuit, it is required under certain circumstances. For example, “a profits award, premised upon a theory of unjust enrichment, requires a showing of actual consumer confusion—or at least proof of deceptive intent so as to raise the rebuttable presumption of consumer confusion.” *Id.* at 1538. Likewise, “under the ‘damage’ theory of profits, a plaintiff typically has been required to show consumer confusion resulting from infringement.” *Id.* at 1539.

The Ninth Circuit holds that when a plaintiff seeks an award of profits for any reason other than

as a proxy for its lost sales, the plaintiff must prove intentional infringement. *Adray v. Adry-Mart, Inc.*, 76 F.3d 984, 988 (9th Cir. 1995) (“Adray conceded that he did not seek to recover Adry-Mart’s profits as a measure of his own lost sales, since he disclaimed any intent to seek damages based on lost sales. In these circumstances, Adray could recover Adry-Mart’s profits only if the infringement was willful.”) (citations omitted). The Ninth Circuit does not, however, require actual confusion. *Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000) (“[U]nder our precedents a showing of actual confusion is not necessary to obtain a recovery of profits.”) (citation omitted).

The Tenth Circuit always requires intentional infringement for an award of profits. *Bishop v. Equinox Int’l Corp.*, 154 F.3d 1220, 1223 (10th Cir. 1998) (“[A]n award of profits requires a showing that defendant’s actions were willful or in bad faith.”) (citation omitted). Proof of actual confusion is not a prerequisite for an award of profits. *Estate of Bishop v. Equinox Int’l Corp.*, 256 F.3d 1050, 1055 (10th Cir. 2001) (“[A] showing of actual damages is not required to recover a portion of an infringing defendant’s profits in a trademark action.”) (citation omitted).

Like the Second and Tenth Circuits, the D.C. Circuit always requires intentional infringement for an award of profits. *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 968 (D.C. Cir. 1990) (“[A]n award based on a defendant’s profits requires proof that the defendant acted willfully or in bad faith.”) (citations omitted). Although the

D.C. Circuit has not specifically held that actual confusion is required, it has rejected deterrence as a basis for an award of profits. *Id.* at 969 (“[W]e hold that deterrence alone cannot justify” the “severe and often cumbersome remedy of a profits award.”) (citation omitted). The D.C. Circuit has also held that any monetary award should bear a causal link with the defendant’s conduct. As then-Judge Thomas observed:

[T]he court must ensure that the record adequately supports all items of damages claimed and establishes a causal link between the damages and the defendant’s conduct, lest the award become speculative or violate section 35(a)’s prohibition against punishment.

Id. Consequently, the D.C. Circuit would not award profits in the absence of actual confusion, as there would be no “causal link” between the defendant’s profits and the infringement.

In the Federal Circuit, “a plaintiff must show actual confusion” to establish entitlement to any kind of monetary relief. *Conopco, Inc. v. May Dep’t Stores Co.*, 46 F.3d 1556, 1563 (Fed. Cir. 1994). The circuit has not addressed whether a plaintiff must also prove willful infringement.

* * *

Now is the time for the Court to bring clarity to the “profits” provision of the Lanham Act. As discussed above, the circuits have struggled long

and hard to establish the proper criteria for an award of profits. Each circuit has settled on criteria, but the criteria diverge fundamentally from circuit to circuit, causing several appellate courts to take note of the confusion. *See, e.g., Banjo Buddies*, 399 F.3d at 174-175 (acknowledging “the wealth of contrary authority” in other circuits); *Quick Techs.*, 313 F.3d at 347-48 (“cognizant that several of our sister circuits have embraced a willfulness requirement”); *George Basch Co.*, 968 F.2d at 1537-40 (“cases are ambiguous”).

Indeed, although various views about the proper criteria of the profits provision are expressed in the academic literature, there is scholarly agreement that this Court should review the question. *See, e.g.,* David S. Almeling, *The Infringement-Plus-Equity Model: A Better Way to Award Monetary Relief in Trademark Cases*, 14 J. INTELL. PROP. L. 205, 207 (2007) (“The courts themselves are split on this question.”); Keith M. Stolte, *Remedying Judicial Limitations on Trademark Remedies: An Accounting of Profits Should Not Require a Finding of Bad Faith*, 87 TRADEMARK REP. 271, 298 (1997) (“[T]he Supreme Court should review the question of whether the Lanham Act requires proof of bad faith in order for a trademark owner to recover any portion of an infringer’s profits.”); James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 TRADEMARK REP. 458, 253-64 (1982) (hereinafter, “*Monetary Relief*”) (“On the key issue of scienter, a clear split has developed among the Circuits that may warrant Supreme Court review.”).

II. THE LANHAM ACT REQUIRES PROOF OF INTENTIONAL INFRINGEMENT AND ACTUAL CONFUSION FOR AN AWARD OF PROFITS

Contrary to the decision below, an award of profits under 15 U.S.C. § 1117(a) requires proof of both intentional infringement and actual customer confusion. These requirements are necessary to provide an adequate evidentiary basis for the damages award.

A. A Plaintiff Must Prove Intentional Infringement For An Award Of Profits

Under the prevailing common law at the time of the enactment of the Lanham Act, a plaintiff could not obtain an award of the defendant's profits without proving willful infringement. *See* Mark A. Thurmon, *Confusion Codified: Why Trademark Remedies Make No Sense*, 17 J. INTELL. PROP. L. 245, 283 (2010) (“[B]y the time the Lanham Act was enacted, one could say with some certainty that a plaintiff in a trademark case had to prove deceptive intent to obtain a defendant's profits.”) (collecting cases); HARRY D. NIMS, *THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS* 1078 (3d ed. 1929) (the leading trademark treatise of the period, observing that “[a]n accounting will not be ordered where the infringing party acted innocently and in ignorance of the plaintiff's rights”). The “purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 861 n.2 (1982) (citing S. Rep. No. 79-

1333 (1946), *as reprinted in* 1946 U.S.C.C.A.N. 1274).⁵ Because intentional infringement was already a requirement under the common law, Congress did not need to make this requirement explicit in section 1117(a). *See, e.g., Cannon v. Univ. of Chicago*, 441 U.S. 677, 699 (1979) (“In sum, it is not only appropriate but also realistic to presume that Congress was thoroughly familiar with . . . precedents from this and other federal courts and that it expected its enactment to be interpreted in conformity with them.”).

To be sure, in 1999, Congress amended section 1117(a) to restrict the award of profits in dilution cases to claims for “willful” dilution. *See* Trademark Amendments Act of 1999, Pub. L. No. 106-43, § 3(b), 113 Stat. 218, 219 (1999); 15 U.S.C. § 1117(a) (1998). Thereafter, some courts held that the profits provision did not require intentional infringement because only the dilution claims were singled out by the 1999 amendment. *Quick Techs.*, 313 F.3d at 347-50; *Banjo Buddies*, 399 F.3d at 168, 174-75. But “the 1999 amendment of Lanham Act

⁵ *See also* Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, 59 LAW & CONTEMP. PROBS. 75, 79-80 (1996) (“Putting aside statutory innovations directly linked to the public notice provided by the Act’s registration system, the Lanham Act codifies the basic common law principles governing both the subject matter and scope of protection.”) (footnote omitted); Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519, 520 (1993) (“Lanham Act’s primary, express purpose was to codify the existing common law of trademarks and not to create any new trademark rights.”).

§ 35(a) was not intended to change the law by removing willfulness as a requirement for an award of profits in a classic infringement case.” J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARK AND UNFAIR COMPETITION § 30:62 (4th ed. Supp. 2010) (hereinafter MCCARTHY); *see also Malletier v. Dooney & Bourke, Inc.*, 500 F. Supp. 2d 276, 281 (S.D.N.Y. 2007) (“[T]he addition of ‘willful violation under section 1125(c)’ does not indicate that it was Congress’s intention to simultaneously *sub silentio* overturn the weight of authority with respect to section 1125(a)”).

B. A Plaintiff Must Prove Actual Confusion For An Award Of Profits

Requiring proof of actual confusion for an award of profits is consistent with the traditional use of a defendant’s profits as a proxy for a plaintiff’s lost sales. As this Court stated long ago, “the award of profits is designed to make the plaintiff whole for losses which the infringer has caused by taking what did not belong to him.” *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 206 (1942).⁶ Under this traditional approach, proof of actual confusion provided the necessary causal

⁶ See also MCCARTHY § 30:64 (“Under the older, traditional view of the function of an accounting of an infringer’s profits, an accounting was regarded as merely another way of measuring plaintiff’s loss. An accounting was thought proper only as an indirect measure of the plaintiff’s injury; that is, only if some relationship between the infringer’s profits and the plaintiff’s injury could be inferred.”).

connection between the infringement and the remedy to justify an award of profits. *See, e.g., G.H. Mumm Champagne v. E. Wine Corp.*, 142 F.2d 499, 501 (2d Cir. 1944) (“It is of course true that to recover damages or profits, whether for infringement of a trade mark or for unfair competition, it is necessary to show that buyers, who wished to buy the plaintiff’s goods, have been actually misled into buying the defendant’s.”).

Courts that have adopted other rationales for the profits award, such as unjust enrichment and deterrence, do not always require the plaintiff to prove “actual confusion.” This is error.

The unjust enrichment rationale requires proof of actual confusion among customers. A plaintiff that cannot show actual confusion cannot attribute the defendant’s profits or any lost sales to the infringement. *See, e.g., Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1157 (7th Cir. 1994) (“Items alleged as either unjust enrichment to the defendant or damages suffered by the plaintiff must, of course, have been caused by the infringement itself.”).

Several circuits, including the Fourth Circuit, have decided not to impose an actual confusion requirement because an award of profits is, in these courts’ view, sometimes justified to deter future conduct. *See, e.g., Synergistic*, 470 F.3d at 176 (“public interest in making the infringing misconduct unprofitable” may justify an award of profits); *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738, 744 (7th Cir. 1985) (“The trial

court's primary function is to make violations of the Lanham Act unprofitable to the infringing party"); *see also Burger King Corp.*, 855 F.2d at 781 ("An accounting for profits has been determined by this Court to further the congressional purpose by making infringement unprofitable, and is justified because it . . . provides a deterrent to similar activity in the future.").

An award of profits based on deterrence contravenes section 1117(a)'s explicit admonition that any sum that the court sets for recovery of profits must constitute only "compensation and not a penalty." 15 U.S.C. § 1117(a). Deterrence is a rationale underlying punitive, not compensatory, damages. *See Pac. Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 19 (1991) (under most states' laws, "punitive damages are imposed for purposes of retribution and deterrence"). Thus, at least one circuit has rejected deterrence as a proper basis for awarding profits. *ALPO Petfoods*, 913 F.2d at 969 ("deterrence alone cannot justify" an award of profits).

Moreover, for an award of profits to constitute "compensation and not a penalty," the award of profits must be rationally related to the plaintiff's damages or the defendant's unjust enrichment. *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 917 (Fed. Cir. 1984). To be compensation, the measure of damages must "exhibit a strictly rational correlation [with] the rights appropriated." *Id.* at 920. In other words, there must be a "causal link" between the measure of damage and the infringement. *ALPO Petfoods*, 913 F.2d at 969. In

the absence of actual confusion, no such causal link is present, and the award of profits ceases to be compensation.

C. Due Process Principles Confirm That A Plaintiff Must Prove Intentional Infringement And Actual Confusion For An Award Of Defendant's Profits

If section 1117(a) allowed district courts to award a defendant's profits without proof of willfulness and actual confusion, section 1117(a) would raise serious due process concerns. *See Haslip*, 499 U.S. at 18 (unlimited judicial discretion "in the fixing of punitive damages may invite extreme results that jar one's constitutional sensibilities"). As one commentator explains, because of the "harsh results frequently produced by the accounting remedy, this rule is reminiscent of a rule applied by some jurisdictions to punitive damages." *Monetary Relief*, 72 TRADEMARK REP. at 501 (footnotes omitted).

Yet, in the Fourth Circuit's view, the "Lanham Act gives little guidance on the equitable principles to be applied by a court in making an award of damages." *Synergistic*, 470 F.3d at 174. Reflecting this concern, other courts have acknowledged that a district court's discretion to award profits "must operate within legally defined parameters," *George Basch Co.*, 968 F.2d at 1537, and that the discretion of courts "to award [monetary] remedies has limits," *ALPO Petfoods*, 913 F.2d at 968. The requirements of intentional infringement and

actual confusion must confine the discretion of courts to conform to basic principles of due process.

III. THE CRITERIA FOR AWARDING PROFITS UNDER THE LANHAM ACT IS A QUESTION OF RECURRING AND SUBSTANTIAL IMPORTANCE

The extensive circuit disagreement about the profits provision of the Lanham Act undermines a key justification for the Act. The Act reflects congressional awareness that “trade is no longer local, but is national.” S. Rep. No. 79-1333, at 5. Congress enacted a national trademark regime precisely because it was not content with trademark rights differing “widely” from one place to another. *Id.* Rather than differing from state to state, trademark law now differs from circuit to circuit. That is not the result Congress intended. To the contrary, Congress wanted the profits provision of the Lanham Act to operate in the same fashion throughout the nation.

With thousands of trademark infringement cases filed each year, an entrenched and long-standing circuit split on the profits provision does great damage to the Lanham Act’s aspiration of a federal trademark regime. According to data collected by the Administrative Office of the U.S. Courts, more than 3,000 trademark cases were

commenced each of the past ten years.⁷ As the numerous cases discussed above illustrate, the profits provision is a perpetual feature of trademark litigation.

Reflecting its central place in the trademark law regime, many scholars have studied the proper operation of the Lanham Act's profits provision. *See, e.g.*, J. GILSON, TRADEMARK PROTECTION AND PRACTICE § 14.03[6][c](i) (2005); MCCARTHY § 30:62; Danielle Conway-Jones, *Remedying Trademark Infringement: The Role of Bad Faith In Awarding An Accounting of Defendants' Profits*, 42 SANTA CLARA L. REV. 863 (2002); Eugene W. Luciani, *Note, Does The Bad Faith Requirement In Accounting of Profits Damages Make Economic Sense?*, 6 J. INTELL. PROP. L. 69, 78-82 (1998).

Furthermore, the profits provision warrants review by this Court because in certain circuits intellectual property owners are once again gaining rewards far beyond those necessary to promote progress. This Court has repeatedly cautioned against the misuse of intellectual property laws. *See, e.g., Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 29 (2001) ("careful to caution against misuse or over-extension of trade dress"). Congress struck a delicate balance in trademark law by authorizing an award of a defendant's profits, but only if the award of profits was equitable and not punitive. But, as discussed

⁷ *See* JUDICIAL BUSINESS OF THE U.S. COURTS, <http://www.uscourts.gov/Statistics/JudicialBusiness.aspx>.

above, many circuits are permitting trademark owners to walk off with an award of a defendant's profits far too easily. The Court must step in to halt the unwarranted expansion of intellectual property protection at the expense of competitive interests.

**IV. THIS CASE IS AN IDEAL VEHICLE TO
CLARIFY THE CRITERIA FOR
AWARDING PROFITS UNDER THE
LANHAM ACT**

This case is an ideal vehicle to clarify whether an award of defendant's profits under the Lanham Act is permissible in the absence of either intentional infringement or actual customer confusion. The record is clear that the jury found no intentional infringement. App. 25a, 43a. So too, the record is clear that the profits award is not based on any actual confusion among customers. App. 26a-27a; *see also* J.A. 1279-80 ("We are not claiming actual damages through lost sales of Mattel."). Nevertheless, the Fourth Circuit affirmed a \$1 million defendant's profits award.

CONCLUSION

The petition for review should be granted.

Respectfully submitted,

THOMAS ZELLERBACH
KHAI LEQUANG
ORRICK, HERRINGTON
& SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, California
94025
(650) 614-7400

E. JOSHUA ROSENKRANZ
Counsel of Record
MARK DAVIES
ORRICK, HERRINGTON
& SUTCLIFFE LLP
51 West 52nd Street
New York, New York
10103
jrosenkranz@orrick.com
(212) 506-5000

November 4, 2010

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UNPUBLISHED

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 09-1397

SUPER DUPER, INCORPORATED, d/b/a Super
Duper Publications,

Plaintiff - Appellant,

v.

MATTEL, INCORPORATED, a Delaware
Corporation,

Defendant – Appellee.

Appeal from the United States District Court for the
District of South Carolina, at Greenville. Henry F.
Floyd, District Judge. (6:05-cv-01700-HFF)

Argued: March 24, 2010 Decided: June 10, 2010

Before SHEDD and AGEE, Circuit Judges, and
HAMILTON, Senior Circuit Judge.

Affirmed by unpublished per curiam opinion.

ARGUED: Thomas Edward Vanderbloemen,
GALLIVAN, WHITE & BOYD, PA, Greenville,
South Carolina, for Appellant. Thomas Henderson
Dupree, Jr., GIBSON, DUNN & CRUTCHER, LLP,

Washington, D.C., for Appellee. **ON BRIEF:** W. Howard Boyd, Jr., Jennifer E. Johnsen, Adam C. Bach, GALLIVAN, WHITE & BOYD, PA, Greenville, South Carolina; Steven R. LeBlanc, DORITY & MANNING, P.A., Greenville, South Carolina, for Appellant. Dace A. Caldwell, GIBSON, DUNN & CRUTCHER, LLP, Washington, D.C., for Appellee.

Unpublished opinions are not binding precedent in this circuit.

PER CURIAM:

Mattel, Incorporated (“Mattel”) opposed the registration of several of Super Duper, Incorporated’s (“Super Duper”) trademarks in the United States Patent and Trademark Office (“USPTO”) based on their alleged infringement of Mattel’s preexisting marks. After the parties’ efforts to reach a settlement failed, Super Duper filed a declaratory judgment action in the United States District Court for the District of South Carolina, requesting the court rule that its trademarks did not violate Mattel’s intellectual property rights. Mattel counterclaimed, alleging that Super Duper had engaged in trademark infringement, trademark dilution, unfair competition, and fraud upon the USPTO.

After a week-long trial, a jury found that Super Duper’s use of seven trademarks infringed

upon and/or diluted four of Mattel's preexisting marks and awarded Mattel \$400,000 in damages.¹ Post-trial, Super Duper renewed its motion for judgment as a matter of law and Mattel moved for a permanent injunction, order of cancellation, increased profits, and an award of attorneys' fees and costs. The district court denied Super Duper's motion but granted those of Mattel by increasing the damages award to \$999,113 and providing Mattel with \$2,643,844.15 in attorneys' fees. Super Duper filed a timely appeal and we have jurisdiction under 28 U.S.C. § 1291.

On appeal, Super Duper challenges (1) the district court's denial of its motion for judgment as a matter of law, (2) multiple instructions submitted to the jury, and (3) the district court's award of increased profits and attorneys' fees. Our review of the record reveals no error requiring reversal. Accordingly, we affirm the judgment of the district court.

I.

We review de novo Super Duper's initial argument that the district court erred in denying its motion for judgment as a matter of law on Mattel's

¹ The jury concluded that Super Duper's use of its SEE IT! SAY IT!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, and SAY AND SORT trademarks infringed Mattel's SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS marks. The jury also concluded that Super Duper's use of its SEE IT! SAY IT!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, and SAY AND SORT trademarks was likely to dilute Mattel's famous SEE 'N SAY and THE FARMER SAYS marks.

claims for trademark infringement and trademark dilution. See Dotson v. Pfizer, Inc., 558 F.3d 284, 292 (4th Cir. 2009). Judgment as a matter of law is appropriate only when “there is no legally sufficient evidentiary basis for a reasonable jury to find for the non-moving party.” Int’l Ground Transp., Inc. v. Mayor & City Council of Ocean City, 475 F.3d 214, 218 (4th Cir. 2007) (quotation omitted). In considering the evidence presented at trial, we do “not make credibility determinations or weigh the evidence,” as “[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge.” Reeves v. Sanderson Plumbing Prods., Inc., 530 U.S. 133, 150 (2000) (quotation omitted).

After reviewing the record in the light most favorable to Mattel and disregarding all evidence favorable to Super Duper “that the jury [was] not required to believe,” id. at 150-51, we cannot say that the evidence “supports only one reasonable verdict.” Dotson, 558 F.3d at 292 (quotation omitted). The evidence presented at trial was sufficient for the jury to conclude that the simultaneous use of Mattel’s and Super Duper’s marks would (1) create a likelihood of confusion in the mind of an “appreciable number of ordinarily prudent purchasers” regarding the “source of the goods in question,” Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 127 (4th Cir. 1990) (quotations omitted), and (2) “impair[] the distinctiveness of [Mattel’ s] famous mark[s].” Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 264 (4th Cir. 2007) (quoting 15 U.S.C. § 1125(c)(2)(B)).

In regard to trademark infringement, Super Duper argues, *inter alia*, that Mattel failed to offer any evidence of actual confusion over a significant period of concurrent use of the marks and that there are many distinctions between its business and products and those of Mattel. We find these arguments unpersuasive. While it is true that a lack of “evidence of actual confusion over a substantial period of time” may create “a strong inference” of no likelihood of confusion, CareFirst of Maryland, Inc. v. First Care, P.C., 434 F.3d 263, 269 (4th Cir. 2006), the absence of such proof does not preclude a party from proving a likelihood of confusion based on a compilation of other evidence. It is, after all, “well established that no actual confusion is required to prove a case of trademark infringement.”² Louis Vuitton, 507 F.3d at 263.

Furthermore, under these facts, the inference to be drawn from Mattel’s lack of evidence of actual confusion was a matter properly submitted to the jury. See Reeves, 530 U.S. at 150 (noting that gleaned “inferences from the facts” is a “jury function[]”). Super Duper places great emphasis on the fact that its marks were in use for five-to-nine years before the start of trial in 2008, and that

² See also CareFirst, 434 F.3d at 269 (“[P]roof of actual confusion is not necessary to show a likelihood of confusion”); Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 463 (4th Cir. 1996) (“[E]vidence of actual confusion is unnecessary.”); Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 933 (4th Cir. 1995) (“[T]his Court has emphasized that a trademark owner need not demonstrate actual confusion.”); AMP Inc. v. Foy, 540 F.2d 1181, 1186 (4th Cir. 1976) (“[A]ctual confusion is not an essential element in establishing a likelihood to confuse”).

Mattel produced no evidence of actual confusion during that time. Mattel, however, first challenged Super Duper's use of its trademarks in the USPTO in 2004. The jury could reasonably conclude that Mattel's administrative challenge affected the manner in which Super Duper used and publicized its marks during the relevant period.

We also reject Super Duper's assertion that the jury should have weighed additional likelihood-of-confusion factors differently, such as differences in the parties' products, marks, and facilities. Because the likelihood-of-confusion analysis "depends on varying human reactions to situations incapable of exact appraisalment," we treat the likelihood of confusion as an "inherently factual issue that depends on the facts and circumstances in each case." Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 933 (4th Cir. 1995) (quotations omitted). As a "cross-section of consumers," the jury is particularly "well-suited to evaluating whether an 'ordinary consumer' would likely be confused." Anheuser-Busch, Inc. v. L&L Wings, Inc., 962 F.2d 316, 318 (4th Cir. 1992)." Our function on appeal is not to "weigh the evidence," but to determine if the "record as a whole" supports the jury's verdict. Reeves, 530 U.S. at 150-51. We conclude that Mattel met that standard.

Super Duper's arguments in relation to Mattel's trademark dilution claims fare no better, as they primarily focus on the lack of survey evidence and expert testimony as to the likelihood of dilution. Our precedent does not support the proposition that the successful prosecution of a trademark dilution claim mandates the production of survey evidence or

expert testimony. See Louis Vuitton, 507 F.3d at 266 (“To determine whether a junior mark is likely to dilute a famous mark through blurring, the TDRA directs the [trier of fact] to consider all factors relevant to the issue, including six factors that are enumerated in the statute. . . .”). Of course, such evidence may prove helpful to the jury, but it is not required. Cf. id. at 266 (“Not every factor will be relevant in every case, and not every blurring claim will require extensive discussion of the factors.”).

As we have explained, the jury was well situated to make the factual determination that Mattel’s marks were “famous,” that sufficient similarity existed between Super Duper’s and Mattel’s marks, and that this association was likely to impair the distinctiveness of Mattel’s “famous” marks. See id. at 264-65. The Trademark Dilution Revision Act (“TDRA”) requires nothing more, see 15 U.S.C. § 1125(c), and we are prohibited from reweighing the evidence or drawing inferences from the facts. See Reeves, 530 U.S. at 150.

II.

We now turn to Super Duper’s claims that multiple instructions submitted to the jury failed to correctly state the law and require reversal of the judgment. “[I]t is well settled that a trial court has broad discretion in framing its instructions to a jury.” Volvo Trademark Holding Aktiebolaget v. Clark Mach. Co., 510 F.3d 474, 484 (4th Cir. 2007). We accordingly review the district court’s jury instructions only “for abuse of discretion,” although we “review de novo claims that the jury instructions failed to correctly state the law.” Id. Affirmance is required so long as the instructions given by the

district court, “taken as a whole,” “adequately state the controlling law.” Id. (quotation omitted). In other words, we will reverse based on “error in jury instructions only if the error is determined to have been prejudicial, based on a review of the record as a whole.” Abraham v. County of Greenville, 237 F.3d 386, 393 (4th Cir. 2001) (quotation omitted).

Super Duper first contends that the district court’s instructions eliminated Mattel’s burden of proving a likelihood of confusion by a preponderance of the evidence. We disagree. While the district court erred in instructing the jury that “[a]ny doubt regarding the outcome of the likelihood of confusion analysis must be resolved in favor of Mattel,”³ Joint Appendix (“J.A.”) at 2001, the jury instructions as a whole adequately and correctly stated the controlling law.

For example, the district court informed the jury that “Mattel ha[d] the burden of proving” the elements of a trademark infringement claim “by a preponderance of the evidence” and the jury was instructed to find in Super Duper’s favor if “Mattel failed to prove any of” the requisite elements of a trademark infringement claim. Id. at 1998. The special verdict form also specifically asked the jury to determine whether “Mattel ha[d] proven by a preponderance of the evidence that any of Super Duper’s trademarks . . . infringe[d] Mattel’s

³ As the Supreme Court explained in KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111 (2004), the defendant in a trademark-infringement suit “has no free-standing need to show confusion unlikely” and is merely required “to leave the factfinder unpersuaded that the plaintiff has carried its own burden on that point.” 543 U.S. at 120-21.

trademarks.” Id. at 2034. Super Duper is accordingly unable to establish that the district court’s error was “prejudicial” in light of the “record as a whole.”⁴ Abraham, 237 F.3d at 393 (quotations omitted).

Next, Super Duper argues the district court erred in instructing the jury that a lack of “evidence of actual confusion” is a “factor [that] is neutral and does not favor either party.” J.A. at 2013. We have already recognized that whether there was a significant period of concurrent use of Super Duper’s and Mattel’s marks without any evidence of actual confusion was a factual matter best left to the jury’s determination. See Reeves, 530 U.S. at 150 (recognizing that “the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge”). Accordingly, the district court did not abuse its discretion in instructing the jury that an absence of evidence of actual confusion, in and of itself, was a neutral factor.⁵ See AMP Inc., 540 F.2d at 1186

⁴ In light of our opinion in AMP Inc. v. Foy, 540 F.2d 1181 (4th Cir. 1976), we also reject Super Duper’s challenge to the district court’s instruction that if the jury found Mattel’s trademarks to be strong marks, “Super Duper’s trademarks (as the latecomer) must be substantially different from Mattel’s trademarks to avoid a finding of infringement.” J.A. at 2012; see AMP Inc., 540 F.3d at 1187 (citing “a respectable body of authority” that holds that “the second comer has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer”) (emphasis added) (quotation omitted).

⁵ The district court did not abuse its discretion in refusing to grant Super Duper’s request for a sophisticated user instruction, as Sharon Webber, the co-owner of Super Duper, testified at trial that Super Duper sold its goods to the “[v]ery

("[A]ctual confusion is not an essential element in establishing a likelihood to confuse . . .").

Super Duper also contends that several aspects of the district court's instructions suggested that the jury could impose liability based solely on the similarity of Super Duper's and Mattel's trademarks. But see Commc'ns Satellite Corp v. Comcet, Inc., 429 F.2d 1245, 1252 (4th Cir. 1970) ("Resemblance of the marks is not alone sufficient to establish the likelihood of confusion."). On appeal, however, "we do not view a single instruction in isolation; rather we consider whether taken as a whole and in the context of the entire charge, the instructions accurately and fairly state the controlling law." United States v. Rahman, 83 F.3d 89, 92 (4th Cir. 1996). We conclude that, in this case, the instructions given to the jury fairly state the controlling law.

For example, the district court's instruction regarding the elements of a trademark infringement claim specified seven factors the jury should consider in reaching its verdict: (1) the strength of Mattel's trademarks, (2) the similarity of Mattel's and Super Duper's trademarks, (3) the similarity of the goods that the trademarks identify, (4) the similarity of the parties' business facilities, (5) the similarity of the

general public." J.A. at 675. Nor did the district court abuse its discretion in instructing the jury that the "ultimate consumers of Super Duper's products" were "children." Id. at 2013; see Lyons Partnership, L.P. v. Morris Constumes, Inc., 243 F.3d 789, 802 (4th Cir. 2001) (holding that "the similarity of child-oriented works must be viewed from the perspective of the child audience for which the products were intended") (quotation omitted).

parties' advertising, (6) Super Duper's intent in selecting its trademarks, and (7) any actual confusion between Super Duper's and Mattel's products or trademarks. Only the second factor related to "the similarity of Mattel's trademarks and Super Duper's trademarks." ⁶ J.A. at 2000. Furthermore, the court clearly explained that "[t]he presence or absence of any particular factor . . . should not necessarily resolve whether there is a likelihood of confusion" because the jury "must consider all [of the] relevant evidence." Id.

Moreover, the district court's specific instruction on the factor relating to the similarity of the parties' trademarks clarified that "[t]rademarks are not to be evaluated in a side by side comparison test," such as "a meticulous comparison in court." Id. at 2008. Rather, "[i]t is the overall impression created by the trademark from the ordinary consumer's cursory observation in the marketplace that will or will not lead to a likelihood of confusion." Id. (emphasis added). It was thus made clear to the jury that all relevant market-related factors must be taken into account in determining whether marks are similar and whether a likelihood of confusion ultimately exists.

⁶ While the district court erred in giving an instruction that fleetingly referred to the "similarity" between Super Duper's and Mattel's trademarks, J.A. at 2000, Super Duper failed to lodge an objection on this basis in the district court. Our review is consequently only for plain error, see United States v. Jeffers, 570 F.3d 557, 564 n.4 (4th Cir. 2009), and Super Duper cannot establish that this overlooked comment caused it prejudice. See United States v. Stitt, 250 F.3d 878, 884 (4th Cir. 2001) (noting that "actual prejudice [is] required by the third prong of plain-error review").

That the district court instructed the jury that “similarities” in the parties’ marks “weigh more heavily than differences,” J.A. at 2008, does not alter our analysis. Although we have stated that, in assessing the similarity of marks, courts do not “confine their scrutiny merely to similarities,” Petro Stopping Ctrs., L.P. v. James River Petroleum, Inc., 130 F.3d 88, 94 (4th Cir. 1997), the district court’s instruction did not remove the marks’ dissimilarities from the jury’s consideration. Indeed, the jury’s search for similarities between Super Duper’s and Mattel’s marks would necessarily reveal the marks’ dissimilarities, as similarity and dissimilarity are but two sides of the same coin.

Super Duper’s argument as to the district court’s mark-pairings instruction similarly lacks merit. The instruction in question simply stated that “the mere presence of a house mark, e.g., the name Super Duper, does not avoid a finding of likelihood of confusion as between two marks.” Id. at 2008. In short, this instruction correctly explained that placement of Super Duper’s house mark on its product packaging did not ipso facto foreclose the possibility that a likelihood of confusion existed between Super Duper’s trademarks and those of Mattel. See CareFirst, 434 F.3d at 271-72 (recognizing that the effect of a mark pairing depends on the strength of the allegedly infringed mark, as well as any “differences in the public presentations of the[] marks” that would “significantly reduce the likelihood of confusion”).

III.

Finally, Super Duper contests the district court's award of increased profits and attorneys' fees to Mattel. Super Duper's argument in this regard is predicated on the section of the TDRA that specifies that a plaintiff prevailing under the likelihood of dilution standard may only recoup profits, damages, costs, and attorneys' fees if "the mark . . . that is likely to cause dilution by blurring . . . was first used in commerce by the person against whom [relief] is sought after October 6, 2006." 15 U.S.C. § 1125(c)(5)(A). Although Super Duper is correct that its trademarks were in use before October 6, 2006, Super Duper failed to raise anything remotely resembling this argument in its Rule 50(a) motion for judgment as a matter of law. See Exxon Shipping Co. v. Baker, 128 S. Ct. 2605, 2617 n.5 (2008) ("A motion under Rule 50(b) is not allowed unless the movant sought relief on similar grounds under Rule 50(a) before the case was submitted to the jury."). We accordingly review this issue only for plain error. See Price v. City of Charlotte, 93 F.3d 1241, 1248-49 (4th Cir. 1996).

Under the facts of this case, we decline to exercise our discretion to correct the error.⁷ See Olano, 507 U.S. 725, 732 (1993) (noting that "the decision to correct [a] forfeited error [is] within the sound discretion of the court of appeals, and the court should not exercise that discretion unless the

⁷ See also Corti v. Storage Tech. Corp., 304 F.3d 336, 341 (4th Cir. 2002) ("Before we can exercise our discretion to correct an error not raised below in a civil case, at a minimum, the requirements of United States v. Olano, 507 U.S. 725 (1993), must be satisfied.").

error ‘seriously affect[s] the fairness integrity or public reputation of judicial proceedings.’” (quoting United States v. Young, 470 U.S. 1, 15 (1985))). The award of profits and attorneys’ fees and costs in this case was independently justified by the jury’s conclusion that Super Duper’s use of seven trademarks infringed four of Mattel’s preexisting marks. See 15 U.S.C. §§ 1117(a) & 1125(a) .

We recognize that the jury awarded no damages based on its finding of trademark infringement. But the award of \$999,113 in lost profits now at issue was made by the district court, rather than the jury. Section 1117(a) specifically provides that, in cases like the one currently before us in which a plaintiff establishes trademark infringement under § 1125(a), “[i]f the court . . . find[s] 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.” In this case, the district court found the jury’s award of \$400,000 in lost profits inadequate and increased the award to \$999,113, the amount of lost profits Mattel’s expert testified was attributable to Super Duper’s seven infringing marks.

Super Duper has simply failed to establish that the district court’s award of lost profits would have differed had it not considered the jury’s finding of trademark dilution. Accordingly, we decline to exercise our discretion to correct the district court’s error in regard to the award of profits under the

TDRA.⁸ See Stitt, 250 F.3d at 884 (noting that “actual prejudice [is] required by the third prong of plain-error review”) (quotation omitted); see also United States v. Robinson, 460 F.3d 550, 557 (4th Cir. 2006) (“[A]n appellant on plain error review bears the burden of persuasion with respect to prejudice.”).

We further conclude that the district court did not err in determining that this was an “exceptional case” thus rendering the award of attorneys’ fees appropriate under 15 U.S.C. § 1117(a). The district court adopted the reasoning set forth in Mattel’s petition for attorneys’ fees in concluding that this case was “exceptional.” In tandem with the district

⁸ We reject Super Duper’s contention that the district court erred in increasing Mattel’s award of lost profits. The district court’s ruling in this regard is consistent with the equitable factors laid down in Synergistic International, LLC v. Korman, 470 F.3d 162, 175 (4th Cir. 2006), and does not constitute an abuse of discretion. See Metric & Multistandard Components Corp. v. Metric’s, Inc., 635 F.2d 710, 715 (8th Cir. 1980) (“[T]he district court is given broad discretion to award the monetary relief necessary to serve the interests of justice . . .”). Nor are we persuaded that the court erred in failing to put a more restrictive time limitation on Mattel’s award of lost profits. Indeed, Super Duper’s reliance on our opinion in Lyons Partnership, L.P. v. Morris Costumes, Inc., 243 F.3d 789 (4th Cir. 2001) is misplaced. Although Lyons established that “the doctrine of laches may be applied to equitable claims brought under the Lanham Act,” 243 F.3d at 799 (emphasis omitted), Mattel did not unreasonably delay in instituting its Lanham Act claims; therefore, the doctrine of estoppel by laches does not apply. See What-A-Burger of Va., Inc. v. Whataburger, Inc., 357 F.3d 441, 449 (4th Cir. 2004) (“Indeed, the key question, for purposes of estoppel by laches, is not simply whether there has been some delay, but whether that delay was unreasonable.”) (emphasis in original).

court's own observation that the "jury considered . . . overwhelming evidence of [Super Duper's] wrongdoing and determined that it both infringed and intentionally diluted certain of [Mattel's] marks," J.A. at 2708, the reasons stated in Mattel's attorneys' fees petition are sufficient to uphold the district court's ruling that this was an "exceptional case." See Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 550 (4th Cir. 2004) (recognizing that an "exceptional case" is "one in which the defendant's conduct was malicious, fraudulent, willful or deliberate in nature" (quotation omitted)).

Because Super Duper failed to preserve its objections to the specific billing items it contests on appeal and/or to cite to any portion of the record demonstrating that Mattel, in fact, recouped the associated attorneys' fees, we further hold that the district court did not abuse its discretion in granting Mattel's request for attorneys' fees in the amount of \$2,643,844.15. See Am. Reliable Ins. Co. v. Stillwell, 336 F.3d 311, 320 (4th Cir. 2003) ("[W]e review a district court's decision awarding or denying attorney's fees and costs for abuse of discretion."). Super Duper has simply "provided us with no [valid] basis . . . to discern the degree to which it believes the district court abused its discretion," Jean v. Nelson, 863 F.2d 759, 772 (11th Cir. 1988), and "[w]e will not make arguments for [a party] that it did not make in its briefs." O'Neal v. Ferguson Constr. Co., 237 F.3d 1248, 1257 n.1 (10th Cir. 2001) (citing Fed. R. App. P. 28(a)(9)(A)). Accordingly, we find Super Duper's "argument without evidence unpersuasive, and conclude that the district court acted within its discretion in approving" the attorneys' fees

“described in the evidence before it.” Gray v. Lockheed Aeronautical Sys. Co., 125 F.3d 1387, 1389 (11th Cir. 1997); see also Norman v. Hous. Auth. of the City of Montgomery, 836 F.2d 1292, 1301 (11th Cir. 1988) (“As the district court must be reasonably precise in excluding hours thought to be unreasonable or unnecessary, so should be the objections and proof from fee opponents.”).

For the foregoing reasons, we affirm the judgment of the district court.

AFFIRMED



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

SUPER DUPER, INC.	§	
d/b/a Super Duper	§	Filed
Publications,	§	March 31, 2009
a South Carolina	§	
Corporation,	§	
	§	
Plaintiff and	§	
Counterdefendant,	§	
	§	
vs.	§	CIVIL ACTION NO.
	§	6:05-1700-HFF-WMC
	§	
MATTEL, INC.,	§	
a Delaware	§	
Corporation,	§	
	§	
Defendant and	§	
Counterclaimant.	§	

ORDER

I. INTRODUCTION

Pending before the Court is Defendant's Motion for Entry of Judgment, for Permanent Injunction, for Order of Cancellation, and for Increased Profits Pursuant to 15 U.S.C. § 1117 or, in

the alternative, to Alter or Amend Judgment. Having carefully considered the motion, the response, the reply, the record, and the applicable law, it is the judgment of this Court that Defendant's Motion for Entry of Judgment will be granted as modified, Defendant's Motion for Permanent Injunction will be granted as modified, Defendant's Motion for Order of Cancellation will be granted, and Defendant's Motion for Increased Profits Pursuant to 15 U.S.C. § 1117 will be granted as provided herein.

II. DISCUSSION

A. *Permanent Injunction*

The parties appear to agree that the standard set out in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006) is the appropriate one that the Court should employ to guide its decision as to whether a permanent injunction should issue in this matter. According to the *eBay* court, before a permanent injunction can properly issue, the movant must demonstrate

- (1) that it has suffered an irreparable injury;
- (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury;
- (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and
- (4) that the public interest would not be disserved by a permanent injunction.

Id.

Defendant contends that each of the above-listed factors weighs in favor of the Court's granting

its motion for a permanent injunction barring Plaintiff from transporting, distributing, offering for sale, or selling any good bearing any of the marks that the jury in this matter found infringed and intentionally diluted Defendant's marks. The motion also asks the Court to require Plaintiff to deliver to Defendant for destruction all products, advertising and promotional material, packaging, or other material bearing any of the marks that the jury found infringed and intentionally diluted Defendant's marks.

Plaintiff argues that Defendant is not entitled to such a broad injunction and that the injunction that Defendant has proposed does not satisfy the test set out in *eBay*.

As to the first factor, in light of the jury's verdict, coupled with this Court's view of the evidence, the Court finds that Defendant has suffered irreparable injury as a result of Plaintiff's misconduct, namely that Plaintiff's SEE IT! SAY!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, and SAY AND SORT trademarks infringed and intentionally diluted the distinctive nature of Defendant's SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS trademarks. Regarding factor two, the Court further finds that monetary damages are an insufficient remedy to compensate Defendant for Plaintiff's continuing misbehavior.

Factor three also weighs in favor of the Court's entering a permanent injunction. As noted by Defendant,

[a]s an adjudged infringer and diluter, [Plaintiff] cannot complain about any hardship. By contrast, there is a risk of substantial hardship to [Defendant] because [Plaintiff] sustained use of the Infringing Marks will only continue to irreparably harm the consumer goodwill that [Defendant] has established in its SEE 'N SAY trademarks and [Defendant's] reputation as a whole.

(Def.'s Rep. to Pl.'s Resp. to Def.'s Mot. for Entry of Judg. 5) (citation omitted). The fourth factor also favors the entry of a permanent injunction. The public interest is served when the Court's gives effect to a jury verdict. That is precisely what this permanent injunction does. Moreover, the public interest is also served when a company's unlawful conduct is ordered to be suspended. Again, that is precisely what this permanent injunction is tailored to do. In fact, the public interest would be disserved if a permanent injunction did not issue.

Consequently, Defendant's motion for a permanent injunction will be granted, with one exception. To the extent that Plaintiff renames and relabels its products that the jury found to be unlawful, then destruction of such products will be unnecessary. "In other words, [Plaintiff] can continue to sell and produce the [unlawfully named] product but it must be another name." (Trans. 1299:5-6.)

B. Order of Cancellation

Section 1119 of Title 15 of the United States Code provides that,

[i]n any action involving a registered mark the court may determine the right to registration, order the cancel[.]ation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

Id.

Defendant moves the Court to order the cancellation of the registration of Plaintiff's SEE IT! SAY IT1 and FISH & SAY marks and to foreclose the registration of SORT AND SAY. Plaintiff, however, argues that an order would be a waste of judicial resources and would place Plaintiff at a disadvantage during any further court proceedings.

At the request of Plaintiff, the jury has spoken on this issue and, inasmuch as it found that Plaintiff's SEE IT! SAY IT!, FISH & SAY and SORT AND SAY marks are unlawful, the duty of the Court is to give effect to the jury's decision. *Gracie v. Gracie*, 217 F.3d 1060, 1066 (9th Cir. 2000) ("In light of the jury verdict, which the district court allowed to stand, the district court should have ordered cancellation of [the offending mark].") Moreover, the Court notes that, it is not merely serving as a rubber stamp. Instead, it wholly agrees with the jury's opinion on this issue. Thus, the Court will enter judgment accordingly.

C. *Adjustment of Award*¹

Defendant requests an increased award amount pursuant to 15 U.S.C. § 1117(a), which provides that

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**

¹ Judge Currie was recently faced with some of the same issues that this case presents. *See All American Title Loans v. Title Cash of South Carolina*, No. 3:05-1280-CMC, 2007 WL 1464580 (D.S.C. May 17, 2007). Given the thoroughness of her opinion, when appropriate, the Court has adopted much of the law cited in that case here.

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.

15 U.S.C. § 1117(a) (emphases added).

Through its present motion, Defendant seeks to increase the amount awarded under the profits measure from \$400,000 to \$999,113, based on Defendant's expert's profit calculation. Whether to award an enhancement rests in the trial court's discretion. *Burger King Corp. v. Mason*, 710 F.2d 1480, 1495 (11th Cir. 1983) (noting also that district court may award extraordinary relief, including treble damages "if the district court believes that such an award would be just") (emphasis in original). The Court may also adjust an award of profits if the Court deems the award either excessive or inadequate. *Id.* Either action "clearly envisions the exercise of the trial judge's discretion." *Id.*

In deciding whether to grant Defendant's request, the Court considers the underlying purposes of the these provisions. They include deterring Plaintiff from further misconduct. *See Sands, Taylor & Wood v. Quacker Oats Co.*, 34 F.3d 1340, 1348 (7th Cir. 1994) (stating that remedial provisions are intended to "provide a sufficient deterrent to ensure

that the guilty party will not return to its former ways and once again pollute the marketplace”); *Mobius Management Systems, Inc., v. Fourth Dimension Software, Inc.*, 880 F. Supp. 1005, 1025 (S.D.N.Y. 1994) (noting that while punitive damages are not allowed under the Lanham Act, its treble “enhancement [provisions] may be used to deter further willful violations”). In addition, these provisions are used “to compensate a plaintiff for its actual injuries.” *Getty Petroleum Corp. v. Barto Petroleum Corp.*, 858 F.2d 103, 113 (2d Cir. 1988). The Court may, therefore, “enhance a monetary recovery of damages or profits” or “award plaintiff a full accounting of an infringer’s profits.” *Id.* See also *Alpo Petfoods, Inc. v. Ralston Purina Co.*, 997 F.2d 949, 955 (D.C. Cir. 1993) (“An enhancement is appropriate to compensate a Lanham Act plaintiff only for such adverse effects as can neither be dismissed as speculative nor precisely calculated. . . . Lost profits and market distortion are . . . appropriate bases for the catch-all enhancement. . . .”).

The jury awarded less than the amounts sought by Defendant. And, although the Court agrees with the jury’s evaluation of the evidence as to infringement and intentional dilution, it cannot say that it agrees with the jury’s conclusions as to these measures of profits. The amounts awarded by the jury are neither sufficient to adequately compensate Defendant nor to deter Plaintiff from future misconduct.²

² In fact, although not considered in the Court’s making of this decision, Defendants have asserted, and Plaintiff has not denied, that Plaintiff continues its same unlawful conduct to this day.

Section 1117(a) provides, in relevant part, that “[i]n assessing profits the [trademark owner] shall be required to prove [the infringer’s] sales only; [the infringer] must prove all elements of cost or deduction claimed. 15 U.S.C. § 1117(a). Having reviewed the evidence for the first time at trial, and then reviewing it again in the peace and quiet of chambers, the Court is persuaded that, although Defendant proved Plaintiff’s sales, Plaintiff failed to prove the elements of costs and deductions that it claimed to offset those sales. Instead, it appears to the Court that many of the deductions that Plaintiff seeks to subtract from the sales are unsupported by any business records.³

Defendant’s profit calculation is \$999,113. The competent evidence in the record supports this calculation. Requiring Plaintiff to pay this amount will both fairly compensate Defendant and, hopefully, deter Plaintiff from any further unlawful conduct. Therefore, the Court will enter judgment for this amount.⁴

In an abundance of caution, in making this determination, the Court has also considered the following six factors in making this decision:

- (1) whether the defendant had the intent to confuse or deceive;
- (2) whether the sales

³ The Court is unpersuaded by any argument that the amount of profits should be decreased because of progressive encroachment. As stated above, Defendant was required only to prove the infringer’s sales. It is Plaintiff’s duty in this instance to prove any deductions. Its failure to do so is fatal to this claim.

⁴ This amount “constitute[s] compensation and not a penalty.” 15 U.S.C. § 1117(a).

have been diverted; (3) the adequacy of other remedies; (4) any unreasonable delay by the plaintiff in asserting its rights; (5) the public interest in making the misconduct unprofitable; and (6) whether it is a case of palming off.

Synergistic Int'l, LLC v. Korman, 470 F.3d at 175.

As to factor one, whether Plaintiff had the intent to confuse or deceive, there was evidence in the record to support the jury's decision that Plaintiff intentionally diluted Defendant's SEE 'N SAY trademarks with seven of Plaintiff's trademarks. Factor two, whether sales have been diverted, is inapplicable. Regarding factor three, the adequacy of other remedies, the Court has considered other remedies but finds that none other is adequate. There is no competent evidence in the record that the fourth factor, any unreasonable delay by Defendant in asserting its rights, applies. Concerning the fifth factor, the public interest in making the misconduct unprofitable, in addition to Super Duper's misconduct that is the subject of this suit, the record is replete with Plaintiff's apparent proclivity in generously borrowing, without permission or payment, the ideas of others. The public has cause to make such misbehavior unprofitable.⁵ The sixth factor, whether this is a case of palming off, has no application here. These considerations, although not exhaustive, convince the Court that the award of profits as provided herein is proper.

⁵ The Court notes, however, that it has considered only the misconduct of Plaintiff that is the subject of this suit in weighing this factor in favor of granting Defendant relief.

CONCLUSION

Therefore, for the reasons set forth herein, as well as those set forth by Defendant, it is the judgment of this Court that Defendant's Motion for Entry of Judgment will be **GRANTED AS MODIFIED**, Defendant's Motion for Permanent Injunction will be **GRANTED AS MODIFIED**, Defendant's Motion for Order of Cancellation will be **GRANTED**, and Defendant's Motion for Increased Profits Pursuant to 15 U.S.C. § 1117 will **BE GRANTED AS PROVIDED HEREIN**.

IT IS SO ORDERED.

Signed this 31st day of March, 2009 in Spartanburg, South Carolina.

s/ Henry F. Floyd _____
HENRY F. FLOYD
UNITED STATES DISTRICT JUDGE

FILED: July 7, 2010

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 09-1397
(6:05-cv-01700-HFF)

SUPER DUPER, INCORPORATED, d/b/a Super
Duper Publications

Plaintiff - Appellant

v.

MATTEL, INCORPORATED, a Delaware
Corporation

Defendant - Appellee

O R D E R

The Court denies the petition for rehearing and rehearing en banc. No judge requested a poll under Fed. R. App. P. 35 on the petition for rehearing en banc.

30a

Entered at the direction of the panel: Judge
Shedd, Judge Agee and Senior Judge Hamilton.

For the Court

/s/ Patricia S. Connor, Clerk



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

SUPER DUPER, INC.	§	
d/b/a Super Duper	§	Filed
Publications,	§	March 31, 2009
a South Carolina	§	
Corporation,	§	
	§	
Plaintiff and	§	
Counterdefendant,	§	
	§	
vs.	§	CIVIL ACTION NO.
	§	6:05-1700-HFF-WMC
	§	
	§	
MATTEL, INC.,	§	
a Delaware Corporation,	§	
	§	
Defendant and	§	
Counterclaimant.	§	

AMENDED JUDGMENT
AND PERMANENT INJUNCTION

The jury having rendered verdicts on liability and damages in favor of Defendant and Counterclaimant Mattel, Inc. and against Plaintiff

and Counterdefendant Super Duper, Inc., and the Court having granted Defendant's motion for permanent injunction, motion for cancellation, and motion to amend or alter the judgment to increase the profits awarded to Defendant, the Court makes the following findings and orders:

A. On June 15, 2005, Plaintiff filed the complaint for declaratory judgment in this action against Defendant. In its complaint, Plaintiff alleged that the trademarks SORT AND SAY, SEE IT! SAY IT!, FOLD & SAY, FOLD AND SAY, FISH & SAY, FISH AND SAY, SAY AND DO, SAY & DO, SAY & GLUE, FUN DECK & SAY, SORT & SAY, SPIN, SAY & DO, SAY AND SORT, SPIN, SAY AND DO, and SAY AND SING do not infringe Defendant's trademarks SEE N' SAY, MOTHER NATURE SAYS, THE FARMER SAYS, WINKY SAYS, THE BEE SAYS, THE CLOCK SAYS, MOTHER GOOSE SAYS, GRANNY SAYS, BARBIE SAYS, MY CLOCK SAYS, SEE N' SAY JUNIOR, and WHOOO SAYS.

B. On April 12, 2006, Defendant filed its answer and alleged counterclaims against Plaintiff for trademark infringement, false designation of origin, dilution, and unfair competition as to Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, THE FARMER SAYS, GRANNY SAYS, BARBIE SAYS, and MOTHER GOOSE SAYS, cancellation of registration, and registration of trademarks by fraudulent means.

C. Plaintiff filed a reply to Defendant's counterclaims on May 4, 2006, and an amended

reply to Defendant's counterclaims on February 2, 2007.

D. On June 11, 2007, Defendant filed an amended answer and amended counterclaims, alleging infringement of SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, GRANNY SAYS, and THE FARMER SAYS.

E. On December 18, 2007, in a hearing before the Court, Defendant informed the Court and Plaintiff that it was not pursuing claims relating to GRANNY SAYS.

F. This case was tried before a jury from April 17, 2008 to April 25, 2008. On April 25, 2008, the jury found as follows:

1. Plaintiff's marks SEE IT! SAY IT!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, and SAY AND SORT (the "Infringing Marks") infringe Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS;

2. Defendant's trademarks SEE 'N SAY and THE FARMER SAYS are famous.

3. Plaintiff's trademarks SEE IT! SAY IT!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, and SAY AND SORT dilute Defendant's SEE 'N SAY and THE FARMER SAYS trademarks;

4. Plaintiff's dilution of Defendant's SEE 'N SAY and THE FARMER SAYS trademarks was intentional;

5. Plaintiff's trademarks SAY AND DO, SAY & DO, FOLD AND SAY, FOLD & SAY, SPIN SAY & DO, SPIN SAY AND DO, SAY & GLUE and FUN DECK & SAY do not infringe or dilute Defendant's SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS trademarks;

6. Defendant is entitled to Plaintiff's profits for the use of SEE IT! SAY IT! in the amount of \$63,333; SAY AND SING in the amount of \$20,002; FISH AND SAY in the amount of \$63,333; FISH & SAY in the amount of \$63,333; SORT AND SAY in the amount of \$63,333; SORT & SAY in the amount of \$63,333; and SAY AND SORT in the amount of \$63,333; and

7. Defendant did not prove by clear and convincing evidence that Plaintiff made fraudulent representations to the U.S. Patent & Trademark Office regarding its applications to register FOLD & SAY, FISH & SAY, SORT AND SAY, and SAY AND SORT.

G. The parties agreed that Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS (the "SEE 'N SAY Marks") are valid trademarks, owned by Defendant.

H. The Court took judicial notice of the fact that ‘N means “and” or “&” in the context of this case.

I. With the exception of the award of profits, the Court agrees with and adopts the findings of the jury.

J. The Court further finds that (1) Defendant will suffer irreparable harm if an injunction is not entered; (2) Defendant has no adequate remedy at law for Plaintiff’s continued infringement of Defendant’s SEE ‘N SAY Marks and dilution of Defendant’s SEE ‘N SAY and THE FARMER SAYS Marks; (3) the balance of hardships between Defendant and Plaintiff leans heavily in favor of Defendant in entering an injunction; (4) the public interest will be served by entry of the injunction; and (5) Defendant sells products bearing its SEE ‘N SAY Marks in South Carolina and throughout the United States. Therefore, a nationwide injunction is proper.

K. Pursuant to 15 U.S.C. § 1117(a), the Court finds that Plaintiff’s profits awarded to Defendant by the jury were inadequate and should be increased given the following facts and circumstances: (1) the profits proved by Defendant arising from Plaintiff’s Infringing Marks were \$999,113; (2) the testimony of Plaintiff’s expert on costs and revenue was based on a complex and unpersuasive formula, without documentary support for twelve of the nineteen years of costs claimed by Plaintiff; (3) Plaintiff had the burden to prove all deductible costs and did not meet that

burden because it had no cost records for two-thirds of the period claimed and its financial expert's "geometric rate of change" formula does not satisfy that burden; (4) Defendant's financial expert was more credible than Plaintiff's financial expert inasmuch as many of Plaintiff's expert's deductions were speculative and unsupported by business records; (5) As such, in that Defendant's expert's opinion was based on solid data, his testimony is entitled to more weight; (6) the jury found intentional dilution of Defendant's SEE 'N SAY and THE FARMER SAYS trademarks; and (7) the jury's allocation profits among the Infringing Marks was erroneous.

L. In its counterclaims, Defendant pled for cancellation of certain trademark registrations owned by Plaintiff and denial of registration of SORT AND SAY and SAY AND SORT. The Court takes judicial notice of the fact that Plaintiff has allowed its application to register SAY AND SORT to go abandoned pending this litigation. Consistent with the jury's verdict, the Court finds that cancellation of Plaintiff's registrations of SEE IT! SAY IT! and FISH & SAY and denial of registration of SORT AND SAY is proper.

M. The Court enters judgment as follows:

1. Monetary Judgment. Judgment of \$999,113 is entered in favor of Defendant and against Plaintiff, with interest at the rate of 1.88% provided by law.

2. Permanent Injunction. Plaintiff, its subsidiaries, officers, agents, directors, servants, employees, partners, assigns, successors, affiliated companies, and attorneys and all persons in active concert and participation with them who receive actual notice of this Judgment by personal service or otherwise, are hereby permanently restrained and enjoined from any of the following:

a. Manufacturing, transporting, promoting, importing, advertising, publicizing, distributing, offering for sale, or selling any goods bearing any of the trademarks SEE IT! SAY IT!, SAY AND SING, FISH AND SAY, FISH & SAY, SORT AND SAY, SORT & SAY, or SAY AND SORT or any mark, name, symbol, design, or logo that is a counterfeit, copy or colorable imitation of, incorporates or is confusingly similar to any of Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, or THE FARMER SAYS.

b. Manufacturing, transporting, promoting, importing, advertising, publicizing, distributing, offering for sale, or selling any goods under any of Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY or THE FARMER SAYS without Defendant's express written consent to do so, or under any mark, name, symbol, design or logo that is likely to cause confusion or to cause mistake or to deceive persons into the erroneous belief that Plaintiff's business or goods are sponsored or endorsed by Defendant, are

authorized by Defendant, or are connected in some way with any of Defendant's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and/or THE FARMER SAYS.

c. Passing off, or inducing or enabling others to sell or pass off, any products as genuine, licensed, or authorized products bearing any Defendant's SEE 'N SAY Marks, if they are not genuine, licensed, or authorized.

d. Engaging in any act that dilutes or is likely to dilute the distinctive quality of Defendant's SEE 'N SAY or THE FARMER SAYS trademarks and/or injures or is likely to injure Defendant's business reputation.

e. Representing or implying that Plaintiff or its products are in any way sponsored by, affiliated with, or endorsed or licensed by Defendant.

f. Knowingly assisting, inducing, aiding or abetting any other person or business entity in engaging in or performing any activities referred to in paragraphs 2(a) to 2(e) above.

3. Order of Destruction. Plaintiff shall deliver to Defendant for destruction all products, advertising and promotional material, packaging, or other material bearing any of the marks SEE IT! SAY IT!, FISH & SAY, FISH AND SAY, SAY AND SORT, SORT & SAY, SORT AND SAY, or SAY AND SING, any other unlawful use of Defendant's SEE 'N SAY Marks, or any other

trademarks, names, or logos that are confusingly similar to any of Defendant's SEE 'N SAY Marks or likely to dilute Defendant's SEE 'N SAY or THE FARMER SAYS trademarks. In the alternative, Plaintiff shall rename and relabel all products, advertising and promotional material, packaging, or other material bearing any of the marks SEE IT! SAY IT!, FISH & SAY, FISH AND SAY, SAY AND SORT, SORT & SAY, SORT AND SAY, or SAY AND SING, any other unlawful use of Defendant's SEE 'N SAY Marks, or any other trademarks, names, or logos that are confusingly similar to any of Defendant's SEE 'N SAY Marks or likely to dilute Defendant's SEE 'N SAY or THE FARMER SAYS trademarks.

4. Notice of Compliance. Within thirty days of service of this Judgment, Plaintiff shall file a report with the Court, under oath, setting forth in detail the manner and form in which Plaintiff has complied with the permanent injunction and the order of destruction stated herein.

5. Order to Commissioner for Trademarks. The Commissioner for Trademarks of the U.S. Patent and Trademark Office is hereby ordered to cancel U.S. Registration No. 2,504,141 of SEE IT! SAY IT! and U.S. Registration No. 2,666,686 of FISH & SAY and deny registration to U.S. Serial No. 78/252,179 for SORT AND SAY.

6. Plaintiff's Declaratory Judgment Claims. The Court hereby dismisses Plaintiff's claims for declaratory judgment as moot.

7. Costs. Defendant, as the prevailing party, is entitled to an award of costs in the amount of \$58,529.21, less the amount disallowed in the Court's Order filed this date.

8. Attorneys' Fees. As the prevailing party and because the Court finds this to be an exceptional case under 15 U.S.C. § 1117, Defendant is entitled to an award of reasonable attorneys' fees in the amount of \$2,643,844.15.

9. Binding Effect. This Judgment shall be binding upon and inure to the benefit of the parties hereto and all successors and assigns, parent companies, officers, directors, shareholders, agents, affiliates, and all entities which are "related companies" within the meaning of 15 U.S.C. § 1055.

10. Continuing Jurisdiction. Notwithstanding any other provision herein, this Court shall retain jurisdiction to enforce this Judgment.

IT IS SO ORDERED.

Signed this 31st day of March, 2009 in Spartanburg, South Carolina.

s/ Henry F. Floyd

HENRY F. FLOYD

UNITED STATES DISTRICT JUDGE



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

SUPER DUPER, INC.	§	
d/b/a Super Duper	§	
Publications,	§	
a South Carolina	§	
Corporation,	§	
	§	
Plaintiff and	§	
Counterdefendant,	§	
	§	
vs.	§	CA. NO. 6:05-CV-
	§	1700-HFF-WMC
	§	
MATTEL, INC.,	§	
a Delaware Corporation,	§	
	§	
	§	
Defendant and	§	
Counterclaimant.	§	

VERDICT FORM

**A. CLAIMS OF TRADEMARK
INFRINGEMENT AND UNFAIR
COMPETITION**

1. Do you find that Mattel has proven by a preponderance of the evidence that any of Super Duper's trademarks shown below infringe Mattel's [redacted] trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, or THE FARMER SAYS?

<u>Super Duper Trademark</u>	<u>Infringement</u>	
SAY AND DO	YES ___	NO <input checked="" type="checkbox"/>
SAY & DO	YES ___	NO <input checked="" type="checkbox"/>
FOLD AND SAY	YES ___	NO <input checked="" type="checkbox"/>
FOLD & SAY	YES ___	NO <input checked="" type="checkbox"/>
SPIN, SAY & DO	YES ___	NO <input checked="" type="checkbox"/>
SPIN, SAY AND DO	YES ___	NO <input checked="" type="checkbox"/>
SEE IT! SAY IT!	YES <input checked="" type="checkbox"/>	NO ___
SAY & GLUE	YES ___	NO <input checked="" type="checkbox"/>
FUN, DECK & SAY	YES ___	NO <input checked="" type="checkbox"/>
SAY AND SING	YES <input checked="" type="checkbox"/>	NO ___
FISH AND SAY	YES <input checked="" type="checkbox"/>	NO ___
FISH & SAY	YES <input checked="" type="checkbox"/>	NO ___
SORT AND SAY	YES <input checked="" type="checkbox"/>	NO ___
SORT & SAY	YES <input checked="" type="checkbox"/>	NO ___
SAY AND SORT	YES <input checked="" type="checkbox"/>	NO ___

2. Do you find that Mattel has proven by a preponderance of the evidence that Super Duper has unfairly competed with Mattel as a result of its use of the trademarks shown below?

<u>Super Duper Trademark</u>	<u>Unfairly Competed</u>	
SAY AND DO	YES ___	NO <u>✓</u>
SAY & DO	YES ___	NO <u>✓</u>
FOLD AND SAY	YES ___	NO <u>✓</u>
FOLD & SAY	YES ___	NO <u>✓</u>
SPIN, SAY & DO	YES ___	NO <u>✓</u>
SPIN, SAY AND DO	YES ___	NO <u>✓</u>
SEE IT! SAY IT!	YES ___	NO <u>✓</u>
SAY & GLUE	YES ___	NO <u>✓</u>
FUN, DECK & SAY	YES ___	NO <u>✓</u>
SAY AND SING	YES ___	NO <u>✓</u>
FISH AND SAY	YES ___	NO <u>✓</u>
FISH & SAY	YES ___	NO <u>✓</u>
SORT AND SAY	YES ___	NO <u>✓</u>
SORT & SAY	YES ___	NO <u>✓</u>
SAY AND SORT	YES ___	NO <u>✓</u>

If you answered NO, proceed to Question 5.

If you answered YES, please proceed to Question 3.

3. Do you find that Super Duper's infringement and unfair competition was intentional?

YES ___ NO ✓

4. Please identify the amount of damages you would award to Mattel for each infringing trademark and/or for each trademark that Super Duper has used to unfairly compete with Mattel.

<u>Trademark</u>	<u>Amount of Damages</u>
SAY AND DO	_____0_____
SAY & DO	_____0_____
FOLD AND SAY	_____0_____
FOLD & SAY	_____0_____
SPIN, SAY & DO	_____0_____
SPIN, SAY AND DO	_____0_____
SEE IT! SAY IT!	_____0_____
SAY & GLUE	_____0_____
FUN, DECK & SAY	_____0_____
SAY AND SING	_____0_____
FISH AND SAY	_____0_____
FISH & SAY	_____0_____
SORT AND SAY	_____0_____
SORT & SAY	_____0_____
SAY AND SORT	_____0_____

B. CLAIMS OF TRADEMARK DILUTION

5. Do you find that any of Mattel's trademarks listed below are famous?

<u>Trademark</u>	<u>Famous</u>	
SEE 'N SAY	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
SEE 'N SAY JUNIOR	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
SEE 'N SAY BABY	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
THE FARMER SAYS	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

If you answered NO to all of the above, please proceed to Question 9.

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If you answered YES to any of the above, please proceed to Question 6.

6. Do you find by a preponderance of the evidence that any of Super Duper's trademarks identified below are likely to dilute the distinctive nature of any of Mattel's trademarks SEE 'N SAY, SEE 'N SAY JUNIOR, SEE 'N SAY BABY, and THE FARMER SAYS?

<u>Super Duper Trademark</u>	<u>Likely to Dilute</u>	
SAY AND DO	YES ___	NO <u>✓</u>
SAY & DO	YES ___	NO <u>✓</u>
FOLD AND SAY	YES ___	NO <u>✓</u>
FOLD & SAY	YES ___	NO <u>✓</u>
SPIN, SAY & DO	YES ___	NO <u>✓</u>
SPIN, SAY AND DO	YES ___	NO <u>✓</u>
SEE IT! SAY IT!	YES <u>✓</u>	NO ___
SAY & GLUE	YES ___	NO <u>✓</u>
FUN, DECK & SAY	YES ___	NO <u>✓</u>
SAY AND SING	YES <u>✓</u>	NO ___
FISH AND SAY	YES <u>✓</u>	NO ___
FISH & SAY	YES <u>✓</u>	NO ___
SORT AND SAY	YES <u>✓</u>	NO ___
SORT & SAY	YES <u>✓</u>	NO ___
SAY AND SORT	YES <u>✓</u>	NO ___

If you answered NO to all of the above, please proceed to Question 9.

If you answered YES to any of the above, please proceed to Question 7.

7. Do you find that Super Duper's dilution of Mattel's SEE 'N SAY trademarks was intentional?

YES NO

If you answered NO, please proceed to Question 9.

If you answered YES, please proceed to Question 8.

8. Please identify the amount of damages you would award to Mattel for each diluting trademark identified below:

<u>Trademark</u>	<u>Amount of Damages</u>
SAY AND DO	_____0_____
SAY & DO	_____0_____
FOLD AND SAY	_____0_____
FOLD & SAY	_____0_____
SPIN, SAY & DO	_____0_____
SPIN, SAY AND DO	_____0_____
SEE IT! SAY IT!	___63,333.00__
SAY & GLUE	_____0_____
FUN, DECK & SAY	_____0_____
SAY AND SING	___20,002.00__
FISH AND SAY	___63,333.00__
FISH & SAY	___63,333.00__
SORT AND SAY	___63,333.00__
SORT & SAY	___63,333.00__
SAY AND SORT	___63,333.00__

C. CLAIM OF FRAUD ON THE U.S. PATENT & TRADEMARK OFFICE

9. Did Mattel demonstrate by clear and convincing evidence that Super Duper made any fraudulent representations to the U.S. Patent & Trademark Office in its application to register the trademark FOLD & SAY?

YES ___ NO ✓

10. Did Mattel demonstrate by clear and convincing evidence that Super Duper made any fraudulent representations to the U.S. Patent & Trademark Office in its application to register the trademark FISH & SAY?

YES ___ NO ✓

11. Did Mattel demonstrate by clear and convincing evidence that Super Duper made any fraudulent representations to the U.S. Patent & Trademark Office in its application to register the trademark SORT AND SAY?

YES ___ NO ✓

12. Did Mattel demonstrate by clear and convincing evidence that Super Duper made any fraudulent representations to the U.S. Patent & Trademark Office in its application to register the trademark SAY AND SORT?

YES ___ NO ✓

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JURY FOREPERSON:

Print Name: s/ Jury Foreperson
JURY FOREPERSON

Sign Name: s/ Jury Foreperson

Date: 4/25/08