UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

ADIDAS AMERICA, INC., *an Oregon corporation*, and ADIDAS AG, *a foreign entity*,

Plaintiffs,

v.

HALL OF FAME SPORTS MEMORABILIA, INC., *a Delaware corporation*,

Defendant(s).

Case No. 3:24-cv-02120-AR

FINDINGS AND RECOMMENDATION

ARMISTEAD, United States Magistrate Judge

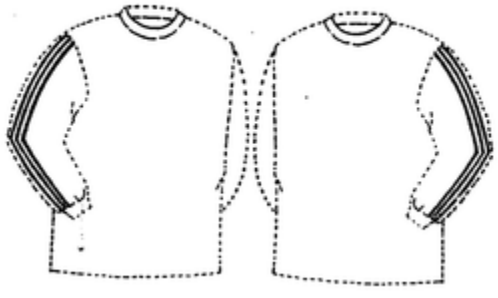
Plaintiffs adidas America, Inc., and adidas AG (together, adidas) bring this action against defendant Hall of Fame Sports Memorabilia (HOFSM), alleging six claims under the Lanham Act, 15 U.S.C. §§ 1114, 1116, 1117, 1125(a), 1125(c), 1127, and related Oregon and New Jersey laws for trademark infringement, counterfeiting, trade dress infringement, and trademark

dilution. adidas alleges that HOFSM marketed and sold knock-off jerseys featuring names and numbers of famous players for the Real Madrid and Argentina soccer clubs sponsored by adidas. Before the court is HOFSM's motion to dismiss all claims under Federal Rule of Civil Procedure 12(b)(6). (Motion to Dismiss Amended Complaint (MTD), ECF 29.) As the court discusses below, because the text of 15 U.S.C. § 1114 requires a "registered mark" as the basis for a claim of trademark infringement or counterfeiting under that statute, and because adidas pleads something else—the "Three-Stripe Mark," it should amend its complaint to conform with that requirement for its first and second claims. The court rejects HOFSM's challenges to the remaining claims. Consequently, HOFSM's motion to dismiss should be GRANTED in part and DENIED in part.

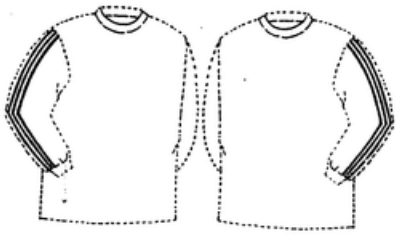
BACKGROUND

Adidas, a leading manufacturer of athletic footwear, apparel, and sporting equipment, is known globally for what it describes as its "Three-Stripe Mark, which is covered by numerous incontestable trademark registrations." (Am. Compl. ¶ 2.) Those registrations on the Principal Register are as follows:

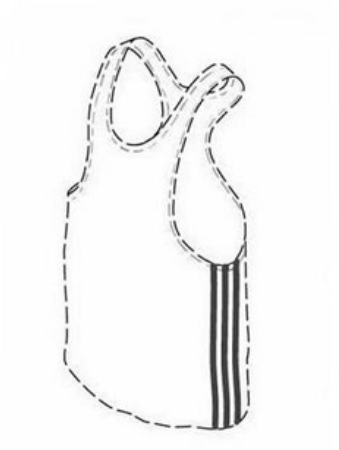
- Reg. No. 2,058,619, for "sports and leisure wear, namely shirts":



- Reg. No. 3,029,127, for "[c]lothing, namely, T-shirts, sweatshirts, jackets and coats":



- Reg. No. 3,087,329, for "[c]lothing, namely, shirts, T-shirts, sweatshirts, vests, jackets and coats."



- Reg. No. 4,910,643, for, among other things, "clothing, namely, shirts, T-shirts, sweatshirts, jerseys, pullovers, tops, vests, sweaters, pants, shorts, bottoms, jackets . . . tracksuits, . . . athletic uniforms."

(Am. Comp. ¶ 33-36.)

And adidas pleads as examples of its "Three Stripe Mark" Reg. Nos. 870,136 (three stripes extending along the length of sleeves and trouser legs for a training suit); 961,353 (three

stripes extending across a blue shoe box); 2,016,963 (three stripes extending along jacket sleeve); 2,058,619 (three parallel bands extending along length of long-sleeve shirt); 2,278,591 (three parallel bands extending along each leg of shorts); 2,284,308 (three parallel bands extending along sports pants); 3,087,329 (three parallel stripes running along sides of shirts and tops); 3,183,656 (three parallel stripes extending around headwear); 3,183,663 (three parallel stripes on a size adjusting bar at the rear of headwear); and 3,236,505 (three parallel stripes extending from rear of headwear to the top). Likewise for footwear, it refers to Reg. Nos. 870,136; 961,353; 2,016,963; 2,058,619; 2,278,591; 2,284,308; 3,087,329; 3,183,656; 3,183,663; and 3,236,505. (*Id*. ¶ 37-38.)

The court describes these registered marks as graphic design marks, as they include "special form drawings"[1] as depictions of adidas's trademarks and are meant to protect the source identifying visual design elements for the products described in the registrations. In addition to the graphic design marks included in the FAC, adidas also refers to its word marks, where no claim is made to any visual design elements, on the Principal Register: Reg. Nos.

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[1] The applicant must include a clear drawing of the mark when the application is filed. There are two types of drawings: (1) a standard character drawing, for which no claim is made to any particular font style, size, or color, and does not include a design element; and (2) a special form drawing, for applications that seek to register a mark "a two or three-dimensional design; color; and/or words, letters, or numbers or the combination thereof in a particular font style or size." 37 C.F.R. § 2.52.

The Supreme Court referred to Nike's swoosh as an example of a source identifier, describing it as a graphic design and contrasting it to source-identifying words like "Google." *Jack Daniel's Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140, 145 (2023).

1,674,229 (THE BRAND WITH THE 3 STRIPES) and 6,897,937 (THREE STRIPE LIFE). (*Id.* ¶ 39.)

adidas has invested hundreds of millions of dollars building its brand. In the United States, this includes adidas's sponsorship of Major League Soccer and many of its superstar players. Internationally for many years, adidas has sponsored the FIFA World Cup and sponsors top soccer clubs, including Real Madrid and Argentina. (*Id.* ¶ 3.) As part of its sponsorship of the Real Madrid team and Argentina national team, adidas designed and created the official Real Madrid and official Argentina team jerseys that are worn by the teams' players and are sold to the consuming public globally in retail stores and online. (*Id.* ¶¶ 25, 29.) In addition to alleging that it owns the "Three-Stripe Mark" appearing on the Real Madrid and Argentina jerseys, adidas alleges that it owns distinctive and nonfunctional trade dress for those jerseys, which includes the Real Madrid Jersey Trade Dress and Argentina Jersey Trade Dress. (*Id.* at ¶¶ 24-32.) adidas markets those jerseys in commercials, social media posts, print and digital advertising, and email campaigns. adidas's trade dress rights are particularly strong when used in connection with the players' names and jersey numbers for the teams that it sponsors. Millions of Real Madrid and Argentina jerseys have been sold in the United States and globally, creating substantial goodwill and solidifying consumer association of the trade dress with adidas's brand. Examples of the Real Madrid and Argentina jerseys are shown below:


Emirates
FLY BETTER


Emirates
FLY BETTER


MBAPPÉ
9


RONALDO
7


MESSI
10

(*Id*. ¶¶ 5-6.)

adidas alleges that, well after the Real Madrid and Argentina trade dress became distinctive, HOFSM began offering for sale jerseys bearing identical, confusingly similar, or substantially indistinguishable imitations of adidas's "Three-Stripe Mark," Real Madrid Jersey Trade Dress, and Argentina Jersey Trade Dress without authorization. HOFSM advertises and offers for sale the alleged infringing apparel on HOFSM's own website and on Amazon. (*Id*. ¶¶ 8, 56-60.)

Examples of HOFSM's alleged infringing and counterfeit jerseys are shown below:

(*Id*. ¶ 8.)

With those factual allegations, adidas brings six claims against HOFSM, alleging trademark infringement of its "Three-Stripe Mark," under 15 U.S.C. § 1114 (which provides protection to registered marks) and 15 U.S.C. § 1125 (which provides protection to unregistered marks) (**Claim One**); trademark counterfeiting of its "Three-Stripe Mark," under 15 U.S.C. §§ 1114(1)(a), 1116, and 1127, also seeking treble damages or profits, attorneys' fees, and prejudgment interest under § 1117(b) or statutory damages (not more than $2,000,000 per use of counterfeit mark per type of goods or services sold for willful use) under § 1117(c) (**Claim Two**); trade dress infringement under 15 U.S.C. § 1125(a) (**Claim 3**); federal trademark dilution under 15 U.S.C. § 1125(c) (**Claim 4**); dilution of its "Three-Stripe Mark" under New Jersey's and Oregon's antidilution laws (**Claim 5**); and common-law trademark and trade dress infringement and unfair competition (**Claim 6**).

LEGAL STANDARD

A court will grant a Rule 12(b)(6) motion to dismiss for failure to state a claim when a claim is unsupported by a cognizable legal theory or when the complaint is without sufficient factual allegations to state a facially plausible claim for relief. *Shroyer v. New Cingular Wireless Servs., Inc.*, 622 F.3d 1035, 1041 (9th Cir. 2010). Assessing the sufficiency of a complaint's factual allegations requires the court to (1) accept that plaintiff's well-pleaded material facts alleged in the complaint are true; (2) construe factual allegations in the light most favorable to plaintiff; and (3) draw all reasonable inferences from the factual allegations in favor of plaintiff. *Wilson v. Hewlett-Packard Co.*, 668 F.3d 1136, 1140 (9th Cir. 2012); *Newcal Indus. v. Ikon Off. Sol.*, 513 F.3d 1038, 1043 n.2 (9th Cir. 2008). A plaintiff's legal conclusions that are couched as factual allegations, however, need not be credited as true by the court. *Ashcroft v. Iqbal*, 556 U.S. 662, 678-79 (2009). To be entitled to a presumption of truth, allegations in a complaint "may not simply recite the elements of a cause of action, but must contain sufficient allegations of underlying facts to give fair notice and to enable the opposing party to defend itself effectively." *Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011).

A complaint's factual allegations must "plausibly suggest an entitlement to relief, such that it is not unfair to require the opposing party to be subjected to the expense of discovery and continued litigation." *Id.* at 1216. "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 556 U.S. at 678 (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007)). Plausibility is not probability—plausibility "asks for more than a sheer

possibility that a defendant has acted unlawfully." *Mashiri v. Epsten Grinnell & Howell*, 845 F.3d 984, 988 (9th Cir. 2017) (quotation marks omitted).

DISCUSSION

A. "Three-Stripe Mark"—Claims One and Two

In Claims One and Two, adidas alleges infringement and counterfeiting of the "Three-Stripe Mark" under 15 U.S.C. § 1114(1)(a). Whereas the legal bases for adidas's other claims allege infringement or dilution of its trademark or trademarks need not rely on a trademark registration, § 1114 requires a plaintiff's registered mark as a basis for a trademark or counterfeiting claim. That is, 15 U.S.C. § 1114(1)(a) provides:

> Any person who shall, without the consent of the registrant . . . use in commerce any reproduction, counterfeit, copy, or colorable imitation of a *registered mark* in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive

(Emphasis added.) The term "registered mark" means "a mark registered in the United States Patent and Trademark Office[.]" 15 U.S.C. § 1127. But for Claims One and Two, adidas has not pleaded any of its specific registered marks as a basis for the alleged counterfeiting or infringement by HOFSM; instead, adidas alleges the "Three-Stripe Mark" as the comparator for HOFSM's alleged infringement and counterfeiting.

But what is the "Three-Stripe Mark"? HOFSM characterizes it as a "general amalgamation of its registered marks containing three stripes (which are sometimes called 'bands' or 'quadrilaterals') that it attempts to morph into a singular 'Three-Stripe Mark.'" (MTD at 11.) Other than the obvious point that the mark consists of three parallel stripes, as far as the court can tell, adidas in the Amended Complaint does not define it, save for identifying

trademark registrations in the Amended Complaint, mentioned earlier, and describing them as covering the "Three-Stripe Mark." (Am. Compl. ¶¶ 33-38.) In its Response to HOFSM's Motion to Dismiss, adidas describes it as a "unitary branding device, which is the subject of multiple registrations" and a "unitary mark, which is the subject of multiple incontestable federal registrations." (Resp. at 7-8.) At oral argument, when pressed to define the "Three-Stripe Mark," adidas responded that there is "one three-stripe mark" and its rights in the "Three-Stripe Mark" derive from its registrations and the common law. (Oral Argument Transcript 11-12 ("There are two sources of rights that Adidas has in those marks. It has its registrations set forth and attached to the complaint, and then beyond those, it also has common law as a source of rights.").)

In adidas's view, "Federal courts, including this Court and the Ninth Circuit, have invariably agreed with this point," and adidas cites cases in which federal courts "have held" that the Three-Stripe Mark is a unitary branding device. (Resp. at 7 (citing *adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 752 (9th Cir. 2018); *adidas Am., Inc. v. Fashion Nova, Inc.*, No. 3:19-cv-00740-AR, (D. Or. May 6, 2021), ECF No. 99, at 9; *adidas Am., Inc. v. Forever 21, Inc.*, No. 3:17-cv-0377-YY (D. Or. Oct. 20, 2021), ECF No. 42, at 3-4; *adidas Am., Inc. v. Soccer & Soccer, Inc.*, No. 13-cv-7148, 2013 WL 11323120, at *2 (C.D. Cal. Oct. 25, 2013); *adidas-Salomon AG v. Target Corp.*, 228 F. Supp. 2d 1192, 1206 (D. Or. 2002); *ACI Int'l v. adidas-Salomon AG*, 359 F. Supp. 2d 918, 919-20 (C.D. Cal. 2005); *adidas Am., Inc. v. Thom Browne Inc.*, 599 F. Supp. 3d 151 (S.D.N.Y. Apr. 21, 2022)).

Although those courts have used the term "Three-Stripe Mark," neither the Ninth Circuit nor any district court in the Ninth Circuit has used the term "unitary branding device." When it comes to the term "unitary mark," courts have used it, but for when the Trademark Office has

required, for an application to the Principal Register, "the applicant to disclaim an unregistrable component of a mark otherwise registrable," 15 U.S.C. § 1056, and the "mark is unitary, meaning that it has no 'unregistrable components' and is an 'inseparable whole,'" and "creates a 'single and distinct commercial impression.'" *See, e.g.*, *Sexy Hair Concepts, LLC v. Conair Corp.*, No. 212CV02218CBMPLAX, 2013 WL 12119721, at *2 (C.D. Cal. Feb. 25, 2013) (citing *In re Slokevage*, 441 F.3d 957, 962 (Fed. Cir. 2006)). But that is not what adidas has in mind.

As for whether the Ninth Circuit in *adidas America, Inc. v. Skechers USA, Inc.*—the only case cited by adidas that would be binding on this court—substantively endorsed the trademark theory advanced by adidas, the court is unpersuaded, insofar as it applies to § 1114. In *Skechers*, the Ninth Circuit held that the trial court did not err in finding a likelihood of success on the merits of adidas's claim that Skecher's Onix shoe infringed and diluted adidas's unregistered trade dress its Stan Smith shoe. 890 F.3d at 755-56. The court also held that the trial court did not clearly err for finding that Skecher's Cross Court shoe infringes and dilutes adidas's "Three-Stripe Mark" for claims brought under 15 U.S.C. § 1125(a)(1)(A) and 15 U.S.C. § 1125(c). *Id*. at 757-59. Neither claim concerned § 1114 trademark infringement or counterfeiting of *registered marks*. Still, the court agrees that for purposes of adidas's claims that assert infringement or dilution of an *unregistered* mark or trade dress, pleading the Three-Stripe Mark is sufficient.

But for the claims that seek relief under § 1114, the court fails to see that the statute and its defined terms permit a basis for infringement or counterfeiting a *derivation* of registered marks or the *source* of registered marks, rather than actual registered marks. That is, the statute prohibits counterfeiting or using a reproduction, copy, or colorable imitation of a "registered mark" that is likely to cause confusion. 15 U.S.C. § 1114(1)(1). And the Lanham Act says that a

"registered mark" is "a mark registered in the United States Patent and Trademark Office." 15 U.S.C. § 1127. However, the "Three-Stripe Mark," positioned as a "unitary" or "single" mark, is not a registered mark. To contend that it's allowable to bring a § 1114 claim based on a mark that is a derivation or product of multiple registrations and common-law use requires reading into the statute words not inserted by Congress. *Stanton Rd. Assocs. v. Lohrey Enters.*, 984 F.2d 1015, 1020 (9th Cir. 1993) (declining "to read into the statute words not explicitly inserted by Congress"); *Borden v. United States*, 593 U.S. 420, 436 (2021) ("A court does not get to delete inconvenient language and insert convenient language to yield the court's preferred meaning.").

District court decisions from this circuit that adidas relies on that have explicitly or implicitly adopted its unitary branding device theory when it comes to § 1114 do not persuade the court otherwise. In the court's view, none of those cases confronted § 1114's express requirement that a registered mark serves as the comparator for infringement. The text of the statute is critical. *McDonald v. Sun Oil Co.*, 548 F.3d 774, 780 (9th Cir.2008) ("The preeminent canon of statutory interpretation requires us to presume that [the] legislature says in a statute what it means and means in a statute what it says there. Thus, our inquiry begins with the statutory text, and ends there as well if the text is unambiguous."); *Jack Daniel's Props., Inc. v. VIP Prods. LLC*, 599 U.S. 140, 162 (2023) (emphasizing "statutorily directed result" when considering the fair-use exclusion for trademark dilution (§ 1125(c)(3)(A)).

As for the *Thom Browne* decision from a court in the Southern District of New York, which did determine that adidas's unitary mark theory suffices for a § 1114 claim, this court is not persuaded. There, the court reasoned that, because the complaint "identifie[d] the registrations depicting specific executions of the ['Three-Stripe Mark']" and included

"photographic examples of varied executions of the ['Three-Stripe Mark']," a single mark was sufficient to establish that adidas "own[s] a protectible mark." 599 F. Supp. 3d at 59. But whether the "Three-Stripe Mark" is a single mark derived from multiple registrations or the "Three-Stripe Mark" is the source of adidas's many registrations, the text of § 1114 itself drives what is required for bringing a claim under that statute: a registered mark is the comparator for trademark infringement or counterfeiting. The "Three-Stripe Mark" as either a derivation or source of registered marks is not equivalent to a registered mark.

That is because the "Three-Stripe Mark"—which is described conceptually by adidas as three parallel stripes—is not identical to the graphic design marks in adidas's registrations. The special form drawings for those marks are necessarily "substantially exact representation[s] of the mark[s] as used on or in connection with the goods and/or services," 37 C.F.R. § 2.51 (stating what is required for the drawing of a mark for a Principal Register application). But the registrations are not for—nor could they be—the *concept* of three parallel stripes. Rather, they include tangible drawings of the marks adidas were using and sought registrations for. The critical difficulty with adidas's position is that, while registrations of marks with the Trademark Office require specificity in the form of a visual representation, the "Three-Stripe Mark" lacks that specificity. Three parallel stripes can vary in their width, width, spacing, and length. As evinced by the registrations in the Amended Complaint, the stripes can be vertical or diagonal. Which means that adidas's "single trademark" (Resp. at 15 n. 4) is an abstracted version of more than one trademark. And this vagueness or variability matters because § 1114 requires comparing the accused mark with a registered mark, and adidas's theory of a unitary mark would entitle it to

enforcement rights under that provision based not on a registration that covers a concrete defined mark represented by the special form drawing, but on a mark with undefined parameters.

This problem is not present in cases from district courts involving other brands that adidas points to for its assertion that the "Three-Stripe Mark" is nothing more than having "multiple registrations for a single trademark." Take for example, *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, in which the district court observed that the "Starbucks mark is the subject of more than 56 trademark registrations issued by the United States Patent and Trademark Office." No. 01 CIV.5981LTSTHK, 2004 WL 2158120, at *1 (S.D.N.Y. Sept. 28, 2004). The trademark in that case concerned a source identifier and trade name—the word "Starbucks"—identical to the word marks (except for the non-protectable elements "coffee" or "company") registered by Starbucks Corp. *Id*. Thus, because there was a single word mark, there was no trouble in comparing the word Starbucks with the accused mark—"Charbucks"—under § 1114. But here, there is only a "single" graphic design mark if the marks adidas relies on for its registrations are derived from the abstracted concept of three parallel stripes. That's not how the Trademark Office registration process works, and accordingly, that's not how § 1114, which relies on registered marks, should work.

To be sure, as to adidas's § 1114 trademark infringement claim (Claim 1), it very well may be that adidas has a plausible claim that the HOFSM jerseys infringe one or more of the registered marks based on the graphic design mark registrations that it provides in the Amended Complaint as a basis for the "Three-Stripe Mark."[2] But that is not what adidas pleads. It instead,

[2] The remedy of trademark infringement is not limited to the mark or the goods specified in the registration but extends to a mark and goods using the mark that are likely to cause

relying on its unitary mark or unitary branding theory, pleads the "Three-Stripe Mark" as the basis for its § 1114 infringement claim. And the lack of a cognizable legal theory supports dismissal of Claim One for trademark infringement (under § 1114, not § 1125). *See Balistreri v. Pacifica Police Dep't,* 901 F.2d 696, 699 (9th Cir.1988) ("A district court's dismissal for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) is proper if there is a lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory.") (citation modified).

As for Claim 2, a counterfeiting claim requires that the accused mark be "identical with, or substantially indistinguishable from, a registered mark," 15 U.S.C. § 1127 (defining "counterfeit"), which is a more exacting comparison than examining similarity of the mark as part of the likelihood of confusion analysis. Professor McCarthy posits that "'substantially indistinguishable' connotes a degree of similarity that is close to 'identical,'" which means that even the accused mark is not identical to plaintiff's registered mark, it is counterfeit "if the differences are so slight as not to be noticeable to most ordinary consumers." J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 25:15.50 (5th ed.) That is, when considering a design or pictorial mark, examining whether the registered mark and the accused mark are identical or near identical requires side-by-side visual comparison. *See, e.g.*, *Coach, Inc. v. Horizon Trading USA Inc.*, 908 F. Supp. 2d 426, 434 (S.D.N.Y. 2012) ("That the 'C's used by defendants slightly overlap (unlike Coach's, which only touch), and reach a fine point

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confusion under the *Sleekcraft* factors. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000) (for internet commerce, "the three most important *Sleekcraft* factors are (1) the similarity of the marks, (2) the relatedness of the goods or services, and (3) the simultaneous use of the Web as a marketing channel").

(whereas Coach's are flat and stylized at the top of the 'C'), does not distinguish defendants' mark sufficiently from Coach's."); *New Balance Athletics, Inc. v. USA New Bunren Int'l Co. Ltd. LLC*, 424 F. Supp. 3d 334, 347 (D. Del. 2019) ("there is a high degree of similarity between New Balance's 'N' marks and New Bunren's 'N' marks. Indeed, as shown in the images below, the parties' 'N' marks are virtually identical on virtually identical products."). Yet a comparison of the "Three-Stripe Mark" against the accused marks asks for a comparison between the concept of three parallel stripes and the tangible depictions of HOFSM's marks, in which it is impossible to perform that visual scrutiny.

It is also unclear how the court would, if it were to apply adidas's unitary mark theory, determine whether adidas were entitled to statutory damages under 15 U.S.C. § 1117(c). Section 1117(c) uses the definition of "counterfeit mark" found in § 1116(d): "a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered." 15 U.S.C. § 1116(d)(1)(B)(i). The Ninth Circuit has stated that § 1116(d) requires, in addition to the mark in question being "a non-genuine mark identical to the registered, genuine mark of another," that the "the genuine mark was registered for use on the same goods to which the infringer applied the mark." *Louis Vuitton Malletier, S.A. v. Akanoc Sols., Inc.*, 658 F.3d 936, 946 (9th Cir. 2011) (citing *Idaho Potato Comm'n v. G & T Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9th Cir. 2005) ("[plaintiff's] mark was registered on the Principal Register for use on the same goods to which [defendant] applied the mark")). Although adidas alleges that HOFSM used in commerce spurious marks on the "same goods described in adidas's federal registrations for that mark," the

court is left to guess as to which registrations adidas identifies in the Amended Complaint describe the "same goods."

Accordingly, the court recommends dismissal of Claims One and Two, granting adidas leave to amend with registered marks as the basis for its § 1114 infringement and counterfeiting claims.

C. *Trade Dress—Claims Three and Six*

In Claims Three and Six, adidas alleges that HOFSM's jerseys infringe adidas's trade dress under 15 U.S.C. § 1125(a) and Oregon and New Jersey common law. "A product's trade dress consists of its total image and overall appearance; it includes features such as size, shape, color, color combinations, texture, or graphics." *Tangle, Inc. v. Artizia, Inc.*, 125 F.4th 991, 998 (9th Cir. 2025). To prove trade dress infringement, a plaintiff must show: "(1) the trade dress is nonfunctional, (2) the trade dress has acquired secondary meaning, and (3) there is a substantial likelihood of confusion between the plaintiff's and defendant's products." *Adidas America*, 890 F.3d at 754 (citation modified); *Art Attacks Ink, LLC v. MGA Ent., Inc.*, 581 F.3d 1138, 1145 (9th Cir. 2009).

In moving to dismiss, HOFSM challenges adidas's claim of trade dress infringement on two grounds: (1) the allegations of nonfunctionality are conclusory, and (2) the allegations of consumer confusion are not plausible.[3] (MTD at 24-30.) adidas responds that functionality is an

[3] HOFSM does not contest that adidas has sufficiently alleged secondary meaning. Although HOFSM states that adidas has not pleaded that the HOFSM jerseys are similar enough to cause confusion, HOFSM makes no attempt to analyze the relevant likelihood of confusion factors under *Sleekcraft* (*see* MTD at 29-30); accordingly, that argument is not fully developed and the court declines to consider it. HOFSM also suggests that the trade dress is aesthetically functional and imposes a "significant non-reputation-related competitive disadvantage," yet

"intensely factual issue" and that the allegations in the Amended Complaint are sufficient to put HOFSM on notice that the Real Madrid Jersey Trade Dress and Argentina Jersey Trade Dress are nonfunctional and more is not required. adidas is correct.

adidas alleges that the Real Madrid Jersey Trade Dress is a combination of the following nonfunctional elements:

> (a) a white soccer jersey, (b) featuring the Three-Stripe Mark in gold or black extending from the collar across each shoulder, (c) the player name printed horizontally in black on the back of the jersey below the collar, (d) the jersey number below the player name, and (e) trademarks from adidas, Real Madrid CF, and the club's sponsor printed on the chest[.]

(Am. Compl. ¶ 5.) The Argentina Jersey Trade Dress is alleged to be combination of:

> (a) a white jersey, (b) three light blue stripes running vertically on the front of the jersey, (c) and adidas trademark and the Argentine Football Association (AFA) crest on the chest, (d) four light blue vertical stripes appearing on the back of the jersey with two middle stripes that are thinner than the two outer stripes, (e) the Three-Stripe Mark in black extending from the collar across each shoulder, (f) the player name printed in black horizontally on the back of the jersey below the collar, and (g) the jersey number printed in black below the player name[.]

(*Id.* ¶ 6.) Also alleged by adidas is that "neither the overall appearance" nor their "component elements" provide adidas with a non-reputation-related competitive advantage, "the trade dress serves no purpose other than as a source identifier," and that consuming public associate the trade dress "uniquely with adidas." (Am. Compl. ¶¶ 27-28, 31-32.)

A product feature is functional, and not protectable, "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant, non-reputation-related disadvantage." *Qualitex Co. v.*

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again, that argument is conclusory (*see* MTD at 25; Reply at 12-13), and the court declines to address it.

Jacobson Prods. Co., Inc., 514 U.S. 159, 165 (1995) (citation modified). Functional elements that are "separately unprotectable" can be protected together as part of a trade dress when the "overall visual impression that the combination and arrangement of those elements create" constitutes a unique trade dress. *See Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1259 (9th Cir. 2001). The "functionality analysis focuses on the product as a whole—not on whether any one particular element is functional." *Id.* Functionality is an issue of fact. *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 613 (9th Cir. 1989), *overruled on other grounds by*, *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 393 (2006); *Vuitton Et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775 (9th Cir. 1981).

HOFSM argues that adidas' allegations about *how* the trade dress is nonfunctional are conclusory. In HOFSM's view, several of the nonfunctional elements alleged by adidas are indeed functional, such as team names and logos, player names and numbers, and jersey color. Because those functional elements appear on every team-replica jersey offered for sale on the internet, in HOFSM's view, they are not source identifying. When the remaining nonfunctional elements—the adidas logo and three stripes—are considered, according to HOFSM, those nonfunctional elements do not appear on HOFSM's jerseys, and the claim should be dismissed. (MTD at 28.) In its reply, HOFSM contends that the court must ignore the additional trade dress descriptions that adidas supplied in its responsive briefing: "the black-and-gold parallel loops around the sleeve and collar of the Real Madrid jersey, the black swath that runs from under the armpit of the Real Madrid jersey to the seam; two parallel, narrow lines down the back of the Argentina jersey; [and] the typeface of the Argentina jersey." (Reply at 12 (citing Pl.'s Opp'n at 26).) HOFSM remonstrates that those additional descriptions are not listed in the amended

complaint and thus should not be considered as source identifying when examining adidas's nonfunctionality allegations.

Even if HOFSM is correct that certain elements of adidas's claimed trade dress are functional—a point the court need not decide here because functionality is a factual determination—the Ninth Circuit discourages the type of piecemeal dissection of the claimed trade dress elements advanced by HOFSM. "[A] product's overall appearance is necessarily functional if *everything* about it is functional, not merely if *anything* about it is functional." *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 867 (9th Cir. 2020). Rather, the court must look at the functional and nonfunctional elements to create a "composite tapestry of visual effects." *Clicks Billiards*, 251 F.3d 1259. Examining adidas's allegations, together with the photographs of the trade dress and the myriad allegations in the amended complaint about adidas's marketing, advertising, and sponsorship of Real Madrid and Argentina jerseys, adidas plausibly has pleaded that its trade dress is nonfunctional and have been curated to create consumer recognition. (Am. Compl. ¶¶ 3, 25-32, 50-55.) The court is not convinced that dismissing the trade dress claim to require adidas to include the descriptions about the claimed trade dress, such as those advanced by adidas in its responsive briefing, is required here. At bottom, adidas has sufficiently put adidas on notice of the trade dress infringement claim and has adequately pleaded nonfunctionality and additional details may be fleshed out during the discovery process. adidas has described its trade dress claim with enough precision at this stage and HFOSM's motion to dismiss on this basis should be denied.

D. *Trademark Dilution—Claims Four and Five*

In Claim Four, adidas asserts federal trademark dilution under 15 U.S.C. § 1125(c). "Dilution is a cause of action invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge on their value." *Avery Dennison Corp v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) ("Dilution refers to the whittling away of the value of a trademark when it's used to identify different products." (quotation omitted)). To plead a federal trademark dilution claim, a plaintiff must show that "(1) the mark is famous and distinctive; (2) the defendant is making use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark is likely to cause dilution by blurring or dilution by tarnishment." *adidas v. Skechers*, 890 F.3d at 758 (quoting *Jada Toys*, 518 F.3d at 634). In Claim Five, adidas seeks relief under Oregon's and New Jersey's antidilution statutes, ORS § 647.107, and N.J. Stat. Ann. § 56:3-13.20. Oregon and New Jersey have similar pleading requirements. *See Wedgwood Homes, Inc. v. Lund*, 294 Or. 493, 498-500 (1983) (discussing that "famous and distinctive" trademarks are protected under ORS § 647.107); *Schoene v. Christensen*, No. 3:23-cv-00693-AN, 2024 WL 1052681, at *5 (D. Or. Mar. 11, 2024), *appeal filed* (9th Cir. Apr. 12, 2024) (stating relevant factors for assessing famousness under ORS § 647.107 are nearly identical to those under federal law); *800-JR Cigar, Inc., v. GoTo.com, Inc.*, 437 F. Supp. 2d 273, 294 (D.N.J. 2006) ("Dilution claims under New Jersey law are subject to the same considerations as federal dilution claims.").

Only the fourth element—the defendant's use of the mark is likely to cause dilution by blurring or dilution by tarnishment—is contested by HOFSM. In paragraph 58 of the amended

complaint, adidas alleges that its physical inspection of HOFSM's collectible jerseys reveals that they are "far inferior" to adidas's Real Madrid and Argentina jerseys and that the "noticeable difference in quality has degraded" and will continue to degrade its goodwill and reputation. (Am. Compl. ¶ 58.) adidas asserts that "[c]onsumers who are confused about the source" of the jerseys "are likely to develop negative impressions" of adidas's mark by associating it with the lower-quality HOFSM jerseys. (*Id.*) Also alleged by adidas is that HOFSM's jerseys are "likely to dilute the distinctiveness" of its mark "by eroding the public's exclusive identification" of its mark, and tarnishing and degrading its positive associations and prestigiousness of its mark used to distinguish its goods. (*Id.* ¶¶ 98, 103.) adidas included photographs of the alleged infringing jerseys. (*Id.* ¶ 56.)

Based on those allegations, HOFSM argues that adidas's pleadings on blurring and tarnishment fail to go beyond the elements. HOFSM contends that adidas pleads no facts from which the court can infer that HOFSM's sales of its collectible jerseys have or are likely to tarnish adidas's reputation or dilute the distinctiveness of adidas's mark. The amended complaint alleges that *adidas* physically inspected HOFSM's jerseys and found them of inferior quality which, in HOFSM's view, fails to show that *consumers* similarly would find the jerseys inferior. The court disagrees.

As argued by adidas, it has plausibly alleged that the marks are similar and that it physically inspected the goods and found them to be of inferior quality. Viewing the allegations in the light most favorable to adidas, adidas has sufficiently pleaded that its mark is famous and distinctive, that the goods are similar, and that adidas's goods will "suffer negative associations" through HOFSM's use. *Sony Computer Entm't, Inc. v. Connectix Corp.*, 203 F.3d 596, 609 (9th

Cir. 2000) (describing "negative associations" as the *sine qua non* of tarnishment). Whether consumers have or are likely to develop negative associations or whether HOFSM intended such associations will hinge what is learned in discovery. *Adidas v. Thom Browne*, 599 F. Supp. 3d at 161. As currently pleaded, however, adidas has adequately stated the basis for its blurring and tarnishment dilution claims such that HOFSM can be expected to defend against them.

Finally, HOFSM asserts that ORS § 647.107 provides only injunctive relief, and that because it has stopped advertising, offering, or selling the accused products, and has committed to destroying any remaining accused products, adidas's Oregon state law claim is moot. Not so. Under ORS § 647.107(4), if willful dilution is found, other remedies "provided in this chapter" are available "subject to the court's discretion and the principles of equity." ORS § 647.107(4). These remedies include disgorgement of profits and damages and treble damages and attorney fees. ORS §§ 647.105(1)(b), 647.105(2). In short, HOFSM's motion to dismiss adidas's dilution claims should be denied.

CONCLUSION

For the above reasons, HOFSM's motion to dismiss (ECF 29) should be GRANTED in part and DENIED in part.

SCHEDULING ORDER

The Findings and Recommendation will be referred to a district judge. Objections, if any, are due within 14 days. If no objections are filed, the Findings and Recommendation will go under advisement on that date. If objections are filed, a response is due within 14 days. When the response is due or filed, whichever date is earlier, the Findings and Recommendation will go under advisement.

DATED: March 31, 2026

JEFF ARMISTEAD
United States Magistrate Judge