

19-2720-CV

United States Court of Appeals
for the
Second Circuit

WOODSTOCK VENTURES LC and
THE WOODSTOCK CANNABIS COMPANY, LLC,

Plaintiffs-Counter Defendants-Appellees,

– v. –

WOODSTOCK ROOTS LLC, WOODSTOCK CANNABIS COMPANY, LLC,
CHET-5 BROADCASTING, LP, GARY CHETKOF, AXCENTRIA
PHARMACEUTICALS, LLC and WOODSTOCK PRODUCTS COMPANY
INTERNATIONAL, LLC, dba Woodstock American Products,

Defendants-Counter Claimants-Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

**BRIEF FOR PLAINTIFFS-COUNTER
DEFENDANTS-APPELLEES
(PAGE PROOF)**

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CORPORATE DISCLOSURE STATEMENT

1. **Woodstock Ventures LC** is a Wyoming limited liability company with its principal place of business at 150 West 56th Street #4510, New York, New York 10019.

2. **Woodstock Cannabis Company, LLC** is an affiliate of Woodstock Ventures LC. The Woodstock Cannabis Company LLC is a Colorado limited liability company with its principal place of business at 2745 West White Oak Court, Lafayette, Colorado 80026.

Neither Woodstock Ventures LC nor Woodstock Cannabis Company LLC is publicly traded, and no publicly held corporation owns 10% or more of their stock.

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INTRODUCTION

For over 50 years, Appellee Woodstock Ventures LC (“Ventures”) has promoted a variety of goods and services under its iconic WOODSTOCK brand. Recently, in 2014 Appellees considered a foray into the cannabis industry given the widespread association of WOODSTOCK with cannabis in the minds of the consuming public. So closely associated was Appellees’ brand with cannabis long prior to any venture into that business, that Appellant Axcentria sought out Appellees in 2015 to license the WOODSTOCK trademark for use in connection with cannabis sales by Appellants. Those licensing negotiations failed, and, in an end run to salvage its plans, Axcentria sought out and partnered with the remaining Appellants to enter the cannabis market using WOODSTOCK anyway, freeriding off Appellees’ longstanding reputation and goodwill. This caused Appellees to demand that Appellants cease that infringing activity, and then to file suit against Appellants for unfair competition, trademark infringement, and trademark dilution when that demand was rejected.

In defense to Appellees’ lawsuit, Appellants counterclaimed asserting superior rights in WOODSTOCK for cannabis solely through “constructive priority” for “smokers’ articles”, because it is undisputed that Appellants entered the cannabis market after Appellees. That claim of constructive priority was based on a 2013 application for “smokers’ articles” which eventually matured into two registrations.

In August of 2018, 20 months since Appellees' actual entry into the market for cannabis in December 2016; at least thirteen months since Appellants put them on notice through a cease and desist demand in July 2017; and four months after the Appellees' lawsuit was filed, Appellants, in a surprising reversal of position, sought a preliminary injunction to halt Appellees' sales of cannabis under Appellees' own famous WOODSTOCK trademark. This odd procedural posture should be kept in mind in considering the Appellants' arguments.

The court below essentially treated the Appellants, despite the clear priority of Appellees in the mark WOODSTOCK generally, as the "senior" party for purposes of the motion, and nevertheless found that Appellants failed to establish the prerequisites for the extraordinary remedy of a preliminary injunction. It expressly found that Appellants had not carried their burden to prove a likelihood of success on the merits, while also finding that Appellants did not show evidence of irreparable harm. Nor did the district court decide the question of *priority* of rights, as unnecessary to the denial of the motion.

First, Appellants did not establish a likelihood of success on the merits. Appellants challenge several of the district court's factual findings under the *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961), likelihood of confusion analysis, but have not shown that the district court was clearly erroneous in any of those factual findings.

Second, should this Court consider the finding as to likelihood of success below to have been an abuse of discretion despite the district court's careful analysis, this Court would then have to consider Appellants' failure to submit any evidence of irreparable harm, including their undue delay in seeking such extraordinary relief. That delay, coupled with the utter failure of Appellants to present any evidence of irreparable harm, by itself should mandate denial of the motion. See Op. at 5-6 note 2, and *infra* at pp. 45-47.¹ Consequently, this Court may find on its own – if necessary - that no irreparable harm was shown, based on the closed record below.

Third, even if Appellants could have established a likelihood of confusion as a basis for showing a likelihood of success on the merits (which the district court found they had not), a finding of a likelihood of success on the merits *would require a decision on the question of priority of rights* in the WOODSTOCK trademark. The district court did not resolve this question since it was unnecessary to the analysis because the district court presumed *arguendo* priority in favor of the Appellants. However, if that question needs to be resolved, the evidence clearly established that Appellees have priority of rights by virtue of their rights in the mark WOODSTOCK “...in association with concerts, motion pictures, television programs, and

¹ References to the district court's decision on appeal, S.D.N.Y. Dkt. No. 129 referred to herein as “Op.”

merchandise.” (Op. at 1)² Appellees not only have superior rights generally, they have priority even specifically as to “smokers’ articles” – the only basis manufactured by Appellants in support of their end run to grab a piece of the fame associated with Appellees. (*see infra* at 4).

JURISDICTION

The district court had subject matter jurisdiction over this case pursuant to 28 U.S.C. §§ 1331 and 1338. This Court has appellate jurisdiction under 28 U.S.C. § 1292(a)(1) over the appeal because this is an appeal from an order denying a preliminary injunction. The district court denied the preliminary injunction on July 29, 2019 and Appellants timely appealed on August 27, 2019.

STATEMENT OF THE ISSUES

1. Did the district court abuse its discretion in denying the motion of Appellants for a preliminary injunction based on its factual findings that Appellants failed to prove a substantial likelihood of success on the merits?
2. If this Court goes beyond the analysis of the district court with respect to its findings as to the *Polaroid* factors, was any error harmless because:

² While unnecessary to the resolution of this dispute, the evidence also establishes that Appellees have superior common law trademark rights stemming from prior actual use of the WOODSTOCK mark for cannabis in states where cannabis has been legalized.

- a. Appellants failed to present any evidence of irreparable harm and the district court found that Appellants had inordinately delayed in seeking a preliminary injunction, and/or
- b. A finding of a likelihood of success would require a determination that Appellants actually held priority of rights for use in the market, despite the decades of use by Appellees for their range of products and services; the actual priority of Appellees in connection with the sale of cannabis; and the actual priority of Appellees in smokers' articles.

STATEMENT OF THE CASE

A. Case Background

Appellees initiated this suit in the U.S. District Court for the Southern District of New York on February 2018 claiming, *inter alia*, that Appellants' use of WOODSTOCK in conjunction with recreational marijuana infringed Appellees' longstanding trademark rights in its famous WOODSTOCK trademark under both Federal and New York law, and, constituted unfair competition and dilution under Federal and New York law. (S.D.N.Y. Dkt. No. 1) (___). The filing followed many months of attempts by Appellees to secure the cessation of use by Appellants by other means. *Id.*

Four months later, on June 11, 2018, Appellants counterclaimed for trademark infringement based upon Appellants' very recent (January 2018) federal registration

for WOODSTOCK on smokers' articles. (S.D.N.Y. Dkt. No. 30) (___). Over two months after that, six months after the action commenced, and more than a year after being put on notice by Appellee Ventures, Appellants filed a motion for a temporary restraining order against Appellees. That motion was granted *ex parte* without any opportunity for Appellees to respond. (S.D.N.Y. Dkt. No. 40) (___); (S.D.N.Y. Dkt. No. 45) (___). The district court then received extensive briefing on the issues in connection with the motion for preliminary injunction. (S.D.N.Y. Dkt. Nos. 41, 42, 49, 55-57, 60-63, 72) (___). In a bizarre procedural move, Appellants moved for summary judgment as to certain issues raised in their own motion for preliminary injunction. (S.D.N.Y. Dkt. Nos. 81-83); (___). The district court denied the summary judgment at oral argument on February 8, 2019. (S.D.N.Y. Dkt. No. 95); (___).

The Honorable Robert W. Sweet then conducted a three-day evidentiary hearing in February 2019 that included extensive witness testimony and exhibits. (S.D.N.Y. Dkt. Entries, February 6-8, 2019) (___). The Parties submitted post-hearing findings of fact and conclusions of law on February 27, 2019 (S.D.N.Y. Dkt. Nos. 99, 100) (___), and the Parties presented oral arguments on March 5, 2019. (S.D.N.Y. Dkt. Entry March 5, 2019) (___). While the parties awaited decision, Judge Sweet unfortunately passed away, and on April 1, 2019 the case was reassigned to the Honorable Paul G. Gardephe. (S.D.N.Y. Dkt. Entry March 26, 2019) (___). Both parties urged the district court to rule on the record, briefs and

transcripts already before the court, and on July 29, 2019, Judge Gardephe issued an order denying Appellants' motion for a preliminary injunction. (S.D.N.Y. Dkt. No. 129) (___).

The district court, applying the *Polaroid* analytical factors, determined that Appellants had failed to establish a likelihood of success on the merits of their trademark infringement counterclaim. *Id.* at 4. Specifically, the district court found that Appellants' trademark was commercially weak (*Id.* at 12); that the parties' respective marks were not similar as presented in the marketplace (*Id.* at 14); that the parties' respective products were not in competitive proximity (*Id.* at 16); and that Appellants were not likely to bridge the gap (*Id.* at 17). The district court also found that there was no evidence of bad faith on the part of the Appellees (*Id.* at 18); that there was no evidence of inferior quality of Appellees' products (*Id.* at 18); and that there was no evidence of actual confusion or evidence as to consumer sophistication, and so therefore none of these factors supported the grant of a preliminary injunction. (*Id.* at 17; 18) (___). Weighing these factors, the district court found Appellants failed to establish a likelihood of confusion, and as a result failed to show a likelihood of success on the merits. (*Id.* at 19) (___).

The district court also determined that Appellants could not establish irreparable harm because they unduly delayed in seeking preliminary injunctive relief, *Id.* at 5-6 n.2, a finding which Appellants do not raise as an issue on appeal.

Finally, because the district court found no likelihood of success on the merits and no probability of irreparable harm, the district court explicitly did not resolve the issue of priority of rights between Appellants and Appellees as to use of the WOODSTOCK trademark, treating this issue as unnecessary. *Id.* at 4. (___).

B. Factual Background

1. The Iconic Woodstock Brand

WOODSTOCK is one of the most famous brands in the music industry. P.I. Tr. Day 1, 97:13-98:3. (___)-- indeed, it is one of the most famous brands of all time. The original festival changed the world, and amassed tremendous goodwill exceeding everyone's expectations. WOODSTOCK '69 attracted half a million people for a three-day festival, the impact of which has lasted over 50 years - resulting in subsequent festivals, the merchandising of related or commemorative goods, and movies, television shows, and music. S.D.N.Y. Dkt. 57 at ¶¶11-13, 19-28; (___).

Not content with merely producing festivals, Ventures licensed its brand for a wide variety of goods and services. Starting in 1969, Ventures licensed its rights in its WOODSTOCK trademark to Warner Brothers for the movie documentary WOODSTOCK, which won an Academy Award for Best Documentary in 1970. S.D.N.Y. Dkt. 57 at ¶20. (___). The WOODSTOCK mark was also licensed for a variety of additional movies including: (i) WOODSTOCK '94; (ii) WOODSTOCK

'99; (iii) WAYNE'S WORLD II (1993); (iv) WOODSTOCK: 3 DAYS OF PEACE AND MUSIC - THE DIRECTOR'S CUT - 40TH-ANNIVERSARY EDITION (2009); and (v) TAKING WOODSTOCK (2009). S.D.N.Y. Dkt. 57 at ¶21. (___).

In addition to its movie deals, Ventures licensed its WOODSTOCK trademark for use in a variety of audio recordings sold to the public, such as: (i) WOODSTOCK (in 1970); (ii) WOODSTOCK TWO (1971); (iii) THE BEST OF WOODSTOCK (1994); (iv) WOODSTOCK: THREE DAYS OF PEACE AND MUSIC (1994); and (v) WOODSTOCK: 40 YEARS ON (2009). S.D.N.Y. Dkt. 57 at ¶22. (___).

Ventures also has licensed its WOODSTOCK trademark for use in connection with television program specials and videos, such as: (i) the 1989 CBS documentary WOODSTOCK: RETURN TO THE PLANET OF THE '60S; (ii) the 1989 MTV series WOODSTOCK MINUTES; (iii) the 1992 video WOODSTOCK: THE LOST PERFORMANCES; and (iv) the 2009 documentary WOODSTOCK: NOW AND THEN, which was nominated for an Emmy. S.D.N.Y. Dkt. 57 at ¶23. (___).

The '69 Festival was further commemorated by issuance of a U.S. Postage Stamp featuring the WOODSTOCK trademark and Ventures' Dove and Guitar logo. P.I. Tr. Day 3, 411:13-25; Plaintiffs' P.I. Ex. 39. (___).



For decades, Ventures has utilized merchandisers and licensing agents to expand the reach of its WOODSTOCK brand by licensing its WOODSTOCK mark throughout the world to promote the sale of apparel, novelties, paper products, ashtrays, lighters, and a wide variety of other goods. S.D.N.Y. Dkt. 57 at ¶¶24-27; P.I. Tr. Day 1, 104:4-17; P.I. Tr. Day 3, 397:4-426:5; Plaintiffs' P.I. Ex. 7; 38. (___).

After building its brand for 25 years, Ventures produced a 25th-anniversary WOODSTOCK Festival in 1994. The 1994 WOODSTOCK Festival occurred in Saugerties, New York on August 12-14, 1994. Approximately 350,000 people attended the 1994 WOODSTOCK Festival. S.D.N.Y. Dkt. 57 at ¶¶14-15. (___). The '94 festival became the highest grossing pay-per-view show to that date other than boxing. P.I. Tr. Day 3, 408:20-409-6. (___). Ventures also partnered with Apple to create an online chat experience for the '94 Festival. *Id.* at 409:7-20. (___). In conjunction with the '94 Festival, Ventures made sponsorship deals with major brands such as The Wiz and PepsiCo. Pepsi for example, labeled approximately 5

million Pepsi cans with the WOODSTOCK name and the Dove and Guitar trademark that were distributed nationwide, paying Ventures \$4,350,000 for the rights. P.I. Tr. Day 3, 407:3-408:17. Plaintiffs' P.I. Ex. 37. ().



Five years later, Ventures produced a 30th-anniversary WOODSTOCK Festival in 1999. The 1999 WOODSTOCK Festival occurred in Rome, New York from July 22-25, 1999. Approximately 200,000 people attended the 1999 WOODSTOCK Festival. S.D.N.Y. Dkt. 57 at ¶¶16-17. (). Both the 25th and 30th anniversary festivals spawned even more merchandising and movie rights. *See e.g.*, S.D.N.Y. Dkt. 57 at ¶21. ().

In recognition of the 40th anniversary celebration in 2009, Target reached out to Ventures to license WOODSTOCK for a national summer marketing campaign, *The Summer of Love*. Target advanced Ventures a substantial sum of money against

royalties, and agreed to manufacture and sell a broad array of royalty -generating WOODSTOCK branded goods from beach towels to sleeping bags. P.I. Tr. Day 1, 101:5 - 102:3. (). As part of this summer promotion under license from Ventures, Target branded its retail stores across the country with WOODSTOCK-themed decorations and ran WOODSTOCK-branded advertisements in circulars across the United States. P.I. Tr. Day 1, 101:5-102:3; P.I. Tr. Day 3, 416:20-417:-5; 418: 7-419:12; Plaintiffs' P.I. Ex. 42. ().

Over the years, Ventures has licensed approximately 1,000 product lines, and is so well recognized it is considered an “evergreen” property - that is, a property that is timeless and only builds in value. P.I. Tr. Day 1, 99:23 - 100:20; 108:6-13. (). No other music festival has a branding and licensing program and consumer recognition as strong as WOODSTOCK. P.I. Tr. Day 1, 99:13-22. ().

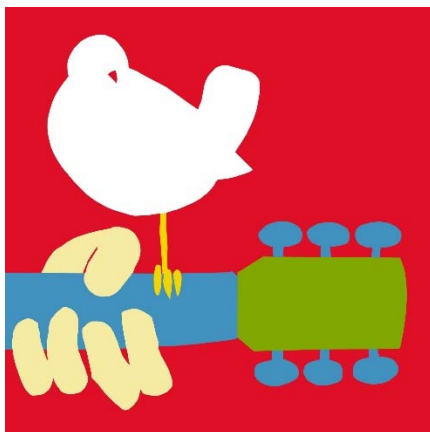
For a number of years, Ventures actively planned a 50th anniversary WOODSTOCK Festival for the summer 2019. This festival was supposed to take place in Watkins Glen, New York. S.D.N.Y. Dkt. 57 ¶18; S.D.N.Y. Dkt. 87 ¶6. (). In considering whether to participate in the planned 50th anniversary, Concept One, in partnership with Dentsu (one of the largest advertising agencies in the world), conducted a marketing study regarding the WOODSTOCK brand. Included within this study was a consumer survey that ranked the consumer perception and acceptance of the mark WOODSTOCK on a par with the Super Bowl and the

Olympics, and above the perceived value of Mardi Gras, the Grammys, the Oscars, and the World Series. The study also showed a large amount of social media activity about WOODSTOCK, with more than 7 million posts regarding Ventures' WOODSTOCK brand. P.I. Tr. Day 3, 435:22 - 438:9; Plaintiffs' P.I. Ex. 50. ().

Ventures' WOODSTOCK brand also garners consumer recognition through countless media mentions. For example, during the lead up to the hoped for 50th Anniversary Festival, just one story by the New York Times and Rolling Stone generated over 1,100 news stories and over a *billion* impressions, according to Dentsu. P.I. Tr. Day 3, 438:16-439:13; Plaintiffs' P.I. Ex. 50. ().

Even Appellants recognized the "iconic" status of Ventures' WOODSTOCK brand, not only by seeking a license to use that valuable mark, but through Appellants' own marketing materials, which trade on the history and work of Appellees – not of Appellant Chet-5. P.I. Tr. Day 2, 241:14-16; 242:21 -243:3. ().

The WOODSTOCK brand not only consists of the famous WOODSTOCK word trademark, but also other related marks and logos, including the iconic Dove and Guitar trademark:



This visual Woodstock trademark also has been in continuous use since 1969, sometimes alone and sometimes in combination with the word WOODSTOCK. It is widely replicated on merchandise licensed by Ventures, and has been used in various forms at the successive festivals. S.D.N.Y. Dkt. 57 at ¶¶ 37-41. (___). The Dove and Guitar trademark has been described as iconic and one of the most recognizable logos in the music industry. S.D.N.Y. Dkt. 57 at ¶42; P.I. Tr. Day 1, 97:22 - 98:3. (___). Even Appellants' own witness Gary Chetkof testified that he was very familiar with the Dove and Guitar trademark, had seen it on the original '69 festival posters and at subsequent festivals, and admitted that he would immediately associate it with Ventures when he saw it. P.I. Tr. Day 1, 63:11 - 64:11. (___).

2. Appellants Adopted Ventures' WOODSTOCK Trademark Because of Its Longstanding Consumer Association with Cannabis

Appellant Axcentria's president Paul Litwack wanted to adopt an existing brand with existing consumer recognition and acceptance for its cannabis products. *His first choice* was Ventures' WOODSTOCK mark. P.I. Tr. Day 2, 224:12-24; 241:14-20; Plaintiffs' P.I. Exs. 11, 12; (). In his Positioning Statement for a planned Woodstock Products company, Mr. Litwack wrote that cannabis products would appeal to the "Woodstock Generation," testifying that this term clearly was a reference to Ventures' WOODSTOCK '69 Festival. P.I. Tr. Day 2, 247:1-13; Plaintiffs' P.I. Ex. 17; (). Litwack ultimately adopted WOODSTOCK as Appellants' trademark because it represented the same core values (peace, love, goodwill) as are represented by Ventures' WOODSTOCK brand. P.I. Tr. Day 2, 185:4-11; ().

Importantly, Litwack testified at the hearing that he believed that Ventures' WOODSTOCK mark had top-of-mind awareness *that could be transferred from music festivals to cannabis*, P.I. Tr. Day 2, 224:16 - 225:1; 258:11-16 (); that the WOODSTOCK brand had "instant name recognition;" and *that this was why he wanted it for his company*. P.I. Tr. Day 2, 224:18-225:23; (). However, his lengthy efforts to secure a license from Ventures ultimately failed, leading Appellant Axcentria to concoct a scheme to usurp the mark by acquiring rights from Appellant

Chet 5 and using Appellees' mark without a license. That was recognized by Appellants at least as long ago as October 2016 to be a risky business decision. Specifically, Axcentria and Chet-5 *recognized* that they were at risk for trademark infringement, and expressly contemplated that such a claim could well be filed by Ventures. P.I. Tr. Day 1, 72:11 - 73:11; Day 2, 182:24 - 183:6. (). No doubt this caution derived from their plan to use WOODSTOCK for cannabis, even though Appellant Chet-5 – the owner of the application on which the scheme depended - had never sold cannabis up to that time, and critically, Chet-5 *never even contemplated using WOODSTOCK for cannabis*. P.I. Tr. Day 1, 67:11-13. ().

That scheme not only involved use of the iconic WOODSTOCK word mark, but also use of proprietary photographs of the Woodstock '69 Festival in Appellees' advertising on social media – photographs included in a style guide provided by Ventures during the negotiations with Mr. Litwack. P.I. Tr. Day 2, 210:16 - 217:22; Plaintiffs' P.I. Exs. 5, 9, and 10; (). Mr. Litwack also admitted that Appellants' slogan "Peace, Love, and Music" "plays off" of Ventures' famous "3 Days of Peace and Music" slogan. P.I. Tr. Day 2, 253:8-10; (). Mr. Litwack, though aware of these references to Ventures' activities, did not stop them. P.I. Tr. Day 2, 255:7-14; Plaintiffs' P.I. Ex. 15-22; ().

It is not surprising that Appellants chose Ventures' WOODSTOCK trademark. From its very inception, Ventures' WOODSTOCK products and

services and its brand have been associated with cannabis. As frequently reported, cannabis usage was ubiquitous at the WOODSTOCK '69 Festival. S.D.N.Y. Dkt. 57 ¶31. (); P.I. Tr. Day 1, 107:18-25. (); P.I. Tr. Day 3, 394:1-395:22. (). Indeed, as Nick Brownlee wrote in his book *This is Cannabis*, the WOODSTOCK'69 Festival was “the pinnacle of the hippie revolution in the USA, and in many people’s opinion the ultimate example of cannabis culture at work.” S.D.N.Y. Dkt. 57 at ¶31. This association continued through the '94 and '99 WOODSTOCK festivals. P.I. Tr. Day 3, 486:6-487:7; 488:3-25. (). As was the case regarding the WOODSTOCK '69 Festival, multiple media outlets publicly reported that attendees at WOODSTOCK '94 and '99 used cannabis extensively. S.D.N.Y. Dkt. 57 ¶31. ().

Through its recognition as the WOODSTOCK company, Ventures also actively lobbied for legalization of cannabis through the years. S.D.N.Y. Dkt. 57 at ¶29; P.I. Tr. Day 3, 391:1-11. (). Because of this longstanding association with cannabis, Ventures’ principals have repeatedly been interviewed regarding cannabis in mainstream media and cannabis industry publications. P.I. Tr. Day 3, 426:15-427:1. (). Even cannabis prohibitionists recognize the association of cannabis and WOODSTOCK. S.D.N.Y. Dkt. 57 at ¶32. ().

Public perception of the relationship of cannabis to Ventures’ WOODSTOCK brand was reported through recent unsolicited media coverage which described

WOODSTOCK-branded cannabis from Ventures as a “no brainer,” and which stated that it was “hard to imagine a brand with a more canna-friendly image.” S.D.N.Y. Dkt. 57 ¶34. ().

Indeed, when Appellant Axcentria commissioned its own survey to examine the value of Ventures’ WOODSTOCK brand in contemplating a license, the survey reported a majority of respondents recognizing an important and useful association between Ventures’ WOODSTOCK brand and cannabis. P.I. Tr. Day 2, 249:4-15; 250:11-15; Plaintiffs’ P.I. Ex. 14. (). Axcentria commissioned the survey because it recognized that the cannabis cultural revolution started with WOODSTOCK and more specifically with the 1969 WOODSTOCK Festival, and Axcentria wanted to test the present day connections. P.I. Tr. Day 2, 248:8-17; Plaintiffs’ P.I. Ex. 14. ().

Even Appellants’ marketing firms, in developing marketing materials for WOODSTOCK branded cannabis, repeatedly associated WOODSTOCK with Ventures’ trademark. Their materials referenced Ventures’ festivals and included use of the iconic Dove and Guitar trademark, as well as copyrighted photographs from Ventures’ style guide provided to Axcentria during negotiations. P.I. Tr. Day 2, 252:24-253:10; 259:2-9; 270:5-13; 262:22-264:24; 265:23-266:10; 267:16-268:18; 269:8-18; 271:8-274:4. (). Mr. Litwack admitted that the marketing agents - despite being highly sophisticated - could not help but associate the

WOODSTOCK trademark for cannabis with Ventures and its WOODSTOCK Festivals. P.I. Tr. Day 2, 275:22 - 276:4. (). Mr. Litwack further admitted that he did not know if ordinary consumers would be able to disassociate a WOODSTOCK branded cannabis product from Ventures. P.I. Tr. Day 2, 265:23 - 266:20. (). Mr. Litwack testified that he did not want to tell his marketing agents that they were wrong or mistaken because he did not want to stifle their creative urges - despite the fact that those creative urges led these agents consistently to reference Ventures' use and history – not Chet-5 or any other Appellant in their proposed marketing materials. P.I. Tr. Day 2, 253:24-254:3; ().

3. Ventures Expands Its Iconic Brand to Cannabis

Once cannabis started to be legalized in various states, Ventures began to consider how and when to enter the market under its iconic WOODSTOCK brand as early as 2012. By 2014, Ventures had instructed its licensing agent to locate suitable partners to grow, process, distribute and sell cannabis under Ventures' WOODSTOCK brand where lawful. Among those seeking a license from Ventures was Appellant Axcentria. S.D.N.Y. Dkt. 57 at ¶35.

Appellees made their first sale of WOODSTOCK branded cannabis on December 16, 2016 in Colorado, followed closely by the sale of WOODSTOCK branded cannabis on December 21, 2016 in Nevada. S.D.N.Y. Dkt. 57 at ¶36; P.I. Tr. Day 3, 483:20-22. (). Sales in Oregon, California, and Washington State

followed, along with sales of WOODSTOCK branded vaping devices and pipes. S.D.N.Y. Dkt. 57 at ¶36. ().

4. Appellants' Registrations Cover only Smokers' Articles

Nearly two decades *after* Ventures first licensed its iconic WOODSTOCK mark for smokers' articles, Appellant Chet-5 filed with the United States Patent and Trademark Office (the "USPTO") Trademark Application Ser. No. 86/082,199 (the "'199 application") on October 3, 2013, seeking registration of the mark WOODSTOCK for smokers' articles. S.D.N.Y. Dkt. No. 41 at 9; Defendants' P.I. Ex. 5. (). Nothing within the '199 application deals with, or mentions at all, marijuana or hemp or cannabis. P.I. Tr. Day 1, 54:14 - 55:19; Defendants' P.I. Ex. 5. (). This is not surprising, as Appellant Chetkof, the filer of the '199 application, testified that he had no intent to use WOODSTOCK in conjunction with cannabis or hemp at the time he filed his application. P.I. Tr. Day 1, 44:15-24; 56:2-7; 62:2-6. ().

The USPTO issued an Office Action to Appellant Chet-5 on January 22, 2014 pursuant to the Controlled Substances Act, requiring Chet-5 to confirm that its goods in the applied for trademark would not contain or relate to marijuana. *See* S.D.N.Y. Dkt. No. 43-3. (). In response, on July 18, 2014, Appellant Chet-5 represented to the USPTO that the goods "are not nor do they refer to marijuana or any illegal substance..." Plaintiffs' P.I. Ex. 1; P.I. Tr. Day 1, 57:2-24 - 58:1. (). The '199

application issued partially as the '815 registration. That registration does not cover cannabis. P.I. Tr. Day 1, 60:6-10; Defendants' P.I. Ex. 3. (). A divisional application was filed off the '199 application that became the '811 application and eventually matured into the '311 registration. The '811 application did not recite cannabis. P.I. Tr. Day 1, 60:11-20. ().

SUMMARY OF ARGUMENT

Appellants have offered no reason to disturb the well-reasoned opinion and decision of the district court. The grant of a preliminary injunction requires that a moving party carry a heavy burden of proof that it is likely to win on the merits; that it will be irreparably harmed if the injunction is not granted; that the balance of harm tips in its favor; and that the grant would not be contrary to the public interest. The district court based the denial of the motion on its findings under *Polaroid* that Appellants had not produced evidence sufficient to carry their burden of proving a likelihood of success on the merits.

With respect to the basis of the decision below, Appellants' sole claim is that Appellees' use of their own, famous WOODSTOCK brand for cannabis is likely to cause confusion with whatever rights Appellants might have arising from their submarine trademark registration for "smokers' articles." This position is untenable for a variety of reasons, not least of which is the fact that to obtain their registrations *at all*, Appellants were required to expressly disclaim cannabis and cannabis related products from the scope of their registrations.

Relying solely on the challenged registrations, Appellants ignore the express scope of the claimed goods and services in those registrations, the marketplace context of the products, the commercial weakness of Appellants' "mark," and –

importantly – their failure to have presented evidence on the remaining *Polaroid* factors.

Finally, while the Court could remand the case to Judge Gardephe for further proceedings on the issue of priority of rights, that is unnecessary for purposes of affirming the decision below based on the district court’s *Polaroid* analysis, and in any event could be decided by this Court should it determine such a review is necessary.³

Appellants ignore the law that a “constructive use” date is subservient to an actual use date, and also ignore the inconvenient truth that Appellees have decades of priority. The use by Appellees of WOODSTOCK on a variety of merchandise and services for nearly 50 years before Appellants would give rise to priority for any goods considered “related” to Appellees’ use, and Appellants’ own witnesses testified that Appellees’ goodwill in their music and merchandise business would be readily transferred to cannabis sales.

Turning specifically to the narrow claims of Appellants regarding “smokers’ articles,” Appellants can only try and dismiss the fact that Appellees have been selling WOODSTOCK branded smokers’ articles for almost two decades prior to Appellants’ constructive priority date by claiming that the testimony and documents

³ See e.g., *Colavito v. N.Y. Organ Donor Network, Inc.*, 486 F.3d 78, 80 (2d Cir. 2007) (“Ordinarily, we will not review an issue the district court did not decide. However, whether we do so or not is a matter within our discretion.”)

of record about those sales, should be ignored as uncorroborated and hearsay. Their plaintive cry is summed up at page 33 of their brief wherein they contend that no one had told them about those sales before Appellants engaged in their end run scheme.

STANDARD OF REVIEW

This Court reviews the grant or denial of a preliminary injunction for abuse of discretion. *SG Cowen Sec. Corp. v. Messih*, 224 F.3d 79, 81 (2d Cir. 2000). “Such an abuse of discretion ordinarily consists of either applying an incorrect legal standard or relying on a clearly erroneous finding of fact.” *Jolly v. Coughlin*, 76 F.3d 468, 473 (2d Cir. 1996). A reviewing court will defer to a district court’s fact findings even if it ultimately disagrees with the lower court’s view of the evidence, as long as that view is “plausible in light of the record viewed in its entirety.” *Anderson v. City of Bessemer City, N.C.*, 470 U.S. 564, 574 (1985).

As to the district court’s determination of likelihood of success on the merits of trademark infringement under *Polaroid*, the Court reviews the district court’s factual findings on each of the *Polaroid* factors for clear error, while the weighing of those factors is considered *de novo*. *Estee Lauder Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997).

ARGUMENT

“A preliminary injunction is an extraordinary remedy never awarded as a matter of right.” *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008). To obtain a preliminary injunction, Appellants must establish:

- (1) a likelihood of success on the merits or ... sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly in [Appellants’] favor;
- (2) a likelihood of irreparable injury in the absence of an injunction;
- (3) that the balance of hardships tips in [Appellants’] favor; and
- (4) that the public interest would not be disserved by the issuance of an injunction.”

Benihana, Inc. v. Benihana of Tokyo, LLC, 784 F.3d 887, 895 (2d Cir. 2015).

Because it is an extraordinary remedy, preliminary injunctions are not routinely granted. *JSG Trading Corp. v. Tray-Wrap, Inc.*, 917 F.2d 75, 79, 80 (2d Cir. 1990). Appellants bear the burden of persuasion to demonstrate “by a clear showing” that the above necessary elements are satisfied. *See Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997).

I. The District Court Properly Determined Likelihood of Success on the Merits Had Not Been Proven

Appellants brought their motion for a preliminary injunction based on their counterclaim for trademark infringement. Ironically, the case started with

Appellees' claim of trademark infringement against Appellants, who were using the Appellees' famous WOODSTOCK trademark without permission and despite clear warnings by Appellees. The Motion by Appellants, as defendants, then came as something of a surprise. "The plaintiff in a trademark infringement action establishes a likelihood of success by showing both 1) a legal, exclusive right to the mark, and 2) a likelihood that customers will be confused as to the source of the infringing product." *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 270 (2d Cir. 1999); *accord I-800 Contacts, Inc. v. WhenUCom, Inc.*, 414 F.3d 400, 405 (2d Cir. 2005).

A. Appellees' Use of WOODSTOCK on Cannabis Is Not Likely to Cause Confusion With Appellants' Limited Registration for Smokers' Articles

"The likelihood-of-confusion prong turns on whether ordinary consumers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of [the junior user's] mark..." *See Guthrie Healthcare System v. ContextMedia, Inc.*, 826 F.3d 27, 37 (2d Cir. 2016). In assessing the likelihood of confusion, courts must balance the eight *Polaroid* factors, namely: "[1] the strength of the senior user's mark; [2] the similarity of the parties' marks; [3] the proximity of the parties' areas of commerce; [4] the likelihood that the senior user will bridge the gap separating their areas of activity; [5] the existence of actual consumer confusion; [6] whether the junior user acted in bad faith or was

otherwise reprehensible in adopting the mark; [7] the quality of the junior user's product; and [8] the sophistication of the relevant consumer group." *Id.* at 37 *citing Polaroid*, 287 F.2d at 495.

It is important to keep in mind that the Appellants' counterclaims below, and on which they based their motion for a preliminary injunction, were founded in a trademark registration obtained by Appellant Chet-5 for WOODSTOCK for "smokers' articles." These counterclaims are not based in any way on actual use of the mark for cannabis – or frankly on use by Appellants for anything. The district court therefore looked at the Appellants' registration for "smokers' articles" – a registration which expressly disclaimed any rights in marijuana – and on balance found no likelihood of confusion because Appellants' mark was commercially weak (Op. at 11-12), the parties' respective marks were not similar as they appear in the marketplace (Op. at 13-14), the products were not related (Op. at 15), Appellants were not likely to bridge the gap (Op. at 16-17), Appellees did not act in bad faith (Op. at 17-18), and there was no evidence that Appellees' products were of inferior quality (Op. at 18). The district court found the lack of actual confusion evidence and the absence of evidence of consumer sophistication to be neutral factors. (Op. at 17-18). Given that the first three *Polaroid* factors (strength, similarity of marks, and competitive proximity of products) are the most significant factors (*see Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987)), and either

weighed in Appellees' favor or only modestly weighed in Appellants' favor, and coupled with additional factors such as no bridging the gap, and lack of bad faith or inferior quality goods, the district court found no likelihood of confusion. (Op. at 19).

Appellants challenge the district court's findings as to the strength, similarity, competitive proximity and bad faith. However, as will be discussed, Appellants fail to show that any of the district court's findings were clearly erroneous, much less that on balance the Court could even possibly find a likelihood of confusion.

1. Appellants' WOODSTOCK Mark Is Extremely Weak

Appellants do not contest the district court's factual finding that Appellants' trademark was commercially weak. (Op. at 11-12 finding *de minimus* advertising expenditures, no evidence of sales success⁴ or unsolicited media coverage, or any consumer studies). Appellants' argument is that the district court erred in examining the market strength of Appellants' mark at all.

The first *Polaroid* factor assesses the "strength" of the senior user's mark. And here again it is important to understand that Appellants' claim to being the senior user is dependent on whether their registration (a) covers cannabis, and (b) would survive the petition to cancel which Ventures has filed against that mark and which is currently

⁴ The district court found Appellants' total gross sales of WOODSTOCK branded products only amounted to \$12,837. Op. at 12.

pending. Even assuming for purposes of argument that Appellants have the “senior” mark, the district court’s finding is still not clearly erroneous.

To gauge a mark’s strength, courts consider two factors: inherent distinctiveness, and distinctiveness in the marketplace. *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 743 (2d Cir. 1998). Appellants’ position is that if a mark is found to be inherently distinctive under the first *Polaroid* subfactor, there is no need to consider the second subfactor – actual strength. Yet that would make the second subfactor superfluous.

In support, Appellants cite *Hasbro, Inc. v. Lanard Toys. Ltd.*, 858 F.2d 70, 73 (2d Cir. 1988), for the proposition that the first *Polaroid* factor is satisfied by showing that a mark is conceptually strong. (Appellants’ Br. at 46). Yet *Hasbro* merely indicated that where a mark is inherently distinctive, there is no need to consider secondary meaning factors such as advertising expenditures and sales success in the context of determining whether or not a term serves as a mark. That does not mean that actual, commercial strength should be disregarded. *Id.* at 77. Much more recently, this Court noted that although a mark may be conceptually strong, a secondary meaning analysis (*e.g.*, its commercial strength) is still relevant to the probative strength of a mark in assessing the likelihood of confusion. *See Cross Commerce Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 160 n.3 (2d Cir. 2016).

That makes sense as one can easily envision an arbitrary or fanciful trademark, which would be inherently very strong, being used in commerce but not necessarily causing confusion if consumers are unaware of the brand. As this Court noted, a finding of conceptual strength does not end the *Polaroid* strength inquiry. *Streetwise Maps, Inc.*, 159 F.3d at 743 (holding that a court must consider “the mark’s distinctiveness in the marketplace”). In fact, in *Streetwise*, the Court found the district court to be clearly erroneous in determining the plaintiff’s mark to be relatively strong where it had inherent distinctiveness but weak commercial strength. *Id* at 744.

Appellants cite *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44 (2d Cir. 1978), to suggest that a finding of conceptual strength ends the inquiry. Yet, the very next year, the Court noted that “[t]he cases agree that it is appropriate to consider all factors bearing on the likelihood of confusion. We view evidence concerning the origin-indicating significance of a mark in the marketplace as relevant to and probative of the strength of a mark and hence useful in assessing the likelihood of confusion.” *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1132 (2d Cir. 1979).

Finally, Appellants argue that the Court in *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474 (2d Cir. 1996), rejected arguments of commercial weakness in the face of a finding of a conceptually strong mark. However, there the Court *did*

consider the evidence of marketplace strength, and merely found that the evidence presented of recent marketplace weakness failed to rebut the commercial success of the brand over a sixty-year period. *Id.* at 479. It did not reject the evidence in light of the “inherent” strength evidence.

Unlike *Cadbury*, here Appellants have no long period of strong sales and goodwill to outweigh a small recent decline. Appellants have not shown that *their* use ever had any commercial recognition; they had only *de minimus* sales and little evidence of any consumer exposure to Appellants’ use of the trademark. (___). The evidence clearly supports a finding that Appellants’ mark was weak. *See e.g., Lang v. Retirement Living Pub. Co., Inc.*, 949 F.2d 576, 581 (2d Cir. 1991) (holding that district court did not err in finding a conceptually strong mark to be nonetheless weak given paltry sales and little evidence of advertising or third party media associating the mark with the plaintiff).

Moreover, as here, where the parties’ products which are the subject of the district court’s analysis do not directly compete,⁵ evidence of weak marketplace strength is even more relevant to the confusion analysis. *See Plus Prod. v. Plus Disc. Foods, Inc.*, 722 F.2d 999, 1005 (2d Cir. 1983) (holding conceptually strong mark was nonetheless commercially weak and militated against a finding of confusion).

⁵ Again, given that the entirety of the Appellants’ case is built on the construct of a registration and not actual use, the relevant comparison is “smokers’ articles versus cannabis”.

Thus, it was not clear error for the district court to determine that Appellants' weak marketplace presence made the first *Polaroid* factor only modestly weigh in favor of Appellants.

2. The Parties' Respective WOODSTOCK Marks Present Different Commercial Impressions

Appellants contend that the district court committed clear error in determining the *Polaroid* similarity factor did not favor a likelihood of confusion. Although Appellants note that the Court must consider the marks' overall impression, "considering the context in which the marks are displayed," *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532, 537 (2d Cir. 2005), Appellants apparently want the Court to treat the infringement analysis as a Trademark Trial and Appeal Board ("TTAB") proceeding over registrability, and consider only the applied for mark while ignoring marketplace context. Appellants' Br. at 49 (*citing* TTAB and Federal Circuit precedent concerning registrability under Section 2(d) of the Lanham Act). That, however, is not the law of this Circuit, and the Court cannot consider just the use of WOODSTOCK in a vacuum. *See e.g., Levy v. Kosher Overseers Ass'n of Am., Inc.*, 104 F.3d 38, 41 (2d Cir. 1997)

We pointed out there that the standards governing 'likelihood of confusion' in registration cancellation or opposition proceedings before the TTAB and Federal Circuit can be different than the 'likelihood of confusion' standard applicable in trademark infringement actions in a district court. ... The Federal Circuit decision we considered in *Beam* only compared the typewritten names and sounds of the two trademarks, and we held that the district court in the later infringement

action should have, at least, ‘examine [d] the visual appearance of each mark in the context of its use.’

Citing Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d 729, 735 (2d Cir. 1991).

“In assessing similarity, courts look to the overall impression created by the logos and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers.” *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 386 (2d Cir. 2005); *citing Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Pub. Co. v. Meredith Corp.*, 991 F.2d 1072, 1078 (2d Cir. 1993); *accord Estee Lauder, Inc. v. Gap, Inc.*, 108 F.3d 1503, 1512 (2d Cir. 1997). This inquiry requires examining not “just at the typewritten and aural similarity of the marks, but how they are presented in the marketplace.” *The Sports Authority, Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 962 (2d Cir. 1996). “In making this determination, a court should look at the general impression created by the marks, taking into account all factors that potential purchasers will likely perceive and remember.” *Lang*, 949 F.2d at 581. To that end, a district court may properly consider “the products’ sizes, logos, typefaces, and package designs.” *W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 573 (2d Cir. 1993).

Appellants rely on *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141 (2d Cir. 2003), for the proposition that the use of identical word marks may be sufficient similarity to overcome minor differences in presentation. While that is true, in *Virgin* this Court held that the plaintiff's word mark was famous, and that the only differences in presentation were minor differences in typeface.⁶ *Id.* at 149. That is not the case here, where Appellants' mark has little to no commercial strength, and the differences between the parties' respective packaging is, therefore, relevant.

Here, Appellants would have this Court believe that the only source-identifier on the packaging for Appellees' cannabis products is the mark WOODSTOCK. That is not true:



Appellees' Products ()



Appellants' Products ()

⁶ Similarly, Appellants' reliance on the out of Circuit decision in *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014), is misplaced. In *Pom*, the Ninth Circuit noted that the commercial strength of the plaintiff's mark required a lesser degree of similarity. Nonetheless, the court held that the similarity of typeface and same color scheme on the parties' packaging combined with the identity of the marks weighed in favor of a likelihood of confusion. *Id.* at 1129.

The packaging for Appellees' cannabis products prominently features Appellees' iconic Dove and Guitar logo, which consumers have associated with Appellees and their WOODSTOCK brand for nearly half a century.⁷ Indeed, *Appellants themselves admit that upon seeing the Dove & Guitar logo, they would immediately think of the Appellees.* This association, combined with consumers' longstanding association of Appellees' iconic WOODSTOCK word mark with cannabis, means that when consumers encounter Appellees' cannabis products, they will correctly attribute Appellees as the source of those products. *See e.g., Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503–04 (2d Cir. 1996):

In this connection, placement of the marks next to other identifying but dissimilar symbols is clearly relevant. Here, Henson plans to always use the name “Spa'am” next to a likeness of the wild boar puppet. In addition, the words “Muppet Treasure Island” always will be prominently displayed wherever the name “Spa'am” appears. Thus, the two marks appear in strikingly different contexts and project wholly different visual displays.

Accord E.A. Sween Co., Inc. v. A & M Deli Express Inc., 787 F. App'x 780, 784 (2d Cir. 2019) (“[A]n inquiry into the degree of similarity between two marks does not

⁷ To be sure, Appellees' famous WOODSTOCK word mark is uniquely associated with Ventures on its own. Thus, while the Dove and Guitar logo, as Appellants *admit*, helps to dispel any confusion because it too is immediately associated with Ventures in consumers' minds, the same cannot be said for the other elements added to Appellants' packaging, such as their house mark “American Products”. That is, the word mark WOODSTOCK alone is so intimately associated with Ventures, that consumers cannot help but associate third party products bearing this word mark with Ventures.

end with a comparison of the marks themselves.... [T]he setting in which a designation is used affects its appearance and colors the impression conveyed by it.”); *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000) (affirming summary judgment for defendant where use of house marks reduced likelihood of confusion). Appellees’ use of its Dove & Guitar Logo combined with its dramatically different color scheme packaging and font present a drastically different commercial impression from Appellants’ product. Accordingly, Appellants have failed to carry their burden on the second *Polaroid* factor.

3. Appellants Expressly Represented That Their Products Do Not and Will Not Encompass Appellees’ Products

Appellants contend that the district court was clearly erroneous in determining that the product proximity and bridging the gap *Polaroid* factors did not weigh in favor of a likelihood of confusion. Appellants’ Br. At 51-55.

The third *Polaroid* factor – proximity of goods - considers whether the parties’ respective goods are associated with each other or may compete with each other. *W.W.W. Pharm. Co.*, 984 F.2d at 573. The court considers the nature of the products, the types of consumers for such products, and the channels of trade. *Id.*

The fourth *Polaroid* factor – “bridging the gap” - is designed to protect a senior user’s interest in possibly using its mark to enter another product line in the future. *W.W.W. Pharm. Co.*, 984 F.2d at 574. This factor is only considered if the

parties' respective products are unrelated, because if they are the same or considered related, then the factor is irrelevant. *Star Indus.*, 412 F.3d at 387.

*At issue here is the competitive proximity of Appellees' cannabis products and Appellants' smokers' articles.*⁸ The district court determined that Appellants submitted no evidence as to the channels of trade for their smokers' articles, and this failure in and of itself is sufficient to support the court's finding. (Op. at 15) (___). However, the district court went on to find that even if the parties' respective products were sold at the same locations (e.g., state licensed dispensaries), the differing nature of the parties' products weighed against a likelihood of confusion. *Id*; see also, *W.W.W. Pharm. Co.*, 984 F.2d at 573-74 (the fact that products are sold at the same location is of little importance where the nature of the products differs).

Appellants attack this finding by the district court, arguing that their smokers' articles relate to Appellees' cannabis products. (Appellants' Br. at 36). But Appellants were required to *admit* that the products listed in their registrations do not encompass cannabis in order to secure the very registrations on which they rely. In the sworn responses to the USPTO during prosecution of their trademark

⁸ Appellants argue that the district court's factual findings were clearly erroneous because both parties now offer cannabis products under their respective WOODSTOCK trademarks. Appellants' Br. at 54. That may be true, and this factor may be neutral if Appellants were relying on their *common law rights* for cannabis. But Appellants cannot rely on their common law rights to beat Appellees' earlier actual use, and are instead forced to rely solely on their federal registration for smokers' articles to obtain constructive priority.

registrations, Appellants expressly stated that their smokers' articles do not relate to marijuana nor are they intended to be used with marijuana products. ().

Appellants' original '199 application does not recite, claim, or mention at all marijuana or hemp or cannabis. P.I. Tr. Day 1, 54:14 - 55:19; Defendants' P.I. Ex. 5. (). This is not surprising, as Gary Chetkof, the filer of the '199 application, testified that *he had no intent to use WOODSTOCK in conjunction with cannabis or hemp at the time he filed his application.* P.I. Tr. Day 1, 44:15-24; 56:2-7; 62:2-6. (). The '199 application solely concerned smokers' articles. P.I. Tr. Day 1, 57:24 - 58:1. (). Mr. Chetkof admitted that cannabis and smokers' articles are different products. P.I. Tr. Day 1, 68:1-22. ().

The district court specifically held that the representations by Appellants or their predecessors bound Appellants, who could not now claim that which had been specifically excluded from their application. Since the Appellants relied only on the registrations and not on any common law rights (recognizing that Appellees held all the common law priority), the district court properly found that the goods were different and not related.

Appellants argue that the district court improperly focused on the legality of the respective products in determining the competitive proximity and bridging the

gap factors. Appellants' Br. at 54.⁹ But that was not the district court's primary focus. The district court principally focused on Appellants' own admissions to the USPTO that their products differ from Appellees' cannabis products and that Appellants were not intending to use their WOODSTOCK mark on cannabis products. Op. at 16-17. (___); *see also e.g., Vitarroz Corp. v. Borden, Inc.*, 644 F.2d 960, 969 (2d Cir. 1981) (affirming district court's denial of an injunction and finding no "bridging the gap" where the plaintiff admitted no intention of selling defendant's goods).

⁹ The district court only focused on the legality of the products in the bridging the gap factor and not with regard to competitive proximity. *See* Op. at pp. 14-17. (___). In considering the bridging the gap factor, the district court cited *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007), for the proposition that the doctrine of "zone of natural expansion" could not be used by a trademark owner to enjoin unlawful goods. Op. at 16-17 (___). However, *CreAgri* does not stand for that proposition. *CreAgri* extended TTAB precedent on registrability to hold that a trademark owner could not establish rights based on use of a mark in commerce unless such use was on lawful goods. *Id.* It did *not* address whether a party could enforce rights stemming from lawful use to enjoin use of an infringing mark on unlawful goods. For example, Appellees may, and have, cited the 50 years of use by Ventures of WOODSTOCK for music, movies, merchandise and the like, as sufficient to enjoin Appellants from misappropriating the WOODSTOCK mark.

Moreover, *CreAgri* has been heavily criticized by courts and critics, and has never been applied by this Court. *See e.g., 3 McCarthy on Trademarks and Unfair Competition* § 19:123 (5th ed.) ("I believe that the Ninth Circuit erred in unthinkingly wrenching a draconian version of the U.S.P.T.O.'s 'unlawful use' policy out of its administrative registration setting and inserting it into federal court infringement lawsuits."). And in fact, the Ninth Circuit has since restricted *CreAgri* only to situations of such "gravity and significance" that it could not create any trademark rights. *See Southern California Darts Ass'n v. Zaffina*, 762 F.3d 921, 931-932 (9th Cir. 2014).

Here, Appellants seek to avail themselves of constructive priority pursuant to 15 U.S.C. § 1057 in their trademark registrations to establish priority over Appellees. (Appellants’ Br. at 8). Yet, to obtain such registrations, Appellants represented to the USPTO that their registrations would not cover cannabis – the only product for which Appellees sought a preliminary injunction. (___). Appellants should not be able to expressly disclaim the scope of their rights in order to obtain government sanctioned benefits, and then seek to reclaim through judicial proceedings what they disclaimed. *See e.g., Narda Microwave Corp. v. Gen. Microwave Corp.*, 675 F.2d 542, 549 (2d Cir. 1982) (recognizing well settled principle of prosecution history estoppel that the narrowing of a patent for purposes of obtaining a patent cannot later be reclaimed in a judicial action); *see also* 37 C.F.R. § 2.71(a) (2020) (an applicant may limit its application, but not broaden it). Therefore, the district court was not clearly erroneous when it determined that neither the competitive proximity factor nor the bridging the gap factor favored a likelihood of confusion.

As to the district court’s application of *CreAgri* in determining that the zone of natural expansion cannot be applied to unlawful goods (Op. at pp. 16-17), the Court does not need to resolve this issue. The issue is not whether a party is claiming priority of rights in an unlawful good through the zone of natural expansion. Rather, the Court only needs to consider the traditional *Polaroid* factors, including the “bridging the gap” factor that seeks to preserve a senior user’s rights to prevent

confusion from use by another in related fields, even if such related fields are unlawful goods. *C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14, 18 (2d Cir. 1985). *See discussion infra.*

4. Appellants' Arguments As to Bad Faith Are Not Credible

Appellants argue the district court was clearly erroneous in failing to consider Appellees' alleged awareness of Appellants' prior trademark rights in smokers' articles. (Appellants' Br. at 55-57) (___). However, as the district court noted, the proper issue was whether Appellees intentionally sought to capitalize on Appellants' goodwill for their own use of WOODSTOCK on recreational marijuana. (Op. at 18) (___). "As this court has noted, this factor of the *Polaroid* test considers 'whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product.'" *W.W.W. Pharm. Co.*, 984 F.2d at 575 (internal citations omitted).

Here, Appellants failed to present any evidence that Appellees sought to capitalize on Appellants' alleged good will. First, Appellants failed to demonstrate any kind of "good will" or even any sales revenue or advertising expenditures upon which it could be inferred that Appellees intended to "capitalize." Appellants proffered no evidence of sales prior to actual trademark use by Appellees-- only *de minimis* sales during their two-years of activity following Appellees' entry in the market-- and no evidence whatsoever of any kind of marketplace recognition. (___).

Second, the evidence establishes Appellees' longstanding intention to enter into the cannabis market, and to exploit their own nearly 50-year old brand in doing so. (___). Indeed, Appellant Axcentria sought a license from Appellees for the WOODSTOCK trademark long prior to entering into a scheme with Appellant Chet-5 in an effort to make an end run around Appellees' recognized and valuable rights; well before Appellants secured the registration on which they rely; and before Appellants brought any cannabis products to market. (___).

Third, mere knowledge of Chet-5's registration by Appellees' licensing agent is irrelevant. *See e.g., W.W.W. Pharm. Co.*, 984 F.2d at 575 (“adoption of a trademark with actual knowledge of another's prior registration of a very similar mark may be consistent with good faith.”) As the evidence showed, during the 2015-2016 license negotiations, and prior to Axcentria's “end run” acquisition of Chet-5's rights, Appellees' licensing agent suggested to Axcentria a work-around limiting any license just to marijuana products to avoid any issues with Chet-5—thereby demonstrating that Appellees did not consider that Chet-5's rights, if any, in smokers' articles conflicted with marijuana products.

Appellants have failed to show that the district court was clearly erroneous in finding there was no intention to capitalize on Appellants' alleged goodwill. The facts showed Appellants had little goodwill, and the more credible position was that Appellees merely sought to capitalize on their own goodwill amassed over the past

50 years of their iconic brand. Indeed, that is precisely why Appellants approached Appellees in the first place to take a license – to capitalize on a brand considered to be a “no brainer” with respect to cannabis. S.D.N.Y. Dkt. 57 ¶34 (___). Given this, the district court clearly had a reasonable basis for its factual findings, and those findings are not clearly erroneous.

Given the district court’s findings that the first three *Polaroid* factors (strength, similarity of marks, and competitive proximity) either weighed in Appellees’ favor or only modestly weighed in Appellants’ favor, and coupled with the fact that such additional factors as no bridging the gap and no evidence of bad faith or inferior quality goods all weighed in Appellees’ favor, the district court did not commit clear error in finding no likelihood of confusion. (Op. at 19). (___).

II. Even if This Court Finds That the District Court Was Clearly Erroneous In Its Application of The Polaroid Factors, the Decision Should Still be Affirmed

A. The District Court’s Finding of No Irreparable Harm Should Not Be Disturbed

While the district court denied the requested preliminary injunction primarily because Appellants failed to carry their burden to show a likelihood of success, Judge Gardephe felt it important to find that Appellants had unduly delayed in seeking a preliminary injunction, which therefore raised serious doubts that they would be irreparably injured by denial of the preliminary injunction. *See* Op. at 5 n.2 (“[a] delay of this length ‘undercuts the sense of urgency that ordinarily

accompanies a motion for preliminary relief and suggests that there is, in fact, no irreparable injury.”) *citing Citibank, N.A. v. Cititrust*, 756 F.2d 273, 277 (2d Cir. 1985).

A party *must* establish, in addition to a likelihood of success on the merits, that it will be irreparably harmed in the absence of an injunction. *Benihana, Inc.*, 784 F.3d at 895. “A showing of irreparable harm is the single most important prerequisite for the issuance of a preliminary injunction.” *Faiveley Transport Malmo AB v. Wabtec Corp.*, 559 F.3d 110, 118 (2d Cir. 2009). Accordingly, “the moving party must first demonstrate that such injury is likely before the other requirements for the issuance of an injunction will be considered.” *Rodriguez ex rel. Rodriguez v. DeBuono*, 175 F.3d 227, 234 (2d Cir. 1998).

Any finding of irreparable harm must be based on evidence, not argument or presumption. There is no presumption of irreparable harm. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 338 (2006) (irreparable harm must be proved to obtain permanent injunction); *see also Salinger v. Colting*, 607 F.3d 68, 79-80 (2d Cir. 2010) (applying *eBay, Inc.* in the context of a preliminary injunction sought for alleged copyright infringement and requiring showing of irreparable harm); *see also New Look Party Ltd. v. Louise Paris Ltd.*, 2012 WL 251976, at *2 (S.D.N.Y. Jan. 11, 2012) (“Despite long-held circuit precedent, [irreparable] harm [is] no longer

presumed in copyright or trademark cases”); *see also Freedom Holdings, Inc. v. Spitzer*, 408 F.3d 112, 114 (2d Cir. 2005).

Although the district court did not need to find an absence of irreparable harm in order to deny Appellants’ motion, it did make certain factual findings relevant to such a determination:

Indeed, there is no evidence that [Appellants] have amassed significant goodwill in the marketplace for recreational marijuana and vaping devices. (Op. at 18). (___).
and

There is no evidence that [Appellants’] reputation has been tarnished by [Appellees’] products, and [Appellants] have made no such argument. (*Id.*)

Appellants do not argue that the district court was clearly erroneous in such findings. Nor was the district court unreasonable in making such findings, given Appellants’ virtually nonexistent sales and advertising, and the fact that Appellants could easily shift to one of their other preexisting brands. *See* S.D.N.Y. Dkt. No. 41 at 5 (___); P.I. Tr. Day 2, 201:22 - 203:5. (___); P.I. Tr. Day 2, 205:8 - 209:21. (___); P.I. Tr. Day 1, 74:9-17. (___); P.I. Tr. Day 2, 236:5-14. (___).

Appellants’ having failed to present any evidence of actual harm, the district court’s finding of delay is not necessary to its determination of no irreparable injury. Notably, though, Appellants did not actually appeal the district court’s finding of

delay.¹⁰ Because Appellants do not seek to disturb the district court's findings as to irreparable injury, this alone justifies affirming the denial of the motion. *See Citibank, N.A. v. Citytrust*, 756 F.2d 273, 277 (2d Cir. 1985) (holding that a long delay “undercuts the sense of urgency that ordinarily accompanies a motion for preliminary relief and suggests that there is, in fact, no irreparable injury.”) “[C]ourts typically decline to grant preliminary injunctions in the face of unexplained delays of more than two months.” *Life Technologies Corp. v. A.B. Sciex Pte. Ltd.*, 2011 WL 1419612 at *7 (S.D.N.Y. Apr. 11, 2011); *Richard A. Leslie Co., Inc. v. Birdie, LLC*, 2007 WL 4245847, at *2 (S.D.N.Y. Nov. 26, 2007) (“The three month period from June 8 through September 18 cannot [be excused]. It is sufficiently long, in and of itself, to warrant denial of preliminary relief [...]”); *New Look Party Ltd.*, 2012 WL 251976 at *11 (“These [three month] lapses further counsel against a finding of irreparable injury.”)

While the finding of delay was not appealed, we address the issue briefly here in light of the insertion of arguments by Appellants in their brief. Appellants argue that there was a “change of circumstance” which should have excused their delay,

¹⁰ Appellants only mention the irreparable harm factor on page 3 of their brief, note 2. Without citing any evidence or even arguing that the district court abused its discretion on the record before it, Appellants merely return to their rejected argument (discussed more fully below) that they filed shortly after the announcement of the MedMen distribution agreement with Ventures, without explaining how this was a sufficiently changed circumstance to justify their lengthy delay.

because Appellees were seeking to replace their current distributors with a new one. However, Appellees' execution of the MedMen agreement merely changed Appellees' existing distributors, but did not materially change Appellees' presence in the marketplace. P.I. Tr. Day 3, 494:22 - 495:3. (). Nor was there any allegation, much less evidence, that the MedMen agreement in any way drove Appellants from the market or impacted their distribution agreements.¹¹ There was no evidence presented by Appellants that Appellees' change of distributors was a "change of circumstance" that could excuse their delay in seeking a preliminary injunction. The salient point here is that Appellees were in the market using WOODSTOCK for cannabis for well over a year and a half during which time Appellants did nothing, and they now have no reasonable justification for their delay in seeking a preliminary injunction.

B. Appellees Have Priority of Rights

Appellants request that this Court remand the case to the district court for a determination as to priority of rights to use WOODSTOCK in connection with "smokers' articles," even though – or perhaps because – Judge Gardephe specifically declined to decide that issue as unnecessary to denial of the motion.

In order to prove entitlement to a preliminary injunction, Appellants must establish a likelihood of success on the merits. For a trademark infringement claim,

¹¹ It is hard to fathom how any change in Appellees' circumstances could have impacted Appellants' position in the marketplace, seeing how it was essentially non-existent. Op. at pp. 11-12. ().

that includes establishing a likelihood of confusion *as well as exclusive rights to the mark*. In order to establish exclusive rights to the mark, Appellants must establish priority of rights over Appellees. *See Thompson Medical Co., Inc. v. Pfizer Inc.*, 753 F.2d 208, 218 (2d Cir. 1985).

In the United States, when two parties use an identical or similar mark, the first to use the mark in commerce is the “senior” user of the mark and has trademark priority over “junior” users of the mark. *See Hana Fin., Inc. v. Hana Bank*, 135 S. Ct. 907, 909 (2015) (“Rights in a trademark are determined by the date of the mark’s first use in commerce. The party who first uses a mark in commerce is said to have priority over other users”); *Empresa Cubana del Tobacco v. Culbro Corp.*, 399 F.3d 462, 468 (2d Cir. 2005) (In the United States, “the standard test for ownership of a mark is priority of use [...]”). Trademark priority allows the senior user to enjoin junior users from using the mark for the same goods and services that the senior user offers—even if the junior user is the party who federally registers the mark. *McCarthy* at 16:1.50 (“[C]onstructive use” priority based on federal trademark registration “can always be defeated by another party’s evidence of prior actual use.”). Therefore, the fact that Appellant Chet-5 filed an application in 2013 is not the determinative factor in priority if Appellees had actual use prior to that date. It is undisputed that Appellees have long prior use of WOODSTOCK on many products and services. Appellants’ entire argument is based on distinguishing those

uses from “smokers’ articles,” and then challenging the extent of use by Appellees on smokers’ articles. But the evidence of Ventures’ use of WOODSTOCK on smokers’ articles – while attacked procedurally - was unrebutted by Appellants.

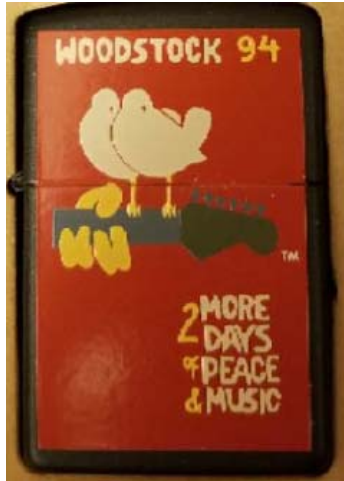
Appellants cannot establish priority in WOODSTOCK for anything in this dispute - not for music festivals, smokers’ articles, or cannabis - the last being the product which spawned this litigation. Appellees have trademark priority over Appellants in the mark WOODSTOCK for cannabis based on their actual first use and the common law trademark rights arising therefrom, as well as for smokers’ articles, which is also based on Ventures’ actual first use for nearly 20 years prior to Appellants’ claim of a “constructive” first use date.

1. Appellees Have Priority of Rights as to Smokers’ Articles

In addition to movies, television specials, and apparel sold or licensed since 1969, Ventures’ officially licensed WOODSTOCK products have included “smokers’ articles” such as lighters and ashtrays for over 30 years.

For example, in 1994, Ventures licensed its WOODSTOCK trademark to Zippo Manufacturing Company for use in connection with lighters. S.D.N.Y. Dkt. 87 at ¶8; P.I. Tr. Day 3, 412:1-7. (___). Those lighters were sold not only at the 1994 Festival, but also at various retail outlets. P.I. Tr. Day 3, 412:1-24. (___). The

commemorative '94 WOODSTOCK festival smokers' articles remain widely available for sale today on the Internet. S.D.N.Y. Dkt. 87 at ¶8; ().



In 1994, Ventures also licensed its WOODSTOCK trademark to Crest Craft for use in connection with lighter covers. S.D.N.Y. Dkt. 87 at ¶9; ().



Similarly, in 1999, Ventures licensed its WOODSTOCK trademark for a commemorative lighter for the '99 WOODSTOCK festival, P.I. Tr. Day 3, 415:23-416:2; (), as well as for use in connection with ashtrays (the "C&D License"). The use of Ventures' WOODSTOCK trademark under the C&D License in

connection with ashtrays and lighters has been continuous since 2009. S.D.N.Y. Dkt. 87 at ¶10; P.I. Tr. Day 3, 420:21-421:11; Plaintiffs' P.I. Ex. 44. ().



Most recently, Ventures licensed its mark again through Zippo for the latest WOODSTOCK branded lighters. P.I. Tr. Day 3, 414:19-415:19; Plaintiffs' P.I. Exhibit 41. ().



Appellants suggest that Appellees' evidence of use was insufficient to establish priority. Appellants' Br. at 32. In support, Appellants cite to a warranty provision in a 2005 agreement between Appellees and Appellees' licensing agent Dell Furano that there were no existing licensing deals in 2005. Appellants misread that document, as reflected in Mr. Furano's sworn testimony about his sourcing licenses for Appellees since the late 90s. The language merely refers to the fact that there would be no conflicting licenses, which of course is the case if one license expires when a new one is signed. P.I. Tr. Day 1, 97:3-12. ().

In addition to Mr. Furano's testimony, one of Appellees' founders, Michael Lang, testified at length regarding Appellees' prior licensing arrangement with Zippo in 1994; introduced a specimen of a WOODSTOCK branded Zippo lighter in 1993; testified regarding the continuous licensing thereafter, including a lighter in 1999; and identified a Master Licensing agreement including C&D Visionary for production of another WOODSTOCK branded lighter in 2013, and yet another lighter released in 2019. (P.I. Tr. Day 3, 410:8 – 416:2; Plaintiffs' P.I. Exhibits 39 – 41 ()).¹²

¹² Appellants take issue with the admissibility of Plaintiffs' P.I. Exhibit 38, a business record of Appellees that was a licensee list from 1994 showing Zippo as a licensee of the WOODSTOCK trademark. While Appellants claim that this list was hearsay, they provide no authority for this position. Mr. Lang testified at length regarding this business record (Fed. R. Evid. 803(6)), and in any event his testimony provides more than sufficient basis for the district court to determine that Appellees

2. Appellants Have Priority of Rights as to Cannabis

The district court properly held that the registrations asserted by Appellants do not, and cannot as a matter of law, include cannabis products. First, as a matter of law, no one can own a federal trademark registration that purports to cover cannabis. Trademark Manual of Examining Procedure (“TMEP”) § 907; 37 C.F.R. § 2.69 (*citing* Controlled Substances Act, 21 U.S.C. §§ 801-971). In fact, Appellants faced this precise issue during prosecution of their applications when they were required by the USPTO to explicitly disclaim marijuana or anything related to marijuana as a condition to obtaining a registration. Second, even if it were possible to include cannabis in a federal registration, neither registration actually covers goods of the type sold by Appellees. *See* 15 U.S.C. § 1057(b) (“A certificate of registration of a mark upon the principal register . . . shall be *prima facie* evidence of . . . the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate . . .”) (emphasis added). In this case, Appellants’ registrations are limited to smokers’ articles, and thus any constructive priority would be limited to those goods.

were licensing the WOODSTOCK mark for lighters as early as 1994 – samples of which were introduced into the record.

Appellants assert that their registrations cover “lawful cannabis” (*i.e.*, “hemp”). Appellants’ Br. at 30. Yet, in addition to misrepresenting the registrations,¹³ such a claim would render the resulting registration invalid. When Appellant Chetkof filed the original intent-to-use application (“ITU”) on behalf of Chet-5 that matured into the ‘815 and ‘311 Registrations, he admitted that at the time he filed this application “[w]e had not the intent to go into hemp at that point in time.” P.I. Tr. Day 1, 44:15-24; 45:15-20; 55:17-56:18. ().¹⁴ For an ITU application to be lawful, the Lanham Act requires that a trademark applicant possess a *bona fide* intent to use in commerce each and every good listed in the application *at the time of the application*. 15 U.S.C. § 1051(b)(3)(B) (the application must include a verified statement which includes “the applicant’s bona fide intention to use the mark in commerce”); *see* 37 C.F.R. § 2.33(b)(2) (a § 1(b) intent-to-use application must include a verified statement which must allege, among other things, that “the applicant has a *bona fide* intention to use

¹³ Appellants’ registrations do not in fact claim hemp. Rather, they claim e-cigarettes containing “e-liquids derived from industrial stalks of hemp”. ().

¹⁴ If Appellants’ registration covers hemp despite the lack of intent, then it was improperly granted, and would be subject to cancellation on that basis as well as the bases asserted by Appellees in their Cancellation Petition. At the time Chet-5’s ITU application was filed in 2013, hemp was a controlled substance. *See* Agricultural Improvement Act of 2018, Pub. L. No. 115-334, § 12619(a)(2) (de-scheduling hemp from the Controlled Substances Act in December 2018). Appellant Chet-5 could not have had an intention to claim hemp because it was unlawful at the time Chet-5 filed its trademark application. Nor could the USPTO Examiner properly add hemp as an amendment, since this would broaden the scope of the application in violation of 37 C.F.R. § 2.71(a).

the mark shown in the accompanying drawing in commerce on or in connection with the specified goods or services.”).

When an applicant lacks a *bona fide* intent to use a mark for goods identified in its trademark application, the court may, at a minimum, delete those goods from the issued registration. *See e.g., Kelly Services, Inc. v. Creative Harbor, LLC*, 846 F.3d 857, 875 (6th Cir. 2017) (excising the overbroad portions of the application where there was no *bona fide* intent to use). This at a minimum establishes the kind of *prima facie* challenge to the validity of Appellants’ registrations that “bursts” the presumption.

Finally, even if Appellants’ registrations evidenced rights to hemp (but *see supra*), this does not give them priority of rights over marijuana. As discussed previously, Appellants expressly disclaimed marijuana from their trademark registrations and indicated that the applied for mark would not be used in connection with marijuana products. Any probative value of Appellants’ registrations is limited to their specifically claimed goods that Appellants admitted do not encompass Appellees’ goods. Thus, Appellants’ registrations do not establish any priority of rights over Appellees’ use of WOODSTOCK on their goods.

3. Appellees Have Priority Based on Their Music Festivals, Recorded Music, Films, Television, Books and Merchandise

In addition to Appellees having priority in WOODSTOCK for cannabis based on their actual sale of this product, the evidence establishes that Appellees have priority for cannabis based on their WOODSTOCK music festivals and other

goods and services . If consumers of cannabis who encounter the WOODSTOCK brand in the marketplace associate that mark with Appellees, then Appellees' use is sufficient to support Appellees' right to enjoin the use of such mark by others.

Appellees' status as the "senior" user of the mark WOODSTOCK generally allows them to enjoin the junior user Appellants from exploiting the mark WOODSTOCK for those goods and services which may be associated in the minds of consumers with Appellees. This is the concept of relatedness of goods, the scope of which may be broader when the mark at issue is famous. That is, regardless of whether Appellees actually expanded into or planned to expand into marijuana sales, it is the association by the public of such sales with Appellees that would support an injunction against Appellants. *See e.g., Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F.2d 1167, 1172 (2d Cir. 1976) (enjoining junior party's use of trademark for new products that senior user had not yet introduced but "were by their nature so closely related to plaintiff's own products"). This doctrine protects the senior user when consumers associate the senior user with a product, or vice versa, at the time the junior user begins using its mark for such product—even though the senior user has never offered such product under its existing mark. *Scarves by Vera*, 544 F.2d at 1172.

a) Consumers and Appellants Associate Appellees' Music Festivals with Cannabis

Appellants argue that Appellees failed to establish that consumers associate their WOODSTOCK Festivals with cannabis. Appellants' Br. at 40. But that flies in the face of the wealth of evidence in the record before the Court. Consumers have associated Appellees' iconic WOODSTOCK Music Festivals and brand with cannabis (and *vice versa*) for half a century. From the ubiquity of cannabis use at the festivals themselves, to repeated mainstream media reports associating the two, to lobbying efforts and recognition within the cannabis industry, Appellees have long associated themselves with cannabis and campaigns to legalize its use (*see supra* at 44).

Apparently, even Appellants associated Ventures' WOODSTOCK brand with cannabis. Appellants attempted to license the existing brand equity created by Appellees for use with cannabis, admitting that the goodwill in Ventures' music festivals could readily be transferred to cannabis. Appellants themselves considered the WOODSTOCK mark as a powerful brand for use with cannabis and their first choice for a license. (*See supra* at 3). Appellants' own marketing survey substantiated this association, showing that consumers associated Ventures' WOODSTOCK brand with cannabis, and *none associated it with any Appellant*. Plaintiffs' P.I. Ex. 14; P.I. Tr. Day 3, 322:8-323:5. (). Appellants' own marketing agents repeatedly associated Appellants' proposed cannabis products with

Appellees and their famous WOODSTOCK Festival as a natural connection. P.I. Tr. Day 2, 275:22 - 276:4. ().

The longstanding, well recognized association among Appellees, the WOODSTOCK Festivals, and the use of cannabis supports the conclusion that persons encountering WOODSTOCK-branded cannabis(both consumers and the trade) will expect that Appellees—the producers of the iconic WOODSTOCK Music Festivals—will be the source of those products and not any of the Appellants. That is, regardless of whether Appellees are selling cannabis, or would in the future sell cannabis, under their famous WOODSTOCK mark, Appellees are entitled to prevent others from usurping their mark for use with marijuana sales.

Appellants argue that Appellees' ability to enjoin related goods is limited based upon alleged third party uses of "Woodstock," which supposedly hem in the range of protection that could be afforded to Appellees' WOODSTOCK mark. Appellants' Br. at p. 39. There are two problems with this argument; first, whether or not Appellees (as plaintiffs below) may secure an injunction against use of WOODSTOCK by Appellants (as defendants below) is irrelevant to the question currently before this Court. The issue before the district court was whether Appellants as the moving parties had carried their burden to prove likelihood of success on the merits – not whether Appellees would ultimately succeed in securing an injunction against use by Appellants.

Second, even were the question relevant, Appellants failed to present any evidence of actual usage of WOODSTOCK as a mark by third parties, much less any use that would restrict the breadth of protection afforded Appellees' mark. Appellants' expert Professor Barton Beebe relied only upon a dilution search report containing a number of trademark registrations, applications, domain names and corporate secretary of state filings, without regard to the nature of the businesses with which any uses might be associated or whether the third parties were actually using the mark.¹⁵ Professor Beebe admitted that he did not conduct any analysis of or inquiry into actual third party use, and thus had nothing to show as to whether such third parties used the mark and, if they did, on what products and how consumers were likely to view that use, or the extent to which it impacted the marketplace. P.I. Tr. Day 3, 326:8-22; 341:16-19. (□).

For example, the examples cited by Professor Beebe from the search report he relied upon, had no evidence showing whether the word Woodstock was even used as a trademark, much less the nature of the goods or services with which it might have been used. Many were corporate names, or had a geographic meaning

¹⁵ Search reports are not cognizable evidence of third party use. *See e.g., Scarves by Vera*, 544 F.2d at 1173 (“The significance of third-party trademarks depends wholly upon their usage. Appellants introduced no evidence that these trademarks were actually used by third parties, that they were well promoted or that they were recognized by consumers. ... the existence of these registrations is not evidence of what happens in the market place or that customers are familiar with their use.”) (internal citations omitted).

for companies located in a town called “Woodstock,” and some of the trademark applications cited were in fact abandoned. Moreover, for every specific example in which Professor Beebe consulted a webpage and offered testimony about usage, Appellees presented evidence establishing that either the applicable third parties were licensed by Appellees (thus demonstrating strength of the mark and not weakness), or that they had agreed to cease use after receiving a protest from Appellees. P.I. Tr. Day 3, 336:12-341:25; (□).

The search report relied upon by Professor Beebe was a “Dilution” survey and not an infringement survey. Dilution is a modern concept which addresses the ability to control use of a mark without regard to the nature of the goods or service with which it might be used. Consequently, the survey encompassed trademark registrations for goods which are unrelated to either cannabis or smokers’ articles - or indeed to any relevant use by Appellees – even though relevant usage is a requirement for any analysis of infringement. Appellants presented no evidence of how registrations for cheese, charcoal, or drill bits, even if in actual use, could have any relevance to Appellees’ protectable rights with respect to cannabis. *See Scarves by Vera*, 544 F.2d at 1174 (holding third party uses on unrelated products have no bearing on plaintiff’s asserted trademark rights).

b) Appellees' Rights Created by Their Trademark Use for Music Festivals, Music, Television, Movies, and Merchandise Are Sufficient to Enjoin Use on Unlawful Goods

Appellants further argue that Appellees cannot claim rights to cannabis because it is unlawful under Federal law. Appellants' Br. at 37.¹⁶ In support, Appellants cite to the unlawful use doctrine. However, Appellants once again miss the point, for two reasons: First, it is Appellants who are seeking to claim Federal trademark rights in cannabis in their motion, and second, Appellants misapply that doctrine. As discussed *supra*, the *CreAgri* progeny of cases relates to registrability.

Appellees in their complaint (and not in a motion before the district court) seek to rely on the priority in their trademark rights to lawful goods and services (*e.g.*, their music festivals, recordings and merchandise) to *enjoin* related goods that consumers already associate or are likely to associate with Appellees and their WOODSTOCK trademark. *See e.g., Charvet S.A. v. Dominique France, Inc.*, 736 F.2d 846, 847 (2d Cir. 1984) (“The related goods doctrine, as applied in this circuit, requires the court to balance the equities in deciding whether to enjoin a junior user from using a trademark on related, noncompeting goods.”) Ironically, as Appellants admit, if the Court applied the unlawful use doctrine in the infringement context –

¹⁶ Notably though, Appellants argue out of the other side of their mouth by asserting that the “zone of natural expansion” allows Appellants to use their rights in smokers’ articles to enjoin use of WOODSTOCK by Appellees for marijuana.

as opposed to the registrability context - it would have the unintended and undesirable effect of making it harder to enjoin unlawful goods than lawful ones. Appellants' Br. at 54.

The Court need not recognize or even address “trademark rights” in unlawful goods. Rather, all it needs to do is recognize existing trademark rights in lawful goods, and determine whether use on related, though unlawful, goods is likely to cause consumer confusion. This merely requires application of the traditional *Polaroid* factors (whether treating cannabis as a related good under the proximity factor, or as within the “zone of natural expansion” in a “bridging the gap” factor). *See e.g., C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc.*, 753 F.2d 14, 18 (2d Cir. 1985) (“The term ‘bridging the gap’ is used to describe the senior user’s interest in preserving avenues of expansion and entering into related fields.”).

CONCLUSION

For the foregoing reasons, the Court should affirm the district court's denial of Appellants' Motion for a Preliminary Injunction.

Respectfully submitted,

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July 15, 2020

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitations of Federal Rule of Appellate Procedure 28.1(e)(2)(B) because it contains 13,992 words, excluding the parts of the brief exempted by Rule 32(a)(7)(B)(iii). This brief complies with the typeface requirements of Rule 32(a)(5) and the type style requirements of Rule 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2016 in Times New Roman and 14 point font.

s/ Edward T. Colbert
Edward T. Colbert

July 15, 2020

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Second Circuit by using the appellate CM/ECF system on July 15, 2020.

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July 15, 2020