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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92065591
Party	Plaintiff Monster Energy Company
Correspondence Address	JASON A CHAMPION KNOBBE MARTENS OLSON & BEAR LLP 2040 MAIN STREET, 14TH FLOOR IRVINE, CA 92614 UNITED STATES Primary Email: efiling@knobbe.com Secondary Email(s): doreen.buluran@knobbe.com, MEC.TTAB@knobbe.com 949-760-0404
Submission	Response to Board Order/Inquiry
Filer's Name	Jacob R. Rosenbaum
Filer's email	efiling@knobbe.com, MEC.TTAB@knobbe.com
Signature	/Jacob R Rosenbaum/
Date	01/19/2021
Attachments	2021-01-19 Petitioner_s Response to Board Order - HAN-BEV.5881N.pdf(820224 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

MONSTER ENERGY COMPANY, Petitioner, v. INTEGRATED SUPPLY NETWORK, LLC, Respondent.	Cancellation No.: 92065591 Registration No.: 4,951,671 Mark:

PETITIONER MONSTER ENERGY COMPANY'S RESPONSE TO BOARD ORDER

Pursuant to 37 C.F.R. § 2.117(a) and Trademark Trial and Appeal Board Manual of Procedure ("T.B.M.P.") § 510.02, and the Board's December 19, 2020 Order (Docket No. 20), Petitioner Monster Energy Company ("Petitioner") responds as follows:

On July 22, 2020, the Court of Appeals for the Ninth Circuit issued its decision in the case of *Monster Energy Company v. Integrated Supply Network*, Appeal No. 19-55760. A copy of the Ninth Circuit's decision is attached. The Ninth Circuit decision affirmed the Jury's finding of infringement, and remanded the case to the District Court only for a determination of appropriate remedies for the infringement. The remedies to be considered include disgorgement of Defendant's profits under the Lanham Act, an award of attorneys' fees under the Lanham Act, injunctive relief under California state law, and punitive damages under California state law.

The issue of liability under the Lanham Act, including the jury's finding that Respondent's use of the mark, as identified in U.S. Registration No. 4,951,671,

infringes Petitioner's U.S. registrations identified in the Petition for Cancellation ("Petitioner's Marks"), has been finally determined by the Court of Appeals for the Ninth Circuit. No petition for rehearing or request for Supreme Court review has been filed by Respondent. Therefore, the Court of Appeals has made a final determination on all issues relevant to this Cancellation, namely, that Petitioner's Marks have priority over Respondent, and that Respondent's use of the

mark infringes Petitioner's Marks by causing a likelihood of confusion among consumers. No issue on remand to the District Court will alter this determination. In particular, the issue of remedies to which Petitioner is entitled for the infringement cannot impact this Cancellation proceeding, and that is the only issue to be decided by the District Court on remand.

Accordingly, in view of the attached final determination of infringement by the Ninth Circuit, Petitioner requests the Board take further appropriate action in the proceedings and issue a show cause order as to why judgment should not be entered in favor of Petitioner. *See* TBMP § 510.02(b).

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: January 19, 2021

By: */Jacob R. Rosenbaum/*

Steven J. Nataupsky
Lynda J. Zadra-Symes
Jason A. Champion
Jacob R. Rosenbaum
2040 Main Street, Fourteenth Floor
Irvine, CA 92614
(949) 760-0404
efiling@knobbe.com
Attorneys for Petitioner,
MONSTER ENERGY COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing **PETITIONER MONSTER ENERGY COMPANY'S RESPONSE TO BOARD ORDER** has been served on Respondent's counsel on January 19, 2021 via electronic mail to:

Michael T. Hess
SEAGER TUFTE & WICKHEM LLP
Michael.Hess@stwiplaw.com
docketing@stwiplaw.com

Signature: 

Name: Doreen P. Buluran

Date: January 19, 2021

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APPENDIX

FILED

JUL 22 2020

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

MONSTER ENERGY COMPANY, a Delaware corporation, Plaintiff-Appellant, v. INTEGRATED SUPPLY NETWORK, LLC, a Florida limited liability company, Defendant-Appellee.	No. 19-55760 D.C. No. 5:17-cv-00548-CBM-RAO MEMORANDUM*

MONSTER ENERGY COMPANY, a Delaware corporation, Plaintiff-Appellee, v. INTEGRATED SUPPLY NETWORK, LLC, a Florida limited liability company, Defendant-Appellant.	No. 19-55800 D.C. No. 5:17-cv-00548-CBM-RAO

Appeal from the United States District Court
for the Central District of California

* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

Consuelo B. Marshall, District Judge, Presiding

Argued and Submitted July 8, 2020
Seattle, Washington

Before: FERNANDEZ and NGUYEN, Circuit Judges, and BOLTON,** District Judge.

Plaintiff Monster Energy Company (MEC) brought this infringement action against Defendant Integrated Supply Network, LLC (ISN) under the federal Lanham Act[1] and California law.[2] The jury determined that ISN had infringed some of MEC's marks and its trade dress, that the infringement was not willful, and that MEC had proven $0 in actual damages but was entitled to $5,000,000 in punitive damages. The district court denied MEC's motion for a permanent injunction under the Lanham Act,[3] dismissed its California Unfair Competition Law[4] (UCL) claim, awarded MEC $1 in nominal damages, and otherwise denied the parties' post-trial motions. MEC appeals, and ISN cross-appeals, a number of

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** The Honorable Susan R. Bolton, United States District Judge for the District of Arizona, sitting by designation.

1 *See* 15 U.S.C. §§ 1114(1), 1125(a).

2 *See* Cal. Bus. & Prof. Code § 17200; *Los Defensores, Inc. v. Gomez*, 166 Cal. Rptr. 3d 899, 912 (Ct. App. 2014).

3 *See* 15 U.S.C. § 1116(a).

4 *See* Cal. Bus. & Prof. Code §§ 17200, 17203.

the district court's decisions in Nos. 19-55760 and 19-55800, respectively. We affirm in part, vacate in part, and remand.

No. 19-55760

(1) MEC argues that the district court abused its discretion[5] in denying its motion for a permanent injunction pursuant to the Lanham Act on the ground that MEC had not demonstrated actual irreparable harm[6] from ISN's infringement. We disagree. Even if MEC adduced evidence of a strong business reputation and goodwill attributable to its marks and trade dress, the district court acted within its discretion in finding that MEC did not show that ISN's infringement was inflicting actual, irreparable harm on those assets. *See adidas Am., Inc. v. Skechers USA, Inc.*, 890 F.3d 747, 752, 759–61 (9th Cir. 2018); *see also Anderson v. City of Bessemer City*, 470 U.S. 564, 573–74, 105 S. Ct. 1504, 1511, 84 L. Ed. 2d 518 (1985); *cf. adidas*, 890 F.3d at 752, 756–57.

(2) MEC argues that the district court erred in dismissing its California UCL claim for lack of standing. *See* Cal. Bus. & Prof. Code § 17204; *Kwikset Corp. v. Superior Court*, 246 P.3d 877, 885–86 (Cal. 2011). We agree. While MEC had to

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[5] *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391, 126 S. Ct. 1837, 1839, 164 L. Ed. 2d 641 (2006); *see also United States v. Hinkson*, 585 F.3d 1247, 1261–62 (9th Cir. 2009) (en banc).

[6] *Herb Reed Enters., LLC v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013).

demonstrate an economic injury in order to have UCL standing, it only needed to show "the quantum of lost money or property necessary . . . to establish injury in fact" under federal law. *Kwikset*, 246 P.3d at 886; *see also id.* at 885. The jury determined that ISN infringed MEC's trademarks and trade dress, which is itself a cognizable injury. *See Already, LLC v. Nike, Inc.*, 568 U.S. 85, 91–92, 133 S. Ct. 721, 727, 184 L. Ed. 2d 553 (2013); *Halicki Films, LLC v. Sanderson Sales & Mktg.*, 547 F.3d 1213, 1225–26 (9th Cir. 2008); *see also Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560, 578, 112 S. Ct. 2130, 2136, 2145, 119 L. Ed. 2d 351 (1992). That injury is economic for UCL purposes because ISN's infringement deprived MEC of the exclusive use of "property to which [it] . . . has a cognizable claim." *Kwikset*, 246 P.3d at 885–86; *see Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259, 36 S. Ct. 269, 272, 60 L. Ed. 629 (1916); *see also Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 673, 119 S. Ct. 2219, 2224, 144 L. Ed. 2d 605 (1999). Thus, we vacate the standing decision and remand for a decision on the merits of the UCL claim.[7]

[7] The district court should consider the effect, if any, of *Sonner v. Premier Nutrition Corp.*, 962 F.3d 1072, 1081 (9th Cir. 2020).

(3) MEC argues that the district court abused its discretion[8] in denying MEC's motion for a new trial on actual damages on the ground that the jury's $0 damages verdict was unsupported by the evidence. We disagree. The verdict reflects the jury's determination that MEC failed to carry its burden of proving the amount of damages, if any. *Intel Corp. v. Terabyte Int'l, Inc.*, 6 F.3d 614, 620–21 (9th Cir. 1993); *Phillipine Nat'l Oil Co. v. Garrett Corp.*, 724 F.2d 803, 806 (9th Cir. 1984); *see also Guy v. City of San Diego*, 608 F.3d 582, 588 (9th Cir. 2010). Any tension between the jury's punitive and actual damages awards does not lead to the conclusion that the actual damages verdict had no reasonable basis. *See Molski*, 481 F.3d at 729. The district court did not abuse its discretion in denying MEC's motion for a new trial on actual damages.

(4) At the time of trial, we required willfulness as a precondition to a disgorgement award under the Lanham Act. *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 441 (9th Cir. 2017). MEC argues that *Romag Fasteners, Inc. v. Fossil, Inc.*, __ U.S. __, __, 140 S. Ct. 1492, 1495–97, 206 L. Ed. 2d 672 (2020), has fatally undermined that principle. *See Miller v. Gammie*, 335 F.3d 889, 900 (9th Cir. 2003) (en banc). We exercise our discretion to consider

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[8] *See Molski v. M.J. Cable, Inc.*, 481 F.3d 724, 728 (9th Cir. 2007); *see also Hinkson*, 585 F.3d at 1261–62.

this question,[9] and we agree that the Supreme Court has squarely rejected the reasoning that motivated *Stone Creek*. *See Romag Fasteners*, __ U.S. at __, 140 S. Ct. at 1495–97. Thus, we remand to the district court to decide whether disgorgement of profits is appropriate in the circumstances of this case. *See id.* at __, 140 S. Ct. at 1497.

No. 19-55800

(5) Several of ISN's assignments of error are essentially alternative facets of its theory that MEC failed to demonstrate that it was injured by ISN. First, as described above at (2), the infringement verdict itself constitutes a cognizable injury in fact. Thus, we reject ISN's argument that MEC lacked constitutional standing to pursue its claims.[10] Second, ISN was not entitled to judgment as a matter of law on MEC's infringement claims because the showing required to demonstrate a Lanham Act violation cannot be conflated with the showing required to recover damages for that violation. *See* 15 U.S.C. § 1117(a); *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999); *Intel Corp.*, 6 F.3d at 620–21. Third, the district court did not err in refusing to use

[9] *Dream Palace v. County of Maricopa*, 384 F.3d 990, 1005 (9th Cir. 2004).

[10] We also reject ISN's implicit assumption that standing evaporates if a plaintiff loses on the merits. *See Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 89, 118 S. Ct. 1003, 1010, 140 L. Ed. 2d 210 (1998).

injury and causation jury instructions and verdict-form questions that were predicated on ISN's misunderstanding of the showing required for a Lanham Act violation. *See Clem v. Lomeli*, 566 F.3d 1177, 1180–81 (9th Cir. 2009).

(6) The district court did not abuse its discretion in excluding evidence that MEC's energy drinks cause harm to some consumers. While the evidence may have had some slight relevance, the district court properly excluded it on the basis that it plainly carried a substantial risk of unfair prejudice. *See United States v. Wiggan*, 700 F.3d 1204, 1213 (9th Cir. 2012); *see also* Fed. R. Evid. 401, 403.

(7) The district court erred in refusing to vacate the punitive damages award[11] based on MEC's California common law claim. Because "actual damages are an absolute predicate for an award of exemplary or punitive damages" in California and the jury awarded $0 in actual damages, the punitive damages award should have been vacated. *Kizer v. County of San Mateo*, 806 P.2d 1353, 1357 (Cal. 1991); *see Cheung v. Daley*, 42 Cal. Rptr. 2d 164, 167 (Ct. App. 1995); *see also Costerisan v. Tejon Ranch Co.*, 62 Cal. Rptr. 800, 802–03 (Ct. App. 1967). Moreover, although an award of nominal damages may be mandatory in a 42

[11] *See* Cal. Civ. Code § 3294(a).

U.S.C. § 1983 action in some circumstances,[12] the district court erred in overriding the jury's $0 damages verdict and awarding $1 in nominal damages in this case. *See Wei Zhang v. Am. Gem Seafoods, Inc.*, 339 F.3d 1020, 1038 (9th Cir. 2003); *Costerisan*, 62 Cal. Rptr. at 802–03. We vacate the nominal and punitive damages awards, and we remand so that the district court can consider whether the punitive damages should be reinstated, in whole or in part, after the UCL and Lanham Act disgorgement claims are decided.

(8) We vacate the attorney's fees and costs awards and remand for reconsideration after the district court has decided the other matters on remand.

AFFIRMED IN PART, VACATED IN PART, AND REMANDED for further proceedings not inconsistent with this disposition. The parties shall bear their own costs on appeal.

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[12] *See Hazle v. Crofoot*, 727 F.3d 983, 991 n.6, 992 (9th Cir. 2013); *Floyd v. Laws*, 929 F.2d 1390, 1401–02 (9th Cir. 1991).