

No. 2020-2166

---

**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

---

DECKERS OUTDOOR CORPORATION,  
Plaintiff-Appellee,

v.

AUSTRALIAN LEATHER PTY LTD, ADNAN OYGUR, dba Eddie Oygur,  
Defendants-Appellants.

---

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF ILLINOIS, CASE NO. 1:16-cv-03676,  
JUDGE MANISH S. SHAH

---

CORRECTED BRIEF OF DEFENDANTS-APPELLANTS  
AUSTRALIAN LEATHER PTY LTD and ADNAN OYGUR

MARK R. BAGLEY  
TOLPIN & PARTNERS, PC  
100 North LaSalle Street, Suite 501  
Chicago, Illinois 60602  
(312) 698-8971  
mark@tolpinlaw.com

Attorney for Defendants-Appellants

February 12, 2021

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

**CERTIFICATE OF INTEREST**

**Case Number** 2020-2166

**Short Case Caption** Deckers Outdoor Corporation v. Australian Leather Pty Ltd

**Filing Party/Entity** Australian Leather Pty. Ltd. and Adnan Oygur

**Instructions:** Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 09/01/2020

Signature: /s/ Mark Bagley

Name: Mark Bagley

<p><b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).</p>	<p><b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).</p>	<p><b>3. Parent Corporations and Stockholders.</b> Fed. Cir. R. 47.4(a)(3).</p>
<p>Provide the full names of all entities represented by undersigned counsel in this case.</p>	<p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p>	<p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p>
<p>Australian Leather Pty. Ltd.</p>		
<p>Adnan Oygur</p>		

Additional pages attached

**4. Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

None/Not Applicable                       Additional pages attached


**5. Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court’s decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

None/Not Applicable                       Additional pages attached


**6. Organizational Victims and Bankruptcy Cases.** Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None/Not Applicable                       Additional pages attached


## TABLE OF CONTENTS

CERTIFICATE OF INTEREST .....	i
TABLE OF AUTHORITIES .....	vii
STATEMENT OF RELATED CASES.....	1
STATEMENT OF JURISDICTION.....	1
ISSUES PRESENTED FOR REVIEW .....	2
STATEMENT OF THE CASE .....	2
SUMMARY OF THE ARGUMENT .....	4
ARGUMENT .....	5
I. THE DISTRICT COURT UTILIZED THE WRONG LEGAL TEST WHEN EVALUATING WHETHER A TERM WAS GENERIC IN THE UNITED STATES BEFORE ANY ALLEGED USE AS A TRADEMARK.....	5
A. The Standard of Review.....	6
B. The Statutory Text.....	6
C. The Legislative History and the <i>Anti-Monopoly</i> Case.....	7
D. Subsequent Case Law.....	10
E. Public Policy Considerations .....	13
F. The Proper Test for Pre-Trademark Genericness .....	15
G. The Proper Relevant Public.....	17
II. THE DISTRICT COURT MISAPPLIED THE TRADEMARK DOCTRINE OF FOREIGN EQUIVALENTS.....	21

A.	The Standard of Review .....	22
B.	Establishment of the Doctrine of Foreign Equivalents .....	22
C.	The Policy Rationales Behind the Doctrine of Foreign Equivalents ..	24
D.	Summary Judgment Against AUL Should Be Reversed .....	28
E.	Summary Judgment for AUL Should Be Granted .....	28
1.	Deposition testimony in this action .....	29
2.	The Australian <i>McDougall</i> Decision .....	31
3.	The evidence submitted in <i>McDougall</i> .....	32
4.	Existing Australian Trademark Registrations.....	36
III.	THE DISTRICT COURT ABUSED ITS DISCRETION IN REFUSING TO GRANT ANY RELIEF STEMMING FROM THE MISUSE OF THE ® REGISTRATION SYMBOL WITH THE WORD “UGG.”.....	38
A.	The Standard of Review .....	39
B.	® Symbol Misuse as Part of a Larger Effort to Misappropriate the Generic Term “Ugg” .....	39
C.	The District Court’s Errors of Law .....	50
1.	The irrelevance of intent .....	51
2.	The assumption that “ugg” was not previously generic for boots.....	52
3.	Conflating trademarks and trademark registrations.....	54
	CONCLUSION .....	55

## TABLE OF AUTHORITIES

### Cases

<i>Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.</i> , 684 F.2d 1316 (9 <sup>th</sup> Cir. 1982).....	8
<i>Aponte v. City of Chicago</i> , 728 F.3d 724 (7 <sup>th</sup> Cir. 2013).....	6
<i>Architectural Iron Workers Local No. 63 Welfare Fund v. United Contractors, Inc.</i> , 46 F.Supp.2d 769 (N.D. Ill. 1999).....	33
<i>Boim v. Quranic Literacy Institute</i> , 291 F.3d 1000 (7 <sup>th</sup> Cir. 2002) .....	6
<i>Brickstructures, Inc. v. Coaster Dynamix, Inc.</i> , 952 F.3d 887 (7 <sup>th</sup> Cir. 2020).....	22
<i>Christian Science Board v. Evans</i> , 105 N.J. 297, 520 A.2d 1347 (N.J. 1987) .....	9
<i>Deckers Outdoor Corp. v. B&amp;B McDougall</i> , [2006] ATMO 5 (January 16, 2006) .....	31
<i>Duncan v. Royal Tops Mfg. Co.</i> , 343 F.2d 655 (7 <sup>th</sup> Cir. 1965).....	23, 24
<i>Elliott v. Google</i> , 860 F.3d 1151 (9 <sup>th</sup> Cir. 2017).....	10
<i>Enrique Bernat F., S.A. v. Guadalajara, Inc.</i> , 210 F.3d 439 (5 <sup>th</sup> Cir. 2000).....	24, 25
<i>GEFT Outdoors, LLC v. City of Westfield</i> , 922 F.3d 357 (7 <sup>th</sup> Cir. 2019).....	38
<i>Harley-Davidson Inc. v. Grottanelli</i> , 164 F.3d 806 (2 <sup>nd</sup> Cir. 1999).....	11, 14, 16
<i>Holland v. C. &amp; A. Import Corp.</i> , 8 F.Supp. 259 (S.D.N.Y. 1934).....	23
<i>Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.</i> , 240 F.3d 251 (4 <sup>th</sup> Cir. 2001) .....	11, 12, 16
<i>KMMentor, LLC v. Knowledge Management Professional Society, Inc.</i> , 712 F.Supp.2d 1222 (D. Kan 2010).....	18

<i>Koon v. U.S.</i> , 518 U.S. 81, 116 S.Ct. 2035, 135 L.Ed 2d 392 (1996) .....	49
<i>L.F. Gaubert &amp; Co. v. The Institute of Electrical and Electronics Engineers, Inc.</i> , 563 F.Supp. 122 (E.D. La. 1983).....	51
<i>Miller Brewing Co. v. G. Heileman Brewing Co.</i> , 561 F.2d 75 (7th Cir. 1977).....	13
<i>Nartron Corp. v. ST Microelectronics, Inc.</i> , 305 F.3d 397 (6 <sup>th</sup> Cir. 2002).....	12, 17, 18
<i>Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.</i> , 175 F.3d 266 (2 <sup>nd</sup> Cir. 1999) .....	25
<i>Schwan’s IP, LLC v. Kraft Pizza Co.</i> , 460 F.3d 971 (8th Cir. 2006).....	12, 14, 16
<i>Sterling Acceptance Corp. v. Tommark, Inc.</i> , 227 F.Supp.2d 454 (D. Md. 2002) .....	51
<i>Versatop Support Systems, LLC v. Georgia Expo, Inc.</i> , 921 F.3d 1364 (Fed. Cir. 2019).....	6
<b>Statutes</b>	
15 U.S.C. § 1064(3) .....	3, 5, 6, 10, 12
28 U.S.C. § 1746(1) .....	33
<b>Rules</b>	
Fed. R. Evid. 902(5).....	35
Fed. R. Evid. 902(6).....	34
Fed. R. Evid. 902(8).....	33, 35
<b>Treatises</b>	
2 <i>McCarthy on Trademarks and Unfair Competition</i> § 12:7 (5 <sup>th</sup> Ed.).....	8
2 <i>McCarthy on Trademarks and Unfair Competition</i> , §12:41 (5 <sup>th</sup> Ed.).....	24



## **STATEMENT OF RELATED CASES**

No other appeal from this action has been previously before this or any other court of appeals. Appellants know of no other case that would directly affect or be affected by a decision in the present appeal.

## **STATEMENT OF JURISDICTION**

The District Court has subject-matter jurisdiction over this case pursuant to 28 U.S.C. § 1338, and 28 U.S.C. § 1367(a). Appellee's Amended Complaint alleges that Appellants infringed in U.S. commerce Appellee's federally registered trademark UGG, Appellee's common law trademark CARDY, and four of Appellee's U.S. design patents.

This Court has jurisdiction over this appeal pursuant to 28 U.S.C. §1295(a)(1), because Appellee's Amended Complaint alleges that Appellants infringed in U.S. commerce four of Appellee's U.S. design patents.

The District Court issued an order disposing of the last post-trial motions on July 13, 2020. Appellants file a notice of appeal on August 12, 2020, which was timely pursuant to Fed. R. App. P. 4(a)(4)(A).

The District Court issued a Final Judgment and Permanent Injunction on February 6, 2020 which disposed of all the parties' claims, and into which the previous orders giving rise to the issues in this appeal were merged.

## **ISSUES PRESENTED FOR REVIEW**

1. Whether the District Court relied on an incorrect legal standard when evaluating whether a term had a generic meaning in the United States prior to when a party began using that term as a trademark.
2. Whether the District Court erred when it held that the trademark doctrine of foreign equivalents did not apply to generic words in a foreign country where the primary language is English.
3. Whether the District Court abused its discretion when it declined to grant any relief based on Appellants' unclean hands defense or request for declaratory judgment stemming from the misuse of the ® registration symbol.

## **STATEMENT OF THE CASE**

This appeal focuses on whether the term “ugg” can serve as a trademark for a type of sheepskin boots in the United States. Plaintiff-Appellee Deckers Outdoor Corporation (“Deckers”) claims rights in that term tracing back to an alleged first U.S. trademark use by a predecessor in interest in late 1979. Defendants-Appellants Australian Leather Pty. Ltd. and Adnan Oygur (collectively, “AUL”) assert that the term cannot serve as a trademark for those goods because it was used to refer generically to that type of sheepskin boot in the U.S. before 1979, because it is today and has been since at least the 1960s used to refer generically to that type of sheepskin boot in Australia, and because Deckers and its predecessor

misused the ® symbol with that term between 1988 and 1995 while attempting to appropriate the term out of the public domain.

The District Court issued a summary judgment opinion, published at 340 F. Supp. 3d 706 (N.D. Ill. 2018), which among other things held that no reasonable factfinder could conclude that the term “ugg” is or ever was generic for sheepskin boots in the U.S. Appx0015. The District Court reached this conclusion by relying on the standard articulated in 15 U.S.C. § 1064(3) that in determining genericness, “the primary significance of the registered mark to the relevant public rather than the purchaser motivation shall be the test.” Appx0003. The District Court further held that despite evidence that “ugg” is generic in Australia for sheepskin boots, this did not affect the term’s trademark status in the U.S. because the trademark doctrine of foreign equivalents applies only to foreign generic words in languages other than English. Appx0015-16.

A combined jury and bench trial was held on May 6-10, 2019. During a hearing on December 19, 2019, the District Court explained why, after considering the trial evidence, it was declining to apply an equitable unclean hands remedy to the ® registration symbol misuse related to the UGG word mark committed by Deckers and its predecessor between 1988 and 1995. Appx0033-34. The District Court issued a Final Judgment and Permanent Injunction on February 6, 2020 which disposed of all the parties’ claims.

## SUMMARY OF THE ARGUMENT

The District Court made a number of significant errors which this Court must correct. First, the District Court erred by relying on the wrong legal test to evaluate whether the term “ugg” was generic for sheepskin boots in the U.S. prior to any alleged trademark use. It used a Lanham Act test which the statutory language, legislative history, case law, and public policy show applies to where an already-distinctive or registered mark falls into genericness rather than where a mark is alleged to be generic before any attempted trademark use. Next, the District Court erred when it ruled that the trademark doctrine of foreign equivalents does not apply to generic words in a foreign country where the primary language is English. The doctrine itself requires no such carve-out for English-speaking foreign countries, and the policy rationales behind the doctrine apply equally if not more strongly where the language in the foreign country is English. Finally, the District Court abused its discretion when it refused to grant any remedy for the ® symbol misuse which Deckers and its predecessor committed with the word “ugg.” This refusal rested on at least three critical legal errors, namely requiring that the misuse be intentional and with fraudulent intent, assuming the term “ugg” had never been generic in the U.S. based on the wrong legal test, and conflating a trademark registration with the underlying mark itself.

## ARGUMENT

### **I. THE DISTRICT COURT UTILIZED THE WRONG LEGAL TEST WHEN EVALUATING WHETHER A TERM WAS GENERIC IN THE UNITED STATES BEFORE ANY ALLEGED USE AS A TRADEMARK.**

The District Court relied on the wrong legal standard when it concluded that the term “ugg” had no generic meaning for sheepskin boots in the U.S. prior to any alleged trademark use. The District Court cited to, and then relied on, a specific test articulated in 15 U.S.C. § 1064(3) that when determining whether a mark has become generic, “the primary significance of the registered mark to the relevant public [hereinafter, the “PSRP Test”] rather than the purchaser motivation shall be the test.” *See* Appx0003, Appx0014-15. This reliance was in error, because the statutory language, legislative history, case law, and public policy all show that the PSRP Test applies to evaluating whether genericide has occurred, meaning where an already-distinctive or registered mark falls into genericness because the relevant public comes to use it to refer generally to the good or service itself, rather than to its original commercial source. That Test does not and should not apply to the very different situation where a term has a generic meaning before anyone attempts to appropriate it as a mark.

### **A. The Standard of Review**

For all issues raised in this appeal, this Court should apply the law of the Seventh Circuit. “For review of non-patent law issues whose appeal reaches the Federal Circuit on pendant jurisdiction, we apply the law of the regional circuit in which the district court resides.” *Versatop Support Systems, LLC v. Georgia Expo, Inc.*, 921 F.3d 1364, 1368 (Fed. Cir. 2019). The Seventh Circuit would review *de novo* the District Court’s selection of the legal test under which to evaluate whether a term was generic before any claimed trademark use, as “de novo review is typically applied when a party challenges the district court’s choice to adapt a particular legal test.” *Aponte v. City of Chicago*, 728 F.3d 724, 729 (7<sup>th</sup> Cir. 2013).

### **B. The Statutory Text**

“The starting point in all statutory analysis is the plain language of the statute itself.” *Boim v. Quranic Literacy Institute*, 291 F.3d 1000, 1009 (7<sup>th</sup> Cir. 2002). Here, the wording of Section 1064(3) indicates that the PSRP Test should be applied to determining whether a registered mark fell victim to genericide after registration, and not to whether a term was generic before being claimed as a mark. The full sentence in which the PSRP Test appears actually says: “The primary significance of the *registered mark* to the relevant public rather than purchaser motivation shall be the test for determining whether *the registered mark has*

*become the generic name* of goods or services on or in connection with which it has been used.” 15 U.S.C. § 1064(3) (emphasis added).

The statutory language describing a registered mark becoming generic logically excludes a fact pattern where the relevant term was generic before becoming registered. At the most basic level, this language sets out how to evaluate a “registered mark” for genericness, not a term which has not yet become a registered mark. In addition, the requirement that a term have a “primary” significance assumes that it has at least two competing meanings or significances, which in this context would likely be a generic meaning and a source-identifying meaning. Trying to determine a “primary” significance is meaningless, or at least irrelevant, where the term has not yet been used in any source-identifying way. Finally, the text also refers to the registered mark becoming the generic name for the relevant goods or services. For a registered mark to *become* generic, there must first be an existing registered mark which was not yet generic. As a result, by its own terms the Test described in this sentence does not apply to situations in which a generic meaning is associated with a term before anyone attempts to use that term as a mark, much less obtain a federal registration for that mark.

### **C. The Legislative History and the *Anti-Monopoly* Case**

The context and legislative history showing how the PSRP Test was added to the Lanham Act reinforce the conclusion that this Test applies specifically to

determining whether genericide of an already-registered mark has occurred. The PSRP Test was added to the Lanham Act as part of the Trademark Clarification Act of 1984, and was intended to nullify an alternative “purchaser motivation” test established by the Ninth Circuit two years previously in *Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*, 684 F.2d 1316 (9<sup>th</sup> Cir. 1982). See 2 *McCarthy on Trademarks and Unfair Competition* § 12:7 (5<sup>th</sup> Ed.) (describing statutory amendment adding sentence containing PSRP Test to Lanham Act as reaction to *Anti-Monopoly*).

The *Anti-Monopoly* case, and the controversial purchaser motivation test described in it, was itself analyzing a fact pattern where a registered mark was alleged to have fallen victim to genericide long after having been registered. The MONOPOLY mark at issue was registered in 1935. 684 F.2d at 1318. The disputed survey, which sought to show genericness by determining purchaser motivation when asking for the product, was conducted *after* a reversal and remand following an initial 1976 jury trial. Compare *id.* at 1324-25 with *id.* at 1318. As a result, the purchaser motivation test sought to determine whether a mark which was distinctive and registered in the mid-1930s had become generic by the late 1970s.

The legislative history of the Trademark Clarification Act of 1984 shows how that Act specifically sought to clarify and define the test to be used when



evaluating post-registration genericide. Representative Kastenmeier identified the Ninth Circuit's purchaser motivation test as a problem for trademark law, and said that the proposed bill would make the PSRP Test "the exclusive test for determining whether a *registered trademark has become* a common descriptive name." Appx7133 (emphasis added). The same language in the bill (H.R. 6285) discussed by Representative Kastenmeier above was considered again eight days later as part of H.R. 6163, at which time Representative Moorhead supported it by saying that it "reiterates the basic test for *maintaining* a trademark." Appx7170 (emphasis added). Both of these comments show that the PSRP Test, like the purchaser motivation test it supplanted, applies to the factual situation where a previously distinctive and registered mark arguably loses trademark status by becoming generic after registration.

After the Trademark Clarification Act of 1984 passed, courts recognized that the PSRP Test contained within it was aimed squarely at deciding whether a distinctive mark had become generic over time, rather than whether a term was generic before any attempted appropriation as a mark. For example, the New Jersey Supreme Court described that 1984 legislation as having a fairly limited effect: "Among the many doctrines left securely in place was the basic principle that no producer may usurp a generic term. The legislation recognized that there are two types of generic words or terms: those that are inherently generic, and

those that originated as trademarks but through usage suffered the loss of their distinctive sense, characteristic, or meaning. The Lanham Act amendments dealt only with the latter.” *Christian Science Board v. Evans*, 105 N.J. 297, 311, 520 A.2d 1347 (N.J. 1987) (citations omitted). It was the PSRP Test which was added to the Lanham Act as part of the 1984 amendments and intended specifically for analyzing whether an already-registered mark had become generic over some time period after registration.

#### **D. Subsequent Case Law**

The ways that other appeals courts have used, and more importantly *not* used, the PSRP Test show that the District Court erred by applying it to the present set of facts. For example, in *Elliott v. Google*, 860 F.3d 1151 (9th Cir. 2017) the Ninth Circuit applied the PSRP Test in the precise way suggested by its statutory language and legislative history. The plaintiffs claimed that the mark GOOGLE had come to be understood as a generic term describing the act of internet searching (*id.* at 1155), and the court described this as a classic genericide situation: “Over time, the holder of a valid trademark may become a ‘victim of genericide.’ Genericide occurs when the public appropriates a trademark and uses it as a generic name for particular types of goods or services irrespective of its source.” *Id.* at 1155-56 (citations omitted). The Ninth Circuit applied the PSRP Test in this situation, stating that “a trademark only becomes generic when the

‘primary significance of the registered mark to the relevant public’ is as the name for a particular type of good or service irrespective of its source.” *Id.* at 1156 (citing 15 U.S.C. § 1064(3)).

At the same time, at least three other appeals opinions decided after the Trademark Clarification Act of 1984 have evaluated the very different situation where a term has a generic meaning before being claimed as a trademark *without* relying on the PSRP Test. In *Harley-Davidson Inc. v. Grottanelli*, 164 F.3d 806, 808 (2nd Cir. 1999), the court held Harley-Davidson’s federally-registered rights in the term “hog” for motorcycles invalid because that term “had become generic as applied to large motorcycles before Harley-Davidson began to make trademark use of ‘HOG’ and that Harley-Davidson’s attempt to withdraw this use of the word from the public domain cannot succeed.” Significantly, at no point does this decision even mention, much less rely on, the PSRP Test. Instead, the court relied on evidence of the simple existence of a generic meaning tied to motorcycles in such places as newspapers, magazines and dictionaries before the claimed trademark use. *See id.* at 808-09 and notes 2-5.

In *Hunt Masters, Inc. v. Landry’s Seafood Restaurant, Inc.*, 240 F.3d 251, 255 (4th Cir. 2001), the court held that “crab house” was generic for a restaurant that serves crabs. Like in *Harley-Davidson*, the *Hunt Masters* opinion does not rely on or even mention the PSRP Test. Moreover, the *Hunt Masters* court

confirmed that a party's proffered consumer survey evidence was irrelevant because "there are two distinct ways in which terms may be classified as generic: (1) where the term began life as a 'coined term'; and (2) where the term was commonly used prior to its association with the products at issue. The notion that whether a word is generic depends upon consumers' understanding of the word is based upon a scenario involving a coined word for a commercial product (such as 'aspirin,' 'teflon,' or 'thermos') that is alleged to have become generic through common usage." *Id.* (citations omitted). Because this factual situation was not one where "crab house" started off as distinctive and became generic through common usage, the PSRP Test was not needed or relevant in the analysis.

Finally, in *Schwan's IP, LLC v. Kraft Pizza Co.*, 460 F.3d 971, 975 (8th Cir. 2006), the Eighth Circuit confirmed that the phrase "brick oven" was generic when describing a type of pizza. The court determined that "Brick Oven was commonly used before either party began labeling their frozen pizzas with the term" (*id.* at 976), and the opinion does not state or rely on the PSRP Test or make any reference to 15 U.S.C. § 1064(3). Instead, the court found that it was proper to determine the existence of that prior common usage and meaning from evidence such as "newspapers and other publications, generic use by competitors, generic use of the term by the [party bringing suit], and use of the term by third parties in

trademark registrations.” *Id.* at 974-75 (quoting *Nartron Corp. v. ST Microelectronics, Inc.*, 305 F.3d 397, 406 (6<sup>th</sup> Cir. 2002)).

Taken together, the *Harley-Davidson*, *Hunt Masters*, and *Schwan’s* decisions demonstrate that the PSRP Test does not apply to situations where a term is alleged to have a generic meaning with respect to certain goods or services before any attempt to use the term as a trademark with those goods or services. Instead, as shown by *Elliott*, it applies to cases of alleged genericide where a previously distinctive mark becomes the common name for the good or service regardless of source. The present District Court therefore erred when it applied the PSRP Test to reject on summary judgment AUL’s contention that the term “ugg” was generic for a type of sheepskin boot in the U.S. prior to any attempt to use the term as a trademark for those boots.

#### **E. Public Policy Considerations**

The public policy underlying trademark law supports the conclusion mandated by the statutory text, legislative history, and case law that the PSRP Test applies to cases of distinctive marks allegedly suffering genericide, and not to cases where an alleged generic meaning predates attempted use as a mark. U.S. trademark case law evinces a strong public policy against allowing terms which have a generic meaning relating to a good or service to receive trademark protection for use with that same good or service. “A generic or common

descriptive term is one which is commonly used as the name or description of a kind of goods. It cannot become a trademark under any circumstances.” *Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 79 (7th Cir. 1977). “No manufacturer can take out of the language a word, even a slang term, that has generic meaning as to a category of products and appropriate it for its own trademark use.” *Harley-Davidson*, 164 F.3d at 810. “‘Because a generic term denotes the thing itself, it cannot be appropriated by one party from the public domain; it therefore is not afforded trademark protection even if it becomes associated with only one source,’ for a competitor must be able to ‘describe his goods as what they are.’” *Schwan’s*, 460 F.3d at 974 (citations omitted). Because a competitive and effective marketplace would be harmed if a single party is allowed to monopolize a term which already refers generically to its goods or services, and because there is strong commercial incentive to seek such an improper advantage, the law is rightly hostile to attempts to gain trademark protection for generic terms.

This policy bias against allowing generic terms to be appropriated as trademarks for the goods or services they refer to would be frustrated if the PSRP Test were to be applied to situations where a term has an alleged generic meaning prior to any attempt to use that term as a mark. Quite simply, the PSRP Test places a very high burden on the party claiming the existence of a generic meaning,

particularly where, as here, the relevant time frame was years in the past. Proving that the “primary significance” of a given term was generic is noticeably more difficult than simply proving that a generic meaning existed, as the *Harley-Davidson*, *Hunt Masters*, and *Schwan’s* courts required. The high burden of the PSRP Test makes sense for analyzing true genericide situations, as there is no policy bias in favor of the genericide process, and making sure that process actually occurred is the fundamental concern.

Mandating the PSRP Test for proving genericness before any trademark use occurs would tend to allow more instances where a party is able to succeed in transforming a generic term into a trademark and appropriating that term out of the public domain. This would in turn encourage more attempts at undertaking such appropriation. Such a result would be contrary to the policy goals of trademark law and of supporting competitive and effective marketplaces. From a policy perspective, the PSRP Test should not apply to situations where a term is alleged to have a generic meaning before it anyone tries to use it as a mark.

#### **F. The Proper Test for Pre-Trademark Genericness**

Because the present case is factually similar to *Harley-Davidson*, *Hunt Masters*, and *Schwan’s* in terms of evaluating whether a term was generic before being claimed as a trademark, this Court should look to those cases when defining the test that should apply to the present question of genericness. None of these

cases explicitly announces a test for determining genericness, but an examination of their analyses demonstrates that they were simply determining whether a generic meaning of the relevant term existed. The *Harley-Davidson* court's conclusion that "[i]n the late 1960s and early 1970s, the word 'hog' was used by motorcycle enthusiasts to refer to motorcycles generally and to large motorcycles in particular" (164 F.3d at 808) stems from examining how that word was used in newspapers, magazines and dictionaries. *See id.* at 808-09 and notes 2-5. The *Hunt Masters* court concluded that "crab house" was generic for restaurants that serve crabs by looking at the basic dictionary definitions of the two words, the tendency of restaurants to describe themselves by a two-word combination of a type of food and a synonym of "restaurant," and the existence of numerous other restaurants called "crab houses" across the U.S. 240 F.3d at 254 and note 1. The *Schwan's* court determined that "brick oven" was generic for a type of pizza based on how the term was used in newspapers and other publications, by competing sellers of pizza, and by the party bringing suit (*Schwan's*) itself. 460 F.3d at 975.

In each of these decisions, the court looked to various evidence about how the relevant term was used within the U.S. If there was evidence that the term was used as the common name for or referred directly to the relevant good or service, the court concluded that it was generic for that good or service. No more complicated legal test was needed – if a generic meaning existed, then the term



was considered legally generic for trademark law purposes. This Court should therefore order that the District Court apply the same test in the present case, namely whether the evidence supports the proposition that a generic meaning for the term “ugg” with respect to a type of sheepskin boot existed in the U.S. before Deckers’ predecessor attempted to establish any trademark rights in that term.

**G. The Proper Relevant Public**

If for any reason this Court determines that the PSRP Test should be applied to evaluate whether the term “ugg” was generic for a type of sheepskin boot in the U.S. before Deckers’ predecessor attempted to use the term as a mark, then it should correct the District Court’s error in holding that the “relevant public” was all potential purchasers of footwear in the U.S. before and during 1979. The District Court explicitly defined the relevant public as “footwear customers in the U.S.,” because “anyone can purchase and wear boots.” Appx0014. However, the evidence shows that at the relevant time – 1979 and earlier – only a small portion of all U.S. footwear consumers knew about the specific sheepskin boot product known as an ugg boot. Case law and logic dictate that the relevant public should be comprised of the potential purchasers who actually know about the specific good or service at issue.

Courts applying the PSRP Test have analyzed the relevant public as being those persons who know about the underlying good or service at issue. In *Nartron*

*Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 406 (6th Cir. 2002), the court affirmed that “smart power” was generic for a type of technology which incorporated logic components into electric power delivery systems. In so holding, the court recognized that “[p]ublic, in this context, does not necessarily always mean everyone. Rather, ‘relevant public’ could be composed of a relatively small group of highly trained and knowledgeable professional customers for a particular specialized product or service.” *Id.* (citations omitted). Because only a relatively small group of individuals in the semiconductor industry knew about the underlying technology, they alone comprised the relevant public for analyzing whether “smart power” was generic. Similarly, in *KMMentor, LLC v. Knowledge Management Professional Society, Inc.*, 712 F.Supp.2d 1222, 1243 (D. Kan 2010), the court addressed on summary judgment whether certain marks used in relation to training in the field of knowledge management were generic. While “[n]either party specifically defines who the ‘relevant public’ is, ... the Court concludes that it is individuals interested in obtaining or purchasing knowledge management training.” *Id.* at 1244. In other words, only individuals who know about the underlying good or service (here, knowledge management training) can be considered the relevant public. Conversely, individuals who do not know about the underlying good or service are not part of the relevant public because they have

no experiential basis to associate the disputed term with either a generic or a source-indicating meaning.

The evidence showed that the specific type of boot at issue in this case – a sheepskin boot with the attached wool on the interior – was largely unknown among the bulk of the U.S. population before 1979. This type of boot was first made in Australia in the early 1960s, and one of the first companies to manufacture them on a large scale was owned by John Arnold. Appx3987-3988; Appx1456. The product became known among surfers, because it was part of a very successful line of surf-related products sold by Mr. Arnold’s companies. Appx3986. More importantly, Mr. Arnold’s exports of his surf line of products to the U.S. meant that U.S. surfers knew about the sheepskin boot product, while mainstream U.S. footwear shops and their customers did not. Appx3991-3993. James Estepa, a district manager for the mainstream U.S. footwear retailer Kinney during the 1970s, testified that he regularly reviewed competing footwear and footwear trends, but that the first time he saw the type of sheepskin boots known as ugg boots was in the 1980s. Appx3163; Appx3166-3167; Appx3168-3169. Brian Smith, the man who claimed to have started using the term UGG as a trademark for sheepskin boots in the U.S. in 1979, testified that during his early sales attempts in the 1979 time period in Southern California, it was “very rare” for a customer to have already known about this type of sheepskin boot. Appx1722-1725. As a

result, while there was a distinct segment of U.S. purchasers – namely surfers – who knew about this particular product, the vast majority of U.S. footwear purchasers did not.

It was therefore error for the District Court to conclude that the relevant public for evaluating whether “ugg” was generic for this type of sheepskin boot was the entire U.S. population of footwear purchasers. The vast majority of persons in that supposed relevant public had not yet been exposed to the specific type of sheepskin boot which was associated with the term “ugg,” making the District Court’s conclusion contrary to the well-reasoned principles in *Nartron* and *KMMentor*. More fundamentally, mis-defining the relevant public in this way makes the PSRP Test meaningless. Individuals who lack knowledge about the good or service at issue logically cannot have formed *any* association between that good or service and the disputed term, meaning that the “primary significance” of that term to them will be, if anything, neither a common name for the good or service nor a source-indicator. Where individuals without knowledge of the relevant good or service comprise the majority of the defined relevant public, the party bearing the burden of proving that the term’s primary significance is as a common or generic name will have no chance of prevailing, even if the term *was* generic to those who did know about the good or service. A purported test that guarantees the challenged trademark owner will win is no test at all. If this Court

determines that the PSRP Test applies to the present facts, it should return the case to the District Court with instructions that the Test be applied against a relevant public of those who knew about the type of sheepskin boot at issue at the relevant time.

## **II. THE DISTRICT COURT MISAPPLIED THE TRADEMARK DOCTRINE OF FOREIGN EQUIVALENTS.**

The District Court erred when it ruled that the trademark doctrine of foreign equivalents does not apply to generic words in a foreign country where the primary language is English. Specifically, the District Court stated that this doctrine “is not a perfect fit for English to English, and is generally used to analyze non-English terms used in the American marketplace.” Appx0015. More importantly, the District Court must have concluded that the doctrine did not apply to generic words in English-speaking Australia, because it granted summary judgment to Deckers on this issue (Appx0025) despite agreeing that “Australian Leather has evidence that ugg is generic in Australia.” Appx0016. This Court should reverse that grant of summary judgment, just as the Seventh Circuit would do if were hearing the present appeal. There should be no doubt that the trademark doctrine of foreign equivalents applies within the Seventh Circuit, there is no presently controlling authority stating that the doctrine does *not* apply to generic words from foreign countries that speak English, and an examination of the policy rationales behind

the doctrine shows that it should apply to generic words from all foreign countries, regardless of the language spoken there. Finally, AUL's evidence is so strong that this Court should conclude as a matter of law that the term "ugg" is and was since the 1960s generic for sheepskin boots in Australia, and should order that AUL be granted summary judgment that "ugg" cannot receive trademark protection for boots in the United States.

**A. The Standard of Review**

The proper bounds of the trademark doctrine of foreign equivalents, and more specifically whether it applies to generic words in foreign countries that happen to speak English, is an issue of law subject to *de novo* review. *See Brickstructures, Inc. v. Coaster Dynamix, Inc.*, 952 F.3d 887, 891 (7<sup>th</sup> Cir. 2020) ("We review *de novo* the district court's determinations regarding the legal principles, like the applicable common law rules and presumptions ....").

**B. Establishment of the Doctrine of Foreign Equivalents**

The basic operative principle of the trademark doctrine of foreign equivalents is that no party can obtain U.S. trademark rights in a word which is the common or generic term for the same good or service in a foreign country. The doctrine does not mandate that the term be "found" or "declared" to be generic within the United States. It also does not require that any U.S. court determine the legal, as opposed to factual, status of the term in any foreign jurisdiction. Most

importantly, while the doctrine is most frequently applied to words in foreign languages, it does not require that the word from the foreign country in question be in a foreign language rather than in English.

The doctrine of foreign equivalents has a long and established history in U.S. case law. In *Holland v. C. & A. Import Corp.*, 8 F.Supp. 259, 261 (S.D.N.Y. 1934), the court surveyed a number of previous cases and concluded that “[b]y the weight of authority, a word commonly used in other countries to identify a kind of product and there in the public domain as a descriptive or generic name may not be appropriated here as a trade-mark on that product even though the person claiming the word was the one who introduced the product here and the word then had no significance to our people generally.” Significantly, nothing in this formulation of the doctrine requires that the people of the “other country” speak a language other than English. Based on this doctrine, the *Holland* court held that a U.S. trademark, registered twenty years previously, for “Est SUPP Est” for wine was invalid, because that term was generally known in Italy as the generic designation for wine grown in a specific Italian region. *Id.* at 260-61. The court relied on evidence of the generic meaning both from sources published up to a hundred years before the decision, as well as published in the time contemporary to that decision. *Id.* at 260.

The Seventh Circuit endorsed the doctrine of foreign equivalents in *Duncan v. Royal Tops Mfg. Co.*, 343 F.2d 655, 659-60 (7<sup>th</sup> Cir. 1965) when it held that

trademark registrations involving the term “yo-yo” for the spinning string-based toy had been improperly granted, because the term “yo-yo” was a generic term for this type of toy in the Philippines before the registration issued. The *Duncan* opinion relied on the *Holland* quote cited above, as well as on several other cases, in coming to this conclusion. *Id.* at 661-62. While the *Duncan* court held that the registrations could also be cancelled for the independent reason that “yo-yo” subsequently became the common descriptive name for the toy within the U.S., the generic meaning in the Philippines was sufficient to render the relevant registrations for that term improper. *Id.* at 662.

### **C. The Policy Rationales Behind the Doctrine of Foreign Equivalents**

More recent cases have identified two major policy rationales for the doctrine of foreign equivalents: that relevant consumers in U.S. commerce would recognize the generic meaning of words from foreign countries, and that under principles of international comity the U.S. should prevent foreign generic words from being appropriated as trademarks here, just as the U.S. would not want foreign countries to restrict trade by allowing trademark protection of generic terms used by U.S. sellers. *See 2 McCarthy on Trademarks and Unfair Competition*, §12:41 (5<sup>th</sup> Ed.); *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 443 (5<sup>th</sup> Cir. 2000).



The first policy rationale, that foreign generic terms are recognized as such within the U.S. market, turns on the diversity of languages spoken here: “Because of the diversity of the population of the United States, coupled with temporary visitors, all of whom are part of the United States marketplace, commerce in the United States utilizes innumerable foreign languages. No merchant may obtain the exclusive right over a trademark designation if that exclusivity would prevent competitors from designating a product as what it is in the foreign language their customers know best.” *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 271 (2<sup>nd</sup> Cir. 1999) (holding that district court erred when it refused to consider whether the term ‘otokoyama’ was generic for a kind of sake in Japan, and rejecting district court’s assertion that the term’s meaning in Japan was irrelevant to the analysis). *See also Bernat*, 210 F.3d at 443-45 (existence of Spanish-speakers in U.S. relevant to analysis of validity of “Chupa Chups” mark for lollipops because “chupa” is a generic term for lollipop in Spanish).

The second policy rationale, that of international comity, turns on the recognition that international trade would be improperly impeded if countries granted trademark protection to terms which are used generically in other countries. In other words, “because U.S. companies would be hamstrung in international trade if foreign countries granted trademark protection to generic

English words, the U.S. reciprocates and refuses trademark protection to generic foreign words.” *Bernat*, 210 F.3d at 443.

Both major policy rationales for the doctrine of foreign equivalents apply equally if not more strongly to words which are generic in English-speaking foreign countries. First, the idea that significant numbers of immigrants and visitors within the U.S. would know the generic meaning of the foreign word has equal or greater weight when the immigrants and visitors are from English-speaking foreign countries. There is no reason to believe that fewer U.S. immigrants and visitors come from English-speaking foreign countries than from countries speaking any other given language. Such English-speaking visitors and immigrants are just as likely to bring their understanding of the meanings of generic words from their original countries to the U.S. marketplace as are immigrants and visitors who speak other languages. Given the commonality of language, immigrants and visitors from English-speaking foreign countries are probably even more likely than those speaking other languages to assume that the generic word they know from the foreign country has the same generic meaning (as opposed to a source-identifying trademark meaning) here. As a result, denying trademark status to generic words from English-speaking foreign countries would align with the expectations of just as many or even more participants in the U.S. market than would doing so for generic words from foreign countries which speak

other languages. This policy rationale therefore favors applying the doctrine of foreign equivalents to generic words from English-speaking foreign countries.

The international comity rationale for the doctrine of foreign equivalents also has at least as much force when applied to words which are generic in English-speaking foreign countries. U.S. companies would be just as disadvantaged in international trade if English-speaking foreign countries granted trademark protection to words which had a U.S. generic meaning, as those companies would if foreign countries speaking other languages did so. The U.S. should therefore reciprocate and refuse to grant trademark protection to generic terms from English-speaking foreign countries. There is simply no logical reason to exclude English-speaking foreign countries from the reciprocity framework inherent in the international comity rationale. Moreover, creating an English-language exception to the doctrine of foreign equivalents would undermine the moral persuasiveness which animates the international comity rationale, and would thereby encourage other countries to make their own exceptions to the doctrine which would further hinder international trade. The international comity rationale thus also favors applying the doctrine of foreign equivalents to generic words from English-speaking foreign countries.

**D. Summary Judgment Against AUL Should Be Reversed**

Given the policy rationales which underlie the doctrine of foreign equivalents, there is no logical reason to apply that doctrine to generic words from foreign countries that speak other languages but not to generic words from foreign countries that speak English. More importantly, the Seventh Circuit has never expressly stated that the doctrine does not apply to generic words from foreign countries that speak English. Because the Seventh Circuit has adopted and endorsed the doctrine of foreign equivalents, it would and this Court should consider the underlying policy principles and hold that the doctrine applies equally to generic words in foreign countries which speak English as well as other languages. As a result, the District Court erred when it granted summary judgment to Deckers on the basis that the doctrine of foreign equivalents did not apply to generic terms in Australia. This Court should reverse the District Court's grant of summary judgment to Deckers on this point.

**E. Summary Judgment for AUL Should Be Granted**

Because the District Court decided that AUL's evidence of a generic meaning of "ugg" in Australia was legally irrelevant (*see* Appx0017), it did not fully consider whether AUL had proven the factual existence of that generic meaning to the level needed to prevail on summary judgment. AUL did so, and there is no genuine dispute of fact that the word "ugg" is generic for sheepskin

boots in Australia. Unrebutted evidence, particularly from deposition testimony, the findings of the Australia Trade Marks Office, historical Australian telephone directories and publications, and contemporary Australian trademark registrations, shows this to have been the case from at least the 1960s through the present. As a result, this Court can and should order that AUL be granted summary judgment that Deckers could not have obtained and does not have any trademark rights in the term “ugg” for footwear pursuant to the doctrine of foreign equivalents.

**1. Deposition testimony in this action**

The deposition testimony given in the present action demonstrates universal agreement that “ugg” is and was since the 1960s a generic or common descriptive name for sheepskin boots in Australia. John Arnold testified that his Australian business was producing and selling ugg boots, without any trademark on the term “ugg,” in Australia from the early 1960s onward. Appx3987-3988. As a result, other manufacturers were free to and did sell their own competing ugg boots. Peter Dorizzi, who owned an Australian leather and sheepskin manufacturing business from approximately 1976 until 1990, stated that “ugg boot” is the common term that all manufacturers of this type of boot use when describing it. Appx0762-765. Robert Hayter, one of the owners of an Australian manufacturer and retailer of sheepskin and kangaroo skin products from the mid-1960s until 2002, agreed that the word “uggs” is a generic term used in Australia to describe sheepskin boots.

Appx0768-771. Roger Bosley, who owned and then managed an Australian sheepskin manufacturer and retailer from about 1973 to 1984, stated that “ugg boots” has always been a generic term for boots in Australia. Appx0774-778.

Terry McKendree, an American surf shop owner and importer of ugg boots, stated that during his 1969 Australian trip where he learned about ugg boots, the term was simply the common generic name there for that item. Appx0789-791. Eddie Oygur, the Defendant and owner of Australian Leather Pty. Ltd., testified that “ugg boot” is the generic term for describing sheepskin boots in Australia, and described wanting and getting a pair of ugg boots as an immigrant 10 or 11-year old boy in 1971 as a way to fit in with Australian society. Appx0794-796.

While AUL presented testimony from multiple individuals that “ugg” and its variations are and were generic for sheepskin boots in Australia, Deckers failed to put forward a single witness able to claim the opposite, specifically that “ugg” is or was not a generic term for such boots in Australia. Brian Smith, the Australian founder of Deckers’ predecessor in interest and the man who claims to have started selling sheepskin boots in the United States in 1979 under what he later claimed as the UGG trademark, admitted that while he lived in Australia he owned a pair of what he called “ugg boots” and that other people there also described this type of product as “ugg boots.” Appx0803-804. Even Michael Hall, Deckers’ Australian trademark law expert, could not bring himself to say under oath that any of the

terms “ugg” “ugh” or “ug” were not generic for sheepskin boots in Australia in the present. Instead, Mr. Hall equivocated and said that he did not know whether that was the case. Appx0852. Under further questioning, Mr. Hall later admitted that “ugg” and “ugg boots” are familiar phrases which are heard in Australia, and that at least some of the time those words have been applied to sheepskin boots in a generic or descriptive sense. Appx0856-857. Like Deckers’ legal position more generally, Mr. Hall’s testimony tried in vain to avoid the otherwise obvious fact that the terms “ugg” and “ugg boots” are and were well-known descriptive and even generic names for the type of sheepskin boots that many Australians consider an iconic national symbol.

## **2. The Australian *McDougall* Decision**

The only Australian tribunal decision AUL could locate which considered the issue of whether the term “ugg” was factually generic or the common descriptive name for sheepskin boots in Australia came to the unequivocal conclusion that the term in fact was and had been for some time generic for those boots. In a contested *inter partes* proceeding before the Australian Trade Marks Office styled *Deckers Outdoor Corp. v. B&B McDougall*, [2006] ATMO 5 (January 16, 2006), the central issue was whether a specific registered word mark, UGH-BOOTS, had been used for footwear in Australia within a specific time period. See Appx0452-463. While explaining why uses of certain similar terms

were not the same as use of this specific mark, the Hearing Officer reviewed a wide range of submitted evidence and concluded:

The evidence overwhelming [sic.] supports the proposition that the terms UGH BOOT(S), UG BOOT(S) and UGG BOOT(S) are interchangeably used to describe a specific style of sheepskin boot and are the first and most natural way in which to describe these goods which should innocently come to the minds of people making this particular style of sheepskin boot. The terms thus lack any inherent capacity to distinguish the particular goods. The Yellow Pages®, Internet, magazine and dictionary uses of these terms make it quite clear that these terms are generic – they are the most immediate and natural ways in which to refer to a particular style of sheepskin boot. They are terms which are required by other traders without any improper motive to describe those boots.

Appx0459. The evidence this conclusion relies upon – particularly the Yellow Pages® entries and magazine advertisements – stretch back to at least the early 1970s. *See* Section II-D-3 below. As a result, the only Australian tribunal that appears to have considered the issue confirms the present deposition testimony that the word “ugg” is and has been since at least the early 1970s generic for sheepskin boots in Australia.

### **3. The evidence submitted in *McDougall***

The fact that the term “ugg” is and has been generic for sheepskin boots in Australia can also be confirmed by an independent examination of the same evidence that the Hearing Officer in *McDougall* found “overwhelming.” That evidence was submitted in the *McDougall* proceeding through an Australian



Statutory Declaration of Bruce McDougall dated February 4, 2005 (the “McDougall Declaration”). *See* Appx0465-481. The District Court stated, in what appears to be *dicta* since it considered the factual generic status of “ugg” in Australia irrelevant, that it did not consider the McDougall Declaration because that document does not comport with 28 U.S.C. §1746(1). Appx0014. That determination was in error for two reasons. First, the McDougall Declaration qualifies as an “acknowledged document” under Fed. R. Evid. 902(8) because it has also been signed and acknowledged by a Solicitor who is authorized to do so under the relevant Australian law. Second, even if not self-authenticating, the McDougall Declaration was itself authenticated by a Section 1746-compliant declaration from Bruce McDougall submitted by AUL after Deckers complained about the supposed procedural infirmity. *See* Appx4570-4571.

Among the evidence authenticated by the McDougall Declaration are over one hundred pages of excerpts from Australian telephone directories (often Yellow Pages™) for the geographically diverse areas of Melbourne, Adelaide, Perth, Brisbane and Sydney and covering various years from 1973 through 2005. *See* Appx0466; Appx0567-690. These telephone directory pages are independently admissible under Fed. R. Evid. 902(6). *See Architectural Iron Workers Local No. 63 Welfare Fund v. United Contractors, Inc.*, 46 F.Supp.2d 769, 773 (N.D. Ill. 1999) (telephone directory pages admitted as self-authenticating under Rule

902(6)). These pages generally show the “Footwear” or “Sheepskin Products” section of the directories, and each section contains at least one, and frequently more than one, instance of separate, competing manufacturers or sellers describing their goods as “ugg boots” or one of the phonetic variations of this phrase. Illustrative samples of those same directory pages were collected, and the “ugg boots” or similar phrases highlighted, in Appx0753-759. Where multiple competing sheepskin product companies use the same term, namely “ugg boots,” to describe their boots, the only reasonable conclusion is that this is a common descriptive or generic name for a type of boot, and not a trademark or source-indicator for any of these companies.

Also submitted in the *McDougall* proceeding were excerpts from various dictionaries which have defined “ugg boot” or “ug boot” as a type of sheepskin boot. Appx0494-505. A number of these dictionaries focus on Australian English, such as *The Macquarie Dictionary*, *The Dinkum Dictionary*, and *The Australian Concise Oxford Dictionary of Current English*. *Id.* In addition, various Australian newspapers and magazines have included references to “uggs” or “ugg boots” in the generic sense of sheepskin boots within articles, in editorial cartoons, and in printed advertisements. A sampling of these references to “uggs” or “ugg boots” in Australian newspapers from 1989 through 2004 (Appx0722-742), and in Australian magazines from 1972 through 1974 (Appx0555-563), were submitted in

the *McDougall* proceeding. These publications are also independently admissible under Fed. R. Evid. 902(6). Also submitted in that proceeding were several examples of Australian government agencies using the terms “ugg” or “ugg boots” to refer to sheepskin boots. These publications of Australian governmental entities are independently admissible under Fed. R. Evid. 902(5). These include a 1980 newsletter published by the Australian Commonwealth Scientific and Industrial Research Organisation (“CSIRO”), a 1985 report from the Australian Department of Trade, and a report on “The Processing of Woolskins to Make Ugg Boots” from the CSIRO web site in 2004. Appx0743-751.

The evidence submitted in the *McDougall* proceeding also includes written personal statements and declarations from a wide variety of individuals regarding the meaning of the word “ugg” in Australia. Appx0691-721. Nearly all of these personal statements are in the form of Statutory Declarations, which are a standard Australian method, authorized by statute, for attesting to the truth of certain facts. As such, they are admissible as “acknowledged documents” under Fed. R. Evid. 902(8) to the extent they have also been signed and acknowledged by an official who is authorized to do so under the relevant Australian law. Most of these Declarants are or were in the sheepskin products industry, and they all discuss either how their companies produced or sold ugg boots, or how “ugg boots” is simply a general term in Australia for sheepskin boots. Again, where multiple

producers of sheepskin products call their competing sheepskin boots “ugg boots,” the only reasonable conclusion is that this is a common descriptive or generic name for a type of boot, and not a trademark or source-indicator for any of them.

#### **4. Existing Australian Trademark Registrations**

An examination of the Australian trademark registrations for footwear which contain the term “ugg” also demonstrates that this term must be generic, in the sense of lacking any ability to distinguish the footwear of one entity from that of another. As of January 12, 2018, shortly before the first summary judgment briefing in this action, the Australian Trade Marks Office online database indicated that there were 169 actively registered trademarks in Class 25 (which covers footwear) which contain the exact term “ugg.” Appx0859-871. Of those 169 registrations, 166 include some type of footwear in the description of goods and services. *See* Appx0873-1061. A number of the 169 registrations are owned by the same entities, so there are actually 116 different entities which own one or more of these registrations. *See id.* Significantly, *none* of those 169 registrations is for the word “ugg” alone. All of the registered marks contain other elements, such as other words, letters, or graphic design. Appx0859-871.

Like American trademark law, Australian trademark law includes the concept of a composite mark, which is a mark consisting of more than one individual element or component. Appx0853. Where a composite mark is

registered by the Australian Trade Marks Office, it is only the overall mark as a whole which receives protection, and not any of its individual components when considered in isolation. Appx0854. As a result, it is possible in Australia to have a registered composite mark which includes an individual component which is generic. *Id.* at 27:8-13. At the same time – and this differs from the requirements of the United States Trademark Office – the Australian Trade Marks Office does not require any disclaimer of a generic element within a larger composite mark. Appx0855.

In light of these principles of Australian trademark law, the only reasonable explanation for the fact that over one hundred different entities have been able to register composite marks that include the term “ugg” for footwear, but there are no Australian registrations for the word “ugg” *alone* for footwear, is that the term itself must be generic for a type of footwear. If the term were *not* generic – meaning that as a factual matter it was capable of distinguishing one party’s footwear from that of another – then most of the registrations described above would never have been allowed since their subject marks would have been confusingly similar to others on the list which had been registered previously by other entities. It is only if the word “ugg” is essentially removed from the likelihood of confusion analysis by virtue of it being a generic term for a type of footwear that it is possible for the huge number of competing entities to obtain and

simultaneously keep the specific registrations listed above. These valid Australian registrations reinforce the conclusion that “ugg” is and was generic for a type of sheepskin boot in Australia, as was attested to by numerous individuals, reflected in the telephone directories other publications, and confirmed by the *McDougall* decision.

**III. THE DISTRICT COURT ABUSED ITS DISCRETION IN REFUSING TO GRANT ANY RELIEF STEMMING FROM THE MISUSE OF THE ® REGISTRATION SYMBOL WITH THE WORD “UGG.”**

The District Court abused its discretion when it refused to grant any remedy for the ® symbol misuse which indisputably occurred. Extensive evidence demonstrated that this misuse was part of an intentional effort to remove the word “ugg” from the public domain and turn it into a proprietary trademark for a type of sheepskin boot. The District Court discounted or failed to grasp the significance of this evidence because it made at least three significant legal errors during its analysis. Any one of these legal errors should cause this Court to reverse the District Court’s refusal to grant an equitable remedy, and the effect of them together should convince this Court to order that Deckers be unable to enforce the improperly obtained UGG mark.

**A. The Standard of Review**

The Seventh Circuit reviews a district court's decision whether to grant or deny equitable relief in the face of allegations of unclean hands for abuse of discretion. *GEFT Outdoors, LLC v. City of Westfield*, 922 F.3d 357, 369 (7<sup>th</sup> Cir. 2019).

**B. ® Symbol Misuse as Part of a Larger Effort to Misappropriate the Generic Term “Ugg”**

At trial AUL presented extensive evidence demonstrating that Deckers' predecessor in interest Brian Smith and then Deckers itself pervasively misused the ® symbol with the word “ugg” over many years as part of a larger intentional effort to remove that word from the public domain and turn it into a proprietary trademark for a type of sheepskin boot. There was no dispute that the first time the U.S. Trademark Office granted a registration for the word mark “UGG” for footwear was in May of 1996. *See* Appx6032; Appx6764; Appx6906-6907 at Requests Nos. 123-126. However, Defendants offered at trial more than twenty separate Exhibits showing instances where Deckers and its predecessors placed the ® symbol next to the text word “ugg” between 1988 and 1995.

The ® symbol misuse was pervasive not only because of the sheer number of instances, but also the widespread dissemination of those instances. The ® symbol misuse appeared in advertisements in national consumer-oriented surfing

magazines. *See* Appx6669-6672, Appx6679, Appx6869-6871, and Appx6873-6874. It appeared in advertisements in trade magazines targeted at retailers who would buy wholesale lots of boots. *See* Appx6667-6668, Appx6673-6675, Appx6677, and Appx6681. It appeared in brochures, price lists, and stocking plans distributed to those same actual and potential wholesale boot buyers. *See* Appx6676, Appx6678, Appx6680, Appx6682-6693, Appx6694-6705, Appx6706-6721, and Appx6724-6725. It appeared, at least for one year, on the hang tags which were attached to each of the hundreds of thousands of boot pairs sold. *See* Appx6722-6723; Appx5788-5789. It appeared on correspondence and proposed settlement agreements directed to competitors whom Brian Smith's company wanted to stop from using the word "ugg" and similar words. *See* Appx6875, Appx6876-6880, and Appx6881-6884.

This ® symbol misuse was part of an intentional effort to remove that word from the public domain as the name for a type of sheepskin boot. Long before Brian Smith started selling ugg boots in the U.S. in 1979, and through at least the mid-1980s, a generic meaning of the word "ugg" for sheepskin boots existed among at least a portion of U.S. footwear consumers. John Arnold's companies exported to Jack O'Neill's California surf shop sheepskin boots generically called



ugg boots starting around 1963 (Appx6101)<sup>1</sup>, and expanded that export business to thousands of pairs of those boots per week to numerous surf shops along the East Coast of the U.S. by around 1970. Appx6105-6106. Many of the sales to U.S. surf shops during the 1970 time period were made through Terry McKendree, who acted as an importing agent for the ugg boots and other Australian surf products. Appx5203-5205. Ugg boots in the generic sense were advertised by Mr. McKendree's company (Appx6578-6579; Appx5195-5196; Appx5205-5206), by Mr. O'Neill's surf shop (Appx6738-6739), and later by Country Leather (Appx6645-6648; Appx6652-6653). Even during the early years of Brian Smith's import business, when he was arguably just selling generic "ugg boots" to surfers and surf shop owners who already knew the generic name for the product, other parties were selling or promoting the same product and calling them ugg boots as well. Roger Bosley's company operated four retail stores in the Los Angeles area from about 1980 to 1982, and one of their best-selling products was ugg boots. Appx6238-6242; Appx6244-6246. Brian Smith himself saw numerous Australian companies exhibit ugg boots at certain U.S. trade shows. Appx5522-5523.

---

<sup>1</sup> Videos of deposition testimony from John Arnold and Roger Bosley were played at trial but not recorded in the Trial Transcript. *See* Appx5193-5195; Appx5222. With the District Court's leave, AUL filed transcripts of the played deposition portions so they would be part of the record.

Brian Smith claimed at trial that the name “ugg boots” for sheepskin boots was not well-known among U.S. surfers when he started his import business, but this assertion was not credible. His specific claim that people in the surfing community knew about sheepskin boots but not as “ugg” boots was contradicted by a statement he made in an earlier video interview. Appx5500-5502. Likewise, his claim that many surf shop employees he visited in his initial sales trips knew about sheepskin boots, but only “two or three” knew the term “ugg boots” was contradicted by his speech to a group of entrepreneurs in Austin, Texas. Appx5495-5498. Even beyond the impeachment by his own words in the videos, however, his claim that the item was known as “sheepskin boots” by U.S. surfers in that time period makes no sense. The product had been sold as “ugg boots” in large quantities through U.S. surf shops in the 1960s and 1970s. *See above.* Mr. Smith admitted that during at least the 1970s, “ugg boot” was the generic or common name for sheepskin boots in Australia. Appx5480-5481. He also claimed that “sheepskin boots” were well-known in the U.S. surfing community because avid surfers traveled to Australia and brought back pairs for their buddies. Appx5534-5535. It is not believable, however, that when those avid surfers returned to the U.S. with a great after-surf product which all the Australian surfers were calling ugg boots, they somehow dropped the catchy, popular name and instead began to refer to them as “sheepskin boots.” Despite Mr. Smith’s tenuous

insistence otherwise, it is clear that U.S. surfers knew and used the generic term “ugg boots” before he started his boot import business.

The way Brian Smith’s company Ugg Imports, Inc. litigated and then settled a 1984 lawsuit provides further evidence that it was intentionally attempting to suppress the generic meaning of “ugg” for boots and turn the word into a proprietary trademark. In that dispute, Woolshed, Ltd. claimed ownership of the trademark UGHS for sheepskin boots, and sought to stop Brian Smith’s company from using the word or mark UGG for sheepskin boots. *See* Appx6657, Appx6742-6759. The parties litigated that lawsuit for two years, but there was no indication that either one of them raised the argument that the term “ugg” or “ugh” was a known generic or common word for sheepskin boots. Had either one done so, of course, it would have meant that *neither* of their claimed marks was valid or protectable. Instead, in 1986 the parties did a walk-away settlement where they both got to continue to use their claimed marks, coupled with mutual promises not to ever use either version of the word generically. *See* Appx6658-6666, particularly at ¶ 10. This clause in particular shows that Brian Smith’s company had a conscious intent to bury or eliminate the generic meaning of “ugg” for sheepskin boots.

In furtherance of Ugg Imports’ goal of appropriating the word “ugg” as a proprietary trademark, its attorney Carl Brown committed fraud on the Trademark

Office during the prosecution of a trademark registration for a logo which included the term “ugg.” That fraud occurred during a telephone interview on March 7, 1986, at a time when Mr. Brown had been representing Ugg Imports in the *Woolshed* litigation for a year and a half and was therefore intimately familiar with the sheepskin boot industry. As AUL’s expert Jodi Drake deduced from the Examiner’s Amendment memorializing that interview (Appx6808), the Examining Attorney asked Mr. Brown a standard yes-or-no question of whether there was any meaning or significance to the term “UGG” in the relevant trade or industry, and Mr. Brown must have answered with a simple “no.” Appx5880-5882. That “no” was a conscious falsity, because Mr. Brown knew, and in fact argued in open court to a federal judge in the *Woolshed* case on February 4, 1985, that “the mark in Australia is the name of the goods, and I think almost everyone in Australia refers to these boots as ugg boots” and that there were “probably 100 people down there [i.e. Australia] making sales from time to time of [these] boots in the U.S.” Appx6831-6832. Mr. Brown therefore knew that the term “ugg” had a meaning or significance in the sheepskin boot trade, both in Australia and in the U.S.

Carl Brown’s subsequent deposition testimony in a 2004 lawsuit (*Ugg Holdings, Inc. v. Severn*) and his alleged notes about the March 7, 1986 telephone interview do not provide a credible refutation to Ms. Drake’s conclusions. Mr. Brown simply asserted that his notes were made contemporaneously with and

accurately reflect the 1986 interview. However, those notes are written in the past tense (“On March 7<sup>th</sup>, 1986, conferred with the examiner ...”; Appx6925-6926), and they suggest a convoluted and unlikely exchange involving the non-meaning of “ugg” as a sheepskin grade and distinctions between Australia and the U.S. which Ms. Drake concluded could not possibly have resulted in the Examiner’s Amendment which actually issued. *See* Appx5889-5893. It is much more likely that Mr. Brown created those notes in 2004 in order to explain away certain evidence raised in that case about the generic meaning of “ugg” in and before 1986, and to offer some explanation why, other than outright fraud, no disclaimer of the word “ugg” appeared on the relevant logo’s U.S. registration. Even assuming Mr. Brown’s notes and 2004 *Severn* testimony were completely accurate, he *still* committed fraud on the Trademark Office when he stated that “UGG ... was sometimes used to identify boots in Australia, but not in the U.S.” (Appx6926) while knowing that there were “probably 100 people down there [i.e. Australia] making sales from time to time of [ugg] boots in the U.S.” Appx6832. Because the goal of Mr. Brown’s fraud was to avoid needing to disclaim as unprotectable the word “ugg” as part of the logo registration, this fraud was part of the larger intentional effort by Brian Smith’s companies and their agents to turn that generic word into their own trademark for boots.

Between 1990 and 1992, which was right in the middle of the period of ® symbol misuse by Brian Smith’s companies, Mr. Smith’s former supplier Country Leather (under its official name Silver Trax Pty. Ltd.) filed an opposition proceeding (Appx6838-6844) and a cancellation proceeding (Appx6848-6857) against two of Ugg International, Inc.’s design marks. Those proceedings both alleged that the word “ugg” in the challenged design marks was actually generic for sheepskin boots. Carl Brown represented Ugg International in those proceedings and signed an Answer in each of them which included an affirmative defense stating “[t]he trademark ‘UGG’ is not generic for sheepskin boots in Australia, where opposer is apparently in business ....” *See* Appx6846 at ¶ 5 and Appx6859 at ¶ 4. These defenses, made under an attorney’s duty of candor to the Trademark Trial and Appeal Board, directly contradict Mr. Brown’s in-court statements in 1985. *See* Appx6831. Moreover, rather than fight and potentially lose a dispute over whether “ugg” was generic for sheepskin boots, Brian Smith’s company paid what he in court termed “blackmail” to Country Leather by agreeing to purchase from it tens of thousands of pairs of boots over multiple years in exchange for Country Leather abandoning the genericness claims. *See* Appx5806-5807; Appx6861-6868. Once again, Brian Smith’s company repeated the pattern of intentionally burying or suppressing evidence of the generic meaning of the

term “ugg” while simultaneously making false claims that they owned a trademark registration in that same word.

Brian Smith’s in-court claims about his own intent when placing the ® symbol next to the text word “ugg” between 1988 and 1995 were no more credible than his claims that U.S. surfers commonly used the phrase “sheepskin boots” before 1979. Mr. Smith’s motive for disguising his intent should be clear: He receives significant present income from giving speeches explaining how he built the so-called “ugg brand,” not to mention the income from sales of his book “Birth of a Brand.” Appx5481-5483. That income, as well as the non-monetary respect and fame he derives from being the alleged creator of the “ugg brand,” would evaporate if it comes out that his apparent success was built on fraud rather than entrepreneurial genius and persistence. Mr. Smith attempted to explain away why he placed the ® symbol next to the text word “ugg” starting in 1988 by claiming that in his mind, the word “ugg” was legally or factually equivalent to the logo for which his company did have a registration. Appx5818. However, this alleged ignorance about his company not actually having a registration in the word mark UGG is directly contradicted by the fact that in 1987 he needed to sign an amendment for the logo registration, clarifying that his company first used the that logo in 1983, as opposed to the 1979 date when it allegedly first used the word UGG. *See* Appx5757-5759; Appx6809-6813. Particularly given the pre-existing

generic meaning of “ugg” for sheepskin boots and Mr. Smith’s avowed desire to make the word his company’s exclusive trademark, his convenient and studied ignorance about the difference between a logo and a word trademark was simply not believable.

In any case, the individual intent of Brian Smith was not the only relevant basis for determining whether intentional ® symbol misuse occurred. A number of other employees and agents of Ugg Holdings, Inc. were responsible for the same type of ® symbol misuse as Mr. Smith himself undertook. The text of Ugg Holdings’ 1993 multi-page brochure, which included numerous instances of ® symbol misuse, was created by Ugg Holdings’ director of marketing, not Mr. Smith. *See* Appx5784-5786; Appx6682-6693. Ugg Holdings’ Chief Operating Officer Ron Cunningham included ® symbol misuse in his customer letter which announced the completion of Ugg Holdings’ sale to Deckers (Appx6727) and in his cease-and-desist letters and proposed settlement agreements to alleged infringers. *See* Appx6876-6880, Appx6881-6884, and Appx6899-6900 at Requests Nos. 84-89. Ugg Holdings’ outside intellectual property attorney Neil Greenstein at the Oblon, Spivak firm also misused the ® symbol on Ugg Holdings’ behalf in correspondence and a proposed settlement agreement to a company called Wasa Clogs, Inc. *See* Appx6876-6880; Appx6898 at Requests Nos. 81-83. *See also* Appx6875; Appx6897-6898 at Requests Nos. 78-80. All of these instances of



® symbol misuse by other individuals cannot be explained away by Mr. Smith's alleged quirky personal misunderstanding of the difference between a logo and a word mark. Instead, they demonstrated a widespread corporate intent to claim the legitimacy and legal benefits of a federal trademark registration in the word "ugg" when no such registration existed. This demonstrated intent to deceive others that the word "ugg" was a registered trademark rather than just a common or generic term for sheepskin boots amounts to the type of unclean hands which courts have recognized as barring injunctive relief in favor of that same mark.

The evidence also strongly suggested that Deckers' leadership knew about the ® symbol misuse and had taken efforts over the years to hide that misuse. Deckers' purchase of Ugg Holdings, Inc. closed on August 1, 1995 (*see* Appx6727). The application which resulted in the '743 Registration for the word mark UGG was filed on May 1, 1995 (*see* Appx6764), which would have been right in the middle of the due diligence period for the corporate transaction. It is likely that Deckers or its attorneys insisted on that application being filed as a condition of the corporate sale, meaning that they were well aware of what they were purchasing. Moreover, in the present action Deckers relied on a later U.S. *registration* for the word mark UGG, for basically the same goods including footwear, which issued in 2006 based on a 2005 application. *See* Appx6728, Appx6032. Deckers could offer no reason why it filed an essentially duplicate

registration for the UGG word mark, and then let the older ‘743 Registration lapse. The only reasonable inference was that Deckers feared the older Registration was vulnerable based on what the relevant attorneys or declarant(s) knew or stated back in 1995. By filing the later duplicate registration in 2005 – right after the ‘743 Registration was challenged in the 2004 *Severn* lawsuit – Deckers could attempt to get a “fresh start” and keep the skeletons of the 1995 era firmly in the closet.

### **C. The District Court’s Errors of Law**

The District Court’s refusal to grant any remedy for the ® symbol misuse stemmed from at least three critical legal errors. The Court therefore abused its discretion, as “[a] district court by definition abuses its discretion when it makes an error of law.” *Koon v. U.S.*, 518 U.S. 81, 100, 116 S.Ct. 2035, 135 L.Ed 2d 392 (1996). First, the District Court erred by requiring that the ® symbol misuse be the result of an intentional effort to accomplish some misdeed, when case law shows that such intent is not necessary where the misuse was pervasive or widespread. Even if proof of bad intent was necessary, AUL met that requirement by showing that the misuse was part of a larger intentional attempt to misappropriate the word “ugg” out of the public domain. The District Court’s second major error, namely using the wrong legal test when coming to the conclusion that “ugg” was never generic in the U.S., caused it to disregard or explain away all of the evidence that Deckers and its predecessor engaged in that intentional misappropriation. Finally,

the District Court erred by conflating a trademark registration with the underlying trademark itself, causing it to fail to recognize that the word mark UGG with which the ® symbol was misused is the same mark Deckers is attempting to enforce in this action.

### **1. The irrelevance of intent**

The District Court erred when it concluded that misuse of the ® symbol only constitutes unclean hands if it was part of an intentional intent to deceive the public. *See* Appx0028. While some cases link unclean hands with some type of bad intent, the better rule in the trademark ® symbol misuse context, particularly where the misuse is pervasive or widespread, is that such misuse precludes later injunctions to protect the same mark even if the misuse was not proven to be intentional. *See Sterling Acceptance Corp. v. Tommark, Inc.*, 227 F.Supp.2d 454, 467-68 (D. Md. 2002) (unclean hands made injunction unavailable to plaintiff that “pervasively misused the statutory notice symbol ®” regardless of whether that misuse was intentional); *L.F. Gaubert & Co. v. The Institute of Electrical and Electronics Engineers, Inc.*, 563 F.Supp. 122, 128 (E.D. La. 1983) (“plaintiffs, whether intentionally or through careless disregard for the significance of such actions, misused the encircled ‘R’ symbolic of trademark registration and thus are precluded from obtaining the equitable remedy of injunctive relief under the unclean hands doctrine”).

It is the better rule not to require a specific bad intent for finding unclean hands based on misuse of the ® symbol, because such misuse, particularly where it is pervasive or widespread, is fundamentally a fraud on the public. It is a false claim to competitors and customers that a trademark registration exists. That fraud and the damage and marketplace distortions it causes occur whether or not the party making the false claim of registration had a specific proven intent. As a result, the District Court erred when it required proof of a specific bad intent behind the ® symbol misuse. The undisputed proof that widespread misuse occurred was sufficient to bar Deckers from receiving injunctive relief under the unclean hands doctrine.

**2. The assumption that “ugg” was not previously generic for boots**

The District Court analyzed all of the unclean hands evidence through the lens of a fundamentally erroneous assumption which stemmed from a legal error, namely that “the word ‘Ugg’ was not and is not generic in the United States. So there was no plot to turn a generic U.S. term into a brand.” Appx0030. For all of the reasons described above in Part I, the District Court’s assertion that “ugg” was never generic in the U.S. relies on application of the wrong legal test. Under the correct legal test, meaning whether there simply was generic use of the term “ugg”

for sheepskin boots in the U.S., the District Court would need to come to the opposite factual conclusion.

Without the erroneous assumption that “ugg” was never a common name or generic term for sheepskin boots in the U.S., the District Court would have had no basis to discount the substantial presented evidence that the ® symbol misuse was part of a larger effort to stamp out that generic meaning. The District Court’s assertions that Mr. Smith “did not do this intentionally to deceive the public” (Appx0030), that the various litigation strategies of Mr. Smith’s companies were not about “defeating or concealing genericness” (Appx0031), that Mr. Brown’s statement that “ugg” had no meaning in the relevant industry was correct if referring only to the U.S. (Appx0031), and that the 1986 logo registration process was not done with “intent to deceive the public in order to cheat its way into a registered trademark” (Appx0032) all rely on the assumption that “ugg” never had a generic meaning for any kind of footwear in the U.S. Without that erroneous assumption, the only reasonable interpretation of the basic facts was that Deckers and its predecessor *did* in fact turn a generic term into a brand. Such an unusual result, requiring many steps over many years, can only be the product of an intentional effort. The widespread, multi-year misuse of the ® symbol with the term “ugg” was a key step in that process, and as such constituted unclean hands that should bar the enforcement of those same trademark rights today.

### **3. Conflating trademarks and trademark registrations**

The District Court made another fundamental legal error when it stated that “[t]he mark that the plaintiff seeks to enforce in this lawsuit is not the 1996 mark but the mark registered in 2006, and there is no evidence that the mark at issue in this lawsuit was obtained through unclean hands.” Appx0032. To the contrary, the mark Deckers currently seeks to enforce is the word mark UGG for footwear, and that mark was a basis for both the 1996 and 2006 registrations. U.S. Trademark Registration No. 1,973,743 was issued on May 14, 1996 and is for the word “UGG” for, among other things, “Clothing, namely footwear, ... sheepskin boots and shoes” Appx6764. Similarly, U.S. Trademark Registration No. 3,050,925 was issued on January 24, 2006 and is for the word “UGG” for, among other things, “Men’s, women’s and children’s footwear, namely, boots, shoes, clogs, slippers.” Appx6728. Thus these two registrations cover the same mark: the standard character word “UGG,” used with respect to footwear.

More importantly, the “mark that the plaintiff seeks to enforce in this lawsuit” (Appx0032) is also the word “UGG” used with respect to footwear, and this was the exact same mark with which the extensive ® symbol misuse occurred. The way that the District Court erroneously conflated trademark registrations with the underlying mark or marks caused it to wrongly state that the trial evidence showed “misuse of the symbol by a predecessor in connection with a trademark

that's not being enforced anymore.” Appx0033. In reality, the ® symbol misuse occurred in connection with the exact same mark that Deckers is attempting to enforce in this action – the word “UGG” used with respect to footwear. The District Court’s failure to recognize this fact was a key factor in its decision not to grant a present remedy for the ® symbol misuse which played a huge role in the term “ugg” being misappropriated from the public domain into a proprietary trademark.

### **CONCLUSION**

AUL respectfully requests that this Court reverse the District Court’s grant of summary judgment to Deckers on all issues related to whether the term “ugg” was generic for a type of footwear in the U.S. prior to any use of that term as a trademark, and order that the District Court evaluate that factual question under a test asking whether a generic meaning for the term simply existed in the U.S. at the relevant time. In the alternative, if this Court determines that the PSRP Test applies, AUL requests that it reverse those same summary judgment rulings and order that the District Court apply that Test against a relevant public of those who knew about the type of sheepskin boot at issue at the relevant time.

AUL further respectfully requests that this Court reverse the District Court’s grant of summary judgment to Deckers on the applicability of the trademark doctrine of foreign equivalents. In addition, AUL respectfully requests that this

Court order that summary judgment be granted to AUL on this point on the grounds that as a matter of law the term “ugg” is and was since the 1960s generic for sheepskin boots in Australia, and that the term cannot receive trademark protection for boots in the United States.

AUL further respectfully requests that this Court find that the District Court abused its discretion when it refused to grant any remedy for the ® symbol misuse related to the word “ugg,” and further order that Deckers is barred from obtaining any injunction to enforce the alleged UGG trademark for footwear.

Respectfully submitted,

AUSTRALIAN LEATHER PTY LTD and  
ADNAN OYGUR

Date: February 12, 2021

By: /s/ Mark R. Bagley

Mark R. Bagley  
TOLPIN & PARTNERS, PC  
100 North LaSalle Street, Suite 501  
Chicago, Illinois 60602  
(312) 698-8971  
mark@tolpinlaw.com

Attorney for Defendants-Appellants  
AUSTRALIAN LEATHER PTY  
LTD and ADNAN OYGUR



**ADDENDUM**

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

DECKERS OUTDOOR CORP.,

Plaintiff/Counter-Defendant,

v.

AUSTRALIAN LEATHER PTY. LTD. and  
ADNAN OYGUR a/k/a EDDIE OYGUR,

Defendants/Counter-  
Plaintiffs.

No. 16 CV 3676

Judge Manish S. Shah

**MEMORANDUM OPINION AND ORDER**

Deckers Outdoor Corp., the company that owns the popular UGG brand, filed this lawsuit against Australian Leather Pty. Ltd., and its owner, Adnan Oygur, asserting claims for trademark and design patent infringement, because Australian Leather sells boots called “ugg boots.” Defendants filed counterclaims and affirmative defenses, asserting, among other things, that Deckers’s trademarks containing the word UGG should be canceled or that Deckers should be barred from enforcing them. Defendants say that ugg is a generic term for a kind of sheepskin boot, one popularized by Australian surfers in the 1970s, and therefore, Deckers cannot stop them from calling their boots uggs in the United States.

The parties filed cross-motions for summary judgment on some of defendants’ counterclaims and affirmative defenses. For the reasons discussed below, Deckers’s motion is granted in part, denied in part, and Australian Leather’s motion is denied.

## I. Legal Standards

Summary judgment is appropriate if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). A genuine dispute as to any material fact exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The party seeking summary judgment has the burden of establishing that there is no genuine dispute as to any material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). “The ordinary standards for summary judgment remain unchanged on cross-motions for summary judgment: we construe all facts and inferences arising from them in favor of the party against whom the motion under consideration is made.” *Blow v. Bijora, Inc.*, 855 F.3d 793, 797 (7th Cir. 2017). “Cross-motions must be evaluated together, and the court may not grant summary judgment for either side unless the admissible evidence as a whole—from both motions—establishes that no material facts are in dispute.” *Bloodworth v. Vill. of Greendale*, 475 F. App’x 92, 95 (7th Cir. 2012).

## II. Analysis

Deckers and Australian Leather each move for summary judgment on Australian Leather’s counterclaims for declaratory judgment that the mark UGG is unenforceable and for cancellation of Deckers’s trademark registrations. Deckers moves for summary judgment on Australian Leather’s counterclaims for false designation of origin, false statements in violation of the Lanham Act, fraudulent

procurement of trademark registrations, a violation of the Illinois Uniform Deceptive Trade Practices Act, and a violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. Deckers also moves for summary judgment on four of Australian Leather's<sup>1</sup> affirmative defenses that have overlapping issues with the subject counterclaims: that ugg is a generic term in the U.S., that it is generic in Australia, that it should be treated as generic in the U.S. pursuant to the foreign equivalents doctrine, and that Deckers fraudulently obtained its trademark registrations.

#### **A. Generic Status and the Foreign Equivalents Doctrine**

A generic term is one which is commonly used as the name or description of a kind of good. *Miller Brewing Co. v. G. Heileman Brewing Co., Inc.*, 561 F.2d 75, 79 (7th Cir. 1977) (citing *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924)). And a generic term “cannot become a trademark under any circumstances.” *Id.* Though a federally registered trademark is presumptively valid, 15 U.S.C. § 1115, if at any time a “registered mark becomes the generic name for the goods or services,” an affected party can petition to cancel the registration. 15 U.S.C. § 1064(3). In determining whether a mark has become generic, the “primary significance of the registered mark to the relevant public rather than the purchaser motivation shall be the test.” *Id.* Under the doctrine of foreign equivalents, one cannot obtain a trademark over a foreign generic word if the trademark designation “would prevent competitors

---

<sup>1</sup> Because, as relevant here, Australian Leather and Oygur's affirmative defenses are the same, I refer to them collectively as Australian Leather.

from designating a product as what it is in the foreign language their customers know best.” *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266, 271 (2d Cir. 1999). Australian Leather argues that the term ugg is generic in the United States both because American surfers understood the term to refer to sheepskin boots generally and because its generic status in Australia, combined with the foreign equivalents doctrine, warrants generic status in the United States.<sup>2</sup>

1. *The UGG Brand*

Brian Smith, who was born in Australia and moved to the United States in 1978, founded the sheepskin-boot company known today as UGG. [189] ¶¶ 5, 10.<sup>3</sup>

---

<sup>2</sup> Both parties raise objections throughout that relate to the relevance of evidence presented. Many of these objections stem from the parties’ central disagreement about how to define the relevant class of purchasers, which matters when considering consumer perceptions to determine whether the term was generic. For reasons discussed below, I conclude that the relevant consumer perceptions are those of American footwear consumers generally. For that reason, evidence from non-surfer consumers is relevant. And though the test centers on American perceptions, the Australian experience is not irrelevant to that determination. *See G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 1000 n. 15 (7th Cir. 1989). Because many early players in the American sheepskin boot business had ties to Australia, this information provides helpful context. As to the relevant time period, a trademark is subject to cancellation at any time if it becomes generic. As a result, post-1979—the date Deckers asserts it first used the UGG trademark—evidence is relevant as well.

<sup>3</sup> Bracketed numbers refer to entries on the district court docket. Referenced page numbers are taken from the CM/ECF header placed at the top of filings, except in the case of citations to depositions, which use the deposition transcript’s original page number. The facts are largely taken from plaintiff’s response to defendants’ Local Rule 56.1 statement of facts, [173], and defendants’ response to plaintiff’s LR 56.1 statement of additional facts, [189], where the asserted fact and accompanying response are set forth in the same document. Any document previously filed under seal and referenced in this opinion shall be unsealed; by October 11, 2018, the parties shall file a joint statement identifying the docket entries for unsealing or stating a basis for continued secrecy. *See Baxter Int’l, Inc. v. Abbott Labs.*, 297 F.3d 544, 546 (7th Cir. 2002) (“In civil litigation only trade secrets, information covered by a recognized privilege (such as the attorney-client privilege), and information required by statute to be maintained in confidence (such as the name of a minor victim of a sexual assault), is entitled to be kept secret on appeal.”). If any filing remains under seal, the filer must ensure there is a public version of the document with appropriate redactions.

Smith owned a pair of sheepskin boots while still living in Australia, and he and others referred to them generally as ugg<sup>4</sup> boots. [173] ¶ 19.<sup>5</sup> Once he moved to the United States, specifically in December 1979, Smith began purchasing boots from an Australian company, Country Leather, and reselling them in the United States under the name Country Leather America. [189] ¶ 5; [141] ¶ 7.<sup>6</sup> Smith bought six pairs of sample boots, followed by an additional 500 pairs, which had a sewed-on label that read, “Country Leather” and a hang tag with the phrase, “Ugg Boots keep you Warm & Happy.” [214] ¶ 69. Smith knew that another individual had trademarked the term “Ugh Boots” for sheepskin boots in Australia in the early 1970s. [189] ¶ 12. In early 1980, Smith applied to register UGG as a trademark in the United States, listing December 28, 1979, as the first-use date. [214] ¶ 70; [189] ¶ 6. The Trademark Office rejected the application because the mark did not “serve to identify and distinguish applicant’s goods,” and Smith did not reapply. *Id.* In April 1980, Smith—on behalf of UGG Imports—agreed to be the sole agent and distributor for Country Leather’s

---

<sup>4</sup> I use all capital letters (UGG) when referring to the brand or companies Smith founded. I use lowercase letters (ugg) when referring to sheepskin boots generally. I stray from this convention when quoting from an advertisement or other written material to accurately reflect the content of the cited source, and in those instances, I put the term in quotation marks.

<sup>5</sup> The additional information in Deckers’s response to Australian Leather’s statement of facts does not refute Australian Leather’s assertion, in violation of LR 56.1, and I disregard it.

<sup>6</sup> The parties dispute whether these boots were sold under the UGG brand or trademark. An invoice refers to the items as “Short UGG Boot” and “Tall UGG Boot.” [154-13] at 53. Viewing the facts in the light most favorable to Australian Leather, as is necessary when considering Deckers’s motion for summary judgment, the word may have been used in the generic sense on this invoice, despite the all-capitals.

sheepskin products in the U.S. *See* [141-3] at 3.<sup>7</sup> A few years later, Smith made a third order for about 2,200 pairs of boots. [214] ¶ 69.

In its early years, UGG Imports was just Smith and his partner, Doug Jensen. [189] ¶ 9. In the first year of business, both Smith and Jensen attempted to sell UGG footwear to surf and ski shops, as well as shoe stores. *Id.* Smith visited 50 surf shops that year, and some shop owners referred to the boots as ugg boots without prompting. *Id.* ¶ 10. In a speech, Smith described his first two attempts at selling to surf-shop owners as follows: “And the first store I walked into, I was super nervous and really timid, and I open up the bag, and—and the guy goes, ‘Ah, UGG boots, man. They’re fantastic. . . . I got a pair. Buddy brought them back for me.’ And next store I went to was, ‘Oh UGG boots. Yeah my buddies have all got those. They swear by them.’” *Id.* ¶ 11.<sup>8</sup> Smith and Jensen had similar reactions from other shops as well. [214] ¶ 63. The parties disagree about the extent to which shop owners were familiar with the term ugg and whether they used it in a generic sense. Viewing the facts in light most favorable to Australian Leather, some shop owners were familiar with the term and used it generically, to refer to the style of the boots, and not in reference to Smith’s company.

---

<sup>7</sup> The parties dispute whether, as a result of this agreement, Ugg Imports acquired any rights that Country Leather had in the trademark UGG in the United States by virtue of Country Leather’s 1979 advertisements in *Surfer* magazine. Because the letters themselves do not so provide, *see* [141-3]; [141-4], I treat this fact as disputed and view it in Australian Leather’s favor, which is that Ugg Imports did not acquire any rights from those advertisements.

<sup>8</sup> When someone spoke of the term it was not clear whether that person was referencing the spelling ugg, ugh, or ug. *Id.* ¶ 12.

In an interview, Smith said that surfers “all knew of UGG in some way before I even started, and that’s really why I did it. They already had a recognition in the surf market.” *Id.* ¶ 64. Though some shop owners and surfers were familiar with the term, customers generally were not. [189] ¶ 12. In addition to targeting surf and ski shops, Smith and Jensen sold their products at flea markets, swap meets, farmers markets, and from Smith’s van. *Id.* ¶ 9. Smith also attended ski shows in Las Vegas, where other companies selling sheepskin boots used the word ugg in their company name. [173] ¶ 51.<sup>9</sup>

By 1983, UGG Imports had advertised in major national publications such as *Surfer* magazine and *Action Sport Retailer*, received inquiries from over 105 retail stores, and made 384 separate invoice sales to retailers all over the United States. [189] ¶ 13. Deckers acquired UGG Holdings (the successor to UGG Imports) and its UGG trademark in 1995. *Id.* ¶ 18. After Deckers acquired the UGG brand, it repositioned it as a luxury brand and sold its products in well-known department stores and through other third-party retailers, along with its own UGG concept stores and online. *Id.* ¶ 19. Deckers spent tens of millions of dollars in advertising campaigns in fashion magazines during the early 2000s, and media outlets, movies, and TV shows featured UGG products. *Id.* ¶¶ 22–26. The brand became a favorite among celebrities, received various awards, and had over \$1 billion in global annual

---

<sup>9</sup> Smith did not recall seeing the specific company names that Australian Leather asserted, and he could not recall the date of the ski show, but he did indicate that at the shows he attended other companies used the word ugg in their names. [161] at 122:15–123:22; [173] ¶ 51.



sales every year since 2011. *Id.* ¶¶ 24–26. The UGG product line came to include a wide range of footwear and apparel for men, women, and children; handbags; accessories; and home goods. *Id.* ¶ 20.

## 2. *Other Sheepskin Boot Retailers*

Four Australian boot-suppliers testified about their experiences selling sheepskin boots to U.S. customers. *Id.* ¶ 48.<sup>10</sup> John Arnold sold sheepskin boots (which he referred to as ugg boots) in the U.S. in the 1960s and early 1970s, selling thousands of pairs per week. *Id.* ¶ 50; [204] ¶ 55. Arnold used the boots as packing material in his shipments of surfboards. [189] ¶ 51. He sold mostly to surf shops and did not sell to mainstream footwear shops. *Id.* Roger Bosley, an Australian who was in the sheepskin business from 1973–84, traveled to the U.S. in 1979 in hopes of selling boots, but found Americans were not interested. [189] ¶ 53; [173] ¶ 15; [136-21] at 16:23–19:23. A year later, Bosley opened four retail shops in Los Angeles, which he operated for a little under two years, where he sold sheepskin boots under a cardboard sign that read “UGG BOOTS.” [189] ¶¶ 54–55; [173] ¶ 50.<sup>11</sup> Bosley stated that ugg had always been a generic term in Australia. [173] ¶ 15; [136-21] at 25:7–

---

<sup>10</sup> Deckers points out that none of these individuals provided any documentation of the sales they made. *See id.* Nonetheless, their assertions are treated as true at the summary-judgment stage.

<sup>11</sup> Deckers notes that Bosley’s company catalog described the boots as “sheepskin footwear” and did not refer to them as uggs. But Bosley testified that he sold them under a sign labeling them uggs, and at this stage, because his testimony is favorable to Australian Leather, and he has personal knowledge of the sign he used, I treat it as true.

19.<sup>12</sup> An Australian sheep slaughterer and tanner, Peter Dorizzi, sold sheepskin boots to visiting American sailors. [189] ¶ 57. He first attempted selling his boots wholesale to stores in the U.S. in 1980 but was unsuccessful. *Id.* In 1983, he sold “probably” 800 pairs at the 1983 America’s Cup and then sold 40–50 leftover pairs in California. *Id.* ¶ 59. Dorizzi believed that ugg was a generic term and that all manufacturers used it to describe sheepskin boots. [173] ¶ 13; [136-19] at 40: 2–7. Robert Hayter also tried to sell sheepskin boots at the 1983 America’s Cup, but was unable to sell many pairs and was disappointed in the response in America. [189] ¶ 62. According to Hayter, the term ugg boot “didn’t mean much to [American customers] at all.” *Id.* ¶ 64.<sup>13</sup> Oygur—Australian Leather’s owner—purchased a pair of sheepskin boots as an eleven-year-old boy in Australia in 1971, and said that back then, everyone called them ugg boots. [173] ¶ 17.

American surf-shop owners started selling sheepskin boots in their shops in the late 1960s. Terry McKendree, who owned two surf shops in Jacksonville, Florida in the late 1960s and early 1970s, imported sheepskin boots from Australia to sell in his own shops. [189] ¶ 65. McKendree also arranged sales for other U.S. shops. [173] ¶ 49; [136-22] at 34:7–12. He first learned about sheepskin boots during a 1969 trip to Australia, where surfers wore them to warm their feet after surfing in cold water.

---

<sup>12</sup> Contrary to Deckers’s objection, Australian Leather’s assertion that Bosley testified that ugg boots has always been a generic term in Australia is supported by cited testimony. *See* [136-21] at 25:7–19.

<sup>13</sup> Australian Leather asserts that Hayter testified that the term ugg was generic in Australia, but the cited testimony does not support this assertion. [173] ¶ 14; [136-20] at 148:5–14. Hayter merely agreed that a document being presented to him stated that ugg was generic; it does not show that he believed the term was generic. *Id.*

[173] ¶ 16; [214] ¶ 53. At that time, people in Australia used the term ugg to describe the type of boots. *Id.* The boots McKendree sold were marked “Made in Australia” and sold out of a bin in his stores labeled “UGG boots.” [189] ¶ 66. At the time he sold the boots, McKendree considered ugg to be generic. [214] ¶ 58. McKendree placed an ad in *Surfing* magazine in the February 1970 issue, advertising “Australian Sandals.” *Id.*; [189] ¶ 67. The ad displayed six pieces of footwear, one of which was a sheepskin boot labeled “UGG BOOT.” [189] ¶ 67. Aside from the ad in *Surfing* magazine, two other pre-1979 U.S. advertisements used the term “UGG” or “Ugg” followed by “boot”: one in a Santa Cruz newspaper (December 1972),<sup>14</sup> and one in *Surfer* magazine (November and December 1979). *Id.* ¶ 47.<sup>15</sup>

Another surf-shop owner, Glen Kennedy, first became familiar with sheepskin boots on a trip to Australia in 1973—though he did not know if anyone referred to them as ugg boots. *Id.* ¶ 70. In the early 1980s, Kennedy began selling them in his California shop—selling around 80 pairs per year by 1986. *Id.* ¶ 71. After 1986, Kennedy bought sheepskin boots from Smith, and sold them under the UGG brand. *Id.* ¶ 72. Kennedy had to explain to customers what the boots were for; only the few customers who had traveled to Australia were familiar with them. *Id.* Four other individuals, who worked in different capacities in the footwear industry, ranging from

---

<sup>14</sup> Deckers raises foundation and hearsay objections to the Santa Cruz newspaper. *See* [214] ¶ 57. But Deckers asserts, and Australian Leather agrees, that this issue of the newspaper referenced “UGG BOOTS.” [189] ¶ 47.

<sup>15</sup> In addition to the Santa Cruz newspaper, [184-3], Australian Leather also relies on an Australian phonebook which uses ugg generically, [184-7]; an article which purports to quote Smith, [184-8]; and a copy of UGG’s webpage, [184-25]. But this evidence was not properly authenticated, and I do not consider it. *See* Fed. R. Evid. 901.

sales clerks to the former CEO of Deckers, consistently surveyed the market and believed that UGG had always been a brand name. *Id.* ¶¶ 73–77.

In 1971, Shane Stedman registered UGH-BOOTS as a trademark in Australia for boots, shoes, and slippers, and in 1982 he registered the mark UGH for boots, including sheepskin boots, shoes, and slippers. *Id.* ¶ 79. A one-time professional surfer from Southern California met Stedman in Australia and ordered a hundred pairs of the boots from him but was unable to sell them in the U.S. *Id.* ¶¶ 68–69. Deckers purchased the UGH-BOOTS trademark in 1996, and both marks remained on the Australian register until 2006 when they were removed for non-use. *Id.* ¶ 79.

Defendant Australian Leather, an Australian corporation founded in the 1990s, also manufactured sheepskin boots and labeled them “UGG” boots. [189] ¶ 2, 112; [204] ¶ 23. Adnan Oygur was its sole owner and managing director. [189] ¶ 2. Australian Leather did not market to the U.S., though it made sales to American consumers over the internet. *Id.* ¶ 112. Australian Leather first sold footwear bearing the UGG mark to the U.S. on October 27, 2014. *Id.* Its invoices reflected 33 internet orders for 42 products from American individuals between 2014–16. *Id.* In addition to individual sales, American retailers contacted Oygur to inquire about wholesale purchasing opportunities. *Id.* ¶ 115.

### 3. *Consumer Perceptions*

The predominant customers of UGG boots were women between the ages 16 to 54. *Id.* ¶ 20. In 2017, Deckers commissioned a nationwide survey of 600 women in this age range who had purchased a pair of boots or casual shoes (not including

athletic shoes) in the past 12 months or who thought they would in the next 12 months. *Id.* ¶¶ 33–34. The survey included three brand-name controls and three generic-name controls, and revealed that 98% of respondents viewed UGG as a brand name:

Understanding of Various Shoe Names, Among All Survey Respondents							
	UGG	TOMS	ROCKPORT	ECCO	SLIDE	CLOG	FLATS
	(n = 600)	(n = 600)	(n = 600)	(n = 600)	(n = 600)	(n = 600)	(n = 600)
Brand name	98%	91%	74%	71%	2%	4%	<1%
Common name	1	2	2	3	76	94	99
Other	0	0	<1	<1	<1	<1	0
Haven't heard of it/ don't know	1	7	23	26	21	2	0

*Id.* ¶ 33. In addition to the 2017 survey, Deckers commissioned similar surveys in 2004 and 2011. *Id.* ¶ 34. In 2004, 58% of all respondents understood UGG to be a brand name and in 2011, 89% of respondents did. *Id.*

A linguistics professor searched dictionaries and databases—including the Corpus of Contemporary American English, Google Books, Lexis-Nexis Academic, and the Newspaper Archive—for two relevant time periods (1970–80 and 2009–15) for uses of the word *ugg*. *Id.* ¶¶ 36–40. None of the sources she looked at revealed that *ugg*, *ug*, or *ugh* was used generically in the footwear context. *Id.*<sup>16</sup> Another linguist replicated some of these searches and similarly found no results referring to footwear.

---

<sup>16</sup> Australian Leather objects to the professor’s methodology, pointing out that one of the databases did not have entries for the 1970–79 timeframe and she did not know offhand the amount of material some of the databases contained for the given timeframes. *See* [189] ¶ 40. These objections implicate the weight of the evidence and do not refute the underlying asserted fact that those searches returned no relevant results.

*Id.* ¶ 41. A footwear historian was asked: from 1969–84, “what terminology was used in the United States by the footwear trade and American public for footwear made in whole or in part of sheepskin,” and “what was the primary significance of the term ‘UGG’ in the American footwear trade and among the American public?” *Id.* ¶ 43. After conducting his own research and considering the catalogs and materials provided to him, this historian concluded that neither the word ugg, nor any variation of that spelling, was used “as a generic term by the general consuming public or the footwear trade in the U.S.” *Id.* The historian testified it was possible that a “tiny little group of surfers in Southern California” knew about the term ugg apart from the brand, but noted that “[t]his small group of surfers . . . doesn’t talk about the entire country,” which was the focus of his inquiry. [214] ¶ 67; [184-10] at 108:3–12. Prior to UGG-brand advertisements from 1979 and the early 1980s, he concluded, ugg had no significance in the footwear trade or among American consumers. [189] ¶ 43.

The *Complete Footwear Dictionary*, which identifies 110 types of boots and has been described as the “most widely used and authoritative general book on the subject of footwear,” does not mention uggs. *Id.* ¶ 44. Other footwear companies and articles published in the U.S. in the 1970s used terms like sheepskin, lambskin, lambswool, shearling, and genuine shearling wool fleece, to describe similar boots. *Id.* ¶¶ 45–46. Deckers’s competitors continued to use similar terms to describe their products into 2018. [204] ¶ 6.

Australian Leather relies on a declaration and exhibits submitted during an Australian Trade Marks Office proceeding called *Deckers Outdoor Corp. v. B&B*

*McDougall*. [136-2]. The exhibits attached to the declaration include Australian telephone books, advertisements, and dictionaries using the term ugg. But the declaration itself fails to comport with 28 U.S.C. § 1746(1) and is inadmissible hearsay. As a result, the exhibits are not properly authenticated, and I do not consider them. *See* Fed. R. Evid. 901. In any event, as discussed below, even assuming Australian Leather established that ugg was generic in Australia, in part by offering these phone books, ads, and dictionaries, it has not linked that finding in any way to consumer perceptions in the U.S. and so considering this evidence would not change the result here.

#### 4. *Generic Status*

Australian Leather has not shown that ugg is, or ever has been, generic among footwear customers in the U.S.—the relevant public. Australian Leather argues that the word ugg was generic among American surfers in the 1970s, but there is no reason to construe the relevant public so narrowly. Sheepskin boots are not a specialized technology that appeals only to some limited consumer base. *See Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 406 (6th Cir. 2002). Though many early customers were surfers, anyone can purchase and wear boots (as evidenced by the shift in UGG’s consumer-base over time). To show that ugg is generic, Australian Leather relies on the statements from a handful of American surfers and surf-shop owners; testimony from Australian manufacturers who sold boots in the U.S. (including statements from Smith); and a few advertisements. It points to no additional evidence, surveys or otherwise, of consumer perceptions. Crediting this

evidence and drawing inferences in Australian Leather’s favor demonstrates that some individuals used ugg generically in the past. But this is not enough to justify the conclusion that American footwear purchasers generally view ugg as a generic term. Based on Deckers’s survey evidence and expert testimony—which revealed no generic uses of ugg in any dictionaries or databases and showed that 98% of consumers interviewed thought ugg was a brand—no reasonable factfinder could conclude that ugg is or ever was a generic word for sheepskin boots in the U.S.

Looking to the Australian experience does not alter this outcome. Although evidence of how Australians used the word ugg could be relevant to consumer perceptions in the U.S., generic usage in Australia is not enough on its own to infer generic meaning in the United States. *See G. Heileman Brewing*, 873 F.2d at 1000 n. 15. The foreign-equivalents doctrine does not dictate a different analysis. *See id.* (citing *Duncan F. Duncan, Inc. v. Royal Tops Mfg. Co., Inc.*, 343 F.2d 655, 661–62 (7th Cir. 1965), and noting that the generic status of “yo-yo” in the Philippines was not dispositive of trademark status in the United States). First, the doctrine is not a perfect fit for English to English, and is generally used to analyze non-English terms used in the American marketplace. 2 McCarthy on Trademarks and Unfair Competition § 12:41 (5th ed.) (“Under the doctrine of foreign equivalents, a word commonly used in *another language* as the generic name of a product cannot be imported into the United States and be transformed into a valid trademark. Generic names in languages *other than English* have often been held to be generic for the



American trade.”) (emphasis added).<sup>17</sup> Second, as applied here, the doctrine is simply an expression of the prohibition on allowing a trademark to monopolize a generic term. Australian Leather has evidence that ugg is generic in Australia, but there is no evidence that Americans familiar with Australian usage (or Australian visitors to the United States) would be misled into thinking that there is only one brand of ugg-style sheepskin boots available in this country. Australian Leather needed to come forward with some evidence that would allow a jury to conclude that the term ugg has a generic meaning to buyers in the United States; its Australian and surf-shop evidence does not suffice.

Australian Leather, through expert testimony from an intellectual property professor at Monash University in Australia, also attempts to introduce evidence regarding the legal status of ugg in Australia. Australian Leather retained the professor to report on whether the word ugg (or minor variations of that term) is generic in Australia for sheepskin footwear. Deckers argues that the report is inadmissible because the legal status of ugg in Australia is irrelevant and that the professor’s testimony is inadmissible under Rule 702 and *Daubert*. Deckers also notes that whether the term was generic in Australia in the past is outside of the scope of the report; the professor focused his analysis on the current legal status of the term. “In determining foreign law, the court may consider any relevant material or source, including testimony, whether or not submitted by a party or admissible under the

---

<sup>17</sup> See *UGG Holdings, Inc. v. Severn*, No. CV04-1137-JFW FMOX, 2005 WL 5887187, at \*6 (C.D. Cal. Feb. 23, 2005).

Federal Rules of Evidence.” Fed. R. Civ. P. 44.1. But the legal status of the term in Australia is irrelevant,<sup>18</sup> and the legal expert is not qualified to testify about consumer perceptions. As a result, I do not consider the report in deciding these motions.

Even assuming the term is generic in Australia, no reasonable jury could conclude that it is generic in the United States.

### **B. Fraud on the Patent and Trademark Office**

Australian Leather argues that Deckers’s predecessor fraudulently acquired its trademark in an UGG ram logo, asserting both a counterclaim seeking damages caused by that fraud and an affirmative defense.<sup>19</sup> See 15 U.S.C. §§ 1115(b)(1); 1120 (“Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation . . . shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.”). Fraud in procuring a trademark “occurs when an applicant knowingly makes false, material representations of fact in connection with an application.” *Metro Traffic Control, Inc. v. Shadow Network, Inc.*, 104 F.3d 336, 340 (Fed. Cir. 1997). A plaintiff alleging that a trademark was obtained through fraudulent means must demonstrate fraud with clear and convincing evidence. *Money Store v.*

---

<sup>18</sup> For this reason, I also disregard asserted facts about trademark law in Australia generally and about the legal status of the word ugg in Australia. [173] ¶¶ 18, 20–28; [204] ¶¶ 3–4, 9–12. See also footnote 2 above.

<sup>19</sup> In its response to Deckers’s motion for summary judgment, Australian Leather waived any fraud claims in connection with all trademark applications aside from the ’992 application. [181] at 27.

*Harriscorp Finance, Inc.*, 689 F.2d 666, 670 (7th Cir. 1982). A mistake in an application is insufficient. *Id.* at 678. Heightened burdens of proof, such as the clear-and-convincing-evidence standard, should be considered at the summary-judgment stage. *Anderson*, 477 U.S. at 255.

In December 1985, UGG Imports applied to register the following logo with the U.S. Patent and Trademark Office:



[189] ¶ 88. In the application, Smith declared that he believed the corporation to be the owner of the mark and that no other person had the right to use the mark. *Id.* He initially listed the date of first use as December 28, 1979, but later amended that date to June 1983. *Id.* ¶ 89.<sup>20</sup> Carl Brown, the attorney for UGG Imports who prosecuted the trademark, spoke with a Trademark Examining Attorney regarding the application. *Id.* ¶ 91. Jody Drake, a former trademark examining attorney testified that an examiner would be required to ask the applicant “[d]oes the term ‘UGG’ have any meaning in a relevant trade or industry.” [184-17] at 84:1–25. Drake concluded that because the examining attorney reviewing UGG’s application wrote “[t]here is no significance,” Brown must have answered that there was no meaning in the

---

<sup>20</sup> Australian Leather notes that Deckers amended the first-use date after resolving a trademark lawsuit and argues Smith lied to gain an advantage in that litigation. For reasons discussed below, whether Smith lied in this application is irrelevant.

relevant industry. *Id.* Brown testified that during that conversation, the examining attorney asked him whether ugg “had any meaning in the sheepskin business as a grade or the like.” *Id.* ¶ 91; [154-16] at 13:19–24. According to Brown, he replied that he didn’t think so in the U.S., but that he thought ugg was used to identify sheepskin boots in Australia. [189] ¶ 91; [154-16] at 13:25–14:3. The UGG ram logo trademark registered in 1987 as U.S. Trademark Registration No. 1,460,992. [189] ¶ 90; [173] ¶ 30. Deckers did not renew the ’992 registration, and it expired in 2008. [189] ¶ 90.

Australian Leather alleges that both Smith and Brown made material misrepresentations in this application. Australian Leather asserts that Smith purposefully gave the wrong first-use date to gain an advantage in a separate lawsuit and lied when saying his company had the exclusive right to the mark when he knew the word ugg was generic. Brown lied to the examining attorney, Australian Leather asserts, when saying ugg had no significance in the relevant industry.<sup>21</sup> But because the ’992 trademark expired in 2008—six years before Australian Leather’s entry into the U.S. market—Australian Leather has failed to establish that it sustained any damages from Deckers’s alleged fraud. *See* 15 U.S.C. § 1120.

Australian Leather argues that had Brown (both parties focus on Brown’s statements) told the truth in the application, and disclosed that ugg was a generic term in Australia, the examining attorney would have placed a disclaimer on the

---

<sup>21</sup> As evidence that Brown made this statement knowing it was false, Australian Leather points to a supposedly contradictory statement Brown made in a deposition for the *Severn* lawsuit and to Drake’s expert testimony that Brown must have told the examining attorney there was no relevant meaning to the term in the industry to have the trademark issued without a disclaimer attached to the word UGG.

word UGG in the mark, which would have signaled the mark's generic status in future applications and prevented UGG from obtaining a trademark in the word itself. Australian Leather's theory is inconsistent with the law. Even assuming that with full disclosure, the examining attorney would have attached a disclaimer to UGG in the ram logo, it does not follow that the word *ugg* is generic. And because it is not generic to the relevant consumers in the U.S., Deckers may rightfully own its subsequent trademarks. Australian Leather cannot attribute any harm it has suffered from Deckers's ownership rights to the '992 trademark as opposed to any other. And even if all Deckers's trademark registrations were subject to cancellation based on fraudulent procurement, it would still have its common-law ownership rights. *See Specialized Seating, Inc. v. Greenwich Industries*, 616 F.3d 722, 728 (7th Cir. 2010) (holding that cancellation of a trademark's registration does not "affect the mark's *validity*, because a trademark need not be registered to be enforceable"). Any damages Australian Leather suffered from Deckers's trademarks cannot be attributed to any fraud associated with the '992 trademark, and without damages, Australian Leather's counterclaim fails.

Deckers does not allege that Australian Leather violated the '992 trademark (nor could it, since the mark has expired), so the alleged fraud would not be an affirmative defense to the claims in this case. *See* 15 U.S.C. § 1115(b)(1) (providing that a plaintiff's right to use a registered mark is subject to the defense that "*the* registration or the incontestable right to use *the* mark was obtained fraudulently."

(emphasis added)). Any fraudulent procurement of the '992 mark had no impact on Australian Leather, and so it cannot recover for that fraud or use it as a defense.

### C. False Designation of Origin

Australian Leather alleges that Deckers falsely represents that its boots are made in Australia in violation of the Lanham Act, the Illinois Uniform Deceptive Practices Act, and the Illinois Consumer Fraud Act. To prevail on a claim under any of these theories, a plaintiff must show that the defendant made a deceptive or misleading statement. 15 U.S.C. § 1125; 815 ILCS 510/2; 815 ILCS 505/2.

From 1979–85, UGG Imports manufactured all its footwear in Australia. [189] ¶ 99. It began sourcing some footwear through a New Zealand factory in the late 1980s, though most UGG footwear sold through 1995 was made in Australia. *Id.* As the brand grew, UGG moved its manufacturing to China, Vietnam, and elsewhere, though it continued to source most of its sheepskin from Australia. *Id.* While Deckers has continually marketed its footwear reflecting the brand's Australian heritage, it also expanded its product line to include non-heritage products, and in 2015, Deckers rebranded from UGG Australia to UGG. *Id.* ¶ 21.

Australian Leather argues that it is deceptive to use the slogan UGG Australia when the boots are not manufactured in Australia, but Deckers accurately labels the inside of each pair of boots with the country of manufacture. *Id.* ¶ 98. And at least in recent years, Deckers has displayed country of origin labeling on all footwear boxes and on its website. *Id.* When determining whether a statement is deceptive or misleading, a court considers the statement in context, viewing the product as a

whole. *See Pernod Ricard USA, LLC v. Bacardi U.S.A., Inc.*, 653 F.3d 241, 250–51 (3rd Cir. 2011). The UGG Australia label does not state that the boots were made in Australia. And because every pair of boots with that label also contains a more specific country of origin label, no reasonable juror could conclude that Deckers deceptively marketed its boots as being made in Australia.

#### **D. False Statements on Ugg’s Website**

Australian Leather also alleges that Deckers made false or misleading statements about Australian Leather on the UGG website in violation of the Lanham Act, 15 U.S.C. § 1125. On its website, Deckers educated other retailers and consumers about its rights in the UGG brand and trademark and maintained an anti-counterfeiting education page. [189] ¶ 32. The website also contained a search function which allowed consumers to look-up online retailers to see if they were authorized dealers of UGG-brand products. *Id.* ¶ 107. If the tool did not recognize the searched term as an authorized dealer, it generated the message: “[the searched term] isn’t known to our database and cannot be verified as an authorized retailer. This may be a site that deals in counterfeit products.” *Id.* Deckers maintained another webpage titled “UGG® is a Brand,” which contained information about the UGH trademark in Australia and stated that “[s]ome Australian companies . . . otherwise circulate misinformation regarding the UGG mark.” *See* [214] ¶ 83. None of Deckers’s counterfeit-education webpages mentioned Australian Leather. [189] ¶ 105.

Australian Leather argues that the search function results misrepresent that it deals in counterfeit products. But when a customer types “Australian Leather” into

the site, the tracker generates the same form message that it would for any unrecognized term. Australian Leather also asserts that the information explaining the dangers of counterfeit goods misleads consumers by improperly linking Australian Leather to those dangers. But Deckers never mentions Australian Leather by name, and there is no reason that a consumer would conclude that those statements were about Australian Leather. Further, for the reasons discussed, it is not false or misleading for Deckers to say that the word ugg is not generic in the U.S. Because the statements Australian Leather points to were not false, and because they do not mention Australian Leather, Australian Leather cannot prevail on its fraud claims.

#### **E. Unclean Hands**

Australian Leather asserts that Deckers should be barred by the doctrine of unclean hands from enforcing its trademarks based on its predecessor's abuse of the ® symbol. Deckers owns eleven U.S. trademark registrations that contain the UGG mark. [189] ¶ 94. In May 1996, UGG (at that point UGG Holdings) received a U.S. Trademark Registration for the text word UGG for footwear and other goods. [173] ¶ 31. Though it did not own a trademark in the word UGG before 1996, *id.* ¶ 32; [136-1] ¶¶ 123–26, Smith and his companies used the ® symbol next to the word UGG in various advertisements and documents. [173] ¶¶ 33–48.<sup>22</sup> Smith considered his trademark to be for UGG and thought he was legally required to use the ® symbol

---

<sup>22</sup> Deckers raises objections about some of these examples, disputing whether the purported publication date is accurate. It does not deny, however, that it used the ® symbol before 1996. *See* [173] ¶¶ 33, 36, 39, 41–47.



next to it. [204] ¶ 26. To Smith’s knowledge, none of his companies received a complaint about improper use of the ® symbol. *Id.* ¶ 27. Based on this testimony, Deckers disputes that the alleged misconduct was willful.

Australian Leather uses the ® symbol next to its name as well, and it has never applied for a trademark registration. [204] ¶¶ 28–29. Deckers argues that Australian Leather’s own misuse precludes it from relying on the unclean-hands doctrine. *See Leo Feist, Inc. v. Young*, 138 F.2d 972, 975 (7th Cir. 1943) (discussing the doctrine of unclean hands and noting that “if the defendant has been guilty of conduct more unconscionable and unworthy than that of the plaintiff, the rule may be relaxed”). Because there are genuine disputes of material facts as to the requisite intent and the degree of culpability of both parties, summary judgment is inappropriate.

#### **F. Damages**

Australian Leather estimates, relying on Oygur’s calculations, that if Deckers did not own or enforce its trademarks, Australian Leather would have sold 75,000 pairs of boots (60,000 short boots and 15,000 long boots) annually to wholesalers in the United States from 2008–16. [189] ¶ 111; [154-11] at 78. He also estimates the wholesale prices for which Australian Leather could have sold those boots to American retailers. *Id.* Oygur bases these estimates on his own experiences; he did not do any test sales, studies, or surveys to determine the American demand for the product. [189] ¶ 113. While the accuracy and precision of Oygur’s calculations may be questioned, they are based on his personal knowledge of the industry and not so speculative as to entitle Deckers to summary judgment on the issue.

### III. Conclusion

Deckers's motion for partial summary judgment is granted with respect to Australian Leather's claims based on fraud, generic status, and the foreign equivalents doctrine. The motion as to Australian Leather's damages calculation is denied. Australian Leather's motion is denied. Deckers's motion for summary judgment, [137], is granted in part, denied in part. Australian Leather's motion, [130], is denied.

ENTER:



Manish S. Shah  
United States District Judge

Date: September 13, 2018

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

DECKERS OUTDOOR CORPORATION,

Plaintiff,

vs.

AUSTRALIAN LEATHER PTY., LTD.  
and ADNAN OYGUR,

Defendants.

No. 16 C 3676

Chicago, Illinois  
December 19, 2019  
10:05 o'clock a.m.

TRANSCRIPT OF PROCEEDINGS - Ruling  
BEFORE THE HONORABLE MANISH S. SHAH

APPEARANCES:

For the Plaintiff:

GREER BURNS & CRAIN, LTD.  
BY: MR. PAUL G. JUETTNER  
MS. RIKALEIGH C. JOHNSON  
300 South Wacker Drive, Suite 2500  
Chicago, Illinois 60606  
(312) 360-0080

(via phone)

SHEPPARD MULLIN RICHTER & HAMPTON, LLP  
BY: MR. KENT R. RAYGOR  
1901 Avenue of the Stars, Suite 1600  
Los Angeles, California 90067  
(310) 228-3730

For the Defendants:

TOLPIN & PARTNERS, P.C.  
BY: MR. MARK R. BAGLEY  
100 North LaSalle Street, Suite 501  
Chicago, Illinois 60602  
(312) 698-8971

COLLEEN M. CONWAY, CSR, RMR, CRR  
Official Court Reporter  
219 South Dearborn Street, Room 1918  
Chicago, Illinois 60604  
(312) 435-5594

*colleen\_conway@11nd.uscourts.gov*

1 (Mr. Raygor appears by phone. Proceedings in open court:)

2 THE CLERK: 16 C 3676, Deckers Outdoor Corporation  
3 versus Australian Leather.

4 MR. BAGLEY: Good morning, Your Honor. Mark Bagley  
5 on behalf of Defendants Australian Leather and Adnan Oygur.

6 MR. JUETTNER: Good morning, Your Honor. Paul  
7 Juettner and Rikaleigh Johnson on behalf of the plaintiff,  
8 Deckers Outdoor Corporation.

9 THE COURT: And, Mr. Raygor, can we get your  
10 appearance for the record, please.

11 MR. RAYGOR: Yes. Kent Raygor of Sheppard Mullin in  
12 Los Angeles on behalf of Deckers.

13 THE COURT: Good morning, everyone. Thank you for  
14 waiting both this morning and for a few months while I had the  
15 issue of unclean hands under advisement. I can give you a  
16 ruling on that now and then we'll talk about what the next  
17 steps in the case will be.

18 The defendants seek to bar the plaintiff from ever  
19 seeking an injunction against any party using the word "Ugg" in  
20 connection with footwear. I denied summary judgment on the  
21 issue of unclean hands and, concurrently with the jury trial on  
22 plaintiff's infringement claims, held a bench trial on  
23 defendants' equitable claim of unclean hands.

24 The argument is that the plaintiff's predecessor  
25 misused the ® symbol by using it with the word "Ugg" before it

1 had a registered trademark in the word; in other words, that  
2 plaintiff's predecessor lied about having a registered  
3 trademark. My findings of fact and conclusions of law under  
4 Rule 52(a) are as follows:

5 First, some legal conclusions, which are the  
6 governing legal standards here.

7 The doctrine of unclean hands allows a court to deny  
8 relief to the plaintiff if doing so would reward wrongdoing.  
9 *Schlueter v. Latek*, 683 F.3d 350, 355 (7<sup>th</sup> Circuit 2012). But  
10 the doctrine is not a device for courts to express disapproval  
11 of plaintiff's conduct. It is directed at assessing whether  
12 plaintiff's fault should shape the remedy plaintiff is entitled  
13 to. In other words, the plaintiff should not get relief by  
14 taking advantage of its own wrong. *Polk Brothers, Inc. v.*  
15 *Forest City Enterprises*, 776 F.2d 185, 193 (7<sup>th</sup> Circuit 1985),  
16 discusses Illinois law, but I have found no binding federal law  
17 that articulates unclean hands differently.

18 Misuse of the ® symbol can constitute unclean hands,  
19 but since the goal of trademark law is to protect the  
20 purchasing public, and since even the wicked have the right to  
21 treatment according to the rules, my conclusion is a  
22 determination of unclean hands requires intentional misuse in  
23 an effort to deceive the public. And the *McCarthy* treatise on  
24 trademarks supports this proposition, *3 McCarthy On Trademarks*,  
25 § 19:146.

1 The misuse must relate to the subject matter in  
2 litigation, and one consideration is whether the right that  
3 plaintiff is seeking to enforce accrued to plaintiff because of  
4 the alleged misdeed. That's *McCarthy*, § 31:48.

5 If the consequences of the misuse have been  
6 dissipated, then plaintiff ought to receive the relief it is  
7 entitled to, even if some misconduct occurred in the past,  
8 *Morton Salt v. G.S. Suppinger*, 314 U.S. 488, 493 (1942).

9 So with those principles in mind, my factual findings  
10 are as follows:

11 The "Ugg" word mark was first registered in 1996.

12 Brian Smith and his companies placed the ® symbol  
13 next to the word "Ugg" many times between 1988 and 1995. This  
14 was misuse because the word was not a registered mark.

15 I do infer that the misuse was widespread in that it  
16 was widely disseminated in advertisements and hangtags.

17 At the time, the plaintiff's predecessors did have a  
18 design mark registration for the ram logo.

19 Mr. Smith said he was not aware that his use of the ®  
20 was deceptive or inappropriate.

21 I do find Mr. Smith credible in that I infer that he  
22 wanted a trademark. He wanted to monopolize and commercialize  
23 the word "Ugg" for his benefit. And once he had some success  
24 in getting something registered, as in the ram logo and the  
25 splash mark, he thought he could claim it more broadly.

1 He did not do this intentionally to deceive the  
2 public. He was claiming a brand incorrectly, but not because  
3 he wanted to deceive anyone. He genuinely thought he had a  
4 brand, it was his, and that putting the symbol out there was  
5 consistent with his beliefs.

6 The misuse was done by more people than just  
7 Mr. Smith. For example, outside counsel misused the symbol in  
8 correspondence, and he should have known that there was no such  
9 registered mark. But I am not persuaded that the corporate  
10 misuse of the symbol was done with the intent to deceive the  
11 public.

12 It's certainly suspicious that people who should know  
13 better used the symbol improperly, but I do not find it more  
14 likely than not that it was done with the intent to deceive.  
15 Instead, I am persuaded that Cunningham's explicit citation to  
16 the correct registration numbers and Greenstein's inconsistent  
17 use of the symbol is indicative of negligence, not intentional  
18 deceit.

19 And I do adhere to my earlier analysis that the word  
20 "Ugg" was not and is not generic in the United States. So  
21 there was no plot to turn a generic U.S. term into a brand.

22 I am not persuaded that there's any connection  
23 between the ® symbol misuse and an intent to deceive the public  
24 about the nature of the goods or their source.

25 At the time of the misuse, Mr. Smith's companies were

1 pursuing the trademark and did not want the word "Ugg" to take  
2 on a generic meaning in the U.S., but this is not evidence of  
3 an intent to deceive. The word did not have a generic meaning  
4 in the U.S., and the litigation strategy was about establishing  
5 the brand, not defeating or concealing genericness.

6 As for Mr. Brown's alleged fraud on the Trademark  
7 Office, I credit Ms. Drake's testimony in part. It would be  
8 reasonable to infer that Mr. Brown was asked the question,  
9 "Does 'Ugg' have any meaning in the relevant trade and  
10 industry?" And he said, "No," but Drake's testimony doesn't  
11 persuade me that Brown committed fraud or that that simple Q  
12 and A was all that happened in the interview.

13 First, I think it more likely that if asked that  
14 question, Mr. Brown answered with lawyerly precision focused on  
15 the United States. He knew about the Australian usage, but the  
16 relevant trade and industry when pursuing a U.S. trademark  
17 would be the United States market. So answering "No" was not  
18 an intentional lie.

19 I credit his notes that he understood the distinction  
20 between U.S. and Australia, and he was thinking in terms of  
21 grade marks and U.S. usage.

22 The notes are written in the past tense, so they were  
23 written after the interview. But I am not persuaded that they  
24 were manufactured after the events with a nefarious purpose.  
25 My finding is that they were relatively contemporaneous and



1 they are reliable.

2 Weighing the evidence that I have, reasonable  
3 inferences from Drake's testimony, the form that Heller  
4 completed, and Mr. Brown's notes, I conclude that Heller  
5 documented the interview in an abbreviated way, using the  
6 typical relevant trade and industry question, and memorialized  
7 Brown's answer as "No" when, in fact, what happened is Brown  
8 conveyed his answer as "No" as to the U.S.

9 From Heller's perspective, that's all she needed to  
10 document and move the process along. There was no conspiracy  
11 to commit fraud and no corporate intent to deceive the public  
12 in order to cheat its way into a registered trademark.

13 So circling back to the ® misuse, I find that in  
14 light of all the evidence, the misuse was not done  
15 intentionally to deceive the public.

16 The theory that Deckers knew about the misuse and  
17 sought a new trademark to conceal it is not sufficiently  
18 supported by the record evidence for me to credit. It's an  
19 informed guess by counsel, but it's a guess nonetheless. It's  
20 too speculative for me to find any intent on the part of  
21 Deckers.

22 The mark that the plaintiff seeks to enforce in this  
23 lawsuit is not the 1996 mark but the mark registered in 2006,  
24 and there is no evidence that the mark at issue in this lawsuit  
25 was obtained through unclean hands.

1 Australian Leather and Mr. Oygur are not exactly true  
2 defenders of intellectual property rights. Mr. Oygur uses the  
3 ® when he affirmatively knows he's not supposed to, and he  
4 stubbornly refuses to change his website.

5 So my conclusions of law that derive from these facts  
6 as I have found them are as follows:

7 I decline the discretionary relief sought by  
8 defendants.

9 A declaration that plaintiff cannot seek injunctions  
10 and a refusal to enjoin the defendants from the infringement  
11 that they have committed, I decline to award that relief. That  
12 relief is disproportionate to the proven conduct, which is  
13 misuse of the symbol by a predecessor in connection with a  
14 trademark that's not being enforced anymore.

15 There is no intentional deceit, and certainly no  
16 intentional deceit by this plaintiff. These are new owners of  
17 a new mark, and they built and invested in a brand that did not  
18 depend on the long-ago negligent ® misuse.

19 The requested remedy would effectively turn "Ugg"  
20 into a generic term in the United States, something that it  
21 never was. There's nothing improper about making a generic  
22 Australian term a brand in the United States. And viewed as a  
23 sanction for a long-ago misuse by a different entity, the  
24 request is overkill. It would harm the plaintiff far more than  
25 remedying any public confusion about what Uggs are. And

1 there's no American public confusion at all.

2 So an "unclean hands" finding and effective  
3 cancellation does not remedy a public harm, so I decline to do  
4 it.

5 With that, we should talk about what we do next. My  
6 recollection is that the willfulness issue on the patent design  
7 claims would be argued as a post-judgment attorneys' fees  
8 issue, but I wonder if there might be a question about a  
9 finality of a judgment if I still haven't figured out that,  
10 that portion of the relief.

11 Sometimes we enter a judgment and then there is a  
12 subsequent order on a fee petition, and nobody seems to have  
13 any problem with that judgment being a final judgment and an  
14 appealable order, but I've also sometimes received some inquiry  
15 from the Court of Appeals as to whether leaving open attorneys'  
16 fees when that is driving a large part of the relief, whether  
17 then we do have a final judgment or not.

18 So I want to make sure that we've all thought through  
19 procedurally what the next steps are. Then there is the issue  
20 of whether there would be any post-trial motions following the  
21 jury verdict. I haven't entered judgment on the jury verdict  
22 because of the equitable issues that were pending. Those have  
23 now been resolved.

24 So my question is, do I enter judgment on the jury's  
25 verdict and then we do post-trial motions and then do a fee

1 petition on the schedule set by our local rules? And in that  
2 fee petition, we raise and resolve the issues of willfulness?  
3 Or is there something else we should do? Is settlement a  
4 possibility?

5 These -- so with that, I'll open it up to the floor.

6 MR. JUETTNER: Your Honor, without addressing the  
7 order, there's two things that the plaintiff would like to  
8 accomplish.

9 One, we would ask the Court to not only enter  
10 judgment on the jury verdict, but enter an injunction. And  
11 we're prepared to provide the Court with a draft injunction  
12 order along with supporting points and authorities.

13 Second, we would like to move for attorneys' fees,  
14 and part of the attorneys' fees motion would be an exceptional  
15 case finding under both the Patent Act and the Trademark Act to  
16 support an award of fees.

17 I haven't given it any thought in terms of whether  
18 the exceptional case finding needs to be made before as a part  
19 of the final judgment or after. I haven't looked at that  
20 issue, so I don't know.

21 MR. BAGLEY: I have not looked at it either, Your  
22 Honor. My memory from a number of months ago, admittedly, was  
23 that we were going to deal with that issue as part of the  
24 attorneys' fee, if there was going to be one, motion. I don't  
25 know of any reason to change that at this point.

1 THE COURT: Well, why don't we do this, then. Think  
2 about it. I'll give the plaintiff leave to file a motion for  
3 entry of a permanent injunction, and that will give us all a  
4 little time to think about, then, once we have that motion on  
5 file, what order then should enter on the jury verdict and the  
6 equitable relief that's being sought in light of the jury  
7 verdict and the evidence that has been presented to date in  
8 support of that equitable relief of a permanent injunction.

9 And if either side -- for example, in the plaintiff's  
10 motion, you can then lay out, "And this is what we want. We  
11 want a final judgment that awards us X in light of the jury  
12 verdict and awards us an injunction that says this. Our view  
13 is that that would be a final judgment. We then would move for  
14 attorneys' fees." And you can lay that out in your motion and  
15 then I'll give the defense an opportunity to respond to the  
16 motion. And if procedurally you see some issue with that,  
17 along with any issues you have on the merits of the injunction  
18 that they're seeking, you can respond, and then we'll move  
19 forward from there.

20 MR. JUETTNER: Your Honor, so if I understand  
21 correctly, in connection with our motion with respect to the  
22 entry of the final judgment and injunction that we could  
23 include a section in there as to -- to support a finding of  
24 exceptional case? And then --

25 MR. BAGLEY: I -- well --

1 MR. JUETTNER: I mean, we could do that at the same  
2 time.

3 MR. BAGLEY: Okay. That's not what I was -- that  
4 might be okay, but that's not the way I was understanding it.

5 I was thinking of the -- just the normal way that I  
6 think the rules set this out, which is that, you know, the  
7 actual entry of a judgment sort of sets the clock running. And  
8 then from that, the first thing is -- I believe it's two weeks  
9 after that is any motion for attorneys' fees and costs. But  
10 then there's also around a 30-day from that same starting point  
11 for other post-trial motions.

12 So if we're not yet to the point of getting a  
13 judgment, it would seem to be premature to jump into the  
14 substance of whether or not attorneys' fees are appropriate.

15 THE COURT: Well, at the end of the day, there might  
16 be no downside to having the plaintiff articulate --

17 MR. BAGLEY: Well --

18 THE COURT: -- their exceptional reasons arguments,  
19 and I could decide whether I want to resolve that before I  
20 enter a final judgment or not. And if you want to, in your  
21 response, say something like, "Don't do this now. I'm going to  
22 have arguments about it, but now's not the time for me to make  
23 them," I won't -- if I decide that you're wrong about that,  
24 I'll then give you an opportunity to make a substantive  
25 response to it.

1 But why don't we -- I want the parties to think  
2 critically about when this piece of the case needs to be  
3 resolved. And I think it's not a bad idea to have the  
4 plaintiff stake out this position. And if the plaintiff wants  
5 to say, "We can resolve this now," then we'll at least have  
6 something to aim at, and then you can tell me what you think  
7 about it.

8 (Defense counsel nods.)

9 THE COURT: So how much time would you like for your  
10 motion?

11 MR. JUETTNER: Your Honor, we'd be ready to make our  
12 submission on January 6th, if that's all right.

13 THE COURT: That's fine.

14 And how much time would you like to respond?

15 MR. BAGLEY: Could I get three weeks, Your Honor?

16 THE COURT: That's fine.

17 THE CLERK: That's going to be January 27th, counsel.

18 THE COURT: And then let me see you -- I am not going  
19 to set a reply yet. I want to see what the defendants say and  
20 then I'll see you shortly thereafter.

21 Why don't we find some time that first week in  
22 February, please.

23 THE CLERK: Certainly. Everyone, how does Thursday,  
24 February 6th at 9:30 work for you?

25 MR. JUETTNER: I'm sorry?

1 THE CLERK: February 6th. Thursday, February 6th at  
2 9:30.

3 MR. BAGLEY: I don't know of any problem with that  
4 date.

5 MR. RAYGOR: This is Kent Raygor.

6 MR. JUETTNER: That's fine, Your Honor.

7 MR. RAYGOR: I'm just checking at calendar. February  
8 6th works for me, Your Honor. Me, Kent Raygor.

9 THE COURT: Is there anything else we should cover  
10 this morning?

11 MR. JUETTNER: I don't believe so, Your Honor.

12 MR. BAGLEY: I don't believe so.

13 THE COURT: And thanks again for your patience while  
14 I had it under advisement.

15 MR. JUETTNER: Thank you, Your Honor.

16 MS. JOHNSON: Thank you.

17 MR. RAYGOR: Thank you.

18 (Proceedings concluded.)

19

20

21

22

23

24

25



C E R T I F I C A T E

I, Colleen M. Conway, do hereby certify that the foregoing is a complete, true, and accurate transcript of the proceedings had in the above-entitled case before the HONORABLE MANISH S. SHAH, one of the Judges of said Court, at Chicago, Illinois, on December 19, 2019.

/s/ Colleen M. Conway, CSR, RMR, CRR

12/20/19

Official Court Reporter  
United States District Court  
Northern District of Illinois  
Eastern Division

Date

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

DECKERS OUTDOOR CORPORATION,

Plaintiff,

v.

AUSTRALIAN LEATHER PTY LTD and  
ADNAN OYGUR a/k/a EDDIE OYGUR,

Defendants.

Case No. 16-cv-03676

Judge Manish S. Shah

**FINAL JUDGMENT AND PERMANENT INJUNCTION**

Plaintiff/Counter-Defendant Deckers Outdoor Corporation (“Deckers”) filed this action against Defendant/Counter-Claimant Australian Leather Pty. Ltd. (“Australian Leather”) and Defendant Adnan “Eddie” Oygur (“Oygur”) (collectively, “Defendants”) asserting infringement of its **UGG** trademark and U.S. trademark registration No. 3,050,925 therefor (Deckers’ federal and common law rights in and to the **UGG** trademark are referred to hereinafter as the “**UGG** Trademark”), common law **CARDY**<sup>™</sup> trademark (the “**CARDY** Trademark”), and design patent Nos. D599,999, D616,189, D582,650 and D705,529 (“Deckers’ Design Patents”). Specifically, Deckers’ Amended Complaint [26] alleges infringement of Deckers’ **UGG** Trademark under the Lanham Act, 15 U.S.C. §§ 1114, 1125 (Count I), unfair competition and false designation of origin of Deckers’ **UGG** and **CARDY** Trademarks under the Lanham Act, 15 U.S.C. § 1125(a) (Count II), infringement of United States Design Patent No. D599,999 (Count III), infringement of United States Design Patent No. D616,189 (Count IV), infringement of United States Design Patent

No. D582,650 (Count V), infringement of United States Design Patent No. D705,529 (Count VI), violation of the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS §§ 510, *et seq.* (Count VII), common law trademark infringement of Deckers' **CARDY** Trademark (Count VIII), and common law trademark infringement Deckers' **UGG** Trademark (Count IX). [26]. Defendants answered and asserted affirmative defenses alleging, *inter alia*, invalidity, unenforceability and non-infringement of Deckers' **UGG** and **CARDY** Trademarks and Design Patents. [28, 55]. Australian Leather asserted thirteen counterclaims. [53].

This Court granted-in-part Deckers' motion for partial summary judgement pursuant to Fed. R. Civ. P. 56(a). [219].

Deckers and Defendants have stipulated that each of Deckers' Design Patents is valid, enforceable, and infringed by Defendants. [237].

Deckers and Defendants have stipulated that Deckers' **CARDY** Trademark is valid, enforceable, and infringed by Defendants and that Defendants' use of the **CARDY** trademark in commerce constitutes (a) unfair competition and false designation of origin under 15 U.S.C. § 1125(a), and (b) a violation of the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS §§ 510, *et seq.* [237].

Deckers and Defendants have further stipulated that Defendants' liability concerning the common law **UGG** trademark under Deckers' Amended Complaint [26] Count II (15 U.S.C. § 1125(a)), Count VII (Illinois Uniform Deceptive Trade Practices Act), and Count IX (common law trademark infringement) stands or falls with Defendants' liability under Deckers' trademark infringement Count I (**UGG**® federal trademark infringement). [238].

On May 10, 2019, following a four-day jury trial, the jury returned a verdict in favor of Deckers finding that Defendants Australian Leather and Oygur each willfully infringed Deckers' **UGG** and **CARDY** Trademarks and each willfully counterfeited Deckers' **UGG** Trademark. The jury awarded statutory damages against Defendants and recoverable by Deckers for willful trademark counterfeiting in the amount of \$450,000. [270, 271].

Defendants' unclean hands defense ([28] and [55], 8<sup>th</sup> Affirmative Defense) and counterclaim ([53], Count I, ¶ 64(c), asserted by Counterclaimant Australian Leather only), and Deckers' claim of willful patent infringement were tried to the Court on May 10, 2019. On December 19, 2019, the Court entered an Order in favor of Deckers and against Defendants/Counterclaimant on Defendants' unclean hands defense and Counterclaimant Australian Leather's counterclaim. [286, 287].

IT IS HEREBY ORDERED that judgment is entered in favor of Deckers and against Defendants on all Counts I – IX of the Amended Complaint [26], and further that judgment is entered in favor of Deckers and against Australian Leather on all Counts I – XIII of Australian Leather's Counterclaims [53].

IT IS FURTHER ORDERED that:

1. Pursuant to 15 U.S.C. § 1117(c)(2), Plaintiff is awarded statutory damages in the amount of \$450,000 for willful counterfeiting of Deckers' registered **UGG** Trademark, for which damages Defendants are jointly and severally liable.

2. Defendants and their officers, agents, servants, employees and attorneys, and all other persons who are in active concert or participation with any of the foregoing, are hereby permanently enjoined and restrained from:

- a. Using, or inducing or enabling others to use, the **UGG** mark or designation, or any reproduction, counterfeit, copy, or colorable imitation thereof, in any manner and in any format, case or spelling, on or in connection with the sale, offering for sale, distribution, or advertising of any product in the United States or its territories;
- b. Using, or inducing or enabling others to use, the **CARDY** mark or designation, or any reproduction, counterfeit, copy, or colorable imitation thereof, in any manner and in any format, case or spelling, on or in connection with the sale, offer for sale, distribution, or advertising of any product in the United States or its territories;
- c. passing off or falsely designating, or inducing or enabling others to pass off or falsely designate, any product in United States commerce as an **UGG** or **CARDY** product or as a product produced by, originating from, or authorized by Deckers;
- d. committing any acts, or inducing or enabling others to commit any acts, calculated to cause consumers in the United States or its territories to believe that Defendants' products are sold under the authorization, control or supervision of Deckers, or are sponsored by, approved by, or otherwise connected or associated with Deckers;
- e. shipping, exporting, importing, delivering, holding for sale, transferring or otherwise moving, storing, distributing, returning, or disposing of, in any manner, products or inventory that satisfy all three of the following conditions: (i) they are neither manufactured by or for Deckers nor

authorized by Deckers, (ii) they are to be distributed, marketed, advertised, offered for sale, or sold in United States commerce, and (iii) they bear, or are distributed, marketed, advertised, offered for sale or sold in connection with, any **UGG** or **CARDY** Trademarks or any reproduction, counterfeit, copy or colorable imitation thereof;

- f. offering for sale or selling in, exporting to, and/or importing into United States commerce any products not authorized by Deckers and that include any reproduction, copy or colorable imitation of the designs claimed in Deckers' Design Patents until the expiration of the applicable patent(s); and
  - g. aiding, abetting, contributing to, enabling, inducing, or otherwise assisting others in infringing Deckers' Design Patents until the expiration of the applicable patent(s).
3. Defendants and their officers, agents, servants, employees, attorneys, and all other persons who are in active concert or participation with any of them, shall immediately and permanently cease use of all marketing, promotional, and other materials (whether physical or electronic) bearing the designation "UGG" or "Cardy", in any format, case or spelling, as, or as part of, a trademark, service mark, trade name, label, or product name, description or designation in or intentionally directed to the United States or its territories. Defendants shall use available geo-blocking or geo-fencing technology to prevent marketing, promotional, and other social media posts or communications bearing the designation "UGG" or "Cardy", in any format, case

or spelling, as, or as part of, a trademark, service mark, trade name, label, or product name, description or designation from reaching the United States or its territories.

4. As the prevailing party, Deckers is awarded its costs pursuant to Fed. R. Civ. P. 54(d)(1).

This is a Final Judgment against Defendants.

DATED: February 6, 2020



---

Manish S. Shah  
United States District Judge

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS**

**Case Number:** 2020-2166

**Short Case Caption:** Deckers Outdoor Corporation v. Australian Leather Pty Ltd

**Instructions:** When computing a word, line, or page count, you may exclude any items listed as exempted under Fed. R. App. P. 5(c), Fed. R. App. P. 21(d), Fed. R. App. P. 27(d)(2), Fed. R. App. P. 32(f), or Fed. Cir. R. 32(b)(2).

The foregoing filing complies with the relevant type-volume limitation of the Federal Rules of Appellate Procedure and Federal Circuit Rules because it meets one of the following:

- the filing has been prepared using a proportionally-spaced typeface and includes 13,238 words.
- the filing has been prepared using a monospaced typeface and includes \_\_\_\_\_ lines of text.
- the filing contains \_\_\_\_\_ pages / \_\_\_\_\_ words / \_\_\_\_\_ lines of text, which does not exceed the maximum authorized by this court's order (ECF No. \_\_\_\_\_).

Date: 02/12/2021

Signature: /s/ Mark R. Bagley

Name: Mark R. Bagley