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Sunday

January 13, 2019

Fordham Law School
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Melissa Bernier
Attorney, Bernier Legal, LLC
Melissa P. Bernier, Esq. is the Principal and Managing Attorney of Bernier Legal, LLC - an innovative New York City law firm with practice areas in entertainment, fashion and business law. Ms. Bernier completed her undergraduate studies with a degree in politics from New York University and earned her law degree from Hofstra University School of Law, during which time she briefly studied under the direction of Justice Antonin Scalia of the United States Supreme Court. Ms. Bernier is a member of the New York State Bar, The Business Law Section of the New York State Bar Association, The Metropolitan Black Bar Association, The Black Entertainment and Sports Lawyers Association and The Haitian Roundtable.

Since establishing Bernier Legal in 2010, Ms. Bernier has counseled a steady stream of entrepreneurs, fashion industry professionals, and currently serves as business and talent manager to several musicians and entertainers. Ms. Bernier has written several articles on entrepreneurship and the music business for publications such as Amour Creole Magazine and Haitianbeatz.com, and remains a constant source of information and commentary on the legalities of the music business. Additionally, Ms. Bernier served as the Fashion and Style Editor for The Haitian Times and is currently the Editor in Chief of Brooklyn Legal, a legal and lifestyle blog powered by Bernier Legal.

Ms. Bernier lives by the mantra: “The best way to achieve your dreams is to help others achieve theirs.” A former musician, dancer and the daughter of a fashion designer, Ms. Bernier has a deep understanding and immense desire to help creatives thrive in their industries and achieve their dreams. Ms. Bernier aspires to grow her legal practice, continue to offer leading edge legal services and provide support and assistance to the community.

Mary Kate Brennan
Associate, Epstein Drangel LLP
Mary Kate Brennan focuses her practice on all aspects of intellectual property litigation. Prior to joining Epstein Drangel, Mary Kate worked at a boutique litigation firm and The Port Authority of New York and New Jersey where she handled matters from inception through trial and appeal in both state and federal courts. Previously, Mary Kate was selected as the 2012-2013 Dean’s Fellow for the Fashion Law Institute, the world’s first center dedicated to law and the business of fashion.

Mary Kate graduated from the College of the Holy Cross in 2009 with a B.A. in English and received her J.D. from Fordham University School of Law in 2012. She also received an L.L.M. in Fashion Law from Fordham in 2017 and was the L.L.M. Fashion Law Award Recipient, which is given to the graduating student who attained the highest cumulative grades in the program. She co-authored two amicus briefs with the Fashion Law Institute, first to the Supreme Court in the seminal copyright case, Star Athletica v. Varsity Brands, and second to the Federal Circuit in the Converse v. ITC trade dress matter. She also has coordinated and participated in multiple professional education presentations and pro bono clinics relating to fashion law.

Mary Kate is admitted to practice in New York and New Jersey as well as before the United States District Courts for the Southern and Eastern Districts of New York, the District of New Jersey, and the Federal Circuit.

Mary Kate is a member of the Fashion Law Committee at the New York City Bar Association, Executive Committee Member of the Fordham Law Recent Graduates’ Committee, Co-Founder of the Holy Cross in Fashion Alumni Affinity Group, and Junior Advisory Board Member of Cornelia Connelly Center.

Michael E. Breslin
Managing Partner, Law Office of Michael E. Breslin; Managing Partner, FulServ Group
Michael Breslin is FulServ’s Managing Partner. He joined the firm in 1998 after 10 years of Big Four experience. He is both a CPA and a tax attorney, an unusual and powerful combination. He received his undergraduate business/accounting degree from the University of Notre Dame in 1987, his graduate degree in taxation from DePaul University in 1990, and his law degree from
Fordham Law in 1998. Since 2003, Mike has been very active in the IRS Liaison Committee of the American Association of Attorney’s. His practice includes tax planning, consulting and compliance for high net worth individuals and business owners and Mike also specializes in IRS and state tax controversy cases, assisting clients with tax problems work out an optimum solution based on their circumstances.

Mike resides with his family in Wyckoff, New Jersey and in his free time he enjoys playing ice hockey, softball and golf, and spending time with his family and friends.

**Jana Checa Chong, Esq.**
**Senior Intellectual Property Counsel, Louis Vuitton Americas**

Jana Checa Chong currently serves as Senior Intellectual Property counsel for Louis Vuitton and has been with the company since February 2014. In her role, Ms. Checa Chong is involved in the civil enforcement of the intellectual property rights of Louis Vuitton as well as various LVMH fashion group brands including Christian Dior, Céline, Givenchy, Marc Jacobs, Emilio Pucci, Berluti, and Loewe. Prior to joining Louis Vuitton, Ms. Checa Chong was an associate attorney in the New York office of Gibson, Dunn & Crutcher LLP. Her practice focused on intellectual property litigation and white collar defense and investigations. As part of Jana’s intellectual property practice, she had extensive experience representing brand owners in trademark infringement actions relating to internet-based counterfeiters.

Jana received a Bachelor of Arts degree in International Affairs from the George Washington University. She received a Juris Doctor degree from Fordham University School of Law, where she served as Managing Editor of the Fordham Moot Court Board and as Associate Editor of the *Fordham Law Review*.

**Betsy Dale**
**Associate, Dunnington, Bartholow & Miller LLP**

Betsy Dale is an associate at Dunnington working in the intellectual property, advertising, art and fashion law, and litigation and arbitration practice areas. Prior to joining Dunnington, Ms. Dale was the Staff Attorney at Volunteer Lawyers for the Arts in New York.

Ms. Dale is admitted to practice law in New York State and in the U.S. District Courts for the Southern and Eastern Districts of New York. She is also a member of the Copyright Society of the U.S.A. and the New York City Bar Association’s Art Law Committee and an affiliate member of the Trademarks & Unfair Competition Committee.

She received her Juris Doctorate from Stetson University College of Law and her Bachelor of Fine Arts in studio art and art history from Florida State University. She is a member of the Copyright Society of the U.S.A. and the New York City Bar Association’s as Art Law Committee, and the Trademarks & Unfair Competition Committee.

**Raymond Dowd**
**Partner, Dunnington, Bartholow & Miller LLP**

Raymond Dowd is a partner in the law firm of Dunnington Bartholow & Miller LLP in New York City. He authored *Copyright Litigation Handbook* (now in its 10th edition). His practice consists of federal and state trial and appellate litigation, arbitration and mediation, having served as lead trial counsel in broadcasting, fashion, publishing, art law, copyright, trademark, cybersquatting, privacy, trusts and decedents estates, licensing, corporate and real estate cases.

He has litigated questions of Austrian, Canadian, French, German, Italian, Russian and Swiss law. He litigated landmark decisions from Surrogate’s Court to the New York Court of Appeals, including the Estate of Doris Duke and recovering an ancient Assyrian tablet for Berlin’s Pergamon Museum. Mr. Dowd lectures internationally on copyright litigation and on Nazi art looting. He serves on the Board of Governors of the National Arts Club, co-founded the annual Art Litigation and Dispute Resolution Institute at New York County Lawyers’ Association, served as President of the Network of Bar Leaders and served as the Federal Bar Association’s General Counsel. He co-chairs Fordham Law School’s International Affinity Group.

After graduating from Westhampton Beach High School, he graduated *cum laude* from Manhattan College and earned his law degree at Fordham Law School. He maintains a residence in Westhampton Beach and his interests include restoration of the wild oyster population. He speaks French and Italian.
On January 10, 2018 at the United States District Court for the Southern District of New York, the Network of Bar Leaders awarded Mr. Dowd the Harold Baer, Jr. Award for service to the legal profession.

Veronica Escobar
Attorney, The Law Office of Veronica Escobar

Native New Yorker Veronica Escobar has been practicing law in her home state for fourteen years. For the past eight years, she has been the Principal and Founder of The Law Offices of Veronica Escobar, a practice focusing exclusively in the areas of Elder Law, Special Needs Planning, and Trusts and Estates. She has two offices, one in her home borough of Queens and the other on the island of Manhattan.

What she likes most about her practice is being able to connect to individuals and families during what can be difficult life moments and creating solutions through careful and considered planning. As she often says, “I like leaving my clients in a better place than when I encountered them.” Naturally, she extends this into her experience as a lecturer to lawyers and the public on issues in elder law and special needs.

Veronica is admitted to practice in the state of New York. She is also admitted to practice before the U.S. District Courts for the Eastern and Southern Districts of New York. She graduated summa cum laude from Fordham College at Rose Hill, Fordham University, where was also elected to Phi Beta Kappa, with a degree in American Studies and a minor in Latin American/Latino Studies. Veronica also received her law degree from Fordham, where she was a Notes and Articles Editor of the Fordham International Law Journal. She is chair of the Diversity Committee of the Elder Law and Special Needs Section of the New York State Bar (NYSBA) and is a member of NYSBA and the New York City Bar. She is also the co-chair of the Solo and Small Firm Affinity Group at her alma mater, Fordham Law.

Edward W. Greason
Counsel, Dunnington, Bartholow & Miller LLP

Edward W. Greason is Counsel at Dunnington, Bartholow & Miller, LLP where he is a member of the Trust, Estates and Private Clients Group. In his practice he advises clients on estate planning, Wills and Trusts of various types, closely held businesses, public and private charities, probate and administration, art law, estate litigation, estate taxation, trust administration and fiduciary accountings. He has advised a broad spectrum of individual clients varying from retired teachers to billionaires to royalty, executors, trustees, bank and trust companies, corporations and public charities.

Mr. Greason is admitted to practice in New York and before the Supreme Court of the United States. He is a member of the American Bar Association (Real Property, Trusts and Estates Section), New York State Bar Association (Trusts and Estates Law Section) and the New York County Lawyers Association (Estates, Trusts and Surrogate Court Practice Committee). Mr. Greason graduated from Lafayette College with majors in History and Art History. He received his Juris Doctorate from Fordham University School of Law where he was a Notes Editor on the Entertainment, Intellectual Property and Media Law Forum. He is involved in a number of charitable activities and has served on the board of several charitable and not for profit entities.

Eric Hawkins
Vice President, Morgan Stanley

Eric Hawkins is a Vice President in the Global Compliance Department at Morgan Stanley. His primary responsibilities include administering the Global Compliance policy governance framework, responding to regulatory inquiries and driving Department-wide strategic initiatives. Before joining Morgan Stanley, Mr. Hawkins was a senior associate in the Securities Litigation and Corporate Governance Group at Weil, Gotshal & Manges LLP, where his practice focused on representing issuers, underwriters, officers and directors in shareholder litigation, as well as counseling financial industry clients on litigation risk. Before joining Weil, Mr. Hawkins was a clerk to the Honorable William C. Conner, Senior United States District Judge, in the United States District Court for the Southern District of New York. Mr. Hawkins is a graduate, magna cum laude, of Fordham University School of Law, where he served as a Notes and Articles editor of the Fordham Law Review, and of Hamilton College.

Jennifer Juste
Chief Legal Officer & Chief Compliance Officer, Ostrum Asset Management

Jennifer Juste is currently Chief Legal Officer and
Chief Compliance Officer at Ostrum Asset Management where she focuses on investment adviser rules and regulations. Ms. Juste graduated from Fordham University School of Law in 2006. Prior to this, she attended the State University of New York at Albany where she attained a Bachelor’s of Science in Business Administration in 2002.

When not working, Ms. Juste enjoys spending time with her husband and son as well as going for long runs.

John Owens, Jr.
Principal Law Clerk, New York State Supreme Court Justice

John Owens, Jr. is an attorney with extensive experience working in the government sector. He currently serves as Principal Law Clerk to a New York State Supreme Court Justice in New York County. Prior to this appointment, he served as agency counsel for the Board of Elections in the City of New York (2008 – 2011). Following graduation, he served as an Assistant District Attorney in the Bronx County District Attorney’s Office (2004 – 2008). He received his B.S./M.A. from St. John’s University and his J.D. from Fordham University School of Law in 2004. John is an active member of the Fordham Law Alumni Association and currently serves as Chair of the New York City Bar Association’s New York City Affairs Committee. He is also a member of the Alumni Attorneys of Color’s Steering Committee. John is a member of New York State Bar Association’s (NYSBA) House of Delegates and NYSBA’s Membership Committee. John is admitted to practice in New York; U.S. District Court for the Southern and Eastern Districts of New York; and U.S. Supreme Court.

Melissa Sanchez
Senior Manager & Attorney, Crowe, LLP

Melissa Sanchez is currently a Senior Manager and Attorney at Crowe, LLP where she leads projects focusing on Anti- Money Laundering and Regulatory risk. Prior to her employment at Crowe, she was a Senior consultant at Deloitte, LLP and also served as a Sanctions Subject Matter expert for J.P. Morgan. Ms. Sanchez graduated from Touro Law School in 2012 and obtained her Bachelor of Science degree at St. John’s University. During her off time, Melissa owns, The Sanssa Network, a company which focuses on creating partnerships and sponsorship opportunities between Fortune 500 companies and minority entrepreneurs.

Matthew W. Siegal
Of Counsel, Dilworth & Barrese LLP

Matthew Siegal is currently Of Counsel to Dilworth and Barrese on Long Island. He received his J.D. from Fordham Law School and a B.S. in Chemical Engineering from Cornell University. Mr. Siegal has spent his 30 year legal career practicing all aspects of Intellectual Property law. This has included obtaining patents and trademarks for companies such as Epson and Fujifilm. He has also litigated patent, trademark and copyright disputes for those companies and others such as Merck and Bayer. He holds a rare distinction of obtaining a preliminary injunction for one of his clients on a patent that he wrote for them. Mr. Siegal spends his spare time negotiating Intellectual Property licenses and preparing freedom to operate and patentability opinions.

Dennis M. Wade
Founding Partner, Wade Clark Mulcahy LLP

Dennis conducts a diverse defense practice that calls upon his trial and advocacy skills in courts across the country and in international arbitral forums. Dennis focuses his practice on complex commercial and insurance law defense. Dennis tries high exposure casualty cases, complex insurance, errors and omissions, and professional indemnity matters.

Dennis enjoys the highest legal rating, "AV Preeminent," reflecting confidential opinions solicited from the Bar and Judiciary. Dennis was also elected to membership in the Federation of Defense and Corporate Counsel (FDCC). FDCC is composed of leaders in the legal community who have achieved professional distinction as recognized by peers and clients in a highly selective nomination process.

For more than 20 years Dennis has handled fine art and specie matters for domestic and international insurers. His cases have taken him across the United States and to many parts of the world. Recently, for example, Dennis successfully defended a major art insurer against a 42 million dollar claim. That defense took Dennis from a New York Trial Court, to the Appellate Division, to the Court of Appeals (New York’s top Court), and
ultimately, to the United States Supreme Court. Beside defense and coverage work in these areas, Dennis has recovered stolen art and diamonds throughout the United States and has collaborated with counsel to achieve recoveries in Europe and elsewhere in the world. Because of his specialized expertise and professional background, Dennis is also frequently called upon to investigate and advise clients in matters in which fraudulent activity is suspected. Before entering private practice, Dennis devoted his energies to the investigation and prosecution of organized crime cases as the Deputy Chief of the Rackets Bureau of the Manhattan District Attorney’s Office. During his six years as an ADA, Dennis prosecuted high-level members of the Gambino and Bonnano crime families, violent felons from gangs such as The Ghost Shadows and Flying Dragons and corrupt public officials.
TO THE OFFICER IN CHARGE OF SUPERVISION AND APPROPRIATE SUPERVISORY AND EXAMINATION STAFF AT EACH FEDERAL RESERVE BANK AND CERTAIN ORGANIZATIONS SUPERVISED BY THE FEDERAL RESERVE

SUBJECT: Compliance Risk Management Programs and Oversight at Large Banking Organizations with Complex Compliance Profiles

In recent years, banking organizations have greatly expanded the scope, complexity, and global nature of their business activities. At the same time, compliance requirements associated with these activities have become more complex. As a result, organizations have confronted significant risk management and corporate governance challenges, particularly with respect to compliance risks that transcend business lines, legal entities, and jurisdictions of operation. To address these challenges, many banking organizations have implemented or enhanced firmwide compliance risk management programs and program oversight.

While the guiding principles of sound risk management are the same for compliance as for other types of risk, the management and oversight of compliance risk presents certain challenges. For example, quantitative limits reflecting the board of directors’ risk appetite can be established for market and credit risks, allocated to the various business lines within the organization, and monitored by units independent of the business line. Compliance risk does not lend itself to similar processes for establishing and allocating overall risk tolerance, in part because organizations must comply with applicable rules and standards. Additionally, existing compliance risk metrics are often less meaningful in terms of aggregation and trend analysis as compared with more traditional market and credit risk metrics. These distinguishing characteristics of compliance risk underscore the need for a firmwide approach to compliance risk management and oversight for large, complex organizations. A firmwide compliance function that plays a key role in managing and overseeing compliance risk while promoting a strong culture of compliance across the organization is particularly
important for large, complex organizations that have a number of separate business lines and legal entities that must comply with a wide range of applicable rules and standards.

The Federal Reserve has, primarily through the examination process, emphasized the need for effective firmwide compliance risk management and oversight at large, complex banking organizations. While firmwide compliance risk management programs and oversight at the largest supervised banking organizations have generally improved, the level of progress at individual banking organizations varies and opportunity for improvement remains. The Federal Reserve strongly encourages large banking organizations with complex compliance profiles to ensure that the necessary resources are dedicated to fully implementing effective firmwide compliance risk management programs and oversight in a timely manner.²

The Federal Reserve’s expectations for all supervised banking organizations are consistent with the principles outlined in a paper issued in April 2005 by the Basel Committee on Banking Supervision, entitled Compliance and the compliance function in banks (Basel compliance paper). The principles in the Basel compliance paper have become widely recognized as global sound practices for compliance risk management and oversight, and the Federal Reserve endorses these principles. Nevertheless, some banking organizations have sought clarification as to the Federal Reserve’s views regarding certain compliance risk management and oversight matters. This SR/CA letter clarifies Federal Reserve views applicable to large banking organizations with complex compliance profiles in the following areas where guidance has been requested:

I. Organizations that should implement a firmwide approach to compliance risk management and oversight;
II. Independence of compliance staff;
III. Compliance monitoring and testing; and
IV. Responsibilities of boards of directors and senior management regarding compliance risk management and oversight.

I. Firmwide Compliance Risk Management and Oversight

Overview

Organizations supervised by the Federal Reserve, regardless of size and complexity, should have effective compliance risk management programs that are appropriately tailored to the organizations’ risk profiles.³ The manner in which the program is implemented and the type of oversight needed for that program can vary considerably depending upon the scope and complexity of the organization’s activities, the geographic reach of the organization, and other inherent risk factors. Larger, more complex banking organizations tend to conduct a wide range of business activities that are subject to complex compliance requirements that frequently transcend business lines and legal entities and, accordingly, present risk management and corporate governance challenges. Consequently, these organizations
typically require a firmwide approach to compliance risk management and oversight that includes a corporate compliance function. In contrast, smaller, less-complex banking organizations are not generally confronted with the types of compliance risks and challenges that require a comprehensive firmwide approach to effectively manage and oversee compliance risk. The following discussion, therefore, is not directed at smaller, less-complex banking organizations.

**Firmwide compliance risk management** refers to the processes established to manage compliance risk across an entire organization, both within and across business lines, support units, legal entities, and jurisdictions of operation. This approach ensures that compliance risk management is conducted in a context broader than would take place solely within individual business lines or legal entities. The need for a firmwide approach to compliance risk management at larger, more complex banking organizations is well demonstrated in areas such as anti-money laundering, privacy, affiliate transactions, conflicts of interest, and fair lending, where legal and regulatory requirements may apply to multiple business lines or legal entities within the banking organization. Certain other compliance risks may also warrant a firmwide risk management approach to address similar rules and standards that apply to the organization’s operations across different jurisdictions. In all such instances, compliance risk management benefits from an aggregate view of the organization’s compliance risk exposure and an integrated approach to managing those risks.

The processes established for managing compliance risk on a firmwide basis should be formalized in a compliance program that establishes the framework for identifying, assessing, controlling, measuring, monitoring, and reporting compliance risks across the organization, and for providing compliance training throughout the organization. A banking organization’s compliance risk management program should be documented in the form of compliance policies and procedures and compliance risk management standards.\

**Firmwide compliance oversight** refers to the processes established to oversee compliance risk management across the entire organization, both within and across business lines, legal entities, and jurisdictions of operation. In addition to the oversight provided by the board of directors and various executive and management committees of an organization, a key component of firmwide compliance oversight in larger, more complex banking organizations is a corporate compliance function that has day-to-day responsibility for overseeing and supporting the implementation of the organization’s firmwide compliance risk management program, and that plays a key role in controlling compliance risks that transcend business lines, legal entities, and jurisdictions of operation.

**Federal Reserve Supervisory Policies**

**Large Banking Organizations with Complex Compliance Profiles.** Although balance sheet size is not the defining indication of a banking organization’s compliance risk management needs, experience has demonstrated that banking organizations with $50 billion or more in consolidated total assets typically have multiple legal entities that pose the type of
compliance risks and challenges that call for a comprehensive firmwide approach to appropriately control compliance risk and provide effective oversight. Accordingly, such organizations should generally implement firmwide compliance risk management programs and have a corporate compliance function.

Compliance programs at such organizations should include more robust processes for identifying, assessing, controlling, measuring, monitoring, and reporting compliance risk, and for providing compliance training throughout the organization in order to appropriately control the heightened level and complexity of compliance risk. The corporate compliance function should play a key role in overseeing and supporting the implementation of the compliance risk management program, and in controlling compliance risks that transcend business lines, legal entities, and jurisdictions of operation.\(^5\)

**Large Banking Organizations with Less-Complex Compliance Profiles.** In some instances, banking organizations that meet the $50 billion asset threshold may have few legal entities, be less complex in nature, and may engage in only a very limited range of business activities. Such organizations may be able to effectively manage and oversee compliance risk without implementing a comprehensive firmwide approach. Alternatively, these organizations may choose to implement a firmwide approach whose scope is highly risk-focused on particular compliance risks that exist throughout the organization. In lieu of relying on a corporate compliance function to play a key role in providing day-to-day oversight of the compliance program, these organizations may rely on executive and management committees that are actively involved in providing ongoing corporate oversight of the compliance risk management program. An organization that adopts this approach, however, should ensure that its compliance program incorporates controls that effectively address compliance risks that transcend business lines, legal entities, and jurisdictions of operation; that appropriate firmwide standards are established for the business lines to follow in managing compliance risk and reporting on key compliance matters; and that the organization is appropriately overseeing the implementation of its compliance risk management program.

**Foreign Banking Organizations.** Each foreign banking organization supervised by the Federal Reserve should implement a compliance program that is appropriately tailored to the scope, complexity, and risk profile of the organization’s U.S. operations. The program should be reasonably designed to ensure that the organization’s U.S. operations comply with applicable U.S. rules and standards, and should establish effective controls over compliance risks that transcend business lines or legal entities. Foreign banking organizations with large, complex U.S. operations should implement compliance programs for these operations that have more robust processes for identifying, assessing, controlling, measuring, monitoring, and reporting compliance risk, and for providing compliance training, than would be appropriate for foreign banking organizations with smaller, less-complex U.S. operations.\(^6\)

With respect to oversight, foreign banking organizations should provide effective oversight of compliance risks within their U.S. operations, including risks that transcend business lines...
or legal entities. A foreign banking organization, however, has flexibility in organizing its oversight structure. Compliance oversight of U.S. activities may be conducted in a manner that is consistent with the foreign banking organization’s broader compliance risk management framework. Alternatively, a separate function may be established specifically to provide compliance oversight of the organization’s U.S. operations. Regardless of the oversight structure utilized by a foreign banking organization, its established oversight mechanisms, governing policies and procedures, and supporting infrastructure for its U.S. operations should be sufficiently transparent for the Federal Reserve to assess their adequacy.

II. Independence of Compliance Staff

Federal Reserve supervisory findings at large, complex banking organizations consistently reinforce the need for compliance staff to be appropriately independent of the business lines for which they have compliance responsibilities. Compliance independence facilitates objectivity and avoids inherent conflicts of interest that may hinder the effective implementation of a compliance program. The Federal Reserve has observed compliance independence to be an area in which there is considerable variation in practices, some of which do not consistently meet supervisory standards. A particular challenge for many organizations is attaining an appropriate level of independence with respect to compliance staff operating within the business lines.

The Federal Reserve does not prescribe a particular organizational structure for the compliance function. Large banking organizations with complex compliance profiles are encouraged, however, to avoid inherent conflicts of interest by ensuring that accountability exists between the corporate compliance function and compliance staff within the business lines. Such accountability would provide the corporate compliance function with ultimate authority regarding the handling of compliance matters and personnel decisions and actions relating to compliance staff, including retaining control over the budget for, and remuneration of, all compliance staff. Compliance independence should not, however, preclude compliance staff from working closely with the management and staff of the various business lines. To the contrary, compliance functions are generally more effective when strong working relationships between compliance and business line staff exist.

The Federal Reserve recognizes, however, that many large, complex banking organizations have chosen to implement an organizational structure in which compliance staff within a business line have a reporting line into the management of the business. In these circumstances, compliance staff should also have a reporting line through to the corporate compliance function with respect to compliance responsibilities. In addition, a banking organization that chooses to implement such a dual reporting structure should ensure that the following minimum standards are observed in order to minimize potential conflicts of interest associated with this approach:
(1) In organizations with dual reporting line structures, the corporate compliance function should play a key role in determining how compliance matters are handled and in personnel decisions and actions (including remuneration) affecting business line compliance and local compliance staff, particularly senior compliance staff. Furthermore, the organization should have in place a process designed to ensure that disputes between the corporate compliance function and business line management regarding compliance matters are resolved objectively. Under such a process, the final decision-making authority should rest either with the corporate compliance function, or with a member or committee of senior management that has no business line responsibilities.

(2) Compensation and incentive programs should be carefully structured to avoid undermining the independence of compliance staff. Compliance staff should not be compensated on the basis of the financial performance of the business line. Such an arrangement creates an improper conflict of interest.

(3) Banking organizations with dual reporting line structures should implement appropriate controls and enhanced corporate oversight to identify and address issues that may arise from conflicts of interest affecting compliance staff within the business lines. For example, in these circumstances, the process for providing corporate oversight of monitoring and testing activities performed by compliance staff within the business lines should be especially robust.

III. Compliance Monitoring and Testing

Robust compliance monitoring and testing play a key role in identifying weaknesses in existing compliance risk management controls and are, therefore, critical components of an effective firmwide compliance risk management program. Federal Reserve supervisory findings at large, complex banking organizations indicate that opportunities for improving compliance monitoring and testing programs at many of these organizations remain.

Risk Assessments and Monitoring and Testing Programs. Risk assessments are the foundation of an effective compliance monitoring and testing program. The scope and frequency of compliance monitoring and testing activities should be a function of a comprehensive assessment of the overall compliance risk associated with a particular business activity. Many larger, more complex banking organizations, however, remain in the process of implementing comprehensive risk assessment methodologies. This presents a challenge to the effectiveness of compliance monitoring and testing programs as the effectiveness of these programs relies upon comprehensive risk assessments. Larger, more complex banking organizations are strongly encouraged to complete the implementation of comprehensive risk assessment methodologies and to ensure that compliance monitoring and testing activities are based upon the resulting risk assessments.
Testing. Although the Federal Reserve has generally observed considerable progress in the level of compliance monitoring, there continues to be room for improvement regarding the testing of compliance controls. Compliance testing is necessary to validate that key assumptions, data sources, and procedures utilized in measuring and monitoring compliance risk can be relied upon on an ongoing basis and, in the case of transaction testing, that controls are working as intended. The testing of controls and remediation of deficiencies identified as a result of testing activities are essential to maintaining an effective internal control framework.

The scope and frequency of compliance testing activities should be based upon the assessment of the specific compliance risks associated with a particular business activity. Periodic testing of compliance controls by compliance staff is strongly encouraged as this practice tends to result in an enhanced level of compliance testing. If, however, compliance testing is performed exclusively by the internal audit function, particular care should be taken to ensure that high-risk compliance elements are not otherwise obscured by a lower overall risk rating of a broadly defined audit entity. Otherwise, the scope and frequency of audit coverage of higher-risk compliance elements tends to be insufficient.

IV. Responsibilities of the Board of Directors and Senior Management

The primary responsibility for complying with applicable rules and standards rests with the individuals within the organization as they conduct their day-to-day business and support activities. The board, senior management, and the corporate compliance function are responsible for working together to establish and implement a comprehensive and effective compliance risk management program and oversight framework that is reasonably designed to prevent and detect compliance breaches and issues.

Boards of Directors. Boards of directors are responsible for setting an appropriate culture of compliance within their organizations, for establishing clear policies regarding the management of key risks, and for ensuring that these policies are adhered to in practice. The following discussion is intended to clarify existing Federal Reserve supervisory views with regard to responsibilities of the board related to compliance risk management and oversight, and to differentiate these responsibilities from those of senior management.

To achieve its objectives, a sound and effective firmwide compliance risk management program should have the support of the board and senior management. As set forth in applicable law and supervisory guidance, the board and senior management of a banking organization have different, but complementary, roles in managing and overseeing compliance risk.

The board has the responsibility for promoting a culture that encourages ethical conduct and compliance with applicable rules and standards. A strong compliance culture reinforces the principle that an organization must conduct its activities in accordance with applicable rules.
and standards, and encourages employees to conduct all activities in accordance with both
the letter and the spirit of applicable rules and standards. The board should have an
appropriate understanding of the types of compliance risks to which the organization is
exposed. The level of technical knowledge required of directors to fulfill these
responsibilities may vary depending on the particular circumstances at the organization.

The board should ensure that senior management is fully capable, qualified, and properly
motivated to manage the compliance risks arising from the organization’s business activities
in a manner that is consistent with the board’s expectations. The board should ensure that its
views about the importance of compliance are understood and communicated by senior
management across, and at all levels of, the organization through ongoing training and other
means. The board should ensure that senior management has established appropriate
incentives to integrate compliance objectives into the management goals and compensation
structure across the organization, and that appropriate disciplinary actions and other
measures are taken when serious compliance failures are identified. Finally, the board should
ensure that the corporate compliance function has an appropriately prominent status within
the organization. Senior management within the corporate compliance function and senior
compliance personnel within individual business lines should have the appropriate authority,
independence, and access to personnel and information within the organization, and
appropriate resources to conduct their activities effectively.

The board should be knowledgeable about the general content of the compliance program
and exercise appropriate oversight of the program. Accordingly, the board should review and
approve key elements of the organization’s compliance risk management program and
oversight framework, including firmwide compliance policies, compliance risk management
standards, and roles and responsibilities of committees and functions with compliance
oversight responsibilities. The board should oversee management’s implementation of the
compliance program and the appropriate and timely resolution of compliance issues by
senior management. The board should exercise reasonable due diligence to ensure that the
compliance program remains effective by at least annually reviewing a report on the
effectiveness of the program. The board may delegate these tasks to an appropriate board-
level committee.

*Senior Management.* Senior management across the organization is responsible for
communicating and reinforcing the compliance culture established by the board, and for
implementing measures to promote the culture. Senior management also should implement
and enforce the compliance policies and compliance risk management standards that have
been approved by the board. Senior management of the corporate compliance function
should establish, support, and oversee the organization’s compliance risk management
program. The corporate compliance function should report to the board, or a committee
thereof, on significant compliance matters and the effectiveness of the compliance risk
management program.
Senior management of a foreign banking organization’s U.S. operations should provide sufficient information to governance or control functions in its home country, and should ensure that responsible senior management, including in the home country, maintain a thorough understanding of the risk and control environment governing U.S. operations. U.S. management should assess the effectiveness of established governance and control mechanisms on an ongoing basis, including processes for reporting and escalating areas of concern and implementation of corrective action as necessary.

V. Conclusion

This SR/CA letter should be disseminated to all large, complex banking organizations, and other institutions supervised by the Federal Reserve as Reserve Bank staff believes appropriate. Questions may be directed to Karen El Kochta, Senior Supervisory Financial Analyst, Compliance Risk, Division of Banking Supervision and Regulation, at (202) 452-5206; Chris Laursen, Manager, Risk Policy & Guidance, Division of Banking Supervision and Regulation, at (202) 452-2478; or Phyllis Harwell, Manager, Division of Consumer and Community Affairs, at (202) 452-3658. In addition, questions may be sent via the Board’s public website.11

Cross Reference:

SR letter 04-18, "Bank Holding Company Rating System"

SR letter 95-51, "Rating the Adequacy of Risk Management Processes and Internal Controls at State Member Banks and Bank Holding Companies"

Notes:

1. Compliance risk is the risk of legal or regulatory sanctions, financial loss, or damage to reputation resulting from failure to comply with laws, regulations, rules, other regulatory requirements, or codes of conduct and other standards of self-regulatory organizations applicable to the banking organization (applicable rules and standards). (See, generally, Compliance and the compliance function in banks, Basel Committee on Banking Supervision, April 2005, www.bis.org.)
2. Effective compliance risk management programs incorporate controls designed to maintain compliance with applicable rules and standards, including safety and soundness and consumer protection guidance issued by supervisory authorities.

3. See SR letter 95-51, “Rating the Adequacy of Risk Management Processes and Internal Controls at State Member Banks and Bank Holding Companies.” This letter provides general guidance on risk management processes and internal controls for consolidated organizations, and discusses the elements of a sound risk management system applicable to all banking organizations for which the Federal Reserve has supervisory responsibility. SR 95-51 states that all bank holding companies should be able to assess the major risks of the consolidated organization. See also 12 CFR Part 208, appendix D-1, “Interagency Guidelines Establishing Standards for Safety and Soundness.”

4. Compliance policies refer to both: (1) firmwide compliance policies that apply to all employees throughout the organization as they conduct their business and support activities; and (2) the more detailed, business-specific policies that are further tailored to, and more specifically address, compliance risks inherent in specific business lines and jurisdictions of operation, and apply to employees conducting business and support activities for the specific business line and/or jurisdiction of operation. Compliance procedures refer to the control procedures that are designed to implement compliance policies. Compliance risk management standards refer to policies and procedures applicable to compliance staff as they fulfill their day-to-day compliance responsibilities. Compliance standards should clearly articulate expectations regarding the processes to be followed in implementing the organization’s firmwide compliance risk management program, including the processes and criteria to be utilized in identifying, assessing, controlling, measuring, monitoring, and reporting compliance risk, and in providing compliance training. Compliance standards should also clearly articulate the roles and responsibilities of the various committees, functions, and staff with compliance support and oversight responsibilities.

5. While the corporate compliance function is generally responsible for overseeing and supporting the compliance risk management program, it is recognized that the board of directors may assign primary responsibility for aspects of the compliance program to other units within the organization (e.g., finance, information technology, human resources, etc.). The corporate compliance function, therefore, may or may not have responsibility for monitoring and testing the controls over certain compliance activities embedded within these units, such as those over regulatory reporting and regulatory capital. Nevertheless, it is important that an organization’s compliance program incorporates appropriate controls over these risks and that proper oversight of the management of these risks is conducted.

6. Foreign banking organizations with $50 billion or more in U.S. third-party assets will generally be considered as large banking organizations with complex compliance profiles for purposes of this SR/CA letter unless their U.S. activities are less complex.
in nature as described in Section I of this letter. The Federal Reserve’s views on compliance risk management programs apply equally to the large, complex U.S. operations of foreign banking organizations.

7. The reference to all compliance staff includes corporate, business line, and local compliance staff.

8. Risk assessments should be based upon firmwide standards which establish the method for, and criteria to be utilized in, assessing risk throughout the organization. Risk assessments should take into consideration both the risk inherent in the activity, and the strength and effectiveness of controls designed to mitigate the risk.

9. Foreign banking organizations should ensure that, with respect to their U.S. operations, the responsibilities of the board described in this section are fulfilled in an appropriate manner through their oversight structure and risk management framework.


ABSTRACT

A cartridge comprises an ink supply structure, a terminal bearing structure, and a first restriction portion. The terminal bearing structure has terminals arranged in a terminal plane which is neither parallel nor perpendicular to a plane defined by a mounting direction leading edge of the ink supply structure, so that the contact portions of the terminals receive a force in a direction opposite from the mounting direction. An engagement portion of the first restriction portion is provided at a position adjacent to the terminal bearing structure.

18 Claims, 50 Drawing Sheets
(56) References Cited

U.S. PATENT DOCUMENTS


OTHER PUBLICATIONS

Extended European Search Report issued on Sep. 10, 2014 in European Application No. 13192668.5.

* cited by examiner

FOREIGN PATENT DOCUMENTS

Fig. 2
Fig. 4
Fig. 12
Fig. 16
Fig. 30
Fig. 37

20j

200
206j
202j

204j

203j
208j
207j
201j

22j

299j

203
210

208

40
207

201
205

204
220
Fig. 42A

Wiping amount against substrate angle
(Cartridge size: 63 mm)

Fig. 42B

[Diagram showing substrate and wiping mechanism]
Fig. 43A

UPWARD FORCE TO PREVENT HALF INSERTION
(CARTRIDGE SIZE: 63 mm)

UPWARD FORCE $F_0$ [N] BY APPARATUS-SIDE TERMINAL

SUBSTRATE INCLINATION ANGLE $\phi$ [DEGREES]

Fig. 43B

$F = F_0 = 0.2N$

$F = F_0 \times \cos \phi$

$\phi$
CARTRIDGE AND PRINTING MATERIAL SUPPLY SYSTEM

CROSS REFERENCE TO RELATED APPLICATIONS


BACKGROUND OF THE INVENTION

1. Technical Field

The present invention relates to a cartridge, a combination of a cartridge and a printing device (or portion thereof) and/or a printing material supply system including the cartridge and a printing device.

2. Related Art


U.S. Publication No. 2005/0151811 discloses a cartridge with a latching lever 3 and electric contact terminal pads 102. Lever 3 includes an anchoring portion 6 for engaging with the printer. The anchoring portion 6 is disposed far away from the contact pads 102. Because anchoring portion 6 is far away from the cartridge terminals, the engagement with the printer can only offer limited contribution to the accuracy and stability of positioning of the cartridge terminals with respect to the respective printer terminals.

In addition, lever 3 in U.S. Publication No. 2005/0151811 needs to be long enough to reach a location accessible by the user so the user can operate it. It also projects far away from the side wall of the cartridge. Such a large lever results in a larger cartridge, which can also result in a large-size printer, in which the cartridge is attached to and detached from, as well as bulky packaging for transportation and distribution of the cartridges, which in turn increases transportation and parts costs.

Also, the cartridge structure that connects the anchoring portion 6 to the cartridge-side terminals includes a flexible section of the lever 3. Even though the anchoring portion 6 might be securely engaged with the printer, vibration generated during printing operations can be transmitted through the flexible section of the lever 3 to the cartridge terminals, and so can influence the positioning of the cartridge terminals with respect to the printer terminals. This is particularly a concern for on-carriage type ink cartridges, such as those disclosed of U.S. Publication No. 2005/0151811, because they are mounted on a printer's carriage, to which the print head is attached. In on-carriage printers, the carriage is scanned back and forth over the print medium during printing operations. The ink cartridges in the carriage undergo great acceleration force with each change in scan direction, in addition to other vibration generated during printing operations.

The lever in U.S. Publication No. 2005/0151811 is formed integrally with the cartridge and is elastically deformable. With this configuration, the material used to produce the cartridge is limited to a material with sufficient moldability for making this configuration, and also with sufficient flexibility and durability that is needed for the lever to elastically deform during engagement and disengagement with the printer.

The lever might plastically deform under operations by the user. Such plastic deformation of the lever may cause positional misalignment between cartridge-side terminals and printer terminals, which could result in poor electrical communication. Plastic deformation also reduces the durability of the lever. Also, special measures, such as those disclosed in U.S. Pat. No. 7,018,030, must be taken during packaging of the cartridge to prevent creep deformation of the lever while the cartridge is packaged, especially when the cartridge is packaged in a vacuum package.

U.S. Pat. No. 6,276,780 discloses a cartridge without any memory or electrical terminals. Because this type of cartridge requires no electrical connection with the printer, there is no need to include structure or configuration for maintaining stable positioning and alignment of cartridge terminals to printer terminals.

In addition, the cartridge is attached to the printer by a latch mechanism 132 (in FIGS. 9-16 of U.S. Pat. No. 6,276,780) that is disposed on the printer. Cartridge-side latch ramps 220 that engage the latch mechanism 132 are far away from the pivot axis of the latch mechanism 132, in the direction in which the cartridge is removed from the printer. As a result, when a resilient member 156 or compression force seal 152 applies to the cartridge a force (indicated by arrow X in FIG. 12 U.S. Pat. No. 6,276,780) in the direction in which the cartridge is removed from the printer, this force can be easily converted into a force that releases engagement of the retainer portion 134 from the cartridge latch ramps 220, so that the cartridge might become separated from the printer during use of the printer. Because the engagement configuration disclosed in U.S. Pat. No. 6,276,780 includes this inherent risk of the cartridge becoming separated from the printer, it is not suitable for use with the configurations disclosed in U.S. Publication No. 2005/0151811, which require proper contact between the cartridge terminals and printer terminals. Moreover, contact between the cartridge and printer terminals in the configurations in U.S. Publication No. 2005/0151811 applies force from the terminals of the printer in lateral direction to the cartridge, so that the cartridge might move in the lateral direction. The latch mechanism 132 of U.S. Pat. No. 6,276,780 is not suitable for the cartridge of U.S. Publication No. 2005/0151811 at least for the reason that it might not be able to match the lateral direction movement of the cartridge, so that the latch mechanism 132 becomes detached from the cartridge.

U.S. Pat. No. 6,074,042 discloses an ink cartridge with electrical contacts 54. As shown in FIGS. 12A to 13B thereof, the electrical contacts 54 are at the leading edge of the direction in which the cartridge is mounted into the printer. With this configuration, when the cartridge is mounted into the printer, the electrical contacts 54 of the cartridge press flat against spring biased electrical contacts 104 of the printer. Metal oxidation, oil, or other non-conductive matter at the outer surface of the metal electrical contacts 54 can become sandwiched between the conductive metal of the cartridge and printer electrical contacts, possibly hindering electrical communication between the cartridge and the printer.
U.S. Pat. No. 6,955,422 discloses, for example in FIGS. 2a to 2d thereof, a cartridge 1 that has a memory device 7 with electrodes 7a. The electrodes 7a are aligned substantially parallel to the direction of cartridge insertion into the printer. With this configuration, the printer electrodes 106 slide across the surface of the circuit board (on which the electrodes 7a are formed) for a long distance. The surface of the circuit board is typically covered with an electrically insulating resin material. When the printer electrodes 106 scrape against the circuit board, they can damage this insulation so that fragments of the insulation flake away from the circuit board. The insulation fragments can get caught between the printer electrodes 106 and the cartridge electrodes 7a, and become a cause of poor or otherwise unreliable electrical communication between the printer and the cartridge.

As shown in FIGS. 5 to 6B of U.S. Pat. No. 6,955,422, the printer is provided with a leaf spring 103 that exerts an urging force that presses the surface of memory device 7 against the printer electrodes 106 when the cartridge is mounted in the printer, and that moves the cartridge 1 upward when the cartridge is pulled out of the printer.

U.S. Pat. No. 7,008,053 discloses in FIG. 5 an elastic piece 40 provided on the printer. When the cartridge is fully mounted in the printer, the lower end 40a of the elastic piece 40 abuts against a flat surface 12a at the upper portion of the projecting portion 12 on which the electrodes 14 are located. The abutment between the lower end 40a and the flat surface 12a restricts upward movement of the projecting portion 12. However, the configuration of U.S. Pat. No. 7,008,053 includes no means located near the projecting portion 12 for restricting downward movement of the projecting portion 12. As a result, projecting portion 12 is fairly free to vibrate vertically during operation of the printer and therefore the electrodes can become misaligned or disconnected from the printer terminals.

In the presence of various mechanisms for attachment and detachment, there is a need to reduce the total size of a printer for better usability and ease of installation. For reducing the size of the printer, it is typically necessary to reduce the sizes of a large number of components forming the printer and relevant elements. These components and relevant elements include a cartridge attached to the printer and a cartridge mounting structure for attachment of the cartridge.

For improved use of the printer, information regarding the printing material contained in the cartridge (for example, information regarding the remaining amount of the printing material) is often displayed on the monitor of the printer. The cartridge attached to this printer would have a circuit board with a memory for storing the information regarding the printing material. The circuit board has terminals (cartridge-side terminals) used to send and receive information to and from the printer. The information regarding the printing material is transmitted between the memory and a controller of the printer through the contact of these cartridge-side terminals and terminals on the printer (device-side terminals). It is accordingly necessary to maintain stable electrical connection between the cartridge-side terminals and the device-side terminals.

As will be described below, there is no known mechanism to meet these requirements in a fully acceptable manner. This problem is not limited to a cartridge containing ink for printing but is also commonly found in any of printing devices and/or cartridges configured to supply or eject various other printing materials (for example, toner) as well as ink.

Consequently, there is a need to ensure stable electrical connection between cartridge-side terminals and device-side terminals. There is also a need to attain size reduction of a cartridge, a printer and a printing material supply system including the cartridge attached to the printer.

SUMMARY

In order to more suitably achieve at least part of the foregoing, the present invention provides various aspects and embodiments described below.

First Aspect:
A cartridge detachably attached to a printing device, the printing device comprising a cartridge mounting structure configured to have: (i) a device-side bottom wall member; (ii) a first device-side side wall member, which can be at a front thereof, provided to intersect the device-side bottom wall member; and (iii) a second device-side side wall member, which can be at a rear thereof, provided to intersect the device-side bottom wall member and to be opposed to the first device-side side wall member. The device can include a printing material supply structure, which can be in the form of a tube, structured to have a base end provided on the device-side bottom wall member and a peripheral end to be connected with the cartridge and configured to supply a printing material contained in the cartridge to a head. The cartridge preferably includes a plurality of device-side electrical contact terminals which can be provided in a device-side corner section where the device-side bottom wall member intersects the first (front) device-side side wall member. The cartridge can also include a lever provided on the first (front) device-side side wall member in a rotatable manner to be used for attachment and detachment of the cartridge to and from the printing device. The lever can be oriented such that a X-axis represents an axis parallel to a central axis C of the printing material supply structure/tube, an X-axis represents an axis, along which the printing material supply tube and the device-side terminals are arrayed and which is orthogonal to the Z-axis, and a Y-axis represents an axis orthogonal to both the Z-axis and the X-axis. A Z-axis direction represents a direction along the Z-axis from the base end to the peripheral end of the printing material supply tube, which can be an upwards direction. A −Z-axis direction represents a reverse direction to the +Z-axis direction. A +X-axis direction represents a direction along the X-axis from the printing material supply tube towards the device-side terminals, which can be a frontwards direction. A −X-axis direction represents a reverse direction to the +X-axis direction. A +Y-axis direction represents a direction along the Y-axis going to one end, which can be a sideways direction, and −Y-axis direction represents a direction along the Y-axis going to the other end. The cartridge can be constructed so that the device-side terminals are in contact with the cartridge to apply a force, which can be a resilient or elastic force, to the cartridge in a specified direction including a Z-axis direction component in an attached state of the cartridge to the cartridge mounting structure. The lever can have an operating member at the +Z-axis direction end (which can be the top end) and a first device-side restriction element at the −Z-axis direction end (which can be the bottom end) to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction. The lever can be constructed to rotate about a specified position between the operating member and the first device-side restriction element as an axis of rotation, wherein the X-axis, the Y-axis and the Z-axis with respect to the cartridge in the attached state respectively correspond to an X-axis, a Y-axis and a Z-axis of the cartridge. The cartridge can comprise a first face located on the −Z-axis direction side and a second face located on the +Z-axis direction side, as two faces opposed to each other in the Z-axis direction; a third face located on the +X-axis direc-
tion side and a fourth face located on the $-X$-axis direction side, as two faces opposed to each other in the $X$-axis direction and intersecting the first face and the second face; a corner section arranged to connect the first face with the third face; a sloped surface provided to form part of the corner section and inclined in a specific direction including the $+X$-axis direction component and the $-Z$-axis direction component. An ink supply structure can be provided on the first face to be connected with the printing material supply tube. A plurality of cartridge-side terminals can be provided corresponding to the respective device-side terminals and located on the sloped surface to receive a force in a specified direction including the $+Z$-axis direction component from the device-side terminals. Due to the slope at the area of contact, the force can also have a $-X$-axis direction component. The cartridge can also include a first cartridge-side restriction element configured to be locked by the first device-side restriction element and thereby restrict motion of the cartridge in the $+Z$-axis direction.

The above configuration can be provided with either or both of the two features in the following two embodiments. In one embodiment, the added feature is that the first cartridge-side restriction element is provided at a specific position on the third face close to an intersecting part, where the third face intersects the sloped surface, and is located on the $-Z$-axis direction side of the axis of rotation of the lever. In another embodiment, the cartridge-side terminals comprise a first terminal including a first outer part located at the most $+Y$-axis direction end; and a second terminal including a second outer part located at the most $-Y$-axis direction end, wherein the first cartridge-side restriction element is located not outside but inside a range between the first outer part and the second outer part in the $Y$-axis direction.

The cartridge according to a first aspect of the invention has the first cartridge-side restriction element that engages with the lever of the printing device. Because the lever is not made integral with the cartridge, the material for producing the cartridge can be different from the material used for producing the lever. Also, the material of the cartridge can be selected with less concern for flexibility and durability requirements, and greater focus on other properties such as resistance to ink. Thus, different plastics, thermoplastics and resins can be used to make the different components.

Also, because the lever is not on the cartridge, no special care is needed to prevent creep deformation of the lever in packaging of the cartridge for transportation and distribution. This simplifies packaging requirements and improves the user's convenience.

Because the lever is not an integral part of the cartridge, the cartridge can be made smaller. This further allows size reduction of the packaging material, such as paper or box, used to package the cartridge for transportation or distribution of the cartridge, thus advantageously reducing the transportation cost and the parts cost.

Because the lever is not integral with the cartridge, the first cartridge-side restriction element can be made with a small size and simple structure, and with higher rigidity compared with the structures described in U.S. Publication No. 2005/0151811. This results in significantly reducing the possibility of plastic deformation of the first cartridge-side restriction element. In the attached state, the cartridge can be kept at the proper position in the cartridge mounting structure, which maintains normal or good contact between the cartridge-side terminals and the device-side terminals and reduces the possibility of poor contact. In the cartridge of the first aspect, since the first cartridge-side restriction element can have a small size and simple structure, no special care to prevent creep deformation of the lever is required in packaging for transportation and distribution of the cartridge, unlike the cartridges of U.S. Publication No. 2005/0151811. This improves the user's experience and convenience of use.

In the cartridge according to the first aspect, the first cartridge-side restriction element is provided on the $-Z$-axis direction side of the axis of rotation of the lever. Even when the force is applied in the direction including the $+Z$-axis direction component from the device-side terminals to move the cartridge in the $+Z$-axis direction, the lever serves to restrict the motion of the cartridge in the $+Z$-axis direction. This reduces the possibility of the first cartridge-side restriction element becoming unlocked or disengaged from the first device-side restriction element, thus ensuring stable electrical connection between the cartridge-side terminals and the device-side terminals and reducing the possibility of poor continuity. The first device-side restriction element can move about the axis of rotation of the lever with the movement of the cartridge in the $-X$-axis direction when force in the $-X$-axis direction is applied from the device-side terminals to the mounted cartridge. This reduces the possibility that the first cartridge-side restriction element is uncoupled from the first device-side restriction element.

In the cartridge according to the first aspect, the first cartridge-side restriction element is provided at the specific position on the third face close to the intersecting part. The cartridge can thus be fixed to the cartridge mounting structure at a position near to the contact between the cartridge-side terminals and the device-side terminals. This reduces the possibility of positional misalignment of the cartridge-side terminals relative to the device-side terminals and reduces the poor continuity between the cartridge-side terminals and the device-side terminals. In the event the cartridge fails, the first cartridge-side restriction element prevents the cartridge-side terminals from being directly hit against, for example, the floor surface and thereby helps protect the cartridge-side terminals from being damaged. Especially when the cartridge-side terminals are mounted on the circuit board with a memory unit, this protects the vulnerable memory unit from being damaged and enhances the effect of shock resistance.

Providing the first cartridge-side restriction element at the position close to the intersecting part enables the lever of the cartridge mounting structure to be located at the position closer to the first face. This enables size reduction of the cartridge and the printing device in the $Z$-axis direction.

Second Aspect:

The cartridge according to the first aspect, wherein the first cartridge-side restriction element is provided at a specific position close to an intersecting part, where the third face intersects the sloped surface.

In the cartridge according to the second aspect, the first cartridge-side restriction element is provided at the specific position close to the intersecting part. The cartridge can thus be fixed to the cartridge mounting structure at the position near to the contact between the cartridge-side terminals and the device-side terminals. The first cartridge-side restriction element prevents the positional misalignment of the cartridge-side terminals relative to the device-side terminals. Thus the first cartridge-side restriction element reduces the possibility of poor continuity between the cartridge-side terminals and the device-side terminals. In the event the cartridge falls, the first cartridge-side restriction element prevents the cartridge-side terminals from being directly hit against, for example, the floor surface and thereby helps protect the cartridge-side terminals from being damaged. Especially when the cartridge-side terminals are mounted on the circuit board with a memory unit, this protects the vulner-
able memory unit from being damaged and enhances the effect of shock resistance. When the first cartridge-side restriction element formed as a projection, the effects of shock resistance are further enhanced. Providing the first cartridge-side restriction element at the position close to the intersecting part enables the lever of the cartridge mounting structure to be located at the position closer to the first face. This enables size reduction of the cartridge and the printing device in the Z-axis direction.

Third Aspect:

The cartridge according to either one of the first aspect and/or second aspect, wherein the first cartridge-side restriction element is provided at a position intersecting a plane (plane Yc), which passes through center of a width or the Y-axis direction length of the cartridge and is parallel to the Z axis and the X axis.

When the cartridge is in a mounted condition in the printer, the cartridge receives a force from the printer-side terminal group in a direction that includes a +Z axis direction component, and the first cartridge-side restriction portion is pressed against the first printer-side restriction portion of the lever by this force. By providing the first cartridge-side restriction portion at a location intersected by the plane Yc, the portion of the first cartridge-side restriction portion in the vicinity of the position intersected by the plane Yc would hardly move at all, even if the cartridge were to move about the X axis or Z axis by application of an external force. It should be noted that the first cartridge-side restriction portion is arranged at a position that is near the intersection portion, the edge of the circuit board, or both. By providing the first cartridge-side restriction portion, which hardly moves, at a location extremely near to cartridge-side terminal group, electrical connection between the cartridge-side terminal group and the printer-side terminal group can be stable.

Fourth Aspect:

The fourth aspect is the embodiment described above where the cartridge-side terminals comprise a first terminal including a first outer part located at the most +Y-axis direction end; and a second terminal including a second outer part located at the most −Y-axis direction end, wherein at least part of the first cartridge-side restriction element is located between the first outer part and the second outer part in the Y-axis direction and as mentioned above can be implemented independent from or together with the above described embodiments of the first aspect addressed above.

In the cartridge according to the fourth aspect, at least part of the first cartridge-side restriction element is located between the first outer part and the second outer part. This locates the first cartridge-side restriction element of little motion at the position very close to the cartridge-side terminals, thus ensuring the stable electrical connection between the cartridge-side terminals and the contact mechanism.

Fifth Aspect:

The cartridge according to the fourth aspect, wherein the first cartridge-side restriction element is located not outside but inside of a range between the first outer part and the second outer part in the Y-axis direction.

Some of the printer-side terminals might protrude out farther than the others. In the example shown in FIG. 31, the terminal 731 protrudes out further. When the cartridge is mounted within the printer, the cartridge-side terminal group will receive from the printer-side terminal group a force with a +Z axis direction component. If the cartridge is held too securely, then contact with some of the printer-side terminals (terminal 734 in FIG. 31’s example), might not be proper. By positioning the first cartridge-side restriction portion to completely inside of the terminals in the widthwise direction, the cartridge can tilt sufficiently to adjust the direction in which the slanted surface faces, so that electrical connection between the cartridge-side terminal group and the printer-side terminal group can be even more stable. These benefits are also relevant to the configurations of the embodiments addressed above.

Sixth Aspect:

The cartridge according to any one of the first aspect to the fifth aspect, further comprising a second cartridge-side restriction element configured to be locked by a second device-side restriction element provided on the second device-side wall member and thereby restrict motion of the cartridge in the +Z-axis direction, and the second cartridge-side restriction element is provided on the fourth face.

The cartridge according to the sixth aspect has the second cartridge-side restriction element on the fourth face to restrict the motion of the cartridge in the +Z-axis direction, so as to restrict the motion of the cartridge in the +Z-axis direction from both the +X-axis direction end and the −X-axis direction end. This further prevents the positional misalignment of the respective cartridge-side terminals relative to the cartridge mounting structure and further ensures the stable electrical connection between the cartridge-side terminals and the device-side terminals.

Seventh Aspect:

The cartridge according to the sixth aspect, wherein the second cartridge-side restriction element is a projection to be inserted in the second device-side restriction element formed as a recess or a through hole.

In the cartridge according to the seventh aspect, inserting the second cartridge-side restriction element into the second device-side restriction element provides the pivot point of rotation to turn the cartridge about the vicinity of the second cartridge-side restriction element. This facilitates attachment and detachment of the cartridge to and from the cartridge mounting structure.

Eighth Aspect:

The cartridge according to any one of the first aspect to the seventh aspect, wherein the first cartridge-side restriction element is located on the −X-axis direction side of the axis of rotation of the lever.

In the cartridge according to the eighth aspect, in the attached state, the first cartridge-side restriction element generates rotational moment on the lever to turn the lever about the axis of rotation of the lever in the reverse direction to the unlocking direction. This reduces the possibility that the first cartridge-side restriction element is unlocked from the first device-side restriction element and further ensures the stable electrical connection between the cartridge-side terminals and the device-side terminals. Even when the cartridge receives the force in the −X-axis direction from the device-side terminals to move in the −X-axis direction, the first device-side restriction element moves in the −X-axis direction with the movement of the cartridge. Such moving reduces the possibility that the first cartridge-side restriction element becomes unlocked from the first device-side restriction element.

Ninth Aspect:

The cartridge according to the eighth aspect, wherein the first cartridge-side restriction element has a first abutting part that abuts a first portion of the first device-side restriction element to restrict motion of the cartridge in the +Z-axis direction, and a second abutting part that abuts a second portion of the first device-side restriction element to restrict motion of the cartridge in the +X-axis direction.

In the cartridge according to the ninth aspect, the first cartridge-side restriction element has the first abutting part
and the second abutting part and thus ensures generation of the rotational moment on the lever to turn the lever about the axis of rotation of the lever in the reverse direction to the unlocking direction. This further reduces the possibility that the first cartridge-side restriction element is unlocked from the first device-side restriction element and more effectively prevents the poor continuity between the cartridge-side terminals and the device-side terminals.

Tenth Aspect:
The cartridge according to any one of the first aspect to the ninth aspect, further comprising a projection configured to abut the operating member of the lever and receive a force including the +Z-axis direction component during detachment of the cartridge attached to the cartridge mounting structure from the cartridge mounting structure, and the projection is provided on the +Z-axis direction side of the first cartridge-side restriction element on the third face.

The cartridge according to the tenth aspect further has the projection. The cartridge can be readily removed from the cartridge mounting structure by using the operating member of the lever and the projection.

Eleventh Aspect:
The cartridge according to any one of the first aspect to the tenth aspect, wherein the corner section has a step extended from the first face in the +Z-axis direction, the step is located on the −X-axis direction side and the −Z-axis direction side of the sloped surface, and the step has a third cartridge-side restriction element that is in contact with a third device-side restriction element provided on the cartridge mounting structure, so as to restrict motion of the cartridge in the Y-axis direction.

In the cartridge according to the eleventh aspect, the third cartridge-side restriction element to restrict the motion of the cartridge in the Y-axis direction is provided in the corner section with the cartridge-side terminals. This restricts the motion of the third side-face of the cartridge in the Y-axis direction in the attached state of the cartridge.

Twelfth Aspect:
The cartridge according to the eleventh aspect, wherein the third cartridge-side restriction element comprises a pair of projection members configured to receive the third device-side restriction element protruded from the device-side bottom wall member in the +Z-axis direction, and the pair of projection members are protruded from the step in the +X-axis direction.

In the cartridge according to the twelfth aspect, the simple structure of providing the pair of projection members protruded in the +X-axis direction from the step effectively restricts the motion of the third face-side of the cartridge in the Y-axis direction in the attached state of the cartridge.

Thirteenth Aspect:
The cartridge according to either one of the eleventh aspect and the twelfth aspect, wherein part of the third cartridge-side restriction element overlaps the sloped surface, when the cartridge is viewed from the first face side in the +Z-axis direction.

In the cartridge according to the thirteenth aspect, the third cartridge-side restriction element and the sloped surface are located to partly overlap with each other. This further restricts the motion of the third face-side of the cartridge in the Y-axis direction about the printing material supply tube.

Fourteenth Aspect:
The cartridge according to any one of the first aspect to the thirteenth aspect, wherein the ink supply structure is provided at a specific position on the first face closer to the fourth face than the third face.

The cartridge according to the fourteenth aspect has the ink supply structure located closer to the fourth face than the third face. This structure lowers the possibility of adhesion of the printing material on the cartridge-side terminals, compared with the structure where the ink supply structure is located closer to the third face than the fourth face. This reduces the poor continuity between the cartridge-side terminals and the device-side terminals.

Fifteenth Aspect:
The cartridge according to any one of the first aspect to the fourteenth aspect, wherein the first cartridge-side restriction element is a projection.

The cartridge according to the fifteenth aspect provides the first cartridge-side restriction element as a projection which can be of a small size and simple structure.

Sixteenth Aspect:
The cartridge according to any one of the first aspect to the fifteenth aspect, wherein the cartridge-side terminals include a cartridge-side ground terminal that is in contact with a device-side ground terminal of the device-side terminals, which is connected with a ground line, and the cartridge-side ground terminal is provided on center of the width or the Y-axis direction length of the cartridge and is configured to be in contact with the device-side ground terminal before any other cartridge-side terminal is in contact with a corresponding device-side terminal in the course of attachment of the cartridge to the cartridge mounting structure.

In the cartridge according to the sixteenth aspect, the force first applied from the cartridge mounting structure to the cartridge-side terminals is generated on the substantial center of the width or the Y-axis direction length of the cartridge. This prevents the force applied to the cartridge-side terminals from acting to tilt the cartridge in the Y-axis direction, thus ensuring stable electrical connection between the cartridge-side terminals and the device-side terminals. The cartridge-side ground terminals are in contact with the corresponding device-side ground terminals, prior to the contact of the other cartridge-side terminals with the corresponding device-side terminals. The grounding function of the cartridge-side ground terminal advantageously prevents or reduces the high voltage-induced troubles and failures, even when an unexpected high voltage is applied to the cartridge.

Seventeenth Aspect:
The cartridge according to the sixteenth aspect, wherein a Z-axis direction length of the cartridge-side ground terminal is longer than the Z-axis direction length of the other cartridge-side terminal.

The cartridge according to the seventeenth aspect ensures the contact between the cartridge-side ground terminal and the device-side ground terminal.

Eighteenth Aspect:
A cartridge detachably attached to a printing device, the printing device comprising a cartridge mounting structure configured to allow attachment and detachment of the cartridge; a printing material supply tube structured to have a base end provided on a bottom of the cartridge mounting structure and a peripheral end to be connected with the cartridge and configured to supply a printing material contained in the cartridge to a head; a plurality of device-side terminals provided to be in contact with the cartridge; and a lever provided to be used for attachment and detachment of the cartridge, wherein a Z axis represents an axis parallel to a central axis C of the printing material supply tube, an X axis represents an axis, along which the printing material supply tube and the device-side terminals are arrayed and which is orthogonal to the Z axis, and a Y axis represents an axis orthogonal to both the Z axis and the X axis, wherein a
+Z-axis direction represents a direction along the Z-axis going from the base end to the peripheral end of the printing material supply tube, a −Z-axis direction represents a reverse direction to the +Z-axis direction, a +X-axis direction represents a direction along the X-axis going from the printing material supply tube to the device-side terminals, a −X-axis direction represents a reverse direction to the +X-axis direction, a +Y-axis direction represents a direction along the Y-axis going to one end, and −Y-axis direction represents a direction along the Y-axis going to the other end, wherein the device-side terminals are in contact with the cartridge to apply a force to the cartridge in a specified direction including the +Z-axis direction component in an attached state of the cartridge to the cartridge mounting structure, and the lever has an operating member at the +Z-axis direction end and a first device-side restriction element at the −Z-axis direction end to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction; the lever rotating out a specified position between the operating member and the first device-side restriction element as an axis of rotation, wherein the X-axis, the Y-axis and the Z-axis with respect to the cartridge in the attached state respectively correspond to an X-axis, a Y-axis and a Z-axis of the cartridge. The cartridge comprises an ink supply structure located at the −Z-axis direction end of the cartridge to be connected with the printing material supply tube; a circuit board located on the +X-axis direction side of the ink supply structure and has a surface inclined in a specified direction including the +X-axis direction component and the −Z-axis direction component; a plurality of cartridge-side terminals provided corresponding to the respective device-side terminals and located on the surface of the circuit board to receive a force in a specified direction including the +Z-axis direction component from the device-side terminals; and a first cartridge-side restriction element configured to be locked by the first device-side restriction element and thereby restrict motion of the cartridge in the +Z-axis direction and located on the +X-axis direction side of the printing material supply tube.

The above configuration can be provided with either or both of the features in the following two embodiments. In one embodiment the added feature is that the first cartridge-side restriction element is provided at a specific position close to a board end and is located on the −Z-axis direction side of the axis of rotation of the lever, the board end being located on the +Z-axis direction side of the surface of the circuit board. In another embodiment, the cartridge-side terminals comprise a first terminal including a first outer part located at the most +Y-axis direction end; and a second terminal including a second outer part located at the most −Y-axis direction end, wherein a device-side terminal is located not outside but inside a range between the first outer part and the second outer part in the Y-axis direction.

In the cartridge according to the eighth aspect, the first cartridge-side restriction element is provided on the −Z-axis direction side of the axis of rotation of the lever. This enables restriction of the motion of the cartridge in the +Z-axis direction by the lever like the cartridge according to the first aspect and has the similar advantageous effects to those of the cartridge according to the first aspect. For example, this ensures a more stable electrical connection between the cartridge-side terminals and the device-side terminals and reduces the poor continuity.

According to the embodiment where the cartridge-side terminals comprise a first terminal including a first outer part located at the most +Y-axis direction end; and a second terminal including a second outer part located at the most −Y-axis direction end, wherein the first cartridge-side restriction element is located not outside but inside a range between the first outer part and the second outer part in the Y-axis direction, the first cartridge-side restriction element is located not outside but inside the range between the first outer part and the second outer part. This enables fine adjustment of the direction of the sloped surface with the cartridge-side terminals provided thereon, like the cartridge according to the first embodiment. Even when the position of each of the device-side terminals or the slope of the first cartridge-side restriction element varies due to the manufacturing error, such fine adjustment of the direction of the sloped surface ensures the stable electrical connection between the cartridge-side terminals and the device-side terminals.

According to the embodiment where the first cartridge-side restriction element is provided at a specific position close to a board end and is located on the −Z-axis direction side of the axis of rotation of the lever, the board end being located on the +Z-axis direction side of the surface of the circuit board, the first cartridge-side restriction element is provided at the position close to the board end located on the +Z-axis direction side. In other words, the first cartridge-side restriction element is arranged as close as possible to the cartridge-side terminals. Since the first cartridge-side restriction element is locked by the lever, the periphery of the first cartridge-side restriction element has substantially no position shift by application of an external force to the cartridge. Providing the cartridge-side terminals at the location of extremely small position shift effectively prevents the positional misalignment of the respective cartridge-side terminals relative to the cartridge mounting structure, thus maintaining the stable electrical connection between the cartridge-side terminals and the device-side terminals.

Nineteenth Aspect:

A printing material supply system, comprising a printing device; and the cartridge according to any one of the first aspect to the eighteenth aspect, the printing device comprising a cartridge mounting structure configured to have: (i) a device-side bottom wall member; (ii) a first device-side side wall member provided to intersect the device-side bottom wall member; and (iii) a second device-side side wall member provided to intersect the device-side bottom wall member and to be opposite to the first device-side side wall member; a printing material supply tube structured to have a base end provided on the device-side bottom wall member and a peripheral end to be connected with the cartridge and configured to supply a printing material contained in the cartridge to a head; a plurality of device-side terminals provided in a device-side corner section where the device-side bottom wall member intersects the device-side side wall member; and a lever provided on the first device-side side wall member in a rotatable manner to be used for attachment and detachment of the cartridge to and from the printing device, wherein a Z
axis represents an axis parallel to a central axis C of the printing material supply tube, an X axis represents an axis, along which the printing material supply tube and the device-side terminals are arrayed and which is orthogonal to the Z axis, and a Y axis represents an axis orthogonal to both the Z axis and the X axis, wherein a +Z-axis direction represents a direction along the Z axis going from the base end to the peripheral end of the printing material supply tube, a −Z-axis direction represents a reverse direction to the +Z-axis direction, a +X-axis direction represents a direction along the X axis going from the printing material supply tube to the device-side terminals, a −X-axis direction represents a reverse direction to the +X-axis direction, a +Y-axis direction represents a direction along the Y axis going to one end, and a −Y-axis direction represents a direction along the Y axis going to the other end, wherein the device-side terminals are in contact with the cartridge to apply a force to the cartridge in a specified direction including the +Z-axis direction component in an attached state of the cartridge to the cartridge mounting structure, and the lever has an operating member at the +Z-axis direction end and a first device-side restriction element at the −Z-axis direction end to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction, the lever rotating about a specified position between the operating member and the first device-side restriction element as an axis of rotation.

The printing material supply system according to the nineteenth aspect includes the cartridge in accordance with any one of the first aspect to the eighteenth aspect, so as to allow size reduction of the printing material supply system in both the X-axis direction and the Z-axis direction and reduce the possibility that the first device-side restriction element is unlocked from the first cartridge-side restriction element. This ensures the stable electrical connection between the cartridge-side terminals and the device-side terminals and reduces the poor continuity.

As can be appreciated by one of ordinary skill in the art, the embodiments of the present invention are directed to an ink cartridge, and/or combinations of an ink cartridge with a printing apparatus, or a portion of a printing apparatus where the ink cartridge is installed on the apparatus, and/or systems for supplying ink to a printing apparatus where the system includes the printing apparatus (or portions thereof) and/or where the system does not include the printing apparatus.

In one embodiment of the invention, an ink cartridge for mounting on an ink jet printing apparatus is disclosed wherein the ink jet printing apparatus on which the ink cartridge is mounted includes a lever having an engagement portion. The printing apparatus preferably includes a plurality of apparatus-side contact forming members that are constructed and arranged to apply elastic force to the ink cartridge when the ink cartridge is pressed against said apparatus-side contact forming members after the cartridge is mounted on the printing apparatus. The ink cartridge preferably includes a cartridge body including a front or first surface, a rear or second surface, a top or third surface and a bottom or fourth surface, the front or first surface and rear or second surface are opposite each other and the top or third surface and bottom or fourth surface are opposite each other.

The ink cartridge includes an ink chamber for storing ink. The ink cartridge also preferably includes an electrical device. The ink cartridge also includes an ink supply structure positioned at the bottom or fourth surface of the cartridge body having a mounting direction leading edge defining a plane of the ink cartridge where the ink supply structure is adapted and configured to supply ink from the ink chamber to the ink jet printing apparatus. In one embodiment the ink supply struct-
mounted, when the distances are measured in an orthogonal direction to the plane defined by the leading edge. The lever may also have two ends where the pivot point is intermediate the two ends.

In one embodiment when viewing the ink cartridge from the side with the engagement portion of the first restraint portion to the right and the ink supply structure facing down, the engagement portion of the first restraint portion is to the left of a pivot point of the lever when the cartridge is mounted.

In one embodiment when the front or first surface of the cartridge body is viewed with the ink supply structure facing down, at least a portion of the engagement portion of the first restraint portion is located substantially at the widthwise center of the ink cartridge.

In a preferred embodiment, the plane defined by the leading edge is below the bottom or fourth surface. In other embodiments, it is substantially flush with the bottom. In still other embodiments it can be recessed above the bottom surface.

The present invention is not limited to the cartridge, the combination of the ink cartridge with the printing apparatus or the printing material supply system described herein but may be implemented by diversity of other aspects, for example, a liquid cartridge, a liquid container, a printing material container, a cartridge adapter, a circuit board, a printing device, a liquid ejection device, and a liquid supply system including a liquid ejection device and a liquid cartridge. The invention is not limited to the above aspects, but a multiplicity of variations and modifications may be made to these aspects without departing from the scope of the invention. When addressing a combination of an ink cartridge with a printing apparatus and/or an ink jet printing apparatus it should be understood that the ink cartridge is installed attached or mounted on the printing apparatus.

BRIEF DESCRIPTION OF DRAWINGS

The foregoing summary, as well as the following description of embodiments, will be better understood when read in conjunction with the appended drawings wherein like reference numerals refer to like components. For the purposes of illustrating the device of the present application, there is shown in the drawings certain embodiments. It should be understood, however, that the application is not limited to the precise arrangement, structures, features, embodiments, aspects, and devices shown, and the arrangements, structures, features, embodiments, aspects and devices shown may be used singularly or in combination with other arrangements, structures, features, embodiments, aspects and devices.

The drawings are not necessarily drawn to scale and are not in any way intended to limit the scope of this invention, but merely to clarify a single illustrated embodiment of the invention. In the drawings:

FIG. 1 is a perspective view illustrating the configuration of a printing material supply system;
FIG. 2 is a perspective view illustrating a holder with a cartridge attached thereto;
FIG. 3 is a perspective view illustrating a holder with a cartridge attached thereto;
FIG. 4 is a top view illustrating a holder with a cartridge attached thereto;
FIG. 5 is a sectional view taken on line F4-F4 in FIG. 4;
FIG. 5A is a sectional view illustrating a holder with a cartridge attached thereto;
FIGS. 6A and 6B show how the force is applied from the cartridge to a lever;
FIG. 7 is a perspective view illustrating the structure of the cartridge;
FIG. 8 is a bottom view of the cartridge;
FIG. 9 is a sectional view, taken on line F8-F8 in FIG. 8;
FIG. 9A is a view of the cartridge and the lever when the cartridge is in its mounted position;
FIGS. 10A and 10B illustrate the detailed structure of a circuit board;
FIG. 11 is a rear view of the cartridge;
FIG. 12 is a front view of the cartridge;
FIG. 13 is a left side view of the cartridge;
FIG. 14 is a perspective view illustrating the structure of the holder;
FIG. 15 is a perspective view illustrating the structure of the holder;
FIG. 16 is a top view illustrating the structure of the holder;
FIG. 17 is a sectional view, taken on line F16-F16 in FIG. 16;
FIG. 18 is a perspective view of a contact mechanism;
FIG. 19 is a perspective view illustrating the appearance of a lever;
FIG. 20 illustrates a cross section of a shaft body of the lever taken on a plane parallel to the X axis and the Z axis;
FIG. 21 is a sectional view of the lever;
FIG. 22 is an exploded perspective view of a retainer and a perspective view of the lever;
FIG. 23 is a sectional view showing the structure of the periphery of the lever in an attached state of the cartridge to the holder;
FIG. 24 shows the procedure for attachment of the cartridge to the holder;
FIG. 25 shows the procedure for attachment of the cartridge to the holder;
FIG. 26 shows the procedure for attachment of the cartridge to the holder;
FIG. 27 shows the procedure for attachment of the cartridge to the holder;
FIG. 27A is a close-up view of the cartridge attached to the holder;
FIG. 27B is a close-up view of the cartridge attached to the holder;
FIG. 28 is a block diagram illustrating the electrical structure;
FIG. 29 illustrates the connection between the circuit board and an attachment detection circuit;
FIG. 30 shows the external force applied to the cartridge in the attached state;
FIG. 31 shows fine adjustment of the direction of a sloped surface;
FIGS. 32A to 32F show one example of advantageous effect;
FIG. 33 illustrates a printer according to a second embodiment;
FIG. 34 is a perspective view illustrating the appearance of a cartridge according to a third embodiment;
FIGS. 35A to 35F are conceptual diagrams showing cartridge outer shapes according to other embodiments;
FIG. 36 is a perspective view illustrating the structure of a cartridge with an adapter according to one embodiment;
FIG. 37 is a perspective view illustrating the structure of a cartridge with an adapter according to another embodiment;
FIG. 38 is a perspective view illustrating the structure of a cartridge with an adapter according to another embodiment;
FIGS. 39A and 39B illustrate the structure of a lever according to one modification;
FIG. 40 illustrates attachment of the cartridge to a holder according to one modification;
FIGS. 41A to 41C show modifications of the terminal shape;
FIG. 42A is a graph showing a relation of wiping amount of a board terminal to a board inclination angle \( \phi \);
FIG. 42B shows the wiping amount of a board terminal;
FIG. 43A is a graph showing a relation of upward force by an apparatus-side ground terminal to a board inclination angle \( \phi \);
FIG. 43B shows the upward force by the apparatus-side ground terminal;
FIG. 44 is a graph showing another relation of wiping amount of the board terminal to a board inclination angle \( \phi \); and
FIG. 45 is a graph showing another relation of upward force by the apparatus-side ground terminal to a board inclination angle \( \phi \).

DESCRIPTION OF PREFERRED EMBODIMENTS

In order to further clarify the configurations and the operations of the invention, some embodiments of the invention are described below with reference to the accompanied drawings.

A. First Embodiment

A-1. General Configuration of Printing Material Supply System

FIG. 1 is a perspective view illustrating the configuration of a printing material supply system 10. XYZ axes are orthogonal to one another and are shown in FIG. 1. The XYZ axes in FIG. 1 correspond to the XYZ axes in the other drawings. In the consequent drawings, the XYZ axes are shown when needed. The printing material supply system 10 includes cartridge 20 and a printer 50 serving as a printing device. In the printing material supply system 10, the cartridges 20 are removably attached to a holder 60 of the printer 50 by the user.

Each of the cartridges 20 in the printing material supply system 10 contains ink as a printing material. The ink as the printing material contained in the cartridge 20 is supplied through a ink supply structure and a printing material supply tube (described later) to a head 540. According to this embodiment, a plurality of the cartridges 20 are removably attached to the holder 60 of the printer 50. More specifically, six cartridges 20 respectively containing six different color inks (i.e., black, yellow, magenta, light magenta, cyan and light cyan) are attached to the holder 60. It will be appreciated by one of ordinary skill in the art that, although the description herein references ink, any substance that can be used for printing is envisaged to be usable as described in more detail below in connection with the disclosed cartridge, combination and/or supply system and the invention should not be limited thereby.

According to other embodiments, the number of cartridges attached to the holder 60 is not limited to six but may be greater than six or less than six. According to other embodiments, the number of different color inks is not limited to six colors but may be greater than six colors or less than six colors. According to other embodiments, two or more cartridges 20 attached to the holder 60 may contain one identical color ink. The detailed structures of the cartridge 20 and the holder 60 will be described later.

The printer 50 of the printing material supply system 10 shown in FIG. 1 is a compact inkjet printer for personal use. The printer 50 has a controller 510 and a carriage 520 including the holder 60, in addition to the holder 60. The carriage 520 also includes the head 540. The printer 50 supplies ink from the cartridge 20 attached to the holder 60 through the printing material supply tube (described later) to the head 540 and ejects ink from the head 540 onto a printing medium 90, such as printing sheet or label, so as to print various data, such as character strings, figures and images, on the printing medium 90. Although described in terms of an ink jet printer, one of ordinary skill in the art will appreciate the applicability of the invention to other printer types and printing material supply systems as described in more detail below and the invention should not be limited thereby.

The controller 510 of the printer 50 serves to control the operations of the respective parts of the printer 50. The carriage 520 of the printer 50 is configured to scan the head 540 reciprocally across the printing medium 90. The head 540 of the printer 50 has an ink ejection mechanism configured to eject ink from the cartridge 20 attached to the holder 60 onto the printing medium 90. The controller 510 and the carriage 520 are electrically connected via a flexible cable 517. The ink ejection mechanism of the head 540 is operated by control signals from the controller 510.

According to this embodiment, the carriage 520 has the head 540 and the holder 60. This type of the printer 50 having the cartridges 20 attached to the holder 60 on the carriage 520 serving to move the head 540 is called "on-carriage type" printer. According to another embodiment, a stationary holder 60 may be provided at a different position from the carriage 520, and ink may be supplied from each of the cartridges 20 attached to the stationary holder 60 to the head 540 of the carriage 520 through a flexible tube. This type of the printer is called "off-carriage type" printer.

According to this embodiment, the printer 50 has a main scan feed mechanism and a sub-scan feed mechanism to move the carriage 520 and the printing medium 90 relative to each other and implement printing on the printing medium 90. The main scan feed mechanism of the printer 50 includes a carriage motor 522 and a drive belt 524 and serves to transfer the power of the carriage motor 520 to the carriage 520 by means of the drive belt 520, so as to move the carriage 520 back and forth in a main scanning direction. The sub-scan feed mechanism of the printer 50 includes a feed motor 532 and a platen 534 and serves to transfer the power of the feed motor 532 to the platen 534, so as to feed the printing medium 90 in a sub-scanning direction orthogonal to the main scanning direction. The carriage motor 522 of the main scan feed mechanism and the feed motor 532 of the sub-scan feed mechanism are operated by control signals from the controller 510.

According to this embodiment, when the printing material supply system 10 is in the orientation typical for use, the X axis represents the axis along the sub-scanning direction (front-rear direction), in which the printing medium 90 is fed. The Y axis represents the axis along the main scanning direction (left-right or side-to-side direction when the system 10 is viewed from the front), in which the carriage 520 is moved back and forth. The Z axis represents the axis in the direction of gravity (vertical direction). The use state of the printing material supply system 10 means the state of the printing material supply system 10 placed on a horizontal plane. In this embodiment, the horizontal plane is a plane parallel to the X axis and the Y axis, i.e., XY plane.

According to this embodiment, the +X-axis direction represents the sub-scanning direction (forward direction), the -X-axis direction represents its reverse direction (backward direction) the +Z-axis direction represents the direction going from the bottom to the top of the printing material supply system 10 in the direction opposite to the direction of gravity.
(upward direction), and the -Z-axis direction represents the reverse to the +Z-axis direction, that is, the direction of gravity (downward direction). In this embodiment, the +X-axis direction side (front side) is the front face of the printing material supply system 10. According to this embodiment, the +Y-axis direction represents the direction going from the right side face to the left side face of the printing material supply system 10 (leftward direction), and the -Y-axis direction represents its reverse direction (rightward direction). In this embodiment, the plurality of cartridges 20 attached to the holder 60 are arrayed in the direction along the Y axis (left-right or side-to-side direction) called the “Y-axis direction”. Similarly, the direction along the X axis (front-rear direction) and the direction along the Z axis (vertical direction) are called the “X-axis direction” and the “Z-axis direction”.

A-2. Structure for Attachment of Cartridge 20 to Holder 60

FIGS. 2 and 3 are perspective views illustrating the holder 60 with the cartridge 20 attached thereto. FIG. 4 is a top view illustrating the holder 60 holder 60 with the cartridge 20 attached thereto. In the state illustrated in FIGS. 2 to 4, one cartridge 20 is properly attached at a designed attachment position of the holder 60. The state of “properly attached at a designed attachment position” and “a mounted” position means that the cartridge 20 is attached, or said differently, mounted, such that cartridge-side terminals are located at positions respectively in contact with corresponding device-side terminals included in a contact mechanism of the printer 50 (described later).

As shown in FIGS. 2 and 3, the holder 60 of the printer 50 has five wall members 601, 603, 604, 605 and 606. A recess formed by these five wall members serves as a cartridge chamber or cartridge mounting structure 602. The cartridge chamber 602 is parted by partition walls 607 into a plurality of slots (mounting spaces) to receive the respective cartridges 20. The partition walls 607 serve as guides to insert the cartridges 20 into the respective slots, but may be omitted as appropriate. Each slot has a printing material supply tube 640, a contact mechanism 70, a lever 80, a second device-side restriction element 620 and a projection 636 serving as a third device-side restriction element. One side face (+Z-axis direction side face, top face) of each slot is open, and the cartridge 20 is attached to and detached from the holder 60 via this open side face (open top face).

The cartridge 20 is attached to the holder 60 in such a state that the cartridge 20 is locked by the lever 80 and the second device-side restriction element 620 and that the ink supply structure (described later) is connected with the printing material supply tube 640. This state is called “attached state of the cartridge 20 to the holder 60” simply “attached” state or alternatively “mounted” state. Connecting the printing material supply tube 640 with the ink supply structure of the cartridge 20 enables ink as the printing material contained in the cartridge 20 to be supplied to the head 540 (FIG. 1). The printing material supply tube 640 has a peripheral end 642 (also called “connection end”) located on the +Z-axis direction side and a base end 645 located on the -Z-axis direction side. The base end 645 is provided on the bottom wall member 601, and the peripheral end 642 is connected with the ink supply structure of the cartridge 20. The printing material supply tube 640 has a central axis C parallel to the Z axis. The direction going from the base end 645 to the peripheral end 642 along the central axis C is the +Z-axis direction.

As shown in FIG. 2, an elastic member 648 is provided around the printing material supply tube 640 to seal the periphery of the ink supply structure of the cartridge 20 in the attached state, so as to prevent leakage of ink from the ink supply structure to the periphery. In the attached state, the elastic member 648 applies a pressing force including a +Z-axis direction component to the cartridge 20.

In the attached (mounted) state, electrical connection between the terminals provided on a circuit board (described later) of the cartridge 20 and those of the contact mechanism 70 in each slot of the holder 60 allows transmission of various information between the cartridge 20 and the printer 50.

FIG. 5 is a sectional view, taken on F4-F4 line of FIG. 4. The projection 636 is omitted from the illustration. The printing material supply tube 640 of the printer 50 is connected with an ink supply structure 280 of the cartridge 20, so that ink is supplied from the cartridge 20 to the head 540 (FIG. 1) via a printing material flow path 282.

According to this embodiment, a porous filter 644 serving to filter the ink supplied from the cartridge 20 is provided at the peripheral end 642 of the printing material supply tube 640. The porous filter 644 may be made of, for example, stainless steel mesh or stainless steel woven fabric. According to another embodiment, the porous filter may not be located at the peripheral end 642 of the printing material supply tube 640.

The contact mechanism 70 of the printer 50 is located on the +X-axis direction side of the printing material supply tube 640 and is configured to be electrically connectable with the terminals provided on a circuit board 40 of the cartridge 20. In the attached state of the cartridge 20, a pressing force Pr including a +Z-axis direction vector component is applied from the terminals of the contact mechanism 70 to the circuit board 40. In the attached state of the cartridge 20, a pressing force Ps in the +Z-axis direction is applied from the elastic member 648 to the ink supply structure 280.

A lever 80 used for attachment and detachment of the cartridge 20 has an operating member 830 at a +Z-axis direction end and an engagement portion 810 at a -Z-axis direction end. The first device-side restriction element or engagement portion 810 (more specifically its first device-side locking face described later) is configured to engage with a first device-side restriction portion 210 at a first locking position 810L in the attached state. The first locking position 810L is located on the +Z-axis direction side and on the +X-axis direction side of the contact between the terminals provided on the circuit board 40 and the contact mechanism 70. The engagement portion 810 engages with the first device-side restriction portion 210 to restrict the motion of the cartridge 20 in the +Z-axis direction.

The lever 80 pivots around an axis 800c at the position between the operating member 830 and the engagement portion 810. The axis of rotation 800c of the lever 80 is located on the +Z-axis direction side and on the +X-axis direction side of the first locking position 810L.

The user uses the operating member 830 of the lever 80 to remove the cartridge 20 from the holder 60. For removal of the cartridge 20, the user presses the operating member 830 in the -X-axis direction. This pressing applies a force Pr (called “operating force Pr”) from the +X-axis direction side toward the -X-axis direction side, to the operating member 830. This operating force Pr turns the lever 80 around the axis 800c and moves the engagement portion 810 in the +X-axis direction from the first locking position 810L. This releases the engagement of the first device-side restriction portion 210 with the engagement portion 810 and enables the cartridge 20 to be removed from the holder 60.

The second device-side restriction element 620 is provided on the side wall member 604 and is configured to engage with
a second cartridge-side restriction element 220 at a second locking position 620L. According to this embodiment, the second device-side restriction element 620 is a through hole formed in the side wall member 604 of the holder 60. The second locking position 620L is located on the +Z-axis direction side and on the -X-axis direction side of the printing material supply tube 640. The second device-side restriction element 620 engages with the second cartridge-side restriction element 220 (which can also be referred to as the second restriction element 220) to restrict the motion of the cartridge 20 in the -Z-axis direction. As described above, the motion of the cartridge 20 in the +Z-axis direction is restricted by both its +X-axis direction end and its -X-axis direction end in the attached state.

The second locking position 620L, at which the second cartridge-side restriction element 220 is in contact with the second device-side restriction element 620, serves as a pivot point, around which the cartridge 20 is turned to be attached to and detached from the holder 60. In other words, the cartridge 20 is turned around the second locking position 620L along a plane parallel to the Z axis and the X axis for attachment or detachment. The second cartridge-side restriction element 220 and the second device-side restriction element 620 accordingly serve as the pivot point of rotation of the cartridge 20 for attachment or detachment of the cartridge 20. The attachment and detachment of the cartridge 20 to and from the holder 60 will be described in detail later.

As shown in FIG. 5, in the attached state, the first locking position 810L is located on the -Z-axis direction side by a distance Dz from the second locking position 620L. This reduces the possibility that the first cartridge-side restriction portion 210 is disengaged from the engagement portion 810 by the pressing forces P5 and P7 applied from the holder 60 to the cartridge 20. The cartridges 20 can thus be stably held at the designed attachment position.

FIGS. 6A and 6B illustrate force applied from the cartridge 20 to the lever 80 at the first locking position 810L. In the state of FIG. 6A where the first locking position 810L is located on the -Z-axis direction side of the second locking position 620L, a force F1 is applied from the cartridge 20 to the lever 80 at the first locking position 810L. In the state of FIG. 6B where the first locking position 810L is located on the +Z-axis direction side of the second locking position 620L, a force F2 is applied from the cartridge 20 to the lever 80 at the first locking position 810L. The force F1 shown in FIG. 6A has the same magnitude as that of the force F2 shown in FIG. 6B.

FIGS. 6A and 6B schematically show the positional relationships of the first locking position 810L, the second locking position 620L, and the axis of rotation 800c (also called “pivot center 800c”) to one another on the X axis and on the Z axis. The difference between the two positional relationships shown in FIGS. 6A and 6B is the difference of the second locking position 620L on the Z axis. An arc RT1 shown in FIGS. 6A and 6B shows the rotation locus of the first locking position 810L around the axis of rotation 800c. An arc RT2 shown in FIGS. 6A and 6B shows the rotation locus of the first locking position 810L around the second locking position 620L.

In the example illustrated in FIG. 6A, the first locking position 810L is located on the -Z-axis direction side of the second locking position 620L, so the force F1, which is applied in the tangential direction of the arc RT2 at the first locking position 810L, has a +X-axis direction vector component and a +Z-axis direction vector component. The force F1 is accordingly resolved into a vector component F1x in the tangential direction of the arc RT1 and a vector component F1z in the radial direction of the arc RT1.

In the example illustrated in FIG. 6B, the first locking position 810L is located on the +Z-axis direction side of the second locking position 620L, so the force F2, which is applied in the tangential direction of the arc RT2 at the first locking position 810L, has a -X-axis direction vector component and a -Z-axis direction vector component. The force F2 is accordingly resolved into a vector component F2x in the tangential direction of the arc RT1 and a vector component F2z in the radial direction of the arc RT1.

As clearly understood from the comparison between FIGS. 6A and 6B, when the magnitude of force F1 is equal to the magnitude of force F2 (F1=F2), the positional relationships of the first locking position 810L, the second locking position 620L, and the axis of rotation 800c to one another result in “F1=F2” for the vector component in the tangential direction of the arc RT1 and “F1=F2” for the vector component in the radial direction of the arc RT1. In comparison to the state illustrated in FIG. 6B, the state in FIG. 6A has a larger force vector component from the cartridge 20 towards the axis of rotation 800c of the lever 80 and a smaller force vector component in the direction that will turn the lever 80 clockwise, that is, viewed from the +Y-axis direction, around the axis of rotation 800c. In other words, locating the first locking position 810L on the +Z-axis direction side of the second locking position 620L more effectively reduces the possibility that the first cartridge-side restriction portion 210 is disengaged from the engagement portion 810, compared with locating the first locking position 810L on the +Z-axis direction side of the second locking position 620L. In either state, no force acts in the +X-axis direction to release the engagement at the first locking position 810L, so both states provide a benefit in reducing the possibility that the first cartridge-side restriction portion 210 will become disengaged from the engagement portion 810.

A-3. Detailed Structure of Cartridge

FIG. 7 is a perspective view illustrating the structure of cartridge 20 as one example of a cartridge in accordance with one embodiment of the invention. FIG. 8 is a bottom view of the cartridge 20. FIG. 9 is a sectional view, taken on line F8-F8 in FIG. 8. FIGS. 10A and 10B illustrate the detailed structure of the circuit board 40. FIG. 10A is a view of the circuit board 40 seen from the direction indicated by arrow F8 in FIG. 9, and FIG. 10B is a view of the circuit board 40 seen from arrow F10 in FIG. 10A. According to this embodiment, the X axis, the Y axis, and the Z axis represent the axes on the cartridge 20 in the attached state. The +X-axis direction side in the attached state is the front face of the cartridge 20. A plane Ye shown in FIG. 8 is a plane that passes through the center of the width of the Y-axis direction length of the cartridge 20 and is parallel to the Z axis and the X axis (i.e., ZX plane). A plane CX shown in FIG. 8 is a plane that passes through the central axis C and is parallel to the Z axis and the X axis (i.e., ZX plane).

As shown in FIG. 7, the cartridge 20 includes an ink chamber 200 containing ink, a housing 22, the ink supply structure 280, the circuit board 40 and the first cartridge-side restriction portion 210. The cartridge 20 is attached to the holder 60 in a mounting direction SD, which is the -Z-axis direction (vertically downward direction in the embodiment). The special orientation or posture of the cartridge 20 is generally not constant during actual insertion of the cartridge 20 to the holder 60. In the course of attachment of the cartridge 20 to the holder 60, the cartridge 20 may be inclined with respect to the Z axis. In the state immediately before the attachment and in the attached state, however, the ink supply structure 280
receives the printing material supply tube 640 having the central axis C parallel to the Z axis, so that the special orientation of the cartridge 20 is restricted by the printing material supply tube 640, and so is substantially aligned in the Z axis direction. For this reason, and because the general direction of movement of the cartridge 20 while being mounted into the holder 60 is in the --Z axis direction, the --Z axis direction can be considered as the mounting direction SD of the cartridge 20. For the same reasons, the +Z axis direction can be considered as a removal direction RD (FIG. 9) in which the cartridge 20 is removed from the holder 60. Because the --Z axis direction and the +Z axis direction are opposite directions, the mounting direction SD and the removal direction RD can be considered opposite directions.

The housing 22 (also called "cartridge body 22") defines an inner space including the ink chamber 200 of the cartridge 20. The housing 22 also forms at least part of the outer wall surfaces of the cartridge 20 and may be made of a synthetic resin, such as polypropylene (PP). The cartridge 20 is in a rectangular prism shape having congruent side faces or in an approximate rectangular parallelepiped shape. Part of the housing 22 may be made of a resin film.

The cartridge 20 has a length (X-axis direction length), a width (Y-axis direction length) and a height (Z-axis direction length), wherein the length, the height and the width descend in this order. The magnitude relation of the length, the width and the height of the cartridge 20 is, however, not limited to this order but may be determined arbitrarily; for example, the height, the length and the width may descend in this order or the height, the length and the width may be equal to one another.

The housing 22 of the cartridge 20 includes a first wall or a bottom 201, a second wall or a top 202, a third wall or a front 203, a fourth wall or a rear 204, a fifth wall 205, a sixth wall 206 and connection walls 209. The connection walls 209 include a seventh wall 207 and an eighth wall 208 (FIG. 9). The first to the eighth walls 201 to 208 define the inner space including the ink chamber 200 of the cartridge 20. In the description below, the symbols 201 to 208 assigned to the first to the eighth walls are also used to represent the outer surfaces of the walls constituting the housing 22 of the cartridge 20 (i.e., first to eighth faces 201 to 208). The outer surfaces (first to eighth faces) 201 to 208 of the first to the eighth walls are substantial planes. The "substantial plane" means not only a perfectly flat plane but can include a plane having partial slight irregularity. In other words, the "substantial plane" includes a plane that has partial slight irregularity but is still recognizable as a face or a wall of the housing 22 of the cartridge 20. The first to the eighth faces 201 to 208 are in rectangular shapes in the planar view.

The first face (first wall) 201, the second face (second wall) 202, the third face (third wall) 203, the fourth face (fourth wall) 204, the fifth face (fifth wall) 205 and the sixth face (sixth wall) 206 are also called bottom face (bottom wall) 201, top face (top wall) 202, front face (front wall) 203, rear face (rear wall) 204, left side face (left wall) 205 and right side face (right wall) 206, respectively. The outer surfaces of the walls can also be referred to the front 203, rear 204, top 202 and bottom 201, or as first to fourth surfaces where first surface refers to front 203, second surface refers to rear 204, third surface refers to top 202 and fourth surface refers to bottom 201.

The first face 201 and the second face 202 are opposed to each other in the Z-axis direction. The first face 201 is located on the --Z axis direction side, while the second face 202 is located on the +Z axis direction side. The third face 203 and the fourth face 204 are opposed to each other in the X-axis direction. The third face 203 is located on the +X axis direction side, while the fourth face 204 is located on the --X axis direction side. The fifth face 205 and the sixth face 206 are opposed to each other in the Y axis direction. The fifth face 205 is located on the +Y axis direction side, while the sixth face 206 is located on the --Y axis direction side.

According to this embodiment, the first face 201 located on the --Z axis direction side forms the bottom face in the attached state. The first face 201 is an XY plane parallel to the X axis and the Y axis and perpendicular to the Z axis. The first face 201 is a horizontal face in the attached state.

The second face 202 located on the +Z axis direction side forms the top face in the attached state. The second face 202 is opposed to the first face 201 and is parallel to the first face 201. The second face 202 is a plane (XY plane) parallel to the X axis and the Y axis and perpendicular to the Z axis. The second face 202 is a horizontal face in the attached state.

The third face 203 located on the +X axis direction side forms a side face in the attached state. The third face 203 is perpendicular to the first face 201 and the second face 202 and is a plane (YZ plane) parallel to the Y axis and the Z axis and perpendicular to the X axis. Among sides of the third face 203, a side 290 located on the most --Z axis direction side is called "first side 290", and a side 291 located on the most +Z axis direction side is called "second side 291". In the specification hereof, the expression that "two faces intersect or cross each other" means not only the state that two faces actually cross each other but the state that an extension of one face intersects the other face and the state that extensions of two faces cross each other.

The fourth face 204 located on the --X axis direction side forms a side face in the attached or mounted state. The fourth face 204 is perpendicular to the first face 201 and the second face 202. The fourth face 204 is parallel to the third face 203. The fourth face 204 is a plane (YZ plane) parallel to the Y axis and the Z axis and perpendicular to the X axis. The fifth face 205 located on the +Y axis direction side and the sixth face 206 located on the --Y axis direction side form side faces in the attached state. The fifth face 205 and the sixth face 206 are perpendicular to the first to the fourth faces 201 to 204. The fifth face 205 and the sixth face 206 are planes (XZ planes) parallel to the X axis and the Z axis and perpendicular to the Y axis. The sixth face 206 is parallel to the fifth face 205.

As shown in FIG. 9, the connection faces 209 couple the first face 201 with the third face 203. The seventh face 207 of the connection faces 209 is perpendicular to the first face 201 and is a plane (YZ plane) parallel to the Y axis and the Z axis. The seventh face 207 is vertically angled relative to the first face 201 and can also be referred to as a "step". In other words, the seventh face 207 is extended in the +Z axis direction from the front face 201. The seventh face 207 is located on the --X axis direction side and on the --Z axis direction side of the eighth face 208. The eighth face 208 couples the seventh face 207 with the third face 203. The eighth face 208 is a sloped surface inclined in a direction including a +X axis direction vector component and a --Z axis direction vector component. The eighth face 208 is inclined to the first face 201 and the third face 203. The eighth face 208 is perpendicular to the fifth face 205 and the sixth face 206. In other words, the eighth face 208 is inclined to the XY plane and the YZ plane and is perpendicular to the XZ plane. The eighth face 208 has a board mounting member 208T protruded outward from the eighth face 208.

The relationships of the first to the sixth faces 201 to 206 indicate that the facing direction of the first face 201 and the second face 202 is the Z axis direction, the facing direction of
the third face 203 and the fourth face 204 is the X-axis direction and the facing direction of the fifth face 205 and the sixth face 206 is the Y-axis direction.

As shown in FIG. 7, the circuit board 40 is preferably mounted on the board mounting member 208T of the eighth face 208. The circuit board 40 has a terminal bearing structure 408 that is inclined in the direction including the +X-axis direction vector component and the -Z-axis direction vector component, like the eighth face 208. In this embodiment, the terminal bearing structure 408 comprises the surface of the circuit board 40. The terminal bearing structure 408 is inclined to the first face 201 and the third face 203. The terminal bearing structure 408 is perpendicular to the fifth face 205 and the sixth face 206. In other words, the terminal bearing structure 408 is inclined to the X plane and is perpendicular to the YZ plane. The terminal bearing structure 408 is also called “sloped terminal bearing structure 408”. The terminal bearing structure 408 has cartridge-side terminals 400, which are in contact with the device-side terminals of the contact mechanism 70 (FIG. 2). The angle of inclination is preferably 0 degrees and 90 degrees, more preferably between 20 degrees and 50 degrees and most preferably from about 25 degrees to 40 degrees.

FIGS. 42A and 42B shows the relation of a wiping amount of the terminal on the circuit board 40 by an apparatus-side terminal with respect to an inclination angle φ of the circuit board 40. The inclination angle φ of the circuit board 40 represents an angle between the plane 110φ extended from the mounting direction leading edge of the ink supply structure 208 and a plane in which the terminals 400 of the circuit board 40 are arranged. The plane defined by the terminals 400 is neither perpendicular nor parallel to the plane 110φ. The inclination angle φ is generally an acute angle (less than 90 degrees). In this embodiment, the plane 110φ extended from the mounting direction leading edge is parallel to the bottom face 201 of the cartridge 20. Also, the plane in which the terminals 400 are arranged is parallel to the board surface of the circuit board 40. Accordingly, in this embodiment, the inclination angle φ is equal to the angle between the bottom face 201 of the cartridge 20 and the board surface of the circuit board 40. Also, for simplicity sake, the terminal bearing structure 408 may be used interchangeably with “plane defined by the terminals” or “terminal plane”. When contact portions 431-439 are referenced in connection with the terminal bearing structure 408 the term “plane defined by the contact portions” or “contact portion plane” can be used interchangeably well. In the course of attachment or mounting of the cartridge 20, as shown in FIGS. 24-27, the front face 203 (the first surface) of the cartridge 20 goes down with slight pivotal rotation on the rear face 204 (the second surface) of the cartridge 20. In this process, the circuit board 40 slightly rotates and comes into contact with the apparatus-side contact forming members 731-739 on the terminal base 709, so that the respective contact portions 431-439 are wiped by the apparatus-side contact forming members 731-739. The wiping of the terminal on the circuit board 40 by the corresponding apparatus-side terminal properly removes the dust or oxide coating on the surface of the terminal on the circuit board 40 to enhance the electric conductivity (electrical connection).

The plot of FIG. 42A shows the wiping length (wiping amount) of the terminal on the circuit board 40 by the corresponding apparatus-side contact forming members as ordinate, and the board inclination angle φ as abscissa. The calculation is on the assumption that distance 1.0 in the X direction from the second surface (rear face) 204 of the cartridge 20 to the contact portion of the ground terminal 437 that comes into contact with the corresponding apparatus-side ground terminal 737 is 63 mm. In general, the greater board inclination angle φ causes the board surface to be closer to the vertical plane and increases the wiping amount. In order to sufficiently remove the dust or oxide coating on the surface of the terminal on the circuit board 40, the wiping amount is preferably not less than 1 mm. According to the graph of FIG. 42A, the board inclination angle φ is preferably not less than 25 degrees to ensure the wiping amount of not less than 1 mm.

FIG. 43A shows the relation of upward force F by the apparatus-side ground terminal 737 to the board inclination angle φ in consideration of preventing half insertion of the cartridge. The calculation of FIG. 43A is also on the assumption that the distance 1.0 is equal to 63 mm, like the calculation of FIG. 42A. The weight of the cartridge (including the weight of ink) is assumed to be 30 grams. This value is the standard weight of the cartridge for inkjet printing apparatuses for household use. The “half insertion of the cartridge” denotes the state where the engagement portion 810 of the lever 80 is located just beside the elastic member 682 as shown in FIG. 25, i.e., the state immediately before the complete engagement. This state of half insertion is also called “half engagement”. In this state of half engagement, only the apparatus-side ground terminal 737 among the plurality of apparatus-side contact forming members 731-739 applies the upward force to the circuit board 40. It should be noted that in the printing apparatus shown in FIG. 1, the holder 60 does not have a cover. When the user releases the handle in this state of half engagement, the cartridge 20 may be kept in this state of half engagement. The plot of FIG. 43A shows the calculation result of the upward force by the apparatus-side ground terminal 737 to prevent such half insertion of the cartridge 20. FIG. 43B shows the relation of the upward force F to the board inclination angle φ.

The upward force by the apparatus-side ground terminal 737 is a +Z-direction vector component (vertically upward vector component in this embodiment) of the force applied from the apparatus-side ground terminal 737 to the circuit board 40 and the cartridge 20 in the state of half engagement of FIG. 25. When the ground terminal 437 of the circuit board 40 is pressed against the apparatus-side ground terminal 737, a pressing force in a direction perpendicular to the board surface of the circuit board 40 is applied to the ground terminal 437 by the elastic force of the apparatus-side ground terminal 737. The calculation of the upward force of FIG. 43A is on the assumption that pressing force F0 of the apparatus-side ground terminal 737 is 0.2 N in the direction perpendicular to the board surface. Since the upward force F (=F0cosφ) is the +Z-direction vector component of the pressing force F0, F=F0×cosφ holds at the board inclination angle φ=0 degree as shown by the broken line in FIG. 43B. The upward force F varies according to the curve F=F0cosφ with a variation in board inclination angle φ. The curve of FIG. 43A is the curve F=F0cosφ. With an increase in board inclination angle φ (approaching 90 degrees), the board surface approaches the XZ plane and reduces the upward force F. An upward force FB balancing with the cartridge 20 having the distance 1.0 of 63 mm and the weight of 30 grams is approximately 0.15 N (the position of thick horizontal line in FIG. 43A). This means that the upward force of not less than 0.15 N enables the cartridge 20 to be pressed vertically upward by the apparatus-side ground terminal 737. In order to ensure the upward force of not less than 0.15 N, the board inclination angle φ is preferably not greater than 40 degrees, as clearly understood from FIG. 43A.
When the user releases the hand in the state of half engagement of FIG. 25, the cartridge 20 may be kept in the state of half engagement. If the board inclination angle is set to be not greater than 40 degrees as shown in FIG. 43A, however, when the user releases the hand in the state of half engagement, the apparatus-side ground terminal 737 presses the front face 203 of the cartridge 20 in the Z direction (upward direction). This clearly disengages the cartridge from the apparatus and facilitates the user to find the failed attachment. From this point of view, it is preferable to set the board inclination angle to be not greater than 40 degrees.

FIGS. 44 and 45 show the characteristics of a cartridge having a greater dimension in the X direction than the dimension of the cartridge in FIGS. 42 and 43A. Whereas the cartridge is assumed to have the distance L0 = 63 mm in FIGS. 42 and 43A, it is assumed to have the distance L0 = 80 mm in FIGS. 44 and 45. The calculation of the upward force of FIG. 45 is on the assumption that F0 = 0.2 N and the weight of the cartridge (including the weight of ink) is 30 g, like the calculation of FIG. 43A. As clearly understood from the result of FIG. 44, like the result of FIG. 42A, in order to ensure the wiping amount of not less than 1 mm, the board inclination angle θ is preferably not less than 25 degrees. Although the distance L0 is 80 mm in the calculation of FIG. 45 relative to 63 mm in the calculation of FIG. 43A, the upward force FB balancing with the cartridge 20 having the weight of 30 grams is almost equal to that of FIG. 43A and is approximately 0.15 N (the position of thick horizontal line in FIG. 45). As clearly understood from the result of FIG. 45, like the result of FIG. 43A, in order to prevent half engagement of the cartridge, the board inclination angle θ is preferably not greater than 40 degrees.

By taking into account the characteristics of FIGS. 42 through 45, discussed above, it is preferable to set the board inclination angle θ to be not less than 25 degrees and not greater than 40 degrees.

The increased pressing force of the apparatus-side ground terminal 737 ensures the sufficient upward force even at the greater board inclination angle θ. In this case, it is preferable to set the pressing force of the apparatus-side ground terminal 737 and the board inclination angle θ to such values that enable the cartridge 20 to be pressed upward and changed from the state of half engagement to the disengagement state by the pressing force of the apparatus-side ground terminal 737, when the user release the hand from the cartridge 20 in the state of half engagement.

The seventh face 207 and the terminal bearing structure 408 form part of the outer surfaces of the cartridge 20. More specifically the seventh face 207 and the terminal bearing structure 408 form a portion of a corner section 265 coupling the first face 201 and the third face 203 that form part of the outer surfaces of the cartridge 20. For better understanding, the corner section 265 is shown by a thick line in FIG. 9. The third face 203 and the corner section 265 are opposed to the first device-side side wall member 603 of the holder 60 (FIG. 14) in the attached state of the cartridge 20 to the holder 60 as described later. The third face 203 and the corner section 265 are thus called “first opposed outer wall surface”. The fourth face 204 is opposed to the second device-side side wall member 604 of the holder 60 (FIG. 15) in the attached state as described later. The fourth face 204 is thus called “second opposed outer wall surface”.

As shown in FIG. 10A, the circuit board 40 has a boss groove 401 at a +Z-axis direction end and a boss hole 402 at a -Z-axis direction end. The circuit board 40 is fixed to the eighth face 208 of the cartridge 20 by means of the boss groove 401 and the boss hole 402. According to this embodiment, the boss groove 401 and the boss hole 402 are provided at positions intersecting the plane Ye passing through the center of the width (Y-axis direction length) of the cartridge 20. According to another embodiment, at least one of the boss groove 401 and the boss hole 402 may be omitted from the circuit board 40, and the circuit board 40 may be fixed to the eighth face 208 by an adhesive or by an engagement click (not shown) provided on the eighth face 208.

As shown in FIGS. 10A and 103, the circuit board 40 includes the cartridge-side terminals 400 provided on the terminal bearing structure 408 and a memory unit 420 provided on a rear face 409. The terminal bearing structure 408 and the rear face 409 are planes. A portion or a side of the plane terminal bearing structure 408 located on the most +Z-axis direction side in the mounting state of the circuit board 40 on the cartridge 20 is called a board end 405.

The cartridge-side terminals 400 include nine terminals 431 to 439. The memory unit 420 stores information regarding ink of the cartridge 20 (for example, remaining amount of ink and ink color). The cartridge-side terminals 400 are electrically conductive and can be coupled to an electrical device that is part of the cartridge 20. As used herein, electrical device can refer to a resistor, sensor or memory device, or other device that produces or is powered by electricity as can be appreciated by one of ordinary skill in the art.

As shown in FIG. 10A, the nine cartridge-side terminals 431 to 439 are all in approximate rectangular shape and are arrayed in two rows that are substantially perpendicular to the mounting direction SD. The substantially perpendicular rows are extended in the width direction (Y-axis direction) of the cartridge 20. The row the two row to the rear with respect to the mounting direction SD is called first terminal row R1 (lower line R1), and the front line along the mounting direction SD is called second terminal row R2 (upper line R2). The first terminal row R1 and the second terminal row R2 have different positions in the Z-axis direction. More specifically, the first terminal row R1 is located on the +Z-axis direction side of the second terminal row R2. Each of the terminals 431 to 439 has a contact portion cp at its center, which is in contact with the contact mechanism 70. The first terminal row R1 and the second terminal row R2 may be regarded as lines formed by a plurality of contact portions cp.

The terminals 431 to 439 may be called by the following names corresponding to their functions or applications. For differentiation from the terminals on the printer 50, the word “cartridge-side” may be prefixed to each name. For example, the “ground terminal 437” may be called “cartridge-side ground terminal 437”.

<First Terminal Row R1>
(1) attachment detection terminal (first terminal) 435;
(2) power terminal 436;
(3) ground terminal 437;
(4) data terminal 438; and
(5) attachment detection terminal (second terminal) 439.
<Second Terminal Row R2>
(6) attachment detection terminal (third terminal) 431;
(7) reset terminal 432;
(8) clock terminal 433; and
(9) attachment detection terminal (fourth terminal) 434.

The contact portions cp of the terminals 435 to 439 on the first terminal row R1 and the contact portions cp of the terminals 431 to 434 on the second terminal row R2 are arranged alternately or more specifically in zigzag.

The four attachment detection terminals 431, 434, 435 and 439 are used to check the good/poor electrical contact with the corresponding device-side terminals provided in the contact mechanism 70, so that the printer 50 can detect whether
the cartridge 20 is properly attached at the designed attachment position of the holder 60. These four terminals 431, 434, 435 and 439 are collectively called “attachment detection terminals”. According to this embodiment, the four cartridge-side terminals 431, 434, 435 and 439 are electrically connected with one another inside the circuit board 40. When the cartridge 20 is attached to the holder 60, these terminals 431, 434, 435 and 439 are electrically connected with a ground line (not shown) on the printer 50 via the ground terminal 437. The method of detecting attachment by using the four attachment detection terminals 431, 434, 435 and 439 will be described later.

The other five cartridge-side terminals 432, 433, 436, 437 and 438 are terminals for the memory unit 420. These five terminals 432, 433, 436, 437 and 438 are thus also called “memory terminals”.

The reset terminal 432 receives a reset signal RST, which is to be supplied to the memory unit 420. The clock terminal 433 receives a clock signal CK, which is to be supplied to the memory unit 420. The power terminal 436 receives a power-supply voltage VDD (for example, rated voltage of 3.3 V), which is to be supplied to the memory unit 420. The ground terminal 437 receives a ground voltage VSS (IV), which is to be supplied to the memory unit 420. The data terminal 438 receives a data signal SDI, which is to be supplied to the memory unit 420.

The first terminal 435 as one of the attachment detection terminals includes a first outer part 435P located on the most +Y-axis direction side of the cartridge-side terminals 400. The second terminal 439 as one of the attachment detection terminals includes a second outer part 439P located on the most Y-axis direction side of the cartridge-side terminals 400. The third terminal 431 as one of the attachment detection terminals includes a third outer part 431P located on the most Y-axis direction side of the second terminal line R. The fourth terminal 434 as one of the attachment detection terminals includes a fourth outer part 434P located on the most Y-axis direction side of the second terminal line R. In this embodiment, the first to fourth outer parts 435P, 439P, 431P, 434P are substantially straight edges of the corresponding terminals and extend substantially in the Z axis direction, but this should not be considered a limitation. For example, the edges could be curved and could extend in a direction not parallel to the Z axis direction, such as shown for the terminals 431, 434 in the example of FIGS. 41A and 41B, and the outer part of the terminal could still be understood as the outermost portion of the edge in the Y axis direction.

Among the contact portions cp of the cartridge-side terminals 400, the ground terminal 437 having the contact portion cp on the center in the Y-axis direction is provided at the position intersecting the plane Yc passing through the center of the width (Y-axis direction length) of the cartridge 20. The contact portions cp of the other terminals 431 to 436, 438 and 439 are arranged to be symmetrical with respect to the line of intersection of the plane Yc and the ground terminal 437 as the axis. The ground terminal 437 is configured to be in contact with the contact mechanism 70 prior to the other cartridge-side terminals 431 to 436, 438 and 439 in the course of attachment of the cartridge 20 to the holder 60. The pressing force first applied from the holder 60 to the circuit board 40 is thus generated on the substantial center of the width or the Y-axis direction length of the cartridge 20 both before and after the cartridge is completely mounted. This prevents the pressing force applied to the circuit board 40 from acting to tilt the cartridge 20 in the Y-axis direction and thereby enables the attachment of the cartridge 20 at the designed attachment position. Such contact of the ground terminal 437 with the contact mechanism 70 of the holder 60 prior to the other cartridge-side terminals 431 to 436, 438 and 439 advantageously prevents or reduces high-voltage-induced troubles and failures by the grounding function of the ground terminal 437, even when an unexpected high voltage is applied to the cartridge 20.

According to this embodiment, the ground terminal 437 is formed longer along the Z-axis direction than the other cartridge-side terminals 431 to 436, 438 and 439. This ensures the contact of the ground terminal 437 with the contact mechanism 70 of the holder 60. According to another embodiment, all the cartridge-side terminals 431 to 439 on the circuit board 40 may be formed in the same size.

As shown in FIG. 9, the ink supply structure 280 is protruded in the Z-axis direction from the first face 201. The ink supply structure 280 communicates with the ink chamber 200 via the printing material flow path 282. The ink supply structure 280 is connected with the printing material supply tube 640 (FIG. 5) of the printer 50 to supply the ink contained in the ink chamber 200 to the head 540 (FIG. 1). In other words, the ink supply structure 280 is open to the outside, in order to supply the ink contained in the ink chamber 200 to outside of the cartridge 20. As can be seen in FIG. 5A, the ink supply structure 280 need not protrude from the first face 201.

Rather, in one embodiment, it can be flush or substantially flush with the first face 201. In such an embodiment, material for the ink supply structure 640 is raised so as to be proximate to the first face when the cartridge 20 is mounted.

The ink supply structure 280 is provided at the position closer to the fourth face 204 than the third face 203 on the first face 201. The distance between the outer surface of the ink supply structure 280 and the third face 203 in the X-axis direction is accordingly greater than the distance between the outer surface of the ink supply structure 280 and the fourth face 204.

The ink supply structure 280 has an open peripheral end. The surface at this open peripheral end is referred to as open surface 288, or alternately a mounting direction leading edge, and defines a horizontal plane in the attached state. That is, the open surface 288 is the leading edge (XY plane) of the cartridge in the mounting direction SD and defines an XY axis plane which is parallel to the X axis and the Y axis.

A resin foam 284 is provided inside the ink supply structure 280 at the position on the +Z-axis direction side of the open surface 288 or more specifically at the position in contact with the printing material flow path 282. According to this embodiment, before shipment of the cartridge 20, the open surface 288 of the ink supply structure 280 is sealed with a sealing member (not shown), such as a cap or a film. For attachment of the cartridge 20 to the holder 60, the sealing member (not shown) for sealing the open surface 288 is removed from the cartridge 20.

According to this embodiment, the ink supply structure 280 is protruded in the Z-axis direction with the center on the central axis C of the printing material supply tube 640. According to another embodiment, the center of the ink supply structure 280 may be deviated from the central axis C of the printing material supply tube 640. According to this embodiment, the open surface 288 of the ink supply structure 280 viewed from the Z-axis direction is formed by the line-symmetrical housing with respect to axes parallel to the X axis and the Y axis. According to another embodiment, the open surface 288 of the ink supply structure 280 may be formed by the asymmetric housing and may have a mounting direction leading edge defining a plane. The open surface 288 viewed from the Z direction is in the rounded rectangular shape according to this embodiment but may be in any other
suitable shape, e.g., precise circle, ellipse, oval, square or rectangle according to other embodiments.

As shown in FIG. 9A, plane BP is a plane formed by the mounting direction leading edge of the open surface 288 of ink supply structure 280. Distance A is the distance between plane BP and the engagement portion 212 of the first restriction portion 210. Distance B is the distance between plane BP and the engagement portion of the second restriction element 220. Distance C is the distance between plane BP and the lever 80's pivot point around axis 800C. As can be seen in FIG. 9A, the distance between plane BP and an engagement portion of the second restriction element 220 is greater than the distance between plane BP and the engagement portion 212 of the first restriction portion 210 when measured in an orthogonal direction to the plane BP. The distance between plane BP and the engagement portion 212 of the first restriction portion 210 when measured in an orthogonal direction to the plane BP is greater than the distance between plane BP and the lever 80's pivot point around axis 800C when measured in an orthogonal direction to the plane BP. As can be seen in FIG. 9A, plane TP is the plane formed by the sloped terminal bearing structure 408, which in this embodiment is parallel to the sloped terminal bearing structure 408 itself, and so for simplicity sake, the terminal bearing structure 408 may be used to refer to the plane TP. Plane TP is neither parallel nor perpendicular to plane BP. The terminal bearing structure 408 has cartridge-side terminals 400, which are in contact with the device-side terminals of the contact mechanism 70 (FIG. 2).

As shown in FIG. 7, the first cartridge-side restriction portion 210 is provided on the third face 203. The first cartridge-side restriction portion 210 is located on the +Z-axis direction side and on the +X-axis direction side of the ink supply structure 280 and the circuit board 40. The first cartridge-side restriction portion 210 is locked by the lever 80 (FIG. 2), so as to restrict the motion of the cartridge 20 in the attached state. The first cartridge-side restriction portion 210 is structured as a projection protruded in the +X-axis direction (outward) from the third face 203. The first cartridge-side restriction portion 210 is located at the position closer to the first side 290 than the second side 291 along the Z-axis direction. According to this embodiment, the first cartridge-side restriction portion 210 is located adjacent to the first side 290.

The first cartridge-side restriction portion 210 includes a first portion 212 extended in the Y-axis direction (width direction), a second portion 214 extended in the +Z-axis direction (vertically upward direction) from the first portion 212, and a third portion 215 extended in the -Z-axis direction (vertically downward direction) from the first portion 212. As described above, the +Z-axis direction (vertically upward direction) is generally the mounting direction SD and is opposite the -Z-axis direction (vertically downward direction), which is generally the mounting direction SD. The first or engagement portion 212 cooperates with an engagement portion 810 of the lever 80 to restrict the motion of the cartridge 20 in the attached state. The second portion 214 is provided to lock the first portion 212 by the expected part of the lever 80 in attachment of the cartridge 20 to the holder 60.

The first portion 212 includes a first cartridge-side locking surface 211 as a first abutting part and a second cartridge-side locking surface 213 as a second abutting part. The first cartridge-side locking surface 211 faces in the +Z-axis direction. The second cartridge-side locking surface 213 faces in the +X-axis direction. The third portion 215 is in contact with the first portion 212 and the first side 290.

The cartridge 20 further includes the second cartridge-side restriction element 220 provided on the fourth face 204, a projection 260 provided on the third face 203 and a third cartridge-side restriction element 250 provided on the seventh face 207.

The second cartridge-side restriction element 220 is structured as a projection protruded in the -X-axis direction from the fourth face 204. The second cartridge-side restriction element 220 is inserted into the second device-side restriction element 620 (FIG. 3) in the form of the through hole of the holder 60. Upon the cartridge 20 to the second cartridge-side restriction element 220 inserted in the second device-side restriction element 620 (FIG. 3) in attachment of the cartridge 20 to or from the holder 60. In other words, the second device-side restriction element 620 serves as the guide for attachment or detachment of the cartridge 20 to or from the holder 60. This facilitates the attachment or detachment of the cartridge 20 to or from the holder 60. In the attached state of the cartridge 20, the second cartridge-side restriction element 220 is locked by the second device-side restriction element 620 to restrict the motion of the cartridge 20 in the attached state. The second cartridge-side restriction element 220 is located on the +Z-axis direction side and on the -X-axis direction side of the ink supply structure 280 and the circuit board 40.

The projection 260 on the third face 203 is located on the +Z-axis direction side of the first cartridge-side restriction portion 210. According to this embodiment, the projection 260 is located at the most +Z-axis direction position (most upward position) including the second side 291 on the third face 203.

The third cartridge-side restriction element 250 is structured as a pair of projection members (restriction walls) protruded in the +X-axis direction from both Y-axis direction sides of the seventh face 207. The pair of projection members 250 receive the projection 636 (FIG. 2) inserted therebetween and, in cooperation with the projection 636, restrict the motion of the cartridge 20 in the Y-axis direction in the attached state.

FIG. 11 is a rear view of the cartridge 20. The second cartridge-side restriction element 220 is described in detail with reference to FIG. 11. The second cartridge-side restriction element 220 includes a restriction locking surface 222 as a restriction locking element, a sloped surface 224, a first restriction side face 226 and a second restriction side face 228.

The restriction locking surface 222 faces in the +Z-axis direction and forms a horizontal face in the attached state. The restriction locking surface 222 is in contact with the second device-side restriction element 620 (FIG. 3) to serve as the pivot point of rotation when the cartridge 20 is turned to be detached from the holder 60.

The restriction locking surface 222 is locked by the second device-side restriction element 620 in the attached state, so as to restrict the motion of the cartridge 20 in the +Z-axis direction in the attached state. The restriction locking surface 222 is provided at the position intersecting the plane Yc passing through the center of the width (Y-axis direction length) of the cartridge 20 and perpendicular to this plane Yc. As shown in FIG. 5, in the attached state of the cartridge 20, the cartridge 20 receives the pressing forces Ps and Pt including the +Z-axis direction vector components from the holder 60. The restriction locking surface 222 is pressed against the second device-side restriction element 620 by these pressing forces Ps and Pt. The second device-side restriction element 620 is in contact with the restriction locking surface 222 in parallel with the Y-axis direction. This reduces the possibility that the cartridge 20 is tilted about the X axis in the attached state.
The sloped surface 224 is connected with the restriction locking surface 222 and is inclined to the direction including the +Z-axis direction vector component and the –X-axis direction vector component. This enables the restriction locking surface 222 to be smoothly guided to the second device-side restriction element 620 in attachment of the cartridge 20 to the holder 60.

The first restriction side face 226 forms a –Y-axis direction side face of the second cartridge-side restriction element 220. The second restriction side face 228 forms a +Y-axis direction side face of the second cartridge-side restriction element 220.

The first restriction side face 226 is a plane facing in the –Y-axis direction, and the second restriction side face 228 is a plane facing in the +Y-axis direction. The first restriction side face 226 and the second restriction side face 228 are planes respectively parallel to the X-axis direction and the Z-axis direction. The first and the second restriction side faces 226 and 228 interfere with the second device-side restriction element 620 to restrict the motion of the cartridge 20 in the Y-axis direction in the attached state of the cartridge 20.

FIG. 12 is a front view of the cartridge 20. The first cartridge-side restriction portion 210 is described more in detail with reference to FIG. 12. The first cartridge-side restriction portion 210 is provided at the position intersecting the plane Yc. The first cartridge-side locking surface 211 is provided at the position intersecting the plane Yc and perpendicular to this plane Yc.

The first cartridge-side locking surface 211 is located not outside but inside a range 40Y between the first outer part 435P and the second outer part 439P in the Y-axis direction (width direction), when the cartridge 20 is viewed from the third face 203-side in the –X-axis direction. According to this embodiment, the first cartridge-side restriction portion 210 including the first cartridge-side locking surface 211 is located not outside but inside the range 40Y. In other words, the first cartridge-side restriction portion 210 is located inside an area defined by a first phantom line 435PL including the first outer part 435P and a second phantom line 439PL including the second outer part 439P. The first phantom line 435PL and the second phantom line 439PL are straight lines extended in the Z-axis direction.

FIG. 13 is a left side view of the cartridge 20. The positional relationship of the respective members of the cartridge 20 is described with reference to FIG. 13. A part where the third face 203 intersects the sloped terminal bearing structure 408 is called “intersecting part 295”. The intersecting part 295 is a line parallel to the Y-axis direction. According to this embodiment, the intersecting part 295 is located on a plane extended from the third face 203 in the –Z-axis direction. The intersecting part 295 is accurately located on the –Z-axis direction side of the third face 203. The middle point in the Z-axis direction length on the third face 203 is called midpoint 203P.

The first cartridge-side restriction portion 210 is located close to the intersecting part 295. From another viewpoint, the first cartridge-side restriction portion 210 is located adjacent to the terminal bearing structure 408 and close to the board end 405. This means that the first cartridge-side restriction portion 210 can be sufficiently closer to the cartridge-side terminals 400. The first cartridge-side restriction portion 210 is provided preferably on a specific part of the third face 203 closer to the first side than the second side 291, i.e., the range from the midpoint 203P to the first side 290. It is especially preferable to provide the first cartridge-side restriction portion 210 at the position sufficiently close or proximate to the first side 290. As used herein, “proximate” can mean “close to,” “near” or “on.”

The effective part of the first cartridge-side restriction portion 210 specifically serving to restrict the position of the cartridge-side terminals 400 is the first cartridge-side locking surface 211. It is thus preferable to locate the first cartridge-side locking surface 211 as close as possible to the cartridge-side terminals 400. Omitting the third portion 215 of the first cartridge-side restriction portion 210 and locating the first portion 212 in contact with the first side 290 enables the first cartridge-side locking surface 211 to be closer to the intersecting part 295 or the board end 405.

FIG. 13 also shows an X-axis direction range 250X of the third cartridge-side restriction element 250 and an X-axis direction range 408X of the sloped terminal bearing structure 408. As clearly understood from this drawing, part of the third cartridge-side restriction element 250 overlaps with the sloped terminal bearing structure 408 in the X-axis direction, when the cartridge 20 is viewed from the first face 201-side in the +Z-axis direction.

A-4. Detailed Structure of Holder 60

A-4.1. General Structure of Holder 60

FIGS. 14 and 15 are perspective views illustrating the structure of the holder 60. FIG. 16 is a top view illustrating the structure of the holder 60. FIG. 17 is a sectional view, taken on line F16-F16 in FIG. 16. The projection 636 shown in FIGS. 14 to 16 is omitted from the illustration of FIG. 17.

As described above, the holder 60 of the printer 50 has the five wall members 601, 603, 604, 605 and 606 to form the concave cartridge chamber 602 to receive the cartridge 20. The five wall members 601, 603, 604, 605 and 606 are collectively called “chamber-forming wall members 600”. According to this embodiment, the five wall members 601, 603, 604, 605 and 606 are resin plate members and are made of a synthetic resin, more specifically modified polyphenylene ether (m-PPE).

The wall member 601 forms the bottom face of the concave cartridge chamber 602. The wall members 603, 604, 605 and 606 form the side faces of the concave cartridge chamber 602. The wall member 601, the wall member 603, the wall member 604, the wall member 605 and the wall member 606 are respectively called “device-side bottom wall member 601”, “first device-side wall wall member 603”, “second device-side wall wall member 604”, “third device-side wall wall member 605” and “fourth device-side wall wall member 606”.

Each of the printing material supply tubes 640 and each of the contact mechanisms 70 including the device-side terminals are arrayed in the X-axis direction on the wall member 601. The printing material supply tube 640 is located on the side of the wall member 604, and the contact mechanism 70 is located on the side of the wall member 603. In other words, the printing material supply tube 640 is provided at the position closer to the wall member 604 than the wall member 603. The contact mechanism 70 is provided at the position closer to the wall member 603 than the printing material supply tube 640.

The elastic member 648 is provided surrounding the printing material supply tube 640 on the wall member 601. As described above with reference to FIG. 5, the elastic member 648 seals the periphery of the ink supply structure 280 in the cartridge 20 and thereby prevents leakage of ink from the ink supply structure 280 to the periphery in the attached state of the cartridge 20 to the holder 60. The elastic member 648 generates the pressing force Ps in the direction of pressing.
back the ink supply structure 280 of the cartridge 20 (in the +Z-axis direction) in the attached state of the cartridge 20 to the holder 60 (FIG. 5).

As shown in FIGS. 14 to 16, holder 60 has an opening OP on the upper side opposite to the wall member 601 across the cartridge chamber 602. The cartridge 20 passes through the opening OP when the cartridge 20 is attached to or detached from the holder 60.

The wall member 603 is vertically-angled relative to the wall member 601 on the +X-axis direction side of the wall member 601. According to this embodiment, the most +X-axis direction side of the wall member 603 forms an outer wall 603W. In the use attitude of the printer 50, the outer wall 603W forms the front face of the holder 60. The outer wall 603W is extended in the direction of the array of the plurality of cartridges 20 (Y-axis direction). A lever 80 used for attachment and detachment of the cartridge 20 is provided on the wall member 603. A lever 80 is fixed in a rotatable manner to the wall member 603 via a retainer 690. In other words, lever 80 is fixed to the retainer 690 forming part of the wall member 603. An axis of rotation of the lever 80 is parallel to the Y-axis direction.

The retainer 690 is provided at a corner section (device-side corner section) 600C (FIG. 17) where the side wall member 603 intersects the bottom wall member 601.

As shown in FIG. 5, the operating member 830 is provided on the +Z-axis direction end of the lever 80. When the user presses this operating member 830 from the +X-axis direction side toward the −X-axis direction side (i.e., when the user applies the operating force Pr to the operating member 830), the lever 80 is turned counterclockwise (seen from the +Y-axis direction) about the axis of rotation. The lever 80 is accordingly rotated on the XZ plane parallel to the X-axis direction and the Z-axis direction.

The lever 80 is provided as a separate member from the chamber-forming wall members 601, 603, 604, 605 and 606. The lever 80 is made of a synthetic resin, more specifically polyacetal (POM) according to this embodiment. The lever 80 has a certain level of rigidity sufficient to lock the cartridge 20. More specifically, the lever 80 preferably has rigidity that causes no substantial deformation of the lever 80 by a force (for example, force of 14.4 N) applied from the cartridge 20 in the attached state. For example, the deformation of the lever 80 by application of an external force of 14.4 N from the cartridge 20 is preferably not greater than about 0.5 mm. The lever 80 preferably does not have any elastically deformable portion. This reduces the possibility that the lever 80 is significantly deformed by the force applied from the cartridge 20 in the attached state of the cartridge 20 and ensures the stable electrical connection between the cartridge-side terminals 400 and the device-side terminals of the contact mechanism 70. Providing the separate lever 80 from the chamber-forming wall members 601, 603, 604, 605 and 606 advantageously increases the degree of freedom in selection of the material for the lever 80.

Referring back to FIGS. 14 to 17, the wall member 604 is vertically-angled relative to the wall member 601 on the −X-axis direction side of the wall member 601. The wall member 604 is opposed to the wall member 603 across the cartridge chamber 602. According to this embodiment, the wall member 604 forms the rear face of the holder 60 in the use attitude of the printer 50. The wall member 604 is extended in the direction of the array of the plurality of cartridges 20 (Y-axis direction). The second device-side restriction element 620 is provided on the wall member 604. The second device-side restriction element 620 is a through hole passing through the X-axis direction (FIG. 17). According to another embodiment, the second device-side restriction element 620 may be a recess open to the cartridge chamber 602.

As described above with reference to FIG. 5, the second device-side restriction element 620 is configured to engage with the second cartridge-side restriction element 220. The second device-side restriction element 620 serves as a guide for attachment and detachment of the cartridge 20 to and from the holder 60. The second device-side restriction element 620 locks the second cartridge-side restriction element 220 in the attached state of the cartridge 20 to the holder 60. More specifically, the second device-side restriction element 620 locks the second cartridge-side restriction element 220 at the second locking position 620L located on the +Z-axis direction side and on the −X-axis direction side of the printing material supply tube 640. According to this embodiment, the second device-side restriction element 220 is structured as a through hole having the size to receive the second cartridge-side restriction element 220 and has a device-side locking surface 622. The device-side locking surface 622 is a plane facing in the −Z-axis direction and locks the restriction locking surface 222 of the second cartridge-side restriction element 220 (FIG. 11). A +X-axis direction end 624 of the device-side locking surface 622 is in contact with the second cartridge-side restriction element 220 and accordingly serves as the pivot point of rotation for detachment of the cartridge 20 from the holder 60.

As shown in FIG. 17, the second device-side wall member 604 of the holder 60 has a space 670 provided on the +Z-axis direction side of the second device-side restriction element 620. The space 670 provides a room to allow rotation of the cartridge 20 about the vicinity of the second device-side restriction element 620 as the pivot point of rotation when the cartridge 20 is attached to or detached from the holder 60. According to this embodiment, the space 670 is formed by steps recessed in the −X-axis direction stepwise in the +Z-axis direction from the second device-side wall member 604. According to another embodiment, the space 670 may be formed by a sloped surface of the wall member 604 lowered in the −X-axis direction gradually in the +Z-axis direction.

As shown in FIGS. 14 to 16, the wall member 605 is vertically-angled relative to the wall member 601 on the −Y-axis direction side of the wall member 601. According to this embodiment, the wall member 605 forms the right side face of the holder 60 in the use attitude of the printer 50. The wall member 605 is connected with the wall members 603 and 604. The wall member 605 is extended in the X-axis direction and crosses the direction of the array of the plurality of cartridges 20 (Y-axis direction).

The wall member 606 is vertically-angled relative to the wall member 601 on the +Y-axis direction side of the wall member 601. The wall member 606 is opposed to the wall member 605 across the cartridge chamber 602. According to this embodiment, the wall member 606 forms the left side face of the holder 60 in the use attitude of the printer 50. The wall member 606 is connected with the wall members 603 and 604. The wall member 606 is extended in the X-axis direction and crosses the direction of the array of the plurality of cartridges 20 (Y-axis direction).

According to the positional relationships of the wall members 601 and 603 to 606 described above, the wall member 601 is perpendicular to the Z-axis direction; the wall member 603 and the wall member 604 are opposed to each other in the X-axis direction; the wall member 605 and the wall member
606 are opposed to each other in the Y-axis direction; and the wall member 601 and the opening OP are opposed to each other in the Z-axis direction.

The contact mechanism 70 is provided at the corner section 600C where the wall member 601 intersects the wall member 603 of the holder 60. The contact mechanism 70 is located at the position closer to the wall member 603 than the printing material supply tube 640. The contact mechanism 70 includes a plurality of device-side terminals corresponding to and in contact with the respective terminals 431 to 439 of the cartridge-side terminals 400 (FIG. 10), and a terminal base on which the plurality of device-side terminals are located.

A-4-2. Detailed Structure of Contact Mechanism 70

FIG. 18 is a perspective view of the contact mechanism 70, which is detached from the holder 60.

The contact mechanism 70 includes a terminal base 709 and device-side terminals or contact forming members 731 to 739 located on the terminal base 709. Each of the device-side terminals 731 to 739 is an elastic member having electrical conductivity and has a protruded portion from a device-side sloped surface 708, which is displaced by an external force. The device-side terminals 731 to 739 generate the pressing or elastic force Pt in the direction of pressing back the circuit board 40 of the cartridge 20 (direction including the +Z-axis direction vector component and the -X-axis direction vector component) in the attached state of the cartridge 20 to the holder 60 (FIG. 5). The elastic force Pt is generated as a reaction force when the cartridge 20 presses the device-side terminals 731 to 739 protruded from the device-side sloped surface 708 toward the device-side sloped surface 708. The resulting vector component of the elastic force Pt generated by the device-side terminals 731 to 739 urges the cartridge 20 in the removal direction RD, which is the direction opposite the mounting direction SD as described above.

The nine device-side terminals 731 to 739 are provided at the positions corresponding to the nine cartridge-side terminals 431 to 439. The device-side terminal 731 is called “attachment detection terminal (third terminal) 731”. The device-side terminal 732 is called “reset terminal 732”. The device-side terminal 733 is called “clock terminal 733”. The device-side terminal 734 is called “attachment detection terminal (fourth terminal) 734”. The device-side terminal 735 is called “attachment detection terminal (first terminal) 735”. The device-side terminal 736 is called “power terminal 736”. The device-side terminal 737 is called “ground terminal 737”. The device-side terminal 738 is called “data terminal 738”. The device-side terminal 739 is called “attachment detection terminal (second terminal) 739”. For differentiation from the cartridge-side terminals, the word “device-side” may be prefixed to each name. For example, the “ground terminal 737” may be called “device-side ground terminal 737”. The nine device-side terminals 731 to 739 are collectively called device-side terminals 700.

The nine device-side terminals 731 to 739 are arrayed in a first device-side terminal line and a second device-side terminal line having different positions in the Z-axis direction. The first device-side terminal line includes the five device-side terminals 735 to 739, and the second device-side terminal line includes the four device-side terminals 731 to 734. The first device-side terminal line is located on the -Z-axis direction side of the second device-side terminal line. The number of the device-side terminals is not limited to nine but may be varied to any desired number greater than nine or less than nine according to the structure of the circuit board 40.

Among the nine device-side terminals 731 to 739, the device-side ground terminal 737 located on the substantial center in the Y-axis direction is electrically connected with a ground line (not shown). The height of the device-side ground terminal 737 protruded from the device-side sloped surface 708 is greater than the height of the other device-side terminals 731 to 736, 738 and 739. The device-side ground terminal 737 is accordingly in contact with the circuit board 40 of the cartridge 20 prior to the other device-side terminals 731 to 736, 738 and 739.

According to this embodiment, in order to accelerate assembling the printer, the device-side terminals 731 to 739 are located on the terminal base 709 and are unitized to the contact mechanism 70, which is incorporated in the holder 60. The unitized contact mechanism 70 using the terminal base 709 is, however, not essential. According to another embodiment, a suitable structure for receiving the device-side terminals 731 to 739 may be formed integrally with the bottom wall member 601 or the outer wall 603W of the holder 60, and the device-side terminals 731 to 739 may be incorporated in the structure. The terminal base 709 is accordingly not essential.

A-4-3. Detailed Structure of Lever 80

FIG. 19 is a perspective view illustrating the appearance of the lever 80. FIG. 20 illustrates a cross section of a shaft body 850 taken on the plane parallel to the X axis and the Z axis (XZ plane, plane perpendicular to the Y axis). FIG. 21 illustrates a cross section of the lever 80 taken on the plane that passes through the central region in the width direction (Y-axis direction) of the lever 80 and is parallel to the X axis and the Z axis (XZ plane, plane perpendicular to the Y axis). FIG. 21 shows the cross section of the lever 80 in the state that the cartridge 20 is properly attached at the designed attachment position of the holder 60.

As shown in FIGS. 19 and 21, the lever 80 includes the operating member 830, a pair of shaft bodies 850, a guide member 820, and the engagement portion 810. The lever 80 has the operating member 830 on one end (+Z-axis direction end) and the engagement portion 810 on the other side (-Z-axis direction end). The lever 80 has an axis of rotation 800c between the operating member 830 and the first device-side restriction member 810. In other words, the lever 80 pivots around the axis of rotation 800c at the position between the operating member 830 and the engagement portion 810.

The operating member 830 of the lever 80 receives the external force applied by the user. As shown in FIG. 21, the operating member 830 is provided at the +Z-axis direction end of the lever 80. The operating member 830 is located on the +Z-axis direction side of the axis of rotation 800c in the attached state of the cartridge 20 to the holder 60. The operating member 830 is located on the -Z-axis direction side of the first device-side wall member 603 of the holder 60 (FIG. 15).

The operating member 830 has an operation surface 835 and an operating-member opposed surface 831. The operation surface 835 receives the external force (force shown in FIG. 5) applied by the user from the +X-axis direction side to the -X-axis direction side for detachment of the cartridge 20 from the holder 60. The operating-member opposed surface 831 is a face opposed to the cartridge 20 in the attached state of the cartridge 20 to the holder 60.

As shown in FIG. 19, the pair of shaft bodies 850 are provided at the substantially middle position between the ends of the lever 80. The pair of shaft bodies 850 define the axis of rotation 800c of the lever 80. The axis of rotation 800c is parallel to the Y-axis direction (direction of the array of the cartridges 20). One shaft body 850a of the pair of shaft bodies 850 (called “first shaft body 850a”) is protruded from the +Y-axis direction from an outer surface 893 on the +Y-axis direction side of the lever 80. The other shaft body 850b of the
pair of shaft bodies 850 (called “second shaft body 850b”) is protruded in the −Y-axis direction from an outer surface 891 on the −Y-axis direction side of the lever 80. The outer surfaces 891 and 893 are also called side faces 891 and 893. The pair of shaft bodies 850 provided on the lever 80 readily define the axis of rotation 800c by using a retainer as described later.

According to this embodiment, each of the shaft bodies 850 has an inner arc-shaped surface 852, an outer arc-shaped surface 854, and radial side faces 856 and 858. The respective faces 852, 854, 856, and 858 form the circumferential surface of the shaft body 850. The inner arc-shaped surface 852 and the outer arc-shaped surface 854 are respectively called “first curved surface 852” and “second curved surface 854”. The centers of the inner arc-shaped surface 852 and the outer arc-shaped surface 854 correspond to the axis of rotation 800c. The inner arc-shaped surface 852 is located at the position closer to the second device-side side wall member 604 than (i.e., on the −X-axis direction side of) the outer arc-shaped surface 854.

As shown in FIG. 20, the inner arc-shaped surface 852 forms an arc of radius R1a about the axis of rotation 800c on the cross section parallel to the X axis and the Z axis. The outer arc-shaped surface 854 forms an arc of radius R2a about the axis of rotation 800c on the cross section parallel to the X axis and the Z axis. The radius R1a is smaller than the radius R2a. As described above, each shaft body 850 has the concentric inner arc-shaped surface 852 and outer arc-shaped surface 854, which is located at the position closer to the second device-side side wall member 604 than the outer arc-shaped surface 854, as part of the circumferential surface. The axis of rotation 800c can thus be located at the closer position to the cartridge 20 in the cartridge chamber 602 without interfering with the cartridge 20. This enables the engagement portion 212 of the first restriction portion 210 of the cartridge 20 to be locked by the engagement portion 810, while reducing a deviation from the first locking position 810L. If the axis of rotation 800c were located at the distant position from the cartridge 20, any shift of the lever 80 from the attachment position designed for the correctly mounted state of the cartridge 20 causes a significant displacement of the engagement portion 810 in the Z-axis direction. Locating the axis of rotation 800c at the closer position from the cartridge 20 advantageously reduces the displacement of the engagement portion 810 in the Z-axis direction when the lever 80 is shifted from the standard attitude in the state of the cartridge 20 properly attached at the designed attachment position. Namely such positioning enables the cartridge 20 to be locked by the engagement portion 810 with the less deviation from the first locking position 810L. Setting the greater radius R2a of the outer arc-shaped surface 854 than the radius R1a of the inner arc-shaped surface 852 advantageously prevents the strength degradation of the shaft body 850. The “locking position (first locking position) 810L” means the position where a first device-side locking surface 811 (first part of the engagement portion 810) abuts the first cartridge-side locking surface 211 (first abutting part of the first cartridge-side restriction portion 210) when the cartridge 20 is attached at the attachment position set as the ideal designed position.

The engagement portion 810 serves to lock the cartridge 20 in the attached state and restrict the motion of the cartridge 20. As shown in FIG. 21, the engagement portion 810 is provided on the −Z-axis direction end of the lever 80. The engagement portion 810 is located on the −Z-axis direction side of the axis of rotation 800c in the attached state of the cartridge 20 to the holder 60.

As shown in FIG. 21, the engagement portion 810 locks the first cartridge-side restriction portion 210 (FIG. 5) by two parts. The engagement portion 810 includes the first device-side locking surface 811 as the first part (the first device-side restriction element), a groove 815 and a second device-side locking surface 813 as the second part (the second device-side restriction element). According to this embodiment, the two device-side locking surfaces 811 and 813 of the engagement portion 810 are located to intersect each other.

The first device-side locking surface 811 is a curved surface in an arc shape around the axis of rotation 800c. The first device-side locking surface 811 accordingly has the arc shape around the axis of rotation 800c on the cross section parallel to the X axis and the Z axis (i.e., cross section parallel to the XZ plane, cross section perpendicular to the Y axis). For attachment of the cartridge 20 to the holder 60, this structure enables the first device-side locking surface 811 to be smoothly moved to the locking position 810L and lock the cartridge 20. For detachment of the cartridge 20 from the holder 60, this structure enables the first device-side locking surface 811 to smoothly unlock the cartridge 20. This structure accordingly ensures smooth attachment and detachment of the cartridge 20 to and from the holder 60.

At the locking position (first locking position) 810L, the first device-side locking surface 811 is close to the axis of rotation 800c in the X-axis direction. In other words, at the locking position (first locking position) 810L, the first device-side locking surface 811 is located approximately beneath the axis of rotation 800c according to this embodiment. More specifically, at the locking position (first locking position) 810L, the first device-side locking surface 811 is located on the slightly −X-axis direction side of the axis of rotation 800c. At the locking position 810L, the first device-side locking surface 811 accordingly defines a plane intersecting at an approximately right angle in the +Z-axis direction force which the cartridge 20 in the attached state receives from the device-side terminals 700 and the elastic member 648. According to this embodiment, the plane in contact with the first device-side locking surface 811 as the curved surface is a substantially horizontal plane at the locking position 810L. This reduces the possibility of releasing the engagement between the first cartridge-side locking surface 211 and the first device-side locking surface 811 while the cartridge 20 is mounted in the printer. The first locking position 810L in the X-axis direction is thus preferably the position close to the axis of rotation 800c and on the −X-axis direction side of the axis of rotation 800c. This makes the plane in contact with the first device-side locking surface 811 substantially horizontal and prevents application of the +X-axis direction force from the cartridge 20 in the attached state to the first device-side locking surface 811. Locating the first locking position 810L close to the axis of rotation 800c in the X-axis direction advantageously reduces a deviation of the locking position in the Z-axis direction even when the actual locking position of the first cartridge-side locking surface 211 and the first device-side locking surface 811 is slightly deviated from the first locking position 810L. In other words, this reduces the deviation of the cartridge 20 in the Z-axis direction relative to the holder 60 and ensures the good electrical connection of the cartridge-side terminals 400 with the device-side terminals 700. For example, on the cross section of the lever 80 taken on the plane parallel to the X axis and the Z axis, the first locking position 810L should be located, such that an angle A between the straight line passing through the axis of rotation 800c and parallel to the Z-axis direction and the straight line connecting the axis of rotation 800c with the first locking position 810L is preferably not greater than 15 degrees, more
preferably not greater than 10 degrees, and further preferably not greater than 5 degrees. The angle A is also preferably not less than 1 degree.

As shown in FIG. 19, the guide member 820 is provided between the operating member 830 and the engagement portion 810 to be extended from the +Z-axis direction end to the −Z-axis direction end. The guide member 820 serves to guide the first cartridge-side restriction portion 210 (shown in FIG. 12) to the engagement portion 810, while restricting the motion of the cartridge 20 in the Y-axis direction in the course of attachment of the cartridge 20 to the holder 60. The cartridge 20 can thus be properly attached at the designed attachment position.

The guide member 820 is a recess formed by a guide bottom wall 821 provided along the Y-axis direction and a pair of guide walls 860 being vertically-angled toward the −X-axis direction from the guide bottom wall 821. The guide bottom wall 821 and the pair of guide walls 860 readily form the recess to receive the first cartridge-side restriction portion 210 structured as the projection. The pair of guide walls 860 includes a first guide wall 860a provided on the +Y-axis direction side and a second guide wall 860b provided on the −Y-axis direction side. The shaft body 850a is located on the outer surface 893 of the first guide wall 860a while the shaft body 850b is located on the outer surface 891 of the second guide wall 860b.

The space between the two guide walls 860a and 860b, i.e., the distance between the inner surfaces of the two guide walls 860a and 860b, is less than the Y-axis direction length of the cartridge 20 but is greater than the Y-axis direction length of the first cartridge-side restriction portion 210 (as can be seen in FIG. 12). For attachment of the cartridge 20 to the holder 60, the first cartridge-side restriction portion 210 is received by the guide member 820 and is readily and securely guided to the engagement portion 810 while the pair of guide walls 860a and 860b restrict the motion of the cartridge 20 in the Y-axis direction and the guide bottom wall 821 restricts the motion of the cartridge 20 in the Z-axis direction.

One part of the guide bottom wall 821 on the side of the engagement portion 810 has a groove 870 configured to receive the second portion 214 of the first cartridge-side restriction portion 210 (FIG. 12). The groove 870 is recessed from the surface of the guide bottom wall 821 in the +X-axis direction. The groove 870 is extended from the middle in the +Z-axis direction of the guide bottom wall 821 to its −Z-axis direction end.

The lever 80 set on the holder 60 is configured to move the first device-side locking surface 811 to the first locking position 810 by its dead weight. The lever 80 is tilted to locate the first device-side locking surface 811 on the +X-axis direction side of the axis of rotation 800c (FIG. 21), when the shaft bodies 850 are retained by the retainer 690. According to one embodiment, the lever 80 may be tilted by locating the center of gravity of the lever 80 on the −Z-axis direction side and on the −X-axis direction side of the axis of rotation 800c. According to another embodiment, the lever 80 may be tilted by locating the center of gravity of the lever 80 on the −Z-axis direction side and on the +X-axis direction side of the axis of rotation 800c.

A-1-4. Detailed Structure of Retainer 690

FIG. 22 is an exploded perspective view of the retainer 690 and a perspective view of the lever 80. The lever 80 is retained by the retainer 690, so as to be attached to the holder 60 in a rotatable manner. FIG. 22 shows partial structure of the retainer 690 to retain the lever 80. The retainer 690 is structured by a combination of a first retainer member 650 and a second retainer member 680. The retainer 690 is made of a synthetic resin, more specifically ABS resin according to this embodiment.

The first retainer member 650 has a pair of standing portions 651 and a through hole 658. According to this embodiment, the first retainer member 650 also has the projection 636 serving as the third device-side restriction element.

The pair of standing portions 651 of the first retainer member 650 are arranged across a space for receiving the lever 80. Each of the standing portions 651 has a bearing element 654 to receive the shaft body 850 of the lever 80. According to this embodiment, each of the standing portions 651 also has an engagement hole 656 serving to engage the second retainer member 680.

The second retainer member 680 has a pair of standing portions 681 and a through hole 688. According to this embodiment, the second retainer member 680 also has an elastic member 682.

The pair of standing portions 681 of the second retainer member 680 are arranged across the same space as that between the pair of standing portions 651 of the first retainer member 650. Each of the standing portions 681 has a block surface 684 to block the bearing element 654, in order to prevent the shaft body 850 of the lever 80 from being unintentionally uncoupled from the bearing element 654. According to this embodiment, each of the standing portions 681 also has an engagement projection 686 to be fit in the engagement hole 656 of the first retainer member 650.

For attachment of the lever 80 to the holder 60, the lever 80 is located between the pair of standing portions 651 by setting the respective shaft bodies 850 of the lever 80 into the corresponding bearing elements 654 of the pair of standing portions 651 of the first retainer member 650. Subsequently the two retainer members 650 and 680 are assembled, so that the bearing elements 654 with the shaft bodies 850 of the lever 80 fit therein are blocked by the corresponding block surfaces 684 of the second retainer member 680. The first and second retainer members 650 and 680 are then fixed to the wall of the holder 60, for example, with screws set in the through holes 658 and 688. This attaches the lever 80 to the holder 60 in a rotatable manner.

FIG. 23 is a sectional view showing the structure of the periphery of the lever 80 in the attached state of the cartridge 20 to the holder 60. The relationship between the shaft body 852 of the lever 80 and the bearing element 654 of the first retainer member 650 is described with reference to FIG. 23. FIG. 23 shows the cross section of the lever 80 locking the cartridge 20 taken on the plane passing through the first device-side locking surface 811 and parallel to the X-axis and the Z-axis. The broken line in FIG. 23 shows the projected shape of the shaft body 850 of the lever 80, and the two-dot chain line shows the projected shape of the bearing element 654 and the block surface 684.

As clearly understood from FIG. 23, the axis of rotation 800c of the lever 80 is positioned through the contact of the inner arc-shaped surface 852 and the outer arc-shaped surface 854 of the shaft body 850 with the bearing element 654. Turning the lever 80 counterclockwise (seen from the +Y-axis direction) causes the radial side face 856 of the shaft body 850 to abut the bearing element 654. This restricts further counterclockwise rotation of the lever 80 (seen from the +Y-axis direction). Turning the lever 80 clockwise (seen from the +Y-axis direction) causes the radial side face 856 of the shaft body 850 to abut the block surface 684. This restricts further clockwise rotation of the lever 80 (seen from the +Y-axis
When the cartridge 20 is further turned from the state of FIG. 25 to press in its third face 203-side, the first cartridge-side restriction portion 210 is further pressed in the \(-Z\)-axis direction. As shown in FIG. 26, the lever 80 is then pressed in the \(-X\)-axis direction by the first cartridge-side restriction portion 210 to turn counterclockwise (seen from the \(+Y\)-axis direction). The lever 80 abuts the elastic member 682 and receives the pressing force from the elastic member 682 in the direction to press back the lever 80 clockwise (seen from the \(+Y\)-axis direction). This pressing force is an external force including a \(-X\)-axis direction vector component. The rotatable range of the lever 80 is accordingly limited by the elastic member 682. This state of FIG. 26 where the lever 80 abuts the elastic member 682 and is pressed by the elastic member 682 maintains until the cartridge 20 is further pressed in and the first cartridge-side restriction portion 210 rides over the guide member 820 of the lever 80.

When the cartridge 20 is further turned from the state of FIG. 26 to press in its third face 203-side, the first cartridge-side restriction portion 210 eventually rides over the guide member 820 of the lever 80. The lever 80 is then turned to move the first cartridge-side restriction portion 210 in the \(-X\)-axis direction as shown in FIG. 27. The engagement portion 810 accordingly moves to the first locking position 810L and locks the first cartridge-side restriction portion 210 at the first locking position 810L. More specifically, as shown by the lower right close-up view, the first device-side locking surface 811 (first part) of the engagement portion 810 abuts the first cartridge-side locking surface 211 (first abutting part) of the first cartridge-side restriction portion 210, so as to restrict the motion of the cartridge 20 in the \(+Z\)-axis direction.

The second device-side locking surface 813 (second part) of the engagement portion 810 also abuts the second cartridge-side locking surface 213 (second abutting part) of the first cartridge-side restriction portion 210, so as to restrict the motion of the cartridge 20 in the \(+X\)-axis direction. Although the first cartridge-side locking surface 211 and second cartridge-side locking surface 213 are shown in the close-up view of FIG. 27 as being two separate substantially orthogonal surfaces, as can be seen in FIG. 27A, the first portion 212 of the first restriction portion 210 can be formed with a curved surface so that the first cartridge-side locking surface 211 and second cartridge-side locking surface 213 are configured as separate sections of the same surface. Alternatively, as can be seen in FIG. 27B, the first portion 212 of the first restriction portion 210 can be formed with a flat slanted surface or other shape so that the first cartridge-side locking surface 211 and second cartridge-side locking surface 213 are configured as separate sections of the same surface. As part of the mounting, the ink supply structure 280 of the cartridge 20 is then connected with the printing material supply tube 640, while the second cartridge-side locking element 220 engages with the second device-side locking element 620 and the first cartridge-side restriction portion 210 engages with the engagement portion 810. This completes the attachment of the cartridge 20 to the holder 60. The proper attachment of the cartridge 20 at the designed attachment position makes electrical connection between the cartridge-side terminals 400 and the device-side terminals 700, so as to allow signal transmission between the cartridge 20 and the printer 50.

According to this embodiment, as shown in FIGS. 23 and 27, the elastic member 682 is configured not to abut the lever 80 and thereby not to apply an external force to the lever 80 in the attached state of the cartridge 20 to the holder 60. This reduces the possibility of plastic deformation of the lever 80 by external force and the possibility of deviation of the engagement portion 810 from the first locking position 810L. This accordingly ensures stable electrical connection between the cartridge-side terminals 400 and the device-side terminals 700.

According to another embodiment, the elastic member 682 may be designed to abut the lever 80 and thereby apply a force to the lever 80 in the direction including the \(-X\)-axis direction vector component in the attached state of the cartridge 20 to the holder 60. In this application, the elastic member 682 continuously applies the force to the lever 80 in the direction including the \(-X\)-axis direction vector component, irrespective of the position of the lever 80. This moves the engagement portion 810 with sufficient force to the first locking position 810L for attachment of the cartridge 20 to the holder 60. This gives the hard click to inform the user of locking the cartridge 20 by the engagement portion 810.

According to another embodiment, the elastic member 682 may be omitted. This application decreases the total number of parts.

The procedure of detachment of the cartridge 20 from the holder 60 is described. For detachment of the cartridge 20...
from the holder 60, the user presses the operating member 830 in the -X-axis direction. In other words, the user applies the external force Pr (FIG. 5) to the operating member 830 in the direction including the -X-axis direction vector component. The lever 80 then moves the engagement portion 810 around the axis of rotation 800c in the direction including the +X-axis direction vector component. Simultaneously, the first cartridge-side locking surface 211 rotates and moves in the direction of arrow Y22 shown in FIG. 23. This disengages the first cartridge-side restriction portion 210 from the engagement portion 810 and eliminates the restriction on the motion of the third face 203-side of the cartridge 20 in the +Z-axis direction. Eliminating the restriction on the motion of the cartridge 20 in the +Z-axis direction causes the third face 203-side of the cartridge 20 to move in the +Z-axis direction by the pressing force Pt from the contact mechanism 70. This moves the cartridge 20 from the state of FIG. 27 to the state of FIG. 26. The cartridge 20 is further turned counterclockwise (seen from the +Y-axis direction) about the second cartridge-side restriction element 220 inserted in the second device-side restriction element 620 as the pivot point of rotation, in order to pull away the third face 203-side of the cartridge 20 from the bottom wall member 604 of the holder 60. This moves the cartridge 20 from the state of FIG. 26 to the state of FIG. 25 and further to the state of FIG. 24. The user may apply force to the projection 260 in the direction including the -X-axis direction vector component, in order to turn the cartridge 20. This operation turns the third face 203-side of the cartridge 20 counterclockwise (seen from the +Y-axis direction) and moves the third face 203-side of the cartridge 20 in the +Z-axis direction. The user holds the third face 203-side of the cartridge 20 and pulls away the second cartridge-side restriction element 220 from the second device-side restriction element 620, so as to remove the cartridge 20 from the holder 60.

As shown in the close-up view of FIG. 27, the operating member 830 of the lever 80 includes the operating-member opposed surface 831. For removal of the cartridge 20 in the attached state from the holder 60, when the user presses the operating member 830, the operating-member opposed surface 831 is in contact with the projection 260. The operating-member opposed surface 831 is inclined in a direction including the -X-axis direction vector component and the +Z-axis direction vector component. Turning the lever 80 about the axis of rotation 800c in the direction of arrow Y27 causes the operating-member opposed surface 831 to be in contact with the projection 260 and presses the projection 260 in a direction Yh including the -X-axis direction vector component and the +Z-axis direction vector component. This facilitates detachment of the cartridge 20 from the holder 60. Even when the cartridge 20 is stuck by some part of the holder 60 and is not moved in the +Z-axis direction through the travel of the first cartridge-side locking surface 211 from the first locking position 810L in the +X-axis direction, the third face 203-side of the cartridge 20 can be moved in the +Z-axis direction by using the operating-member opposed surface 831 and the projection 260.

A-6. Attachment Detection Method Using Attachment Detection Terminals

FIG. 28 is a block diagram illustrating the electrical structure of the circuit board 40 of the cartridge 20 and the printer 50 according to the first embodiment. The printer 50 includes a display panel 590, a power circuit 580, a main control circuit 570 and a sub-control circuit 550. The display panel 590 serves as a display unit to notify the user of various information, for example, the operating condition of the printer 50 and the attachment state of the cartridge 20. The display panel 590 may be provided on an operation unit (not shown) visible from outside of the printer 50. The power circuit 580 includes a first power supply 581 to generate a first power-supply voltage VDD and a second power supply 582 to generate a second power-supply voltage VHV. The first power-supply voltage VDD is the ordinary power-supply voltage (e.g., rated voltage of 3.3 V) used for logic circuits. The second power-supply voltage VHV is the high voltage (e.g., rated voltage of 42 V) used to drive the head 540 (FIG. 2) for ink ejection. These voltages VDD and VHV are supplied to the sub-control circuit 550, while being supplied to the other circuits as needed basis. The main control circuit 570 includes a CPU 571 and a memory 572. The sub-control circuit 550 includes a memory control circuit 551 and an attachment detection circuit 552. The circuit structure including the main control circuit 570 and the sub-control circuit 550 is called “control circuit”.

Among the nine terminals provided on the circuit board 40 of the cartridge 20 (FIG. 10), the reset terminal 432, the clock terminal 433, the power terminal 436, the ground terminal 437 and the data terminal 438 are electrically connected with the memory unit 420. The memory unit 420 is a nonvolatile memory without an address terminal. In the memory unit 420, a memory cell to be accessed is determined, based on the pulse number of clock signal SCK input from the clock terminal 433 and command data input from the data terminal 438. The memory unit 420 receives data from the data terminal 438 or sends data to the data terminal 438, in synchronism with the clock signal SCK. The clock terminal 433 is used to supply the clock signal SCK from the sub-control circuit 350 to the memory unit 420. The printer 50 applies the power-supply voltage (for example, rated voltage of 3.3 V) for driving the memory unit 420 and the ground voltage (0 V) respectively to the power terminal 436 and to the ground terminal 437. The power-supply voltage for driving the memory unit 420 may be the first power-supply voltage VDD directly applied by the printer 50 or may be generated from the first power-supply voltage VDD to be lower than the first power-supply voltage VDD. The data terminal 438 is used for transmission of data signal SDA between the sub-control circuit 550 and the memory unit 420. The reset terminal 432 is used to supply reset signal RST from the sub-control circuit 550 to the memory unit 420. The four attachment detection terminals 431, 434, 435 and 439 are interconnected by wiring in the circuit board 40 of the cartridge 20 (FIG. 3) and are all grounded. For example, the attachment detection terminals 431, 434, 435 and 439 are connected with the ground terminal 437 to be grounded. According to another embodiment, the attachment detection terminals 431, 434, 435 and 439 may be grounded by any connection path without the ground terminal 437. As clearly understood from this description, the attachment detection terminals 431, 434, 435 and 439 may be connected with any memory terminals other than the ground terminal 437 or the memory unit 420. Non-connection of the attachment detection terminals with the memory terminal or the memory unit results in application of no signal or voltage other than an attachment check signal to the attachment detection terminals and thus ensures the accurate attachment detection. The four attachment detection terminals 431, 434, 435 and 439 are interconnected by wiring in the illustrated example of FIG. 28, but part of the connection path may be replaced by a resistance.
connecting the device-side terminals 731 to 739 with the cartridge-side terminals 431 to 439 of the circuit board 40. The signal names are used for the path names with respect to the connection paths to the memory unit 420.

FIG. 29 illustrates the connection between the circuit board 40 and the attachment detection circuit 552. The four attachment detection terminals 431, 434, 435 and 439 of the circuit board 40 are connected with the attachment detection circuit 552 via the corresponding device-side terminals 731, 734, 735 and 739. The four attachment detection terminals 431, 434, 435 and 439 of the circuit board 40 are grounded. The connection paths between the device-side terminals 731, 734, 735 and 739 and the attachment detection circuit 552 are respectively connected to the power-supply voltage VDD (rated voltage of 3.3 V) in the sub-control circuit 550 via pull-up resistance.

In the illustrated example of FIG. 29, the three terminals 431, 434 and 435 of the four attachment detection terminals 431, 434, 435 and 439 on the circuit board 40 have good connection with the corresponding device-side terminals 731, 734 and 735. The attachment detection terminal 439, however, has poor connection with the corresponding device-side terminal 739. The voltage level of the connection paths for the three-device-side terminals 731, 734 and 735 in the good connection state is L level (ground voltage level), while the voltage level of the connection path for the device-side terminal 739 in the poor connection state is H level (power-supply voltage VDD level). The attachment detection circuit 552 may check the voltage levels of these connection paths, so as to identify the good/poor connection state with respect to each of the four attachment detection terminals 731, 734, 735 and 739.

The contact portions cp of the four attachment detection terminals 431, 434, 435 and 439 on the circuit board 40 are located outside a first area 400P, which includes the contact portions cp of the memory terminals 432, 433, 436, 437 and 438. The contact portions cp of the four attachment detection terminals 431, 434, 435 and 439 are located at four corners of a quadrilateral second area 400T, which includes the first area 400P. The first area 400P is preferably a smallest possible quadrilateral including the contact portions cp of the five memory terminals 432, 433, 436, 437 and 438. The second area 400T is preferably a smallest possible quadrilateral including all the contact portions cp of the cartridge-side terminals 431 to 439.

In the state of good contact for all the four attachment detection terminals 431, 434, 435 and 439, the cartridge 20 has no significant tilt and ensures the good contact for the memory terminals 432, 433, 436, 437 and 438. In the state of poor contact for any one or more of the four attachment detection terminals 431, 434, 435 and 439, on the other hand, the cartridge 20 has a significant tilt and may cause the poor contact for any one or more of the memory terminals 432, 433, 436, 437 and 438. According to a preferable embodiment, in the state of poor contact for any one or more of the four attachment detection terminals 431, 434, 435 and 439, the attachment detection circuit 552 displays information (character string or image) indicating the failed attachment on the display panel 390 to notify the user of the failed attachment.

The contact portions cp of the attachment detection terminals 431, 434, 435 and 439 are arranged at the four corners surrounding the first area 400P including the contact portions cp of the memory terminals 432, 433, 436, 437 and 438, because of the following reason. In the attached state of the cartridge 20 to the holder 60, there is a certain margin for tilting the cartridge 20, so that the circuit board 40 of the cartridge 20 may be inclined relative to the contact mechanism 70 of the holder 60. For example, tilting the cartridge 20 to make the terminals 431 to 434 (more specifically their contact portions) in the upper line R2 (FIG. 10A) on the circuit board 40 more distant from the contact mechanism 70 than the terminals 435 to 439 (more specifically their contact portions) in the lower line R1 (FIG. 10A) may result in the poor contact for any of the terminals 431 to 434 in the upper line R2. Tilting the cartridge 20 to make the terminals 435 to 439 (more specifically their contact portions) in the lower line R1 on the circuit board 40 more distant from the contact mechanism 70 than the terminals 431 to 434 (more specifically their contact portions) in the upper line R2 may result in the poor contact for any of the terminals 435 to 439 in the lower line R1. Tilting the cartridge 20 to make the left edge of the circuit board 40 (FIG. 10A) more distant from the contact mechanism 70 than the right edge may result in the poor contact for any of the terminals 431, 432, 434, 436 and 437 on the left side of the circuit board 40. Tilting the cartridge 20 to make the right edge of the circuit board 40 more distant from the contact mechanism 70 than the left edge may result in the poor contact for any of the terminals 433, 434, 437, 438 and 439 on the right side of the circuit board 40. The poor contact may cause an error in reading data from the memory unit 420 or in writing data into the memory unit 420. Checking the contact portions cp of all the four attachment detection terminals 431, 434, 435 and 439, which are arranged at the four corners outside the first area 400P including the contact portions cp of the memory terminals 432, 433, 436, 437 and 438, for the good/poor contact advantageously prevents the poor contact and a resulting access error in the memory unit 420 due to such tilting of the cartridge 20.

A-7. Advantageous Effects of Embodiment

Certain of the advantageous effects of this embodiment compared with the structures disclosed in U.S. Publication No. 2005/0151811, and U.S. Pat. No. 6,276,780 mentioned previously.

In the printing material supply system 10 according to this embodiment, the lever 80 is provided on the holder 60, and the first cartridge-side restriction portion 210 is provided on the cartridge 20. The cartridge-side restriction portion 210 is located on the +Z-axis direction side of the axis of rotation 800c of the lever 80. The engagement member for engaging with the holder is not located at the position between the axis of rotation and the operating member of the lever, unlike the structures in U.S. Publication No. 2005/0151811 in which the lever is integral with the cartridge. There is accordingly no need to make a relatively large distance between the lever and the cartridge side face. The structure of the embodiment accordingly shortens the distance between the lever 80 and the third face 203 of the cartridge 20, i.e., the dimension in the X-axis direction, while shortening the length of the lever, i.e., the dimension in the Z-axis direction. This allows significant size reduction of the printer 50 and the whole printing material supply system 10, as well as size reduction of packaging for transportation and distribution of the cartridges 20, which advantageously reduces the transportation cost and the parts cost. This advantageous effect is not achieved by simply providing the lever on the printer holder instead of the cartridge as described in U.S. Pat. No. 6,276,780. This advantageous effect is achieved by providing the axis of rotation 800c of the lever 80 between the operating member 830 and the engagement portion 810 and locating the cartridge-side restriction portion 210 on the +Z-axis direction side of the axis of rotation 800c of the lever 80.
The printing material supply system 10 according to the embodiment includes the relatively short lever 80 and the first cartridge-side restriction portion 210 of the small size and the simple structure (e.g., projection). This increases the rigidity of the lever 80 and the first cartridge-side restriction portion 210, compared with the structures described in U.S. Publication No. 2005/0151811, and allows the relatively high-rigidity material to be selected for the lever 80 and the first cartridge-side restriction portion 210 (cartridge 20). This results in significantly reducing the possibility of plastic deformation or creep deformation of the lever 80 and the first cartridge-side restriction portion 210. In the attached state, the cartridge 20 can be kept at the proper position in the holder 60, which maintains the normal or good contact between the cartridge-side terminals 431 to 439 and the device-side terminals 731 to 739 and reduces the poor continuity. Since the first cartridge-side restriction portion 210 of this embodiment has the small size and the simple structure, no special care to prevent plastic deformation of the lever is required in packaging for transportation and distribution of the cartridges 20, especially in vacuum packaging, unlike the cartridges of U.S. Publication No. 2005/0151811. This improves the user's convenience. Providing the projection as the first cartridge-side restriction portion 210 as described in the embodiment is especially preferable for this advantageous effect.

In the printing material supply system 10 according to the embodiment, the cartridge-side restriction portion 210 is located on the Z-axis direction side of the axis of rotation 800c of the lever 80. As described previously, the device-side terminals 731 to 739 generate the pressing force Pt in the direction of pressing back the circuit board 40 (i.e., in the direction including the +Z-axis direction vector component and the −X-axis direction vector component) in the attached state of the cartridge 20. This pressing force Pt is expected to move the cartridge 20 in the +Z-axis direction in the attached state. In the printing material supply system 10 of the embodiment, however, the axis of rotation 800c of the lever 80 is located on the −Z-axis direction side of the first cartridge-side restriction portion 210, so that the lever 80 restricts the motion of the cartridge 20 from the +Z-axis direction side to the −Z-axis direction side.

According to this embodiment, the first cartridge-side restriction portion 210 is located on the −Z-axis direction side and on the −X-axis direction side of the axis of rotation 800c of the lever 80. When the cartridge 20 moves in the +Z-axis direction, rotational moment arises on the lever 80 as shown by arrow M in FIG. 5. This moment acts to cause the first cartridge-side restriction portion 210 to be strongly pressed in the −X-axis direction by the engagement portion 810. This moment also acts to move the engagement portion 810 of the lever 80 in accordance with moving the cartridge 20 in the −X-axis direction by the X-axis direction vector component of the pressing force Pt. The cartridge 20 in the attached state accordingly receives the force to be pressed against the device-side bottom wall member 601 and the second device-side side wall member 604. This structure of the embodiment prevents the cartridge 20 from being unintentionally uncoupled from the holder 60, thus maintaining the normal or good contact between the cartridge-side terminals 431 to 439 and the device-side terminals 731 to 739 and reducing the possibility of poor continuity.

As shown in FIG. 27, the first cartridge-side restriction portion 210 includes the first cartridge-side locking surface 211 that abuts the first part 811 of the engagement portion 810 to restrict the motion of the cartridge 20 in the +Z-axis direction, and the second cartridge-side locking surface 213 that abuts the second part 812 of the engagement portion 810 to restrict the motion of the cartridge 20 in the +X-axis direction. This ensures production of the rotational moment as shown by the arrow M in FIG. 5 and more effectively reduces the possibility of poor continuity between the cartridge-side terminals 431 to 439 and the device-side terminals 731 to 739.

As shown in FIG. 12, according to this embodiment, the first cartridge-side restriction portion 210 has the second portion 214. The first cartridge-side restriction portion 210 reduces the possibility that the first cartridge-side restriction portion 210 is locked at the position on the −Z-axis direction side of the engagement portion 810 in attachment of the cartridge 20 to the holder 60. In the course of attachment of the cartridge 20 to the holder 60, the user may press the cartridge 20 deeper in the −Z-axis direction into the holder 60 than the state of FIG. 27. Even in this case, the second portion 214 of the first cartridge-side restriction portion 210 abuts the second device-side locking surface 813 of the lever 80, so as to prevent the first cartridge-side restriction portion 210 from being located on the −Z-axis direction side of the engagement portion 810. This reduces the possibility that the first cartridge-side restriction portion 210 is locked by the engagement portion 810 at the unintended locking position.

A-7-2. Reduction of Effects of External Force in Attached State of Cartridge

FIG. 30 shows the external force applied to the cartridge 20 in the attached or mounted state. During printing operation of the printer 50, the holder 60 and the cartridge 20 move reciprocally in the main scanning direction (Y-axis direction or width direction of the cartridge 20). The cartridge 20 accordingly receives external force (inertial force) during acceleration and deceleration of the holder 60 in the width direction. The cartridge 20 receiving the external force may turn about the ink supply structure 280 (FIG. 27) and the printing material supply tube 640 in the rotating direction including the width direction vector component (Y-axis direction vector component). More specifically, the third face 203-side of the cartridge 20 may turn in the direction of arrow YR1, while the fourth face 204-side of the cartridge 20 may turn in the direction of arrow YR2. The second face 202-side of the cartridge 20 may also turn in the direction of arrow YR3. The direction of arrow YR1 and the direction of arrow YR2 are the rotating direction about the Z axis, which includes the Y-axis direction vector component (width direction vector component). The direction of arrow YR3 is the rotating direction about the X axis, which includes the Y-axis direction vector component (width direction vector component).

Moving the cartridge 20 in the direction of arrow YR3 causes either the fifth face 205 or the sixth face 206 of the cartridge 20 to be pulled up in the +Z-axis direction. As described previously, however, such motion of the cartridge 20 in the +Z-axis direction is restricted by the lever 80. According to this embodiment, the first cartridge-side restriction portion 210 is located close to the intersecting part 295 as shown in FIG. 13. In other words, the first cartridge-side restriction portion 210 is close to the board end 405 of the circuit board 40. The first cartridge-side restriction portion 210 is arranged as close as possible to the cartridge-side terminals 400. Since the first cartridge-side restriction portion 210 is locked by the lever 80, the periphery of the first cartridge-side restriction portion 210 has substantially no position shift by the external force. Providing the cartridge-side terminals 400 at the location of extremely small position shift effectively prevents the positional misalignment of the respective terminals 431 to 439 of the cartridge-side terminals 400 relative to the holder 60, thus maintaining the stable electrical connection between the cartridge-side terminals 400 and the device-side terminals 700. In order to ensure this advantageous effect, it is prefer-
able to locate at least part of the first cartridge-side restriction portion 210 (specifically the first cartridge-side locking surface 211) between the first outer part 435P and the second outer part 439P (FIG. 10A) in the Y-axis direction (width direction) (when the cartridge 20 is viewed from the third face 203-side in the X-axis direction).

As shown in FIG. 7, according to this embodiment, the corner section 265 of the cartridge 20 has the step (seventh face) 207 extended in the +Z-axis direction from the first face 201. The seventh face 207 is located on the −X-axis direction side and on the −Z-axis direction side of the sloped surface (eighth face) 208. The seventh face 207 has the third cartridge-side restriction element 250. As shown in FIG. 2 and FIGS. 14 to 16, the holder 60 has the third device-side restriction element (projection) 636. The third cartridge-side restriction element 250 is in contact with the projection 636. This further restricts the motion of the third face 203-side of the cartridge 20 in the width direction about the printing material supply tube 640 and the ink supply structure 280. The third cartridge-restriction element 250 is structured preferably as the pair of projection members protruding from the seventh face 207 in the +X-axis direction to receive the projection 636 therebetween as described in the embodiment. This simple structure effectively restricts the motion of the third face 203-side of the cartridge 20 in the width direction about the printing material supply tube 640 and the ink supply structure 280.

As shown in FIG. 13, according to this embodiment, the terminal bearing structure 408 of the circuit board 40 and the third cartridge-side restriction element 250 are arranged to partly overlap each other in the X-axis direction (when the cartridge 20 is viewed from the first face 201-side in the +Z-axis direction). This further effectively restricts the motion of the cartridge 20 in the direction of arrow YR1 and thereby prevents the motion (deviation) of the cartridge-side terminals 400 relative to the holder 60.

In the above description, the external force in the width direction applied to the cartridge 20 is the inertial force produced by the movement of the cartridge 20 in the main scanning direction. The external force applied to the cartridge 20 is, however, not restricted to such inertial force. For example, in the off-carriage type printer, the print head moves in the main scanning direction, but the cartridge 20 is attached to the stationary holder and so does not move in the main scanning direction. In the off-carriage type printer, however, the cartridge 20 may receive an external force. More specifically, an external force (inertial force) may be applied to the cartridge 20 due to, for example, vibration arising from the movement of the print head in the main scanning direction.

A-7-3. Reduction of Tilting of Cartridge 20 in Attached State

As shown in FIG. 12, according to this embodiment, the first cartridge-side restriction portion 210 is provided to intersect the plane Yc passing through the center of the width (Y-axis direction length) of the cartridge 20. As shown in FIG. 5, the cartridge 20 in the attached state receives the pressing forces Ps and Pp including the +Z-axis direction vector component from the holder 60. These pressing forces Ps and Pp press the first cartridge-side restriction portion 210 against the engagement portion 810 of the lever 80. Even when the cartridge 20 in the attached state is shaken about the X axis or the Z axis by the external force, the first cartridge-side restriction portion 210 hardly moves in the vicinity of the position intersecting the plane Yc.

The first cartridge-side restriction portion 210 is located close to the intersecting part 295, i.e., close to the board end 405. Providing the first cartridge-side restriction portion 210, which moves very little at the position very close to the cartridge-side terminals 400 ensures a stable electrical connection between the cartridge-side terminals 400 and the contact mechanism 70.

The effective part of the first cartridge-side restriction portion 210 specifically serving to restrict the position of the cartridge-side terminals 400 is the first cartridge-side locking surface 211. It is thus preferable to locate the first cartridge-side locking surface 211 as close as possible to the cartridge-side terminals 400. Omitting the third portion 215 of the first cartridge-side restriction portion 210 and locating the first portion 212 in contact with the first side 290 enables the first cartridge-side locking surface 211 to be closer to the intersecting part 295 or the board end 405. This further ensures the stable electrical connection between the cartridge-side terminals 400 and the contact mechanism 70.

According to this embodiment, as shown in FIG. 10, among the contact portions cp of the respective cartridge-side terminals 400, the ground terminal 437 having the contact portion cp on the center in the Y-axis direction is provided at the position intersecting the plane Yc. The contact portions cp of the other terminals 431 to 436, 438 and 439 are arranged to be symmetrical with respect to the line of intersection of the plane Yc and the ground terminal 437 as the axis. The plane Yc has especially little motion, since the position of the first cartridge-side restriction portion 210 is fixed. The cartridge-side terminals 400 are provided on the plane Yc of little motion or its neighborhood. In addition to providing the first cartridge-side restriction portion 210 at the position very close to the cartridge-side terminals 400, locating the cartridge-side terminals 400 on the plane Yc or its neighborhood further ensures the stable electrical connection between the cartridge-side terminals 400 and the contact mechanism 70.

A-7-4. Fine Adjustment of Tilted Cartridge 20 in Attached State

According to this embodiment, the first cartridge-side restriction portion 210 (more specifically, the first cartridge-side locking surface 211) is located not outside but inside the range 40Y in the Y-axis direction between the first outer part 435P located on the most +Y-axis direction side of the cartridge-side terminals 400 and the second outer part 439P located on the most −Y-axis direction side of the cartridge-side terminals 400. After the cartridge 20 is attached to the holder 60, the cartridge-side terminals 400 receive the force of +Z-axis direction vector component from the device-side terminals 700, so as to finely adjust the tilt of the cartridge 20 or more specifically the direction of the sloped terminal bearing structure 408, on which the cartridge-side terminals 400 are provided. The manufacturing error may vary the positions of the respective device-side terminals 731 to 739 from the device-side sloped surface 708 or the horizontality of the first cartridge-side locking surface 211 of the first cartridge-side restriction portion 210. Even in such cases, the fine adjustment of the direction of the sloped terminal bearing structure 408 ensures the stable electrical connection between the cartridge-side terminals 400 and the device-side terminals 700.

FIG. 31 shows fine adjustment of the direction of the sloped terminal bearing structure 408. The position of the cartridge 20 after fine adjustment of the attitude of the cartridge 20 is shown by the broken line. In this example, the attachment detection terminal 731 of the device-side terminals 700 protrudes from the device-side sloped surface 708 (FIG. 18) in the +Z-axis direction more than the designed amount. In this case, the sloped terminal bearing structure 408 receives force Ph in a direction including the +Z-axis direction vector component from the attachment detection terminal 731. Locating the first cartridge-side locking surface 211 within the range
40Y allows more rotation of the cartridge 20 about the X axis. In other words, application of the force Ph to the sloped terminal bearing structure 408 enables fine adjustment of the attitude of the cartridge 20. In the illustrated example of FIG. 31, the attitude of the cartridge 20 is finely adjusted to be tilted toward the sixth face 206-side.

A-7-5. Advantageous Effects of Second Cartridge-Side Restriction Element

The cartridge 20 has the second cartridge-side restriction element 220 on the fourth face 204 (FIG. 27), which serves to restrict the rotation of the cartridge 20 from its +X-axis direction sides in the +Z-axis direction. This further ensures the stable electrical connection between the cartridge-side terminals 400 and the device-side terminals 700.

According to this embodiment, the second cartridge-side restriction element 220 is the projection protruded from the fourth face 204 in the −X-axis direction. The second cartridge-side restriction element 220 is inserted into the second device-side restriction element 620 (FIG. 3) in the form of the through hole of the holder 60. The user turns the cartridge 20 about the second cartridge-side restriction element 220 inserted in the second device-side restriction element 620 (FIG. 3) for attachment and detachment of the cartridge 20 to and from the holder 60. The second device-side restriction element 620 accordingly serves as the guide for attachment and detachment of the cartridge 20 to and from the holder 60. This structure facilitates attachment and detachment of the cartridge 20 to and from the holder 60. The second cartridge-side restriction element 220 in the form of the projection can be readily provided on the fourth face 204 of the cartridge 20.

A-7-6. Advantageous Effects of Projection 260

As shown in FIG. 27, according to this embodiment, the cartridge 20 has the projection 260 on the +Z-axis direction side of the first cartridge-side restriction portion 210 on the third face 203. For detachment of the cartridge 20 from the holder 60, applying the force to the operating member 830 of the lever 80 from the +X-axis direction side to the −X-axis direction side causes the operating member 830 to be in contact with the projection 260 and press the projection 260 in the direction Yh including the +Z-axis direction vector component. The projection 260 accordingly receives the force of the +Z-axis direction vector component. This facilitates detachment of the cartridge 20 from the holder 60 by using the operating member 830. Even when the cartridge 20 is stuck by some part of the holder 60 and is not moved in the +Z-axis direction through the travel of the first cartridge-side locking surface 211 from the first locking position 810 in the +X-axis direction, the third face 203-side of the cartridge 20 can be moved in the +Z-axis direction by using the projection 260.

Although the external force is directly applied from the operating member 830 to the projection 260 according to the embodiment, the external force may not be applied from the operating member 830 to the projection 260. Turning the operating member 830 disengages the engagement portion 810 from the first cartridge-side restriction portion 210 and eliminates the restriction on the motion of the third face 203-side of the cartridge 20 in the +Z-axis direction. Eliminating the restriction on the motion of the cartridge 20 in the +Z-axis direction causes the third face 203-side of the cartridge 20 to move in the +Z-axis direction by the pressing force Pt from the contact mechanism 70. The projection 260 of the cartridge 20 simultaneously moves in the direction Yh. The user holds the periphery of the projection 260 moving in the direction Yh and readily detaches the cartridge 20 from the holder 60. Providing the projection 260 improves the operability for detachment of the cartridge 20 from the holder 60 even without direct application of the external force from the operating member 830 to the projection 260.

A-7-7. Advantageous Effects of Position of Ink Supply Structure 280

As shown in FIG. 27, according to this embodiment, the ink supply structure 280 is provided at the position closer to the fourth face 204 than the third face 203 on the first face 201. The distance between the outer surface of the ink supply structure 280 and the third face 203 in the X-axis direction is accordingly greater than the distance between the outer surface of the ink supply structure 280 and the fourth face 204. The cartridge-side terminals 400 are provided on the sloped terminal bearing structure 408 adjacent to the third face 203. In other words, the ink supply structure 280 is provided at the position away from the cartridge-side terminals 400. This reduces the possibility that ink adheres to the cartridge-side terminals 400 and prevents the poor contact between the cartridge-side terminals 400 and the device-side terminals 700.

A-7-8. Advantageous Effects of Ground Terminal 437

According to this embodiment, as shown in FIG. 10A, among the contact portions cp of the cartridge-side terminals 400, the ground terminal 437 having the contact portion cp on the center in the Y-axis direction is provided at the position intersecting the plane Yc passing through the center of the width (Y-axis direction length) of the cartridge 20. The ground terminal 437 is configured to be in contact with the contact mechanism 70 prior to the other cartridge-side terminals 431 to 436, 438 and 439 in the course of attachment of the cartridge 20 to the holder 60. The pressing force first applied from the holder 60 to the circuit board 40 is thus generated on the substantial center of the width or the Y-axis direction length of the cartridge 20. This prevents the pressing force applied to the circuit board 40 from acting to tilt the cartridge 20 in the Y-axis direction and thereby enables the attachment of the cartridge 20 at the designed attachment position. Such contact of the ground terminal 437 with the contact mechanism 70 of the holder 60 prior to the other cartridge-side terminals 431 to 436, 438 and 439 advantageously prevents or reduces the high voltage-induced troubles and failures by the grounding function of the ground terminal 437, even when an unexpected high voltage is applied to the cartridge 20.

A-7-9. Advantageous Effects of Shape of First Device-Side Locking Surface 811

As shown in FIG. 21, the first device-side locking surface 811 is the curved surface in the arc shape about the axis of rotation 800k on the cross section parallel to the X axis and the Z axis. This ensures the smooth operations for attachment and detachment of the cartridge 20 to and from the holder 60. Forming the first device-side locking surface 811 as the curved surface decreases the press-back amount in the +Z-axis direction by the elastic member 648 (FIG. 27) in the course of attachment of the cartridge 20 to the holder 60. This ensures the good electrical contact between the cartridge-side terminals 400 and the device-side terminals 700.

One example of such advantageous effect is described with reference to FIGS. 32A to 32F. The vertical direction of FIGS. 32A to 32F corresponds to the Z-axis direction; the upward direction of the drawings corresponds to the +Z-axis direction and the downward direction corresponds to the −Z-axis direction which directions are opposite each other. FIGS. 32A to 32C show attachment of a cartridge using the first device-side locking surface 811 formed as the curved surface and are arranged in time series in this order. FIGS. 32D to 32F show
attachment of a cartridge using a first device-side locking surface 811f formed as a plane and are arranged in times series in this order.

As shown in FIG. 32A, for attachment of the cartridge 20 to the holder 60, the first cartridge-side restriction portion 210 moves in the −Z-axis direction while abutting the guide bottom wall 821. As shown in FIG. 32B, when the first cartridge-side restriction portion 210 moves through the guide bottom wall 821 further in the −Z axis direction, the first device-side locking surface 811 moves in the direction of arrow Y32. When the user strongly presses the cartridge 20 in the −Z-axis direction, the first cartridge-side restriction portion 210 is located on the −Z-axis direction side of the first device-side locking surface 811. When the user loses hold of the cartridge 20, the cartridge 20 is pressed upward in the +Z-axis direction by the pressing forces Ps and Pt of the elastic member 648 and the lever 80c. As shown in FIG. 32C, the pressed-up amount of the first cartridge-side restriction portion 210 of the cartridge 20 is D3 when the first device-side locking surface 811 is formed as the curved surface. As shown in FIGS. 32D to 32F, when the first device-side locking surface 811r is formed as the plane, the pressed-up amount of the first cartridge-side restriction portion 210 is D2, which is greater than D1.

In the attached state of the cartridge 20, the first device-side locking surface 811 formed as the curved surface can be located on the more −Z-axis direction side than the first device-side locking surface 811r formed as the plane. This reduces the pressed-up amount of the first cartridge-side restriction portion 210.

According to this embodiment, the first device-side locking surface 811 located at the preset or first locking position 810L is close to the axis of rotation 800e in the X-axis direction (FIG. 21). This reduces the moving distance of the first device-side locking surface 811 in the Z-axis direction even when the actual locking position is deviated in the X-axis direction from the first locking position 810L. This accordingly prevents deviation of the cartridge 20 in the Z-axis direction relative to the holder 60.

B. Additional Embodiment

FIG. 33 illustrates a printer 50a according to a second embodiment. FIG. 33 shows the cross section corresponding to the cross section of FIG. 17 according to the first embodiment. The difference from the printer 50 of the first embodiment is that a retainer 690a does not have the elastic member 682. Otherwise, the printer 50a of the second embodiment has the same structure as that of the printer 50 of the first embodiment. The like elements are expressed by the like symbols and are not specifically explained here. The cartridge 20 attached to the printer 50a has the same structure as the cartridge 20 attached to the printer 50 of the first embodiment.

As shown in FIG. 33, the retainer 690a does not have an elastic member to press the lever 80 in the direction including the −X-axis direction vector component. The lever 80 is, however, designed to locate its first device-side locking surface 811 at the first locking position 810L by its dead weight, so that the first cartridge-side locking surface 211 of the cartridge 20 is locked by the first device-side locking surface 811 of the lever 80.

The printer 50a of the second embodiment has the similar advantageous effects to those of the printer 60 of the first embodiment. Additionally, the structure of the retainer 690 without an elastic member reduces the possible damage or breakage of the retainer 690 and decreases the total number of parts to reduce the manufacturing cost of the printer 50a.

C. Third Embodiment

FIG. 34 is a perspective view illustrating the appearance of a cartridge 20b according to a third embodiment. The difference from the cartridge 20 of the first embodiment (FIG. 7) is the size of the cartridge 20b. Otherwise, the cartridge 20b of the third embodiment has the same structure as that of the cartridge 20 of the first embodiment. The like elements are expressed by the like symbols and are not specifically explained here. A printer of the third embodiment is adapted for the cartridge 20b but has the same structure as that of the holder 60 and the respective members (for example, lever 80) provided on the holder 60 of the first embodiment.

The cartridge 20b has the greater dimensions than those of the cartridge 20 of the first embodiment and is capable of containing a greater amount of ink. The cartridge 20b is attachable to a cartridge mounting structure of a large inkjet printer that is capable of printing large paper (e.g., sizes A2 to A0). The cartridge 20b is attached to the cartridge mounting structure of the large inkjet printer in the −Z-axis direction as the mounting direction SD. According to this embodiment, the −Z-axis direction is the horizontal direction. In the attached state of the cartridge 20b to the cartridge mounting structure, the X-axis direction is the vertical direction. More specifically, the +X-axis direction is the vertically upward direction, and the −X-axis direction is the vertically downward direction.

D. Modifications of Cartridge Structure

FIGS. 35 to 37 show modifications of cartridge structure. These cartridges are designed for the printer having the same structure as that of the printer 50 according to the first embodiment. The like elements of these cartridges to those of the cartridge 20 of the first embodiment are expressed by the like symbols.

D-1. Modifications of Cartridge Outer Shape

FIGS. 35A to 35H are conceptual diagrams showing cartridge outer shapes according to other embodiments. A cartridge 20c shown in FIG. 35A has a housing of an elliptical or oval side face. The cartridge 20c has the first cartridge-side restriction portion 210 and the circuit board 40 provided on the front face. The ink supply structure 280 is formed on the bottom face of the cartridge 20c, and the second cartridge-side restriction element 220 is provided on the rear face of the cartridge 20c. This cartridge 20c has a fixed width, when the cartridge 20c is seen from its front face side. This cartridge 20c is compatible with the cartridge 20 shown in FIG. 7, as long as the first and second cartridge-side restriction elements 210 and 220, the circuit board 40 and the ink supply structure 280 are structured to be connectable with the corresponding parts in the printer 50.

A cartridge 20d shown in FIG. 35B has an approximate rectangular parallelepiped shape like the cartridge 20 shown in FIG. 7. The large difference from the cartridge 20 of FIG. 7 is that the eighth face 208 is not continuous from the lower end of the third face 205. Cartridge 20l shown in FIG. 35G is similar in shape and design to cartridge 20l with the placement of the first cartridge-side restriction element 210 provided closer to the terminal bearing structure 408. Cartridges 20c and 20f shown in FIGS. 35C and 35D have no seventh face, which is included in the cartridge 20 of FIG. 7. A cartridge 20g shown in FIG. 35E has the circuit board 40 mounted on the eighth face 208 by means of a spring. A
cartridge 20h shown in FIG. 35f has a hinged or otherwise movable face 208h, in place of the eighth face 208, and the circuit board 40 mounted on the movable face 208h. These cartridge 20c to 20g are also compatible with the cartridge 20 shown in FIG. 7, as long as the first and second cartridge-side restriction elements 210 and 220, the circuit board 40 and the ink supply structure 280 are structured to be connectable with the corresponding parts in the printer 50. A cartridge 20m shown in FIG. 35h has an elongated member 211m which is connected at one end to the first cartridge-side restriction element 210 and at the other end to the top of the cartridge 202 via a hinge or other pivotable mechanism.

As clearly understood from the examples shown in FIGS. 35A to 35H, there are various other modifications of cartridge outer shape. In the case of the cartridge having the outer shape other than the approximate rectangular parallelepiped, as shown by the broken lines in FIGS. 35A and 35J, the six faces of the rectangular parallelepiped, i.e., the bottom face 201 (first face), the top face 202 (second face), the front face 203 (third face), the rear face 204 (fourth face), the left side face 205 (fifth face) and the right side face 206 (sixth face) can be virtually assumed. In the specification hereof, the terms “face” and “plane” mean a virtual plane or the non-existent (imaginary) plane as shown in FIGS. 35A or 35J and the actual plane as shown in FIGS. 7 and 8. The terms “face” and “plane” include both planar surfaces and curved surfaces.

D-2. Cartridge with Adapter

FIG. 36 is a perspective view illustrating the structure of a cartridge 20i with an adapter according to one embodiment. This cartridge 20i is separable into a container assembly 200i including the ink chamber 200 and an adapter 299 which can then be mated together for mounting into the holder of the printing apparatus. After the printing material in the ink chamber 200 is used up, the user replaces the container assembly 200i with a new one or refills the printing material into the container assembly 200i. The adapter 299 is reusable. This cartridge 20i is compatible with the cartridge 20 of the first embodiment shown in FIG. 7.

A housing 22j for the cartridge 20j is structured as a combination of a housing for the container assembly 200i and a housing for the adapter 299i. The container assembly 200i includes the ink chamber 200 configured to contain ink, the printing material flow path 282 configured to supply ink or printing material to the ink supply structure and the resin foam 284. The container assembly 200i has a second face 202j corresponding to the second face 202 of the cartridge 20i. The container assembly 200i also has a first face 201j, a third face 203j, a fourth face 204j, a fifth face (not shown), a sixth face 206j, a seventh face 207j and an eighth face 208j respectively corresponding to the first face 201, the third face 203, the fourth face 204, the fifth face (not shown), the sixth face 206, the seventh face 207 and the eighth face 208 of the cartridge 20i. The first face 201j and the second face 202j are opposed to each other in the Z-axis direction; the first face 201j is located on the −Z-axis direction side and the second face 202j is located on the +Z-axis direction side. The third face 203j and the fourth face 204j are opposed to each other in the X-axis direction; the third face 203j is located on the +X-axis direction side and the fourth face 204j is located on the −X-axis direction side. The fifth face (not shown) and the sixth face 206j are opposed to each other in the Y-axis direction; the fifth face (not shown) is located on the −Y-axis direction side and the sixth face 206j is located on the +Y-axis direction side. The seventh face 207j and the eighth face 208j form the connection faces of connecting the first face 201j with the third face 203j. The seventh face 207j is perpendicular to the first face 201j and forms a plane parallel to the Y-axis and the Z-axis (YZ plane). The seventh face 207j as the step is vertically-aligned relative to the first face 201j. The seventh face 207j is accordingly extended from the first face 201j in the +Z-axis direction. The seventh face 207j is located on the −X-axis direction side and on the −Z-axis direction side of the eighth face 208j. The eighth face 208j connects the seventh face 207j with the third face 203j and is a sloped surface inclined in the direction including a +X-axis direction vector component and a −Z-axis direction vector component. The eighth face 208j is inclined to the first face 201j and the third face 203j and is perpendicular to the fifth face (not shown) and the sixth face 206j. In other words, the eighth face 208j is inclined to the XY plane and the YZ plane and is perpendicular to the XZ plane.

The adapter 299 has the faces corresponding to the first face 201j, the third face 203j, the fourth face 204j, the fifth face 205j, the sixth face 206j, the seventh face 207j and the eighth face 208j of the cartridge 20j. The face of the adapter 299 corresponding to the second face 202j of the cartridge 20j is an opening. The adapter 299 has an inner space to receive the container assembly 200j. The first face 201j of the adapter 200j has the ink supply structure 280. Otherwise the cartridge 20j has the similar structure to that of the cartridge 20 of the first embodiment shown in FIG. 7 with our without some variations. The first cartridge-side restriction portion 210 can be on the adapter 299 as shown in FIG. 36 or on the container assembly 200i (not shown). Similarly, circuit board 40 can be on the adapter 299 as shown in FIG. 36 or on the container assembly 200i (not shown). The positioning of restriction portion 210 and circuit board 40 need not both be on the cartridge 20j or adapter 299, rather one can be on cartridge 20j and the other can be on adapter 299. The cartridge 20j may thus be structured as the combination of the container assembly 200i and the adapter 299 as described above.

FIG. 37 is a perspective view illustrating the structure of a cartridge 20j with an adapter according to another embodiment. This cartridge 20j is separable to a container assembly 200j including the ink chamber 200 and an adapter 299j which can then be mated together for mounting into the holder of the printing apparatus. After the printing material in the ink chamber 200 is used up, the user may replace the container assembly 200j with a new one or refill the printing material into the container assembly 200j. The adapter 299j is reusable. This cartridge 20j is compatible with the cartridge 20 of the first embodiment shown in FIG. 7.

A housing 22j for the cartridge 20j is structured as a combination of a housing for the container assembly 200j and a housing for the adapter 299j. The container assembly 200j includes the ink chamber 200 configured to contain ink and the ink supply structure 280. The container assembly 200j has a second face 202j corresponding to the second face 202 of the cartridge 20j. The container assembly 200j also has a first face 201j, a third face 203j, a fourth face 204j, a fifth face (not shown), a sixth face 206j, a seventh face 207j and an eighth face 208j respectively corresponding to the first face 201, the third face 203, the fourth face 204, the fifth face (not shown), the sixth face 206, the seventh face 207 and the eighth face 208 of the cartridge 20j. The container assembly 200j also has a first face 201j, a third face 203j, a fourth face 204j, a fifth face (not shown), a seventh face 207j and an eighth face 208j respectively corresponding to the first face 201, the third face 203, the fourth face 204, the fifth face 205, the seventh face 207 and the eighth face 208 of the cartridge 20j. The first face 201j and the second face 202j are opposed to each other in the Z-axis direction; the first face 201j is located on the −Z-axis direction side and the second face 202j is located on the +Z-axis direction side. The third face 203j and the fourth face 204j are opposed to each other in the X-axis direction; the third face 203j is located on the +X-axis direction side and the fourth face 204j is located on the −X-axis direction side. The fifth face (not shown) and the sixth face 206j are opposed to each other in the Y-axis direction; the fifth face (not shown) is located on the −Y-axis direction side and the sixth face 206j is located on the +Y-axis direction side. The seventh face 207j and the eighth face 208j form the connection faces of connecting the first face 201j with the third face 203j. The seventh face 207j is perpendicular to the first face 201j and forms a plane parallel to the Y-axis and the Z-axis (YZ plane). The seventh face 207j as the step is vertically-aligned relative to the first face 201j.
located on the Y-axis direction side. The seventh face 207j and the eighth face 208j form the connection faces of connecting the first face 201j with the third face 203j. The seventh face 207j is perpendicular to the first face 201j and forms a plane parallel to the Y axis and the Z axis (YZ plane). The seventh face 207j as the step is vertically angled relative to the first face 201j. The seventh face 207j is accordingly extended from the first face 201j in the +Z-axis direction. The seventh face 207j is located on the X-axis direction side and on the -Z-axis direction side of the eighth face 208j. The eighth face 208j connects the seventh face 207j with the third face 203j and is a sloped surface inclined in the direction including a +X-axis direction vector component and a -Z-axis direction vector component. The eighth face 208j is inclined to the first face 201j and the third face 203j and is perpendicular to the fifth face (not shown) and the sixth face 206j. In other words, the eighth face 208j is inclined to the XY plane and the YZ plane and is perpendicular to the XZ plane.

The adapter 299j has the faces corresponding to the first face 201j, the third face 203j, the fourth face 204j and the fifth face 205j of the cartridge 20j. The faces of the adapter 299j forming the second face 202j and the sixth face 206j of the cartridge 20j are openings. The adapter 299j has an inner space to receive the container assembly 200j. The adapter 299j also has an opening in part of the first face 201j. The ink supply structure 280j provided in the container assembly 200j is exposed on the opening provided on the first face 201j of the adapter 299j and is connected with the printing material supply tube 640 (FIG. 2). The cartridge 20j has a first cartridge-side restriction portion 210c of the simpler structure than that of the first embodiment (FIG. 7) but may have the first cartridge-side restriction portion 210c of the same structure as that of the first embodiment (FIG. 7). Alternatively, the first cartridge-side restriction portion 210c can be a part of the adapter 299j as shown in FIG. 36 or a part of the container assembly 200j (not shown). Similarly, circuit board 40 can be on the adapter 299j as shown in FIG. 36 or on the container assembly 200j (not shown). The positioning of restriction portion 210c and circuit board 40 need not both be on the cartridge 20j or adapter 299j, rather one can be on cartridge 20j and the other can be on adapter 299j. The cartridge 20j has the third face 203j and the fourth face 204j of the lower heights (shorter Z-axis direction lengths) than those of the third face 203j and the fourth face 204j of the first embodiment but may have the third face 203j and the fourth face 204j of the same heights (same Z-axis direction lengths) as those of the first embodiment. The cartridge 20j does not have the projection 260 but may have the projection 260 like the first embodiment. Otherwise the cartridge 20j has the similar structure to that of the cartridge 20 of the first embodiment sown in FIG. 7 with or without some variations. The cartridge 20j may thus be structured by the combination of the container assembly 200j and the adapter 299j as described above.

FIG. 38 is a perspective view illustrating the structure of a cartridge 20k according to another embodiment. The cartridge 20k includes an adapter 299k, an external tank 200T, a tube 200L and an auxiliary adapter 200S which can all be matted together for mounting into the holder of the printing apparatus. The adapter 299k has the same structure as that of the adapter 299j described above with reference to FIG. 37. The external tank 200T contains printing material and is located outside the printer 50 shown in FIG. 1. The auxiliary adapter 200S has an ink supply structure 280k. The tube 200L is used to supply the printing material from the external tank 200T to the auxiliary adapter 200S. The external tank 200T, the auxiliary adapter 200S and the tube 200L serves as a container assembly 200k configured to contain ink or printing material. As shown by the broken line in FIG. 38, the cartridge 20k of this embodiment is thus assumed to have the container assembly 200k. The cartridge 20k of this embodiment is thus separable to the container assembly 200k and the adapter 299k, like the cartridge 20 shown in FIG. 36 and the cartridge 20j shown in FIG. 37. After the printing material in the external tank 200T is used up, the user may replace the external tank 200T with a new one or refill the printing material into the external tank 200T. The adapter 299k is reusable. This cartridge 20k is compatible with the cartridge 20 of the first embodiment shown in FIG. 7.

A housing 226k of the cartridge 20k is structured as a combination of a housing for the virtual container assembly 200k and a housing for the adapter 299k. The structure of the virtual container assembly 200k and the structure of the adapter 299k are similar to the structure of the cartridge 20j described above with reference to FIG. 37 with our without some variations. Otherwise the cartridge 20k has the similar structure to that of the cartridge 20 of the first embodiment sown in FIG. 7 with or without some variations. The cartridge 20k may thus be structured by the combination of the container assembly 200k and the adapter 299k as described above.

E. Modification of Lever

According to the above embodiment, the elastic member 682 is provided separately from the lever 80 (FIG. 22). The lever 80 may be made of an elastically deforming material. A modification of the lever is described with reference to FIGS. 39 and 40.

FIGS. 39A and 39B illustrate the structure of a lever 80a according to one modification. FIG. 39A is a perspective view showing the appearance of the lever 80a, and FIG. 39B is a side view showing the appearance of the lever 80a. The differences from the lever 80 of the first embodiment are that the lever 80a additionally has an arm member 890 to be elastically deforming, has an operating member 830a of a different shape and does not include the groove 870. Otherwise the lever 80a has the similar structure to that of the lever 80 according to the first embodiment (FIG. 19). The lever 80a is made of a synthetic resin, such as polypropylene.

FIG. 40 illustrates attachment of the cartridge 20 to a holder 60a. According to this embodiment, the cartridge 20 has a first cartridge-side restriction portion 210a without the second portion 214 (FIG. 12). The shaft body 850 of the lever 80a is attached to the first device-side side wall member 603. When the lever 80a is turned about the shaft body 850, the arm member 890a abuts a projection 603r formed as part of the first device-side side wall member 603 to be elastically deformed.

F. Modifications of Cartridge-Side Terminals

FIGS. 41A to 41C show modifications of the terminal shape on the circuit board. The difference from the circuit board 40 shown in FIG. 10A is that circuit boards 40c to 40e have different shapes of the terminals 431 to 439. The respective terminals on the circuit board 40c shown in FIG. 41A and on the circuit board 40d shown in FIG. 41B have irregular shapes, instead of the approximate rectangular shape according to the first embodiment (FIG. 10A). In the circuit board 40e shown in FIG. 41C, the nine terminals 431 to 439 are arrayed in one line, wherein the attachment detection terminals 435 and 439 are located on both ends, and the attachment detection terminals 431 and 434 are respectively located between the attachment detection terminal 435 and the power terminal 436 and between the attachment detection terminal
61 439 and the data terminal 438. In these circuit boards 40e to 40e, the contact portions cp of these terminals 431 to 439, which are in contact with the device-side terminals corresponding to these terminals 431 to 439, have the same arrangement as that of the circuit board 400 shown in FIG. 10A. The individual terminals may have the shapes of various variations as long as the contact portions cp have the same arrangement.

G. Other Modifications

The foregoing has described the invention in detail with reference to the illustrative embodiments. The invention is, however, not limited to the above embodiments, but a multiplicity of variations and modifications may be made to the embodiments without departing from the scope of the invention. Some examples of possible modifications are described below.

G-1. First Modification

The second cartridge-side restriction element 220 is provided on the fourth face 204 according to the above embodiment, but may be omitted as appropriate. For example, when there is a relatively small clearance between the cartridge 20 and each slot of the holder 60, the motion of the fourth face 204-side of the cartridge 20 in the +Z-axis direction can be restricted without the second cartridge-side restriction element 220 through abutment of the whole or part of the outer surface of the fourth face 204 with the second device-side side wall member 604. This keeps the cartridge 20 in the holder 60. According to another embodiment, an elastic member made of, for example, rubber may be provided between the fourth face 204 of the cartridge 20 and the second device-side side wall member 604 of the holder 60. The motion of the fourth face 204-side of the cartridge 20 in the +Z-axis direction may be restricted through the friction of the elastic member against the fourth face 204 of the cartridge 20 and the second device-side side wall member 604 of the holder 60. This elastic member may be a separate member from the cartridge 20 or the holder 60 or may be joined with the fourth face 204 of the cartridge 20 or the second device-side side wall member 604 of the holder 60. In the application without the second cartridge-side restriction element 220, the second device-side restriction element 220 provided on the second device-side side wall member 604 (FIG. 15) may also be omitted.

The second cartridge-side restriction element 220 is the projection according to the above embodiment, but may be another form, for example, a recess. In this latter application, the second device-side restriction element 620 provided on the second device-side side wall member 604 may be a projection. According to another embodiment, the holder 60 may have an additional member configured to press the fourth face 204-side of the second face 202 of the cartridge 20 in the −Z-axis direction. For example, the holder 60 may have a slidable rod member. After the cartridge 20 is placed in the cartridge chamber 602, the fourth face 204-side of the second face 202 of the cartridge 20 may be pressed by the rod member.

G-2. Second Modification

The first cartridge-side restriction portion 210 is provided at the position close to the intersecting part 295 according to the above embodiment, but may be provided at any arbitrary position on the third face 203 within the range 40Y or may be extended outside of the range 40Y (FIG. 12). Locating the first cartridge-side restriction portion 210 within the range 40 enables fine adjustment of the direction of the sloped surface with the cartridge-side terminals mounted thereon. This ensures the stable electrical connection between the cartridge-side terminals and the device-side terminals.

G-3. Third Modification

According to the above embodiment, as shown in FIG. 22, the lever 80 has the pair of shaft bodies 850, and the retainer 690 has the bearing elements 654. According to another embodiment, the lever 80 may have bearing elements, and the retainer 690 may have shaft bodies. According to the above embodiment, the lever 80 and the retainer 690 including the second retainer member 680 are unitized and attached to the holder 60 for easy assembly of the printer. The retainer 690 is, however, not essential. According to another embodiment, bearing members may be formed integrally with the outer wall 603W of the holder 60 to receive and fix the lever 80.

G-4. Fourth Modification

As mentioned above, the present invention is not restricted to the inkjet printer and its ink cartridge but is applicable to any of various liquid ejection devices configured to eject a liquid other than ink and its liquid container, for example, without limitation, the liquid ejection devices and their liquid containers given below:

1. image recording device, such as a facsimile machine;
2. color material ejection device used to manufacture color filters for image display devices, e.g., liquid crystal displays;
3. electrode material ejection device used to form electrodes of, for example, organic EL (electroluminescence) displays and field emission displays (FED);
4. liquid ejection device configured to eject a bioorganic material-containing liquid used for manufacturing bioships;
5. sample ejection device used as a precision pipette;
6. lubricating oil spray device;
7. resin solution spray device;
8. liquid spray device for pinpoint spray of lubricating oil at precision machinery including watches and cameras;
9. liquid ejection device configured to eject transparent resin solution, such as ultraviolet curable resin solution, onto the substrate, so as to manufacture a hemispherical microlens (optical lens) used for, for example, optical communication elements;
10. liquid spray device configured to spray an acidic or alkaline etching solution, in order to etch the substrate; and
11. liquid ejection device equipped with liquid ejection head for ejecting a very small volume of droplets of another arbitrary liquid.

The “liquid droplet” means a state of liquid ejected from the liquid ejection device and may be in a granular shape, a teardrop shape or a tapered threadlike shape. The “liquid” herein may be any material ejectable by the liquid ejection device. The “liquid” may be any material in the liquid phase. For example, liquid-state materials of high viscosity or low viscosity, sols, gel water, various inorganic solvents and organic solvents, solutions, liquid resins and liquid metals (metal melts) are included in the “liquid”. The “liquid” is not restricted to the liquid state as one of the three states of matter but includes solutions, dispersions and mixtures of the functional solid material particles, such as pigment particles or metal particles, solved in, dispersed in or mixed with a solvent. Typical examples of the liquid include ink described in the above embodiment and liquid crystal. The “ink” includes
general water-based inks and oil-based inks, as well as various liquid compositions, such as gel inks and hot-melt inks, but is not limited as such.

G-5. Fifth Modification

The invention may be accomplished by the following variations. The symbols in parentheses after the elements in each of the variations correspond to the symbols of the respective elements described in the first embodiment.

First Variation

A cartridge (20) detachably attached to a printing device (50) comprises a first face (201) arranged to form an outer surface of the cartridge, the first face (201) having an ink supply structure (280) to be connected with the printing device; a second face (202) opposed to the first face (201); a third face (203) arranged to have one side (291) that is connected with the second face (202) and the other side (290) that is opposite to the one side (291), the third face (203) being located between the first face (201) and the second face (202) with respect to an opposed direction (Z-axis direction), along which the first face (201) and the second face (202) are opposed to each other; a fourth face (204) opposed to the third face (203), the fourth face (204) being arranged to connect with the first face (201) and the second face (202); a corner section (265) arranged to form an outer surface (265) of connecting the first face (201) with the third face (203); cartridge-side terminals (400) provided on the corner section (265), the cartridge-side terminals (400) being arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (210) provided on the third face (203) and arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby prevent motion of the cartridge (20) in a press-up direction, wherein the first cartridge-side restriction element (210) is provided at a position close to the cartridge-side terminals (400).

Second Variation

A cartridge (20) detachably attached to a printing device (50) comprises a first face (201) arranged to form an outer surface of the cartridge, the first face (201) having an ink supply structure (280) to be connected with the printing device; a second face (202) opposed to the first face (201); a third face (203) arranged to have one side (291) that is connected with the second face (202) and the other side (290) that is opposite to the one side (291) and is located between the first face (201) and the second face (202) with respect to an opposed direction (Z-axis direction), along which the first face (201) and the second face (202) are opposed to each other; a fourth face (204) opposed to the third face (203), the fourth face (204) being arranged to connect with the first face (201) and the second face (202); a corner section (265) arranged to form an outer surface (265) of connecting the first face (201) with the third face (203); cartridge-side terminals (400) provided on the corner section (265), the cartridge-side terminals (400) being arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (210) provided on the third face (203) and arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby prevent motion of the cartridge (20) in a press-up direction, wherein the first cartridge-side restriction element (210) is provided at a position close to the cartridge-side terminals (400).

Third Variation

A cartridge (20) detachably attached to a printing device (50) comprises a first face (201) arranged to form an outer surface of the cartridge, the first face (201) having an ink supply structure (280) to be connected with the printing device; a second face (202) opposed to the first face (201); a third face (203) arranged to have one side (291) that is connected with the second face (202) and the other side (290) that is opposite to the one side (291) and is located between the first face (201) and the second face (202) with respect to an opposed direction (Z-axis direction), along which the first face (201) and the second face (202) are opposed to each other; a fourth face (204) opposed to the third face (203), the fourth face (204) being arranged to connect with the first face (201) and the second face (202); a corner section (265) arranged to form an outer surface (265) of connecting the first face (201) with the third face (203); cartridge-side terminals (400) provided on the corner section (265), the cartridge-side terminals (400) being arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (210) provided on the third face (203) and arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby prevent motion of the cartridge (20) in a press-up direction, wherein the first cartridge-side restriction element (210) is provided at a position close to the other side (290).

I like the embodiment described above, any of the first to the third variations advantageously prevents positional misalignment of the cartridge-side terminals relative to the printing device and thereby ensures stable electrical connection between the cartridge-side terminals and the device-side terminals. In any of the first to the third variations, when the direction from the first face side to the second face side in the opposed direction (Z-axis direction) in the attached state is the +Z-axis direction and the direction from the second face side to the first face side is the –Z-axis direction, the first cartridge-side restriction element is preferably located on the –Z-axis direction side of the axis of rotation of the lever.

Fourth Variation

A cartridge (20) detachably attached to a printing device (50) comprises an ink supply structure (280) that is connected with the printing device; cartridge-side terminals (400) arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (210) located on an identical side with the cartridge-side terminals (400) and arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby prevent motion of the cartridge (20) in a press-up direction, wherein the first cartridge-side restriction element (210) is located close to the cartridge-side terminals (700).

When the press-up direction is the +Z-axis direction and the opposite direction to the press-up direction is the –Z-axis direction, the first cartridge-side restriction element is preferably located on the –Z-axis direction side of the axis of rotation of the lever.

I like the embodiment described above, the fourth variation advantageously prevents positional misalignment of the cartridge-side terminals relative to the printing device and thereby ensures stable electrical connection between the cartridge-side terminals and the device-side terminals.

G-6. Sixth Modification

The invention may be accomplished by the following variations. The symbols in parentheses after the elements in
each of the variations correspond to the symbols of the respective elements described in the first embodiment.

First Variation

A cartridge (20) detachably attached to a printing device (50) comprises: a first face (201) arranged to form an outer surface of the cartridge, the first face (210) having a printing material supply port (280) that is connected with the printing device; a second face (202) opposed to the first face (201); a third face (203) arranged to have one side (291) that is connected with the second face (202) and the other side (290) that is opposite to the one side (291); the third face (203) being located between the first face (201) and the second face (202) with respect to an opposed direction (Z-axis direction), the opposed direction being a direction along which the first face (201) and the second face (202) are opposed to each other; a fourth face (204) opposed to the third face (203), the fourth face (204) arranged to intersect the first face (201), the second face (202), the third face (203) and the fourth face (204); a sixth face (206) opposed to the fifth face (205); a corner section (265) arranged to form an outer surface (265) of connecting the first face (201) with the third face (203); cartridge-side terminals (400) provided on the corner section (265), the cartridge-side terminals (400) being arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (210) provided on the third face (203) and arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby restrict motion of the cartridge (20) in a press-up direction, wherein with respect to an opposed direction of the fifth face (205) and the sixth face (206) (Y-axis direction), the first cartridge-side restriction element (210) is located not outside but inside a range (40Y) where the cartridge-side terminals (400) are provided.

Second Variation

A cartridge (20) detachably attached to a printing device (50) comprises: a printing material supply port (280) that is connected with the printing device; cartridge-side terminals (400) provided on an outer surface of the cartridge (20), the cartridge-side terminals (400) being arranged to receive an external force of pressing up the cartridge (20) from device-side terminals (700) of the printing device (50) in an attached state of the cartridge (20) to the printing device (50); and a first cartridge-side restriction element (211) provided on the same side of the outer surface as that with the cartridge-side terminals (400), the first cartridge-side restriction element (211) being arranged to be locked by a lever (80) of the printing device (50) in the attached state and thereby restrict motion of the cartridge (20) in a press-up direction (Z-axis direction), wherein with respect to a width direction of the cartridge, the first cartridge-restriction element (211) is located not outside but inside a range (40Y) where the cartridge-side terminals (400) are provided. According to the first or the second variation, the cartridge-side terminals receive the force in the press-up direction from the device-side terminals. This enables fine adjustment of the direction of the part where the cartridge-side terminals are provided and ensures stable electrical connection between the cartridge-side terminals and the device-side terminals. According to the first or the second variation, it is preferable that the first cartridge-side restriction element is located below the axis of rotation of the lever. The term “below” herein corresponds to, for example, −Z-axis direction or a reverse direction to the press-up direction.

Some of the benefits of the different embodiments will now be discussed. Terminals must be precisely positioned and stably fixed while the ink cartridge is mounted in the printer, in order to ensure reliable electrical communication between the cartridge and the printer. Because the engagement portion of the first restriction portion is located adjacent to the terminal bearing structure, positioning action of the first restriction portion occurs close to where positioning is most needed (i.e., the terminals of the terminal bearing structure). The elastic force from the printer-side terminals can be properly counteracted against. Also, positional shift of the terminals, which can occur due to vibration during printing operations, can be suppressed. Therefore, positioning of the terminals is more stable, thus maintaining the stable electrical connection between the cartridge-side terminals and the device-side terminals.

Moreover, because the lever is not made integral with the cartridge, the material for producing the cartridge can be different from the material used for producing the lever. Also, the material of the cartridge can be selected with less concern for flexibility and durability requirements, and with greater focus on other properties such as resistance to ink.

Additionally, because the lever is not on the cartridge, no special care is needed to prevent creep deformation of the lever in packaging of the cartridge for transportation and distribution. This simplifies packaging requirements and improves the user’s convenience. Because the lever is not an integral part of the cartridge, the cartridge can be made smaller. This further allows size reduction of the packaging material, such as paper or box, used to package the cartridge for transportation or distribution of the cartridge, thus advantageously reducing transportation and parts costs. Also because the lever is not integral with the cartridge, the first cartridge-side restriction element can be made with a small size and simple structure, and with higher rigidity, compared with the structures described in U.S. Publication No. 2005/0151811, for example. This results in significantly reducing the possibility of plastic deformation of the first cartridge-side restriction element. In the attached or mounted state, the cartridge can be kept at the proper position in the cartridge mounting structure, which maintains normal or good contact between the cartridge-side terminals and the printer-side terminals and reduces the possibility of poor electrical communication. Since the first cartridge-side restriction element can have a small size and simple structure, no special care to prevent creep deformation of the lever is required in packaging for transportation and distribution of the cartridge, unlike the cartridges of U.S. Publication No. 2005/0151811. This reduces packaging requirements and also improves the user’s convenience.

It is possible for the structure that connects the cartridge terminal structure and the cartridge’s engagement portion to each other, to be only rigid structure (which is not the case with the flexible levers of U.S. Publication No. 2005/0151811). In this case, less vibration is transmitted from the engagement portion to the cartridge terminals, so electrical communication is more stable.

Because the terminal plane and/or the contact portion plane of the terminals is neither parallel nor perpendicular to the plane defined by the leading edge, the surface of the cartridge terminals can be properly wiped during insertion of the cartridge into the printer. In addition, this configuration reduces or eliminates insulation fragments (dust) that can be generated if the printer terminals scrape for long distances against the circuit board during installation of the cartridge.

Because the printer terminals apply, against the cartridge terminals, an elastic force which includes a vector component
in the direction in which the cartridge is detached from the printer, there is no need to provide a spring like the spring 103 described in U.S. Pat. No. 6,955,422. In other words, the elastic force from the printer side terminals serves to both press the printer side and cartridge side terminals together, and also to move the cartridge in the direction for removal from the printer when engagement between the first restriction portion and the printer lever is released. So there is no need to provide an additional spring as in the case of the U.S. Pat. No. 6,955,422, which enables a simpler structure and reduced costs.

Because the first restriction portion is adapted to engage with the engagement portion of the lever so as to restrict movement of the cartridge in the direction opposite to the mounting direction, as a result, the position of the cartridge terminals will be maintained in place with respect to the mounting direction by the engagement portion of the first restriction portion. If the apparatus-side contact forming members, and with respect to the direction opposite to the mounting direction by the first restriction portion, when the cartridge is mounted in the printer. Since the cartridge terminals are “sandwiched” in this way, they are firmly fixed from moving in both the mounting direction and the direction opposite from the mounting direction. There is thus less likelihood of misalignment or disconnection between the cartridge terminals and the apparatus-side contact forming members, compared with the one-sided restriction by the elastic piece 40 and related configuration of U.S. Pat. No. 7,008,053.

When the ink cartridge is mounted on the printing apparatus, if the cartridge is held too securely, then contact with some of the apparatus-side contact forming members (terminal 734 in FIG. 31 for example), might not be secure. By locating the engagement portion of the first restriction portion to the left of the rightmost contact portion of the plurality of terminals and to the right of the leftmost contact portion of the plurality of terminals and/or to the left of a right edge of a rightmost terminal of the plurality of terminals and to the right of a left edge of the leftmost terminal of the plurality of terminals, the ink cartridge can tilt sufficiently so that the electrical connection between the plurality of terminals and the apparatus-side contact forming members can be even more stable.

When the engagement portion of the second restriction portion is located farther from the plane defined by the leading edge than is the engagement portion of the first restriction portion, the possibility that the first side restriction portion will become disengaged from the printer engagement portion can be more effectively reduced, compared with the case when the engagement portion of the first restriction portion is farther from the plane defined by the leading edge than is the engagement portion of the second restriction portion from the plane defined by the leading edge.

When the distance between the engagement portion of the first restriction portion and the plane defined by the leading edge is less than the distance between a pivot point of the lever and the plane defined by the leading edge when the cartridge is mounted, the lever serves to restrict the motion of the cartridge. This reduces the possibility of the first restriction portion becoming unlocked or disengaged from the engagement portion of the lever, thus creating a stable electrical connection between the plurality of terminals and the contact forming members and reducing the possibility of poor continuity. The first restriction portion can move about the axis of rotation of the lever when force is applied from the contact forming members to the mounted cartridge. This reduces the possibility that the engagement portion of the first restriction portion becomes uncoupled from the engagement portion of the lever.

When the cartridge is mounted so that the engagement portion of the first restriction portion is to the left of a pivot point of the lever when viewing the cartridge from the side with the engagement portion of the first restriction portion to the right and the ink supply structure facing down, the first restriction portion generates rotational moment on the lever to turn the lever about the axis of rotation of the lever in the reverse direction to the unlocking direction. This reduces the possibility that the engagement portion of the first restriction portion is unlocked from the engagement portion of the lever and further ensures the stable electrical connection between the plurality of terminals and the apparatus side contact forming members. Even when the cartridge receives force, the first restriction portion would not move with the cartridge. Such moving reduces the possibility that the engagement portion of the first restriction portion is unlocked from the engagement portion of the lever.

By providing the first restriction portion in such a position so that at least a portion of the engagement portion of the first restriction portion is located substantially at the widthwise center of the ink cartridge, the first restriction portion is located extremely near to the plurality of terminals so that the electrical connection between the plurality of terminals and the apparatus side contact forming members can be stable.

It should also be appreciated that the features described herein can be part of a cartridge itself, as part of a combination of a cartridge and a printing apparatus or in other words when the cartridge is installed and/or as part of a system for supplying ink or other printing material to a printing apparatus without departing from the spirit of the invention.

The matters described in the respective aspects according to any part of the invention may be added to any of the various variations described above.

Those skilled in the art will recognize that the present invention has many applications, may be implemented in many manners and, as such is not to be limited by the foregoing embodiments and examples. Any number of the features of the different embodiments described herein may be combined into one single embodiment and alternate embodiments having fewer than or more than all of the features herein described are possible. Functionality may also be, in whole or in part, distributed among multiple components, in manners now known or to become known.

It will be appreciated by those skilled in the art that changes could be made to the embodiments described above without departing from the broad inventive concept thereof. It is understood, therefore, that this invention is not limited to the particular embodiments disclosed, but it is intended to cover modifications within the spirit and scope of the present invention as defined by the appended claims. While there had been shown and described fundamental features of the invention as applied to being exemplary embodiments thereof, it will be understood that omissions and substitutions and changes in the form and details of the disclosed invention may be made by those skilled in the art without departing from the spirit of the invention. Moreover, the scope of the present invention covers conventionally known, future developed variations and modifications to the components described herein as would be understood by those skilled in the art. It is the intention, therefore, to be limited only as indicated by the scope of the claims appended hereto. It is also to be understood that the following claims are intended to cover all of the generic and specific features of the invention herein disclosed.
and all statements of the scope of the invention that, is a matter of language, might be said to fall therebetween.

What is claimed is:

1. A cartridge configured to be detachably attached to a printing apparatus including a cartridge mounting structure configured to have: (i) an apparatus-side bottom wall member; (ii) a first apparatus-side side wall member provided to intersect the apparatus-side bottom wall member; and (iii) a second apparatus-side side wall member provided to intersect the apparatus-side bottom wall member opposed to the first apparatus-side side wall member;

a printing material supply tube structured to have a base end provided on the apparatus-side bottom wall member and a peripheral end to be connected with the cartridge and configured to supply a printing material contained in the cartridge to a head;

a plurality of apparatus-side terminals provided in an apparatus-side corner section where the apparatus-side bottom wall member intersects the first apparatus-side side wall member; and

a lever provided on the first apparatus-side side wall member in a rotatable manner and configured to be used to attach and detach the cartridge to and from the printing apparatus, wherein

a Z axis represents an axis parallel to a central axis C of the printing material supply tube, a Y axis represents an axis along a main scanning direction of the printing apparatus, an X axis represents an axis orthogonal to both the Z axis and the Y axis, wherein a +Z-axis direction represents a direction along the Z axis from the base end to the peripheral end of the printing material supply tube, a −Z-axis direction represents a reverse direction to the +Z-axis direction, a +X-axis direction represents a direction along the X axis from the printing material supply tube to the apparatus-side terminals, a −X-axis direction represents a reverse direction to the +X-axis direction, a +Y-axis direction represents a direction along the Y axis to one end, and −Y-axis direction represents a direction along the Y axis to the other end, wherein

the apparatus-side terminals are configured and adapted to be in contact with the cartridge to apply a force to the cartridge in a specified direction including the +Z-axis direction component when the cartridge is attached to the cartridge mounting structure, and

the lever has an operating member at the +Z-axis direction end and a first apparatus-side restriction element at the −Z-axis direction end to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction, the lever rotating about a specified position between the operating member and the first apparatus-side restriction element as an axis of rotation, wherein

the X axis, the Y axis and the Z axis with respect to the cartridge in the attached state respectively correspond to an X axis, a Y axis and a Z axis of the cartridge, the cartridge comprising:

a first face located on the −Z-axis direction side and a second face located on the +Z-axis direction side, as two faces opposed to each other in the Z-axis direction;

a third face located on the +X-axis direction side and a fourth face located on the −X-axis direction side, as two faces opposed to each other in the X-axis direction and intersecting the first face and the second face;

a corner section arranged to connect the first face with the third face;

a sloped surface provided to form part of the corner section and inclined in a specific direction including the +X-axis direction component and the −Z-axis direction component;

a printing material supply structure provided on the first face to be connected with the printing material supply tube;

a plurality of cartridge-side terminals provided in locations corresponding to the respective apparatus-side terminals when the cartridge is attached to the cartridge mounting surface and located on the sloped surface to receive a force in a specified direction including the +Z-axis direction component from the apparatus-side terminals; and

a first cartridge-side restriction portion configured to be locked by the first apparatus-side restriction element and thereby restrict motion of the cartridge in the +Z-axis direction, wherein

the first cartridge-side restriction portion is located on the +X-axis direction side, and

the cartridge-side terminals comprise:

a first terminal including a first outer part located at the most +Y-axis direction end; and

a second terminal including a second outer part located at the most −Y-axis direction end, wherein

the first cartridge-side restriction portion is located not outside but inside a range between the first outer part and the second outer part in the Y-axis direction.

2. The cartridge according to claim 1, wherein the first cartridge-side restriction portion is provided at a specific position close to an intersecting part, where the third face intersects the sloped surface.

3. The cartridge according to claim 1, further comprising: a circuit board configured to have the cartridge-side terminals provided on a front surface and a memory unit provided on a rear surface, wherein

the sloped surface is formed by the surface of the circuit board, and

the first cartridge-side restriction portion is located close to a board end on the +Z-axis direction side of the circuit board.

4. The cartridge according to claim 1, wherein

the first cartridge-side restriction portion is provided at a position intersecting a plane, which passes through the center of a width of the Y-axis direction length of the cartridge and is parallel to the Z axis and the X axis.

5. The cartridge according to claim 1, further comprising: a second cartridge-side restriction portion configured to be locked by a second apparatus-side restriction element provided on the second apparatus-side side wall member and thereby restrict motion of the cartridge in the +Z-axis direction, and

the second cartridge-side restriction portion is provided on the fourth face.

6. The cartridge according to claim 5, wherein

the second cartridge-side restriction portion comprises a projection to be inserted in the second apparatus-side restriction element, which comprises a recess or a through hole.

7. The cartridge according to claim 1, wherein

the first cartridge-side restriction portion is located on the −X-axis direction side of the axis of rotation of the lever.

8. The cartridge according to claim 1, wherein

the first cartridge-side restriction portion has a first abutting part configured to abut a first portion of the first apparatus-side restriction element to restrict motion of the cartridge in the +Z-axis direction, and a second abut-
9. The cartridge according to claim 1, further comprising: a projection configured to abut the operating member of the lever and receive a force having a +Z-axis direction component during detachment of the cartridge from the cartridge mounting structure, and the projection is provided on the +Z-axis direction side of the first cartridge-side restriction portion on the third face.

10. The cartridge according to claim 1, wherein the corner section has a step extending from the first face in the +Z-axis direction, the step is located on the −X-axis direction side and the −Z-axis direction side of the sloped surface, and the step has a third cartridge-side restriction element that is configured to be in contact with a third apparatus-side restriction element provided on the cartridge mounting structure, so as to restrict motion of the cartridge in the X-axis direction.

11. The cartridge according to claim 10, wherein the third cartridge-side restriction element comprises a pair of projection members configured to receive the third apparatus-side restriction element protruding from the apparatus-side bottom wall member in the +Z-axis direction, and the pair of projection members protruding from the step in the +X-axis direction.

12. The cartridge according to claim 10, wherein a portion of the third cartridge-side restriction element overlaps the sloped surface, when the cartridge is viewed from the first face side in the +Z-axis direction.

13. The cartridge according to claim 1, wherein the printing material supply structure is provided at a specific position on the first face closer to the fourth face than the third face.

14. The cartridge according to claim 1, wherein the first cartridge-side restriction portion is a projection.

15. The cartridge according to claim 1, wherein the cartridge-side terminals include a cartridge-side ground terminal that is configured to be in contact with an apparatus-side ground terminal of the apparatus-side terminals, which is connected to a ground line, and the cartridge-side ground terminal is provided on the center of the width of the Y-axis direction dimension of the cartridge and is configured to come into contact with the apparatus-side ground terminal before any other cartridge-side terminal comes into contact with a corresponding apparatus-side terminal during the course of attaching the cartridge to the cartridge mounting structure.

16. The cartridge according to claim 15, wherein a Z-axis direction length of the cartridge-side ground terminal is longer than the Z-axis direction length of the other cartridge-side terminals.

17. A cartridge configured to be detachably attached to a printing apparatus including a cartridge mounting structure configured to allow attachment and detachment of the cartridge; a printing material supply tube structured to have a base end provided on a bottom of the cartridge mounting structure and a peripheral end to be connected with the cartridge and configured to supply a printing material contained in the cartridge to a head; a plurality of apparatus-side terminals provided to be in contact with the cartridge; and a lever provided to be used for attachment and detachment of the cartridge, wherein a Z-axis represents an axis parallel to a central axis C of the printing material supply tube, a Y-axis represents an axis along a main scanning direction of the printing apparatus, an X-axis is orthogonal to both the Z-axis and the Y-axis, wherein a +Z-axis direction represents a direction along the Z-axis from the base end to the peripheral end of the printing material supply tube, a −Z-axis direction represents a reverse direction to the +Z-axis direction, a +X-axis direction represents a direction along the X-axis from the printing material supply tube to the apparatus-side terminals, and a −X-axis direction represents a reverse direction to the +X-axis direction, wherein

the apparatus-side terminals are configured and adapted to be in contact with the cartridge to apply a force to the cartridge in a specified direction including the +Z-axis direction component when the cartridge is attached to the cartridge mounting structure, and the lever has an operating member at the +Z-axis direction end and a first apparatus-side restriction element at the −Z-axis direction end to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction, the lever rotating about a specified position between the operating member and the first apparatus-side restriction element as an axis of rotation, wherein

the X-axis, the Y-axis and the Z-axis with respect to the cartridge in the attached state respectively correspond to an X-axis, a Y-axis and a Z-axis of the cartridge, the cartridge comprising:

a printing material supply structure located at the −Z-axis direction end of the cartridge, configured to be connected with the printing material supply tube;
a plurality of cartridge-side terminals provided on the +X-axis direction side of the printing material supply structure and corresponding to the respective apparatus-side terminals and located on a sloped surface inclined in a specified direction including the +X-axis direction component and the −Z-axis direction component to receive a force in a specified direction including the +Z-axis direction component from the apparatus-side terminals; and

a first cartridge-side restriction portion configured to be locked by the first apparatus-side restriction element and thereby restrict motion of the cartridge in the +Z-axis direction and located on the +X-axis direction side of the printing material supply structure and on the −Z-axis direction side of the axis of rotation of the lever, wherein

the cartridge-side terminals comprise:
a first terminal including a first outer part located at the most +Y-axis direction end; and

a second terminal including a second outer part located at the most −Y-axis direction end, wherein the first cartridge-side restriction portion is located not outside but inside a range between the first outer part and the second outer part in the Y-axis direction.

18. A printing material supply system, comprising: a printing apparatus; and the cartridge according to claim 17, the cartridge comprising:
a cartridge mounting structure configured to have: (i) an apparatus-side bottom wall member; (ii) a first apparatus-side wall member provided to intersect the apparatus-side bottom wall member; and (iii) a second apparatus-side wall member provided to intersect the apparatus-side bottom wall member and to be opposed to the first apparatus-side side wall member;
a printing material supply tube structured to have a base end provided on the apparatus-side bottom wall member and a peripheral end connected with the cartridge and configured to supply a printing material contained in the cartridge to a head;
a plurality of apparatus-side terminals provided in an apparatus-side corner section where the apparatus-side bottom wall member intersects the first apparatus-side side wall member; and
a lever provided on the first apparatus-side side wall member in a rotatable manner to be used to attach and detach the cartridge to and from the printing apparatus, wherein a lever provided on the first apparatus-side side wall member in a rotatable manner to be used to attach and detach the cartridge to and from the printing apparatus, wherein a Z axis represents an axis parallel to a central axis C of the printing material supply tube, a Y axis represents an axis along a main scanning direction of the printing apparatus, an X axis is orthogonal to both the Z axis and the Y axis, wherein a +Z-axis direction represents a direction along the Z axis from the base end to the peripheral end of the printing material supply tube, a −Z-axis direction represents a reverse direction to the +Z-axis direction, a +X-axis direction represents a direction along the X axis from the printing material supply tube to the apparatus-side terminals, a −X-axis direction represents a reverse direction to the +X-axis direction, a +Y-axis direction represents a direction along the Y axis to one end, and −Y-axis direction represents a direction along the Y axis to the other end, wherein
the apparatus-side terminals are in contact with the cartridge to apply a force to the cartridge in a specified direction including the +Z-axis direction component in an attached state of the cartridge to the cartridge mounting structure, and
the lever has an operating member at the +Z-axis direction end and a first apparatus-side restriction element at the −Z-axis direction end to lock the cartridge and thereby restrict motion of the cartridge in the +Z-axis direction, the lever rotating about a specified position between the operating member and the first apparatus-side restriction element as an axis of rotation.

* * * * *
Not every diagnosis patent is invalid under 35 U.S.C. § 101 for being directed to a law of nature. In Exergen Corp. v. Kaz USA Inc.,[1] the Federal Circuit ruled that detecting a fever by measuring a patient’s forehead temperature is patentable subject matter. This is in contrast to the patent-ineligible discovery of, for example, how to identify the father of a fetus by drawing the mother’s blood (not amniotic fluid) and then amplifying and analyzing paternal DNA in that blood (Ariosa v. Sequenom).[2]

An analysis of the majority and dissenting opinions, as well as the way the claims at issue in Exergen (and Ariosa) were worded, will hopefully shed light on the court’s reasoning in this rapidly developing area of patent law. Such analysis may also increase the odds of predicting whether a claim will be found to be eligible and how to draft claims that will survive eligibility challenges.

Background — The Patents at Issue

Exergen’s claims at issue were 7, 14 and 17 of U.S. Pat. No. 6,292,685 (the “685 patent”) and 17, 24, 33, 39, 40, 46, 49, 60 and 66 of U.S. Pat. No. 7,787,938 (the “938 patent”).[3] The patented temperature detectors and methods of detection function by measuring both the ambient temperature and the peak temperature of the patient’s skin over the temporal artery. An algorithm then correlates these readings to provide the approximate core body temperature.

Claim 7 (which depends from claim 4, which depends from claim 1) of the ’685 patent is a method claim and reads as follows:
A method of detecting human body temperature comprising:

laterally scanning a temperature detector across a forehead; …

providing a peak temperature reading from plural readings during the step of scanning…..

computing an internal body temperature as a function of ambient temperature and the peak temperature reading…..

wherein the temperature detector comprises a radiation sensor which views a target surface area of the forehead.

Claim 39 of the ‘938 patent is a product claim requiring (1) a radiation detector and (2) electronics adapted to perform a temperature detection method. Claim 39 reads as follows:

39. A body temperature detector comprising:

a radiation detector;

electronics that measure radiation from at least three readings per second of the radiation detector as target skin surface over an artery is viewed and that process the detected radiation to provide a body temperature approximation based on heat flow from an internal body temperature to ambient.

Thus, the method of claim 7 and effectively, the product of claim 39, require measuring temperature with a specific device and transforming the readings into a core body temperature value.

After a trial, the jury found the asserted claims to be both infringed and not invalid. Without Kaz’s objection, no factual or legal issues with respect to patent eligibility had been submitted to the jury.[4] The verdict awarded Exergen over $14 million in combined lost profits and reasonable royalties. Kaz moved for judgment as a matter of law, inter alia, with respect to patent eligibility under § 101. This motion was denied.[5]
The issue of how to address whether a patent is directed to a law of nature has been lurking in the background for years. As Justice Felix Frankfurter explained in his concurring opinion in Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127, 134-35 (1948)(Frankfurter, concurring), “[i]t only confuses the issue … to introduce such terms as … ‘laws of nature.’ … Everything that happens may be deemed ‘the work of nature.’” Notwithstanding Justice Frankfurter’s warning, many claims now effectively undergo two prior art analyses. A first, applies the well-developed case law of 35 U.S.C. §§ 102 and 103; and a second applies the emerging law of patentable subject matter eligibility under 35 U.S.C. § 101.

The U.S. Supreme Court has provided a two-step test for distinguishing between ineligible patents that claim no more than building blocks of nature and patents that integrate those building blocks into eligible subject matter.[6] In step one, a court must “determine whether the claims at issue are directed to a patent-ineligible concept.”[7] If so, in step two, the elements of the claim are assessed to determine whether they contain an “‘inventive concept’ sufficient to ‘transform’ the claimed [natural phenomenon] into a patent-eligible application” of that phenomenon.[8] If the claim features in addition to the natural phenomenon “involve ‘well-understood, routine, [and] conventional activity previously engaged in by researchers in the field, … they do not constitute an ‘inventive concept.’”[9]

Exergen did not dispute step one.[10] However, it maintained that the claims added a sufficient inventive concept to satisfy step two.[11] This allegedly involved (1) lateral scanning; (2) obtaining a peak temperature reading; or (3) obtaining at least three readings per second.[12] In response, Kaz argued that these steps were well-known and conventional. The district court sided with Exergen, reasoning that being “known,” in and of itself, was not enough to establish ineligibility under step two. Borrowing from the law of obviousness, the district court first recognized that new combinations of known steps may be nonobvious. Next, it concluded that Exergen’s patents could survive step two because they resulted in a new combination of known steps.[13] Similarly, in Rapid Litigation, the Federal Circuit had found that although the individual steps of freezing, thawing and separating were conventional, the combination of those steps in the claimed method was not.[14] Accordingly, the district court found Exergen’s claims to provide an inventive concept.

Well-Understood, Routine and Conventional

On appeal, the Federal Circuit explained that a district court’s findings are due substantial
deference: “[l]ike indefiniteness, enablement, or obviousness, whether a claim is directed to patentable subject matter is a question of law based on underlying facts.”[15] Therefore, “[t]he district court’s conclusion that [Exergen’s] claim elements were not well understood, routine, and conventional was a factual finding” to be reviewed under a “clearly erroneous” standard.[16]

The majority affirmed, reasoning that although each of the claimed measurement steps were known, they were not known for the detection of core body temperature. Moreover, the court explained that just because something is in the prior art, does not mean it is “well” known: “[s]omething is not well-understood, routine and conventional merely because it is disclosed in a prior art reference.”[17] The court asserted that although obscurity does not disqualify a reference from being prior art, that an obscure German thesis stored in a university library does not establish that its teachings were well known and routine.[18]

The majority also explained that the steps should not be reviewed in a isolation, but in the context of the claim as a whole. It concluded that using a radiation detector to measure forehead temperature might be routine, but for detecting injury, not for determining core temperature.[19] The majority explained that the inventors had calculated a heretofore unknown coefficient representing the unknown relationship between temporal-arterial temperature, ambient temperature and core body temperature.[20] The majority then found patent eligibility under step two on the grounds the inventors “incorporated their discovery [of a natural phenomenon] into an unconventional method of temperature measurement.” Therefore, concluded the majority, the claims were patent eligible.[21]

In contrast, Judge Todd Hughes concluded that the district court had applied an incorrect legal standard. First, he argued that all of the claim elements were well-known: “[p]rior art products combined skin scanning, obtaining peak temperatures, and taking multiple temperature measurements per second.”[22] Next, he asserted that the claims “amount to nothing more than using a pre-existing temperature detector to take a conventional and routine measurement of forehead skin temperature.”[23] His dissent asserted that because the relationship between arterial temperature, ambient temperature and core temperature was the natural phenomena, it could not serve as the inventive concept. He asserted that “[a]bsent a patent-ineligible law of nature, the claimed invention consists entirely of elements already combined by the prior art.”[24]

Accordingly, Judge Hughes concluded that the district court had incorrectly “us[ed] a law of
nature to supply [the] inventive concept."[25] "Clearly, a patent-ineligible law of nature cannot be the inventive concept that insures the claimed invention amounts to significantly more than a patent upon that law of nature."[26] The majority seemed to indicate otherwise.

Lessons From Exergen

Although reconciling the various decisions on eligibility may seem daunting, several factors emerge. One factor that may have helped the claims in Exergen was that they explain how the step of measuring temperature is performed with specificity: with a radiation scanner. In Rapid Litigation, the claims explained that separation was by the technique of density gradient fractionation. Contrast Ariosa, wherein the claims did not explain how the noncellular fraction was obtained, nor how to amplify the paternally inherited nucleic acid.

Also, Exergen’s claims recited a transformation of measurements into readings. Claims where something changes between the beginning and end of the claim may be more likely to be upheld than those that merely recite a series of steps as a basis for unrecited results. In Rapid Litigation, the claims described the transformation of starting material into a sample with a higher percentage of re-freezable cells. In Ariosa, the claims did not conclude with a useful result, such as identifying the father, even if that was one option under a broadly worded claim. In Exergen, the detected temperatures were transformed into the useful result of a core body temperature indication.

It is clear that Exergen will not be the last word on patent eligibility. However, as a body of case law develops, even this new area will likely become increasingly predictable.

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[4] Id. at *5.

[5] Id.


[7] Id.

[8] Id.

[9] Id.

[10] Id. at *7.


[12] Id. at *8.

[13] Id. at *8-9.


[16] Id.

[17] Id. at *10.
[18] Id. at *11.
[19] Id.
[20] Id. at *12.
[21] Id.
[22] Exergen dissent at *4.
[23] Id.
[24] Id.
[25] Id. at 6.
[26] Id. at 7.
A substantially cylindrical ceramic, glass or porcelain article having a polymeric coating that is substantive to a sublimable dye is provided. A process and apparatus for applying a sublimation heat transfer image to a substantially cylindrical surface while maintaining the substantially cylindrical surface in a fixed position is also provided.
CERAMIC ARTICLE, PROCESS FOR IMPRINTING CERAMIC ARTICLES AND APPARATUS

This is a continuation of application Ser. No. 175,648, filed Mar. 21, 1988, now abandoned, which is a continuation of Ser. No. 025,701, filed Mar. 13, 1987, now abandoned.

BACKGROUND OF THE INVENTION

This invention relates generally to ceramic articles, processes for imprinting such articles and imprinting apparatus and, more particularly, to a ceramic article, process and apparatus for imprinting a ceramic article using a sublimation heat transfer technique.

Sublimation heat transfer techniques for imprinting metal, especially aluminum, articles and textiles are well known. In general, sublimation heat transfer techniques require use of a sublimable dye incorporated on or in a suitable carrier. The carrier is affixed to a substrate and heat is applied in order to cause the dye to sublime into the substrate. In some instances, it is necessary to apply pressure in addition to heat in order to effect the sublimation transfer.

A sublimable dye is a dye that passes directly from a solid state to a gaseous state under proper conditions of temperature and pressure. The use of such dyes are discussed, for example, in U.S. Pat. No. 4,201,821 issued to Fromson et al. on May 6, 1980, which also gives formulas for a number of such dyes.

Fromson et al. relates to a method for decorating anodized aluminum with a design or image by a sublimation heat transfer process. The anodized aluminum substrate is coated with a porous unsealed anodic oxide layer and then with a polymeric material that is substantive to a sublimable dye. The carrier containing the sublimable dye is contacted with the polymeric material and heated for a period of time sufficient to cause the dye to sublime and condense in the oxide layer and the polymeric material. Although not specifically stated, Fromson et al. assumes that the anodized aluminum substrate provides a flat surface. A similar process is discussed in U.S. Pat. No. 4,177,299 issued to Severus et al. on Dec. 4, 1979 wherein it is disclosed that optimum results are obtained when the oxide layer has a thickness between about 5 and 25 μm.

U.S. Pat. Nos. 4,465,489 issued Aug. 14, 1984 and 4,591,360 issued May 27, 1986 both to Jenkins et al. disclose a method of decorating curved metal containers by providing the containers with a coating that is receptive to a sublimable dye. The receptive coating is a non-linear, cross-linked polyester or non-linear, cross-linked thermosetting acrylic resin. Epoxy polyester, polyester epoxy, alkyd, alkyd-melamine, acrylic, acrylated and acrylated acrylic are cited as suitable coating materials. A suitable sublimable dye on a carrier such as paper is secured to the coating material using a water-soluble adhesive. Heat is applied and the sublimable dyestuff is transferred into the coating layer through the adhesive. Then the carrier is removed using water.

An apparatus and method for printing cans from heat transfer paper are disclosed in U.S. Pat. Nos. 4,250,831 issued on Feb. 17, 1981 and 4,322,661 issued on Apr. 6, 1982 both to McMillan et al. The cylindrical cans are continuously rolled along the apparatus and heat transfer sheet material is wrapped around the cylindrical member. Heat is provided to cause the image to be transferred from the sheet material to the cylindrical member and then the carrier is unwrapped from the member. This is not suitable for use with mugs as the mug handle prevents the cylindrical member from being rolled.

In contrast, a traditional ceramic glazing process is shown in U.S. Pat. No. 1,334,301 issued to Hasburg on Mar. 23, 1920. As disclosed in the Hasburg patent, ceramic ware is glazed with a glaze that will take a stain and auxiliary glaze metallic salts or bases mixed with a clay material are applied. The ceramic ware is baked to develop the color by fire. The burned colored portion of the ceramic ware is then reglazed with a clear secondary glaze that must be fired. Such a process has the disadvantages that it is extremely time consuming and suitable equipment such as kilns or lehrs must be available for heating the glaze at temperatures up to about 1000°F for an extended period of time.

Alternatively, ceramic mugs can be imprinted using special screen printing equipment and ceramic ink. Each article must then be dried or cured using a tedious and time consuming process that does not permit the production of large quantities of articles in a short period of time. Furthermore, recent revisions to Federal Occupational Safety and Health Administration (OSHA) requirements regarding the composition and safety standards for printing inks have had a detrimental effect on use of this process to produce ceramic mugs. Finally, any deviation from the strictest standard of care in producing these products will prevent the image from being dishwasher safe.

In another prior art method, a special type of decal known as an electrocal decal is applied in a production line requiring use of a kiln or oven. Most quality ceramic mugs are imprinted by this method, but the method is not suitable for production of large quantities of mugs of a single design or graphic. The process of baking and cooling each item can take as long as a day, representing a limitation on the number of articles produced and even the simplest kiln is expensive and unwieldy. Moreover, such a process requires preselection of the image and makes the production of small number of mugs very costly.

Accordingly, it is desirable to provide a ceramic article, process for imprinting such articles and an imprinting apparatus that overcomes the aforesaid disadvantages of the prior art.

SUMMARY OF THE INVENTION

Generally speaking, in accordance with the invention, a substantially cylindrical ceramic, glass or porcelain article having a polymeric coating that is substantive to a sublimable dye is provided. A process and apparatus for applying a sublimation heat transfer image to a substantially cylindrical surface while maintaining the substantially cylindrical surface in a fixed position is also provided.

It is, therefore, an object of the invention to provide a ceramic article adapted to receive a sublimation heat transfer image.

It is another object of the invention to provide a ceramic article having a polymeric coating thereon which is substantive to sublimation heat transfer dyes.

It is still another object of the invention to provide a process for imprinting a ceramic article using sublimation heat transfer dyes.
It is a further object of the invention to provide an apparatus for imprinting a substantially cylindrical article by a sublimation heat transfer process.

It is a still further object of the invention to provide a ceramic article, process and apparatus for imprinting the article that permits use of sublimation heat transfer techniques.

It is still another object of the invention to provide a ceramic article adapted to be imprinted, process and apparatus for imprinting that can be accomplished in a short period of time.

Still other objects and advantages of the invention will in part be obvious and will in part be apparent from the specification.

The invention accordingly comprises the several steps and the relation of one or more of such steps with respect to each of the others, the apparatus embodying features of construction, combinations and arrangement of parts which are adapted to effect such steps, and the article which possesses the characteristics, and relation of elements, all as exemplified in the detailed disclosure hereinafter set forth, and the scope of the invention will be indicated in the claims.

DESCRIPTION OF THE DRAWINGS

For a fuller understanding of the invention, reference is had to the following description taken in connection with the accompanying drawings, in which:

FIG. 1 is a perspective view of an article constructed and arranged in accordance with the invention shown upside down with a decal affixed thereto;

FIG. 2 is a perspective view of an apparatus constructed and arranged in accordance with the invention in an operative mode with an appropriately positioned article;

FIG. 3 is a cross-sectional view of the apparatus of FIG. 2 taken along lines 3—3;

FIG. 4 is a cross-sectional view of the apparatus of FIGS. 2, 3 and 4 taken along lines 4—4 of FIG. 3;

FIG. 5 is a cross-sectional view of the apparatus of FIGS. 2, 3 and 4 taken along lines 5—5 of FIG. 3;

FIG. 6 is a cross-sectional view of the apparatus of FIGS. 2, 3, 4 and 5 taken along lines 6—6 of FIG. 3;

FIG. 7 is a plan view of an apparatus constructed and arranged in accordance with the invention shown in an operative mode with the cover removed;

FIG. 8 is a cross-sectional view of the apparatus taken along lines 8—8 of FIG. 7; and

FIG. 9 is a perspective view of an article having a sublimation heat transfer image printed thereon.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENTS

The present invention provides a ceramic article adapted to accept a heat transfer dye, a process for imprinting the article using sublimation heat transfer techniques and an apparatus for imprinting such a substantially cylindrical ceramic article with a sublimation heat transfer dye. Although the article discussed herein is referred to throughout as a "ceramic" article, it is to be understood that the present invention is applicable to articles formed not only of ceramic, but also of glass and porcelain.

The article of the invention can be any type of ceramic, glass or porcelain and is preferably substantially cylindrical. In a preferred embodiment, the article is a ceramic, glass or porcelain mug such as mug 10 of the type shown in FIGS. 1 and 9. The term "ceramic" as used herein is also intended to encompass glass and porcelain surfaces.

Mug 10 is coated at least on its outer surface with a polymeric coating that is receptive to sublimable heat transfer dyes. The coating or glaze must be able to permanently bond to a nonporous, non-synthetic material and should be non-toxic and able to withstand multiple cycles of dishwasher use.

One suitable glaze material is the Epi-Life Two Part System manufactured and sold by Camger Chemical Systems, Inc., Norfolk, Mass. The Epi-Life Two Part System consists of an epoxy resin and an epoxy resin hardener. To provide the mug glaze, two parts of the epoxy resin and one part of the hardener are thoroughly mixed and sprayed on the ceramic mug. The glazed mug is baked at a temperature of between about 325° and 375° F. for a period of between about 25 and 35 minutes. In a preferred embodiment, the glazed mug is baked at a temperature of between about 350° F. for 30 minutes. Other resins that are suitable for use on ceramic mugs for the purpose of accepting a sublimation heat transfer image include Dion Cor-Res 6696T and Dion-Isol® 6631T, both of which are polyester resins manufactured and sold by Koppers Company, Inc., Pittsburgh, Pa.

The intended use of the Epi-Life Two Part System is as a coating for the interior walls of large food vats and containers. Accordingly, each of these resins are FDA approved for use in food contact applications and use of any of these resins to glaze ceramic mugs for eating and drinking is appropriate. Furthermore, these resins will adhere to ceramic, are dishwasher safe and most importantly, for purposes of the instant invention, will accept a sublimation heat transfer image.

Sublimation heat transfer materials wherein a sublimable dye is encapsulated in or on a suitable carrier such as a laquer or nitrocellulose resin are well known. Such sublimable dye transfer vehicles are discussed, for example, in U.S. Pat. No. 4,201,821, which patent is incorporated by reference as if fully set forth herein. The only limitation on such transfers for purposes of the present invention is that the transfer must be uncoated.

To effect a sublimation heat transfer onto a glazed ceramic article, a heat transfer carrier 12 having a suitable sublimable dye impregnated therein or thereon is taped onto a glazed ceramic mug using heat resistant tape 14 in the manner depicted in FIG. 1. The transfer vehicle 14 is taped so that the sublimable dye is in direct contact with the glazed coating on mug 10.

Heat and pressure is applied to cause the sublimable dyes in heat transfer carrier 12 to be transferred directly into the glazed coating of mug 10. In the case of providing a transfer onto a glazed ceramic mug, heat is applied at a temperature between about 375° and 400° F. for a period of between about 60 seconds and 24 minutes.

During the period when heat and/or pressure are being applied, the dyes from heat transfer carrier 12 sublime from the carrier into the glazed coating on mug 10. At the end of the 60 second to 24 minute period, the transfer is untaped and a heat transfer image 16 remains on mug 10 as shown in FIG. 9. No overglaze, drying or cleaning is required.

An apparatus adapted to apply heat and pressure to the back of heat-resistant carrier 12 taped to a glazed article 10 is shown in FIGS. 2 through 8. Imprinting apparatus 18 comprises a base 20 having feet 22. Upper shoulders 32 are supported on base 20, and pivot arms 34 are pivotally supported on shoulders 32 by pivot pins 35. At one end of pivot arm 34 is a platen 24.
Each platen 24 is movable between a first open position wherein it is adapted to accept a mug 10 for imprinting and a second closed position in engagement with the surface of the mug for imprinting an image thereon.

Each movable platen 24 has a curved surface and individual pad 48 thereon at the surface opposite the connection to pivot arms 34. A substantially cylindrical center core 50 unconnected to the platens is also provided on base 20, and is located between the curved surfaces of platens 24.

Each pivot arms 34 is pivotally connected at their opposite end to a first end of pull arm 36. The opposite end of each pull arm 36 is connected to a first end of drive arm 38. The opposite end of drive arm 38 is connected to drive shaft 40. Drive shaft 40 is connected to external lever 42. Accordingly, platens 24 are displaced between a first open position and a second closed position for applying heat and pressure to mug 10 by displacement of lever 42.

A transformer 28 is supported on base 20 and is connected through leads to each movable platen 24. Transformer 28 is also adapted to be coupled to an external power source. Switch 52 is supported on base 20 and is electrically coupled to the transformer circuit for the purpose of turning transformer 28 on and off.

Cover 30 is supported on base 20 along the periphery thereof and has timer means 36, control switch 44, power light 46, thermostat light 52 and fuse 54 supported thereon.

In use, transformer 28 is coupled to an external power source and control switch 44 is switched to an “on” position. Both power light 46 and thermostat light 52 are lit. When thermostat light 52 goes off, the machine 18 is ready for use. To use machine 18, lever arm 42 is moved downward so that movable platens 24 are displaced into a first open position. In this position, drive arm 38 is not in contact with switch 52 so that the transformer circuit remains open and no heat is applied to platens 34.

A glazed ceramic mug 10 having a heat transfer carrier 12 affixed thereto by heat resistant tape 14 is placed over center core 50 with handle 56 extending outward of imprinting apparatus 18. External lever 42 is moved upward so that movable platens 24 move together in such a way that pad material 48 contacts the back of heat transfer carrier 12 and mug 10 in a substantially uniform manner so as to provide consistent pressure around the substantially cylindrical surface of mug 10.

When external lever 42 is moved to the upward position, drive arm 38 moves towards switch 52 and closes the transformer circuit. This allows the platens 24 to be heated and timer means 36 to reset itself so as to sound an alarm after a predetermined period of time.

When the alarm signal rings, external lever 42 is moved downward to displace the platens from a closed position to an open position. Mug 10 having a sublimation heat transfer pattern printed thereon is removed from imprinting apparatus 18 and heat transfer carrier 12 is removed from mug 10.

It will thus be seen that the objects set forth above, among those made apparent from the preceding description, are efficiently attained and, since certain changes may be made in carrying out the above process, in the described product, and in the construction(s) set forth without departing from the spirit and scope of the invention, it is intended that all matter contained in the above description and shown in the accompanying drawing(s) shall be interpreted as illustrative and not in a limiting sense.

It is also to be understood that the following claims are intended to cover all of the generic and specific features of the invention herein described and all statements of the scope of the invention which, as a matter of language, might be said to fall therebetween.

What is claimed is:
1. A ceramic article having a substantially cylindrical shape and a protruding handle member, the article having at least one curved surface for receiving a sublimation heat transfer image, said curved surface being coated to a predetermined thickness with a polymeric coating, said coating being capable of permanently bonding with the ceramic article and being substantive to sublimation heat transfer dyes.
2. The ceramic article of claim 1, wherein the coating is an epoxy resin.
3. The ceramic article of claim 2, wherein the coating is a nontoxic glaze capable of withstanding repeated exposure to hot water and detergent.
4. The ceramic article of claim 1, wherein the coating is a polyester resin.
5. The ceramic article of claim 1, wherein the coating is approved by the FDA for food contact applications and capable of withstanding repeated exposure to hot water and detergent.
6. The ceramic article of claim 1, wherein the ceramic article is a glass article.
7. The ceramic article of claim 1, wherein the ceramic article is a porcelain article.
8. The ceramic article of claim 1, wherein the ceramic article is a mug.

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A sealed crustless sandwich for providing a convenient sandwich without an outer crust which can be stored for long periods of time without a central filling from leaking outwardly. The sandwich includes a lower bread portion, an upper bread portion, an upper filling and a lower filling between the lower and upper bread portions, a center filling sealed between the upper and lower fillings, and a crimped edge along an outer perimeter of the bread portions for sealing the fillings therebetween. The upper and lower fillings are preferably comprised of peanut butter and the center filling is comprised of at least jelly. The center filling is prevented from radiating outwardly into and through the bread portions from the surrounding peanut butter.

10 Claims, 4 Drawing Sheets
SEALLED CRUSTLESS SANDWICH

BACKGROUND OF THE INVENTION

1. Field of the Invention

The present invention relates generally to sandwiches and more specifically to a sealed crustless sandwich for providing a convenient sandwich without an outer crust which can be stored for long periods of time without a central filling from leaking outwardly.

Many individuals enjoy sandwiches with meat or jelly like fillings between two conventional slices of bread. However, some individuals do not enjoy the outer crust associated with the conventional slices of bread and therefore take the time to tear away the outer crust from the desired soft inner portions of the bread. This outer crust portion is then thrown away and wasted. There is currently no method or device for baking bread without having an outer crust. Hence, there is a need for a convenient sandwich which does not have an outer crust and which is not prone to waste of the edible outer crust portions. The present invention provides a method of making a sealed crustless sandwich which can be stored for extended periods of time without an inner filling from seeping into the bread portion.

2. Description of the Prior Art

There are numerous sandwich devices. For example, U.S. Pat. No. 3,690,808 to Partyka; U.S. Design Pat. No. 252,536 to Goglanian; U.S. Design Pat. No. 293,040 to Gagliardi; U.S. Design Pat. No. 317,672 to Presl; U.S. Design Pat. No. 318,360 to Sam; and U.S. Pat. No. 5,500,234 to Russo all of which are illustrative of such prior art.

While these sandwiches may be suitable for the particular purpose to which they address, they are not as suitable for providing a convenient sandwich without an outer crust which can be stored for long periods of time without a central filling from leaking outwardly. The prior art does not teach a sandwich without an outer crust which sealably retains an inner filling for extended periods of time.

In these respects, the sealed crustless sandwich according to the present invention substantially departs from the conventional concepts and designs of the prior art, and in so doing provides a sandwich primarily developed for the purpose of providing a convenient sandwich without an outer crust which can be stored for long periods of time without a central filling from leaking outwardly.

SUMMARY OF THE INVENTION

A primary object of the present invention is to provide a sealed crustless sandwich that will overcome the shortcomings of the prior art devices.

Another object is to provide a sealed crustless sandwich that does not have any crust.

An additional object is to provide a sealed crustless sandwich that retains an inner filling from seeping into the bread portion.

A further object is to provide a sealed crustless sandwich that can be stored for extended periods of time for use in lunch box type of situations.

Another object is to provide a sealed crustless sandwich that reduces the amount of wasted bread because of thrown away crust portions.

Another object is to provide a method of producing a sealed crustless sandwich.

Further objects of the invention will appear as the description proceeds.

To the accomplishment of the above objects and related objects, the present invention may be embodied in the form illustrated in the accompanying drawings, attention being called to the fact, however, that the drawings are illustrative only, and that changes may be made in the specific construction illustrated and described within the scope of the appended claims.

BRIEF DESCRIPTION OF THE DRAWINGS

Various other objects, features and attendant advantages of the present invention will become fully appreciated as the same becomes better understood when considered in conjunction with the accompanying drawings, in which like reference characters designate the same or similar parts throughout the several views, and wherein:

FIG. 1 is a side view of cutting cylinder above the upper and lower bread with the fillings in between.

FIG. 2 is a side view of the cutting cylinder penetrating and crimping the upper and lower bread with the fillings in between.

FIG. 3 is an upper perspective view of the sealed crustless sandwich within an airtight packaging.

FIG. 4 is a cross sectional view from FIG. 3 disclosing the peanut butter sealing the jelly in between.

FIG. 5 is a lower perspective view of the cutting cylinder.

DESCRIPTION OF THE PREFERRED EMBODIMENT

Turning now descriptively to the drawings, in which similar reference characters denote similar elements throughout the several views, FIGS. 1 through 5 illustrate a sealed crustless sandwich 10, which generally comprises lower bread portion 20, an upper bread portion 22, an upper filling 30b and a lower filling 30a between the lower bread portion 20 and upper bread portion 22, a center filling 32 sealed between the upper filling 30b and the lower filling 30a, and a crimped edge 26 along an outer perimeter of the bread portions 20, 22 for sealing the fillings 30a-b, 32 therebetween. The upper filling 30b and the lower filling 30a are preferably comprised of peanut butter but may consist of any other edible substance such as but not limited to meat, vegetable oil, jelly, cheese, honey, or fruit. The center filling 32 is preferably comprised of jelly but may consist of any other edible substance such as but not limited to meat, vegetable oil, jelly, cheese, honey, or fruit. The center filling 32 is prevented from leaking outwardly into and through the bread portions 20, 22 from the surrounding upper filling 30b and lower filling 30a. The sealed crustless sandwich is preferably packaged within a resilient packaging 14 to extend its useful life and for providing convenience for the user.

As shown in FIGS. 1, 2 and 5 of the drawings, a cutting cylinder 40 has a sleeve 42 positioned within. The sleeve 42 is preferably positioned within a lumen of the cutting cylinder 40, but may be secured within the cutting cylinder 40. The bottom edge of the sleeve 42 has a notched end 44 with the notches spaced approximately every 1/8 inch. The plurality of extensions created from the plurality of notches forms a corresponding plurality of depressions 28 in the cramped edge 26 which represent the pressure points where extensions have projected into the bread portions 20, 22. A cutting edge 48 of the cutting cylinder 40 is utilized to penetrate through the bread portions 20, 22 as shown in FIG. 2 of the drawings. The cutting edge 48 may be formed into various shapes to form a unique design for the sealed crustless sandwich 10. The notched edge of the sleeve 42
compresses the upper bread portion 22 into the lower bread portion 20 to form a seal which retains itself for extended periods of time. A support member 46 or similar structure is attached to the cutting cylinder 40 and the sleeve 42 as shown in FIGS. 1, 2 and 5, wherein the support member 46 is attached to an elevating/ascending means for operating the cutting cylinder 40.

As best shown in FIG. 4, the upper filling 30b is juxtaposed to a lower surface of the upper bread portion 22. The lower filling 30a is juxtaposed to an upper surface of the lower bread portion 20. Preferably, the upper filling 30b and the lower filling 30a do not extend into the crimped edge 26 since any foreign substance within the crimped edge 26 weakens the seal between the lower and upper bread portions 20, 22. The center filling 32 is positioned and sealed between the upper filling 30b and the lower filling 30a as shown in FIG. 4 of the drawings. The crimped edge 26 preferably has a plurality of depressions 28 formed into from the pressure points caused by the notched end 44 of the sleeve 42. The depressions 28 prevent the crimped edge 26 from separating thereby retaining the fillings 30a-b, 32 within.

In use, the upper surface of the lower bread portion 20 is partially covered with the lower filling 30a over a defined area. The defined area is preferably inside of an inner perimeter of the sleeve 42 so as to eliminate or reduce the amount of lower filling 30a within the crimped edge 26. The center filling 32 is positioned centrally onto the lower filling 30a as shown in FIG. 1 of the drawings. The lower surface of the upper bread portion 22 is partially covered with the upper filling 30b over an area substantially equal to the defined area of the lower filling 30a. The upper bread portion 22 is positioned above the lower bread portion 20 with the upper filling 30b juxtaposed to the center filling 32 and the lower filling 30a. The cutting cylinder 40 is descended onto the upper bread portion 22 as shown in FIG. 1 of the drawings. The cutting cylinder 40 penetrates the bread portions 20, 22 so cut out circular portion surrounding the fillings 30a-b, 32. The sleeve 42 is simultaneously descended onto the upper bread portion 22 whereby the notched end 44 engages the upper bread portion 22. The notched end 44 forces the circular portion of the upper bread portion 22 onto the corresponding circular portion of the lower bread portion 20 theretofore crimping the bread portions 20, 22 between the notched end 44 and a plate 42 supporting the lower bread portion 20 as shown in FIG. 2 of the drawings. Simultaneously during the crimping, the upper filling 30b is forced into the lower filling 30a surrounding the center filling 32, thereby sealing the center filling 32 therebetween. The cutting cylinder 40 and the sleeve 42 are elevated away from the sealed crustless sandwich 10 while pressurized air is released into the cutting cylinder 40 to help force the sealed crustless sandwich 10 out from within. The crust 24 portion of the upper and lower bread portions 20, 22 is hence removed from the sealed crustless sandwich 10 as shown in FIG. 2 of the drawings. After the sealed crustless sandwich 10 is removed from the cutting cylinder 40 and sleeve 42, the air tight resilient packaging 14 is applied around it for preserving the sealed crustless sandwich.

As to a further discussion of the manner of usage and operation of the present invention, the same should be apparent from the above description. Accordingly, no further discussion relating to the manner of usage and operation will be provided.

With respect to the above description then, it is to be realized that the optimum dimensional relationships for the parts of the invention, to include variations in size, materials, shape, form, function and manner of operation, assembly and use, are deemed readily apparent and obvious to one skilled in the art, and all equivalent relationships to those illustrated in the drawings and described in the specification are intended to be encompassed by the present invention.

Therefore, the foregoing is considered as illustrative only of the principles of the invention. Further, since numerous modifications and changes will readily occur to those skilled in the art, it is not desired to limit the invention to the exact construction and operation shown and described, and accordingly, all suitable modifications and equivalents may be resorted to, falling within the scope of the invention.

We claim:
1. A sealed crustless sandwich, comprising:
a first bread layer having a first perimeter surface coplanar to a contact surface;
at least one filling of an edible food juxtaposed to said contact surface;
a second bread layer juxtaposed to said at least one filling opposite of said first bread layer, wherein said second bread layer includes a second perimeter surface similar to said first perimeter surface;
a crimped edge directly between said first perimeter surface and said second perimeter surface for sealing said at least one filling between said first bread layer and said second bread layer;
wherein a crust portion of said first bread layer and said second bread layer has been removed.
2. The sealed crustless sandwich of claim 1, wherein said crimped edge includes a plurality of spaced apart depressions for increasing a bond of said crimped edge.
3. The sealed crustless sandwich of claim 2, wherein said crimped edge is a finite distance from said at least one filling for increasing said bond.
4. The sealed crustless sandwich of claim 3, wherein said at least one filling comprises:
a first filling;
a second filling;
a third filling; and
wherein said second filling is completely surrounded by said first filling and said third filling for preventing said second filling from engaging said first bread layer and said second bread layer.
5. The sealed crustless sandwich of claim 4, wherein said first filling and third filling have sealing characteristics.
6. The sealed crustless sandwich of claim 5, wherein:
said first filling is juxtaposed to said first bread layer;
said third filling is juxtaposed to said second bread layer;
and
an outer edge of said first filling and said third filling are engaged to one another to form a reservoir for retaining said second filling in between.
7. The sealed crustless sandwich of claim 6, wherein said first filling and said third filling are comprised of peanut butter; and said second filling is comprised of a jelly.
8. The sealed crustless sandwich of claim 7, wherein said crimped edge is formed into a substantially circular shape.
9. A sealed crustless sandwich, comprising:
a first bread layer having a first perimeter surface, a first crust portion and a first contact surface;
a first filling juxtaposed to said first contact surface;
a second bread layer having a second perimeter surface,
a second crust portion and a second contact surface;
a second filling juxtaposed to said second contact surface;
a third filling;
a crimped edge directly between said first and second
perimeter surfaces for sealing said first, second, and
third fillings between said first and second bread layers;

wherein said first and second crust portions have been
removed and said third filling is encapsulated by said
first and second fillings.

10. The sealed crustless sandwich of claim 9 wherein said
first filling and said second filling have sealing characteris-
tics.
A sealed crustless sandwich for providing a convenient sandwich without an outer crust which can be stored for long periods of time without central filling from leaking outwardly. The sandwich includes a lower bread portion, an upper bread portion, an upper filling and a lower filling between the lower and upper bread portions, a center filling sealed between the upper and lower fillings, and a crimped edge along an outer perimeter of the bread portions for sealing the fillings therebetween. The upper and lower fillings are preferably comprised of peanut butter and the center filling is comprised of at least jelly. The center filling is prevented from radiating outwardly into and through the bread portions from the surrounding peanut butter.
US 6,004,596 C1

1 EX PARTE
REEXAMINATION CERTIFICATE
ISSUED UNDER 35 U.S.C. 307

THE PATENT IS HEREBY AMENDED AS
INDICATED BELOW.

2 AS A RESULT OF REEXAMINATION, IT HAS BEEN
DETERMINED THAT:

Claims 1–10 are cancelled.

* * * * *
Fed. Cir. Clarifies The Test For Patentable Subject Matter

Law360, New York (August 2, 2016, 11:35 AM ET) --
A recent Federal Circuit decision should bring hope to those discouraged by recent decisions invalidating patents for lacking patentable subject matter. The simplistic application by many district courts of the “laws of nature are unpatentable subject matter” test articulated by the U.S. Supreme Court in *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012) may have led some to conclude that thousands of patents are at risk. However, comparing the claims held to be directed to an unpatentable law of nature in *Ariosa Diagnostics Inc. v. Sequenom Inc.*, 788 F.3d 1371 (Fed. Cir. 2015), with claims that were deemed valid in *Rapid Litigation Management Ltd. v. CellzDirect Inc.*, No. 2015-1570, 2016 WL 3606624 (Fed. Cir. July 5, 2016), may help to allay those fears, and may help practitioners write better claims and defend patents against attacks of invalidity.

**Background: The Supreme Court’s Mayo Test for Patentable Subject Matter**

In *Mayo*, the Supreme Court confirmed that there is a natural phenomenon exception to patentable subject matter under 35 USC § 101. Under *Mayo*, if (1) patent claims are “directed to” a law of nature; then (2) they must be analyzed to determine whether the claim elements transform the claim into a patent-eligible application of that natural law. *Ariosa*, 788 F.3d at 1375, citing *Mayo*, 132 S.Ct. at 1297-98. *Mayo* step (2) involves what the Supreme Court characterized as a search for an “inventive concept,” to determine whether the claims cover “significantly more” than an ineligible law of nature. *Id.* citing *Mayo*, 132 S.Ct. at 1294.
The Claims in Ariosa Diagnostics Were Held to Describe a Natural Phenomenon

The Federal Circuit’s decision in Ariosa Diagnostics, regarding Pat. No. 6,258,540 (the ‘540 Patent) provides a useful illustration of claims the Federal Circuit considered to come under Mayo’s proscription against patenting laws of nature. The inventors discovered that cell free fetal DNA (cffDNA) exists in a pregnant mother’s blood stream. Therefore, dangerous conventional tests that breached the amniotic sac were not needed to collect fetal DNA.

Claim 1 of the ‘540 Patent reads as follows:

1. A method for detecting a paternally inherited nucleic acid of fetal origin performed on a maternal serum or plasma sample from a pregnant female, which method comprises

   amplifying a paternally inherited nucleic acid from the serum or plasma sample and

   detecting the presence of a paternally inherited nucleic acid of fetal origin in the sample.

Ariosa, 778 F.3d at 1373-74. The court concluded that this claim was little more than a general method for detecting naturally occurring cffDNA. Id. at 1376.

This conclusion even applied to claim 25, below, which describes performing a diagnosis and the prior art did not recognize that maternal blood could be collected, that paternal DNA in that blood could be amplified or that paternally inherited DNA could be analyzed in that sample. Id.

25. A method for performing a prenatal diagnosis on a maternal blood sample, which method comprises

   obtaining a non-cellular fraction of the blood sample

   amplifying a paternally inherited nucleic acid from the non-cellular fraction

   and performing nucleic acid analysis on the amplified nucleic acid to detect paternally inherited fetal nucleic acid.

Id. at 1374. There were no dependent claims to narrow the steps of claim 25.

The Federal Circuit confirmed that the ‘540 Patent’s claims represented unpatentable subject matter:
the asserted claims of the ‘540 patent are directed to a multistep method that starts with cffDNA taken from a sample of maternal plasma or serum — a naturally occurring non-cellular fetal DNA that circulates freely in the blood stream of a pregnant woman. ... a natural phenomenon. ...It is undisputed that the location of the nucleic acids existed in nature before Drs. Lo and Wainscoat found them. The method ends with paternally inherited cffDNA, which is also a natural phenomenon. The method therefore begins and ends with a natural phenomenon. Thus, the claims are directed to matter that is naturally occurring.

_id. at 1376 (emphasis added). That the same DNA was there at both the start and end of the method and was inherently there during past methods, even if not recognized, seems to have influenced the decision.

In his concurrence, Judge Richard Linn expressed his disappointment that he felt “bound by the sweeping language of the test set out in Mayo.”_ id. at 1380.

_The Supreme Court’s blanket dismissal of conventional post-solution steps leaves no room to distinguish Mayo from this case, even though here, no one was amplifying and detecting paternally-inherited cffDNA using the plasma or serum of pregnant mothers. Indeed, the maternal plasma used to be “routinely discarded.”_

_id. at 1381 (Linn concurrence) (emphasis added).

**Rapid Litigation Gives Hope to Patentees**

The Federal Circuit’s analysis in Rapid Litigation helps show how certain claims can survive both Mayo steps (1) and (2). The invention claimed in Pat. No. 7,604,929 (the ‘929 patent) related to a method of processing hepatocytes, a type of liver cell that is useful for testing and treatment purposes. 2016 WL 3606624, at *1. Although freezing the cells was a desirable way to prolong their usefulness, prior to the ‘929 patent, it was believed that hepatocytes could only be frozen once. _Id._ The inventors discovered that some hepatocyte cells could be refrozen and a identified a method for collecting and refreezing those cells.

Claim 1 is illustrative:

1. A method of producing a desired preparation of multi-cryopreserved hepatocytes, said hepatocytes, being capable of being frozen and thawed at least two times, and in which greater
than 70% of the hepatocytes of said preparation are viable after
the final thaw, said method comprising:

(A) subjecting hepatocytes that have been frozen and thawed to
density gradient fractionation to separate viable hepatocytes
from non-viable hepatocytes,

(B) recovering the separated viable hepatocytes, and

(C) cryopreserving the recovered viable hepatocytes to thereby
form said desired preparation of hepatocytes without requiring a
density gradient step after thawing the hepatocytes for the
second time, wherein the hepatocytes are not plated between the
first and second cryopreservations, and wherein greater than 70%
of the hepatocytes of said preparation are viable after the final
thaw.

Id. at *2.

The district court ruled that under step (1) the ‘929 patent was directed to an unpatentable law
of nature. (“that [some] hepatocytes are capable of surviving multiple freeze-thaw cycles”); and
that under step (2), the individual steps of the claimed method were conventional. Id.

The Federal Circuit reversed. The court concluded that although the claims involved a natural
law, they were not “directed to” that natural law, but to a process deriving its benefit from that
natural law. Id. at *4. The Rapid Litigation panel indicated that in Ariosa, the presence of cffDNA
in blood or serum was natural and the steps merely identified what was naturally present. The
court in Ariosa may have been influenced by the lack of specificity or transformation and
considered the claims to be nothing more than an artful way of indicating that the natural
phenomenon should be applied, but without indicating how.

The court considered the ‘929 patent’s claims to recite more than the ability of hepatocyte cells
to survive multiple freeze-thaw cycles.

Through the recited steps, the patented invention achieves a
better way of preserving hepatocytes. ... That one way of
describing the process is to describe the natural ability of the
subject matter to undergo the process does not make the claim
“directed to” that natural ability.

Id at *4. The court also stated that Mayo has been interpreted too narrowly: “Indeed, to
preclude the patenting of an invention simply because it touches on something natural would
‘eviscerate patent law.’” Id. at *6, citing Mayo, 132 S.Ct. at 1293.
The Rapid Litigation panel’s discussion of Mayo step (2), i.e., whether the steps amounted to an inventive concept, is also illustrative. The court acknowledged that each of the individual steps of the method (freezing, thawing and separating) were conventional. Id., citing Mayo, 132 S.Ct. at 1298. However, the court clarified that under Mayo step (2), the claim steps are not looked at in isolation, but in combination. Id. at *6, citing Alice Corp. v. CLS Bank Int’l, 134 S.Ct. 2347, 2355 (2014). The court explained that whereas performing freeze-thaw cycles may be known, repeating the freeze-thaw cycle with hepatocytes was not. Id. at *7. Similarly, a gradient centrifugation separation step after the first freeze-thaw cycle of hepatocytes was new.

Finally, the court explained that patent eligibility and obviousness should be examined under separate provisions of the patent act. Rapid Litigation, 2016 WL 3606624, at *7, citing Mayo, 132 S.Ct at 1304. Unfortunately, the court stopped short of clarifying that indefiniteness under § 112 also warrants a separate analysis.

Lessons From the Claim Comparison

An element-by-element comparison (with the benefit of hindsight) can help illustrate the differences between claim 25 of the Ariosa ’540 patent and claim 1 of the Rapid Litigation ’929 patent.

’540 Preamble:

25. A method for performing a prenatal diagnosis on a maternal blood sample, which method comprises ...

’929 Preamble:

1. A method of producing a desired preparation of multi-cryopreserved hepatocytes, said hepatocytes, being capable of being frozen and thawed at least two times, and in which greater than 70% of the hepatocytes of said preparation are viable after the final thaw, said method comprising ...

The ’540 patent’s preamble is more general than the ’929’s. For example, the ’540 claim contains no description of the type of prenatal diagnosis. In contrast, the ’929 preamble very specifically describes producing hepatocytes that are capable of being frozen and thawed at least two times with greater than 70 percent viability. A reasonable conclusion is that the more specific a claim, the less likely the court should conclude that it is directed to a natural law. In addition, the ’929 patent’s claim describes transformations that occur during performance of the method, whereas the ’540 patent’s claim does not.

Turning to the individual claim steps:
Steps of '540 Claim 25:

obtaining a non-cellular fraction of the blood sample

amplifying a paternally inherited nucleic acid from the non-cellular fraction

performing nucleic acid analysis on the amplified nucleic acid to detect paternally inherited fetal nucleic acid.

Step (A) of 929 Claim 1:

(A) subjecting hepatocytes that have been frozen and thawed to density gradient fractionation to separate viable hepatocytes from non-viable hepatocytes.

The court in Ariosa concluded that the claim steps do not describe how the non-cellular fraction is obtained, nor how one is to go about amplifying the paternally inherited nucleic acid from the noncellular fraction. Similarly, claim 25 does not specify the type of analysis to be performed, nor how the nucleic acid is detected. It appears that such generality makes it more likely a court will conclude that the individual steps do not support patentability.

In contrast, '929 patent claim 1 specifies performing density gradient fractionation; and not on any collection of hepatocytes, but to hepatocytes that had been frozen and thawed. The court also found it noteworthy that “[a]dditional dependent claims are directed to the type of density gradient fractionation, the type of hepatocytes, viability, and pooling.” Id. at *2.

Another important lesson is to include claims of varying scope. Although it may be useful to obtain broad claims by describing features with generality, each of those broad steps should be narrowed in dependent claims to define increasingly specific methods or products.

Finally, in Ariosa, the court explained that with respect to the claims, the method “begins and ends with a natural phenomenon.” Ariosa, 788 F.3d at 1376. In contrast, the '929 claims begin with hepatocytes that have been frozen, then subject them to a separation step, then end with a new preparation having a higher percentage of viable cells than when the method started. Rapid Litigation, 2016 WL 3606624, at *5. It should not be forgotten that in Bilski v. Kappos, 130 S.Ct. 3218, 3227 (2010), the court indicated that the “machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101.” Rapid Litigation confirms that a claim that describes a transformation may be more likely to be upheld than one where no change to the starting material is described. 2016 WL 3606624, at *4-5.
Conclusion

The application of law of nature exception to patentable subject matter clearly involves unpredictability. However, increasing specificity, describing transformations, adding claims of varying scope and recognizing that claims must be considered as a whole should increase the chance of a patent being upheld.

—By Matthew Siegal, Stroock & Stroock & Lavan LLP, a partner in Stroock’s Intellectual Property Practice Group in New York.

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Matthew Siegal will be speaking at the Centerforce IP Strategy Summit NYC 2016 on October 27, 2016. For further details, Click Here.
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696 F.3d 206
United States Court of Appeals,
Second Circuit.

CHRISTIAN LOUBOUTIN S.A., Christian Louboutin, L.L.C., Christian Louboutin, Plaintiffs–Counter–Defendants–Appellants,
v.
YVES SAINT LAURENT AMERICA HOLDING, INC., Yves Saint Laurent S.A.S., Yves Saint Laurent America, Inc., Defendants–Counter–Claimants–Appellants, Yves Saint Laurent, (an unincorporated association), John Does, A to Z, (Unidentified), Jane Does, A to Z, (Unidentified), XYZ Companies, 1 to 10, (Unidentified), Defendants–Appellees.

Docket No. 11–3303–cv.

Synopsis


[ Holding:] The Court of Appeals, José A. Cabranes, Circuit Judge, held that as limited to outsoles' color contrast with shoes' upper components, design feature acquired secondary meaning.

Affirmed in part and reversed and remanded in part.

West Headnotes (44)

[1] Trademarks

⇒ Functionality
For purposes of trademark protection, an “ornamental feature” is one that does not serve a purpose in the design of a product. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[2] Injunction

⇒ Grounds in general: multiple factors
To obtain a preliminary injunction, the moving party must establish irreparable harm and either (1) a likelihood of success on the merits or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief.

53 Cases that cite this headnote


⇒ Preliminary injunction; temporary restraining order
Court of Appeals reviews the denial of a preliminary injunction for an abuse of discretion.

5 Cases that cite this headnote


⇒ Trademarks
Principal purpose of federal trademark law is to secure the public's interest in protection against deceit as to the sources of its purchases, and the businessman's right to enjoy business earned through investment in the good will and reputation attached to a trade name. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.
Federal trademark law provides the owner of a mark with the enforceable right to exclude others from using the mark. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Federal trademark law is not intended to protect innovation by giving the innovator a monopoly over a useful product feature; such a monopoly is the realm of patent law or copyright law, which seek to encourage innovation, and not of trademark law, which seeks to preserve a vigorously competitive market for the benefit of consumers. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Courts analyze trademark infringement claims in two stages, first looking to see whether the mark merits protection, and second, if and only if the trademark is distinctive within the meaning of trademark law, and is therefore valid and protectable, the court must then determine whether the defendant's use of a similar mark is likely to cause consumer confusion. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

If a markholder has successfully demonstrated that its mark is valid and that the competitor's mark is likely to cause confusion, the competitor can nevertheless prevail by showing that the mark is functional. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.
Trademarks

Functionality

Functionality of a mark can be demonstrated by, inter alia, showing that the mark has either traditional utilitarian functionality or aesthetic functionality. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Capacity to Distinguish or Signify; Distinctiveness

If a mark is capable of being or becoming distinctive of the applicant's goods in commerce, then it is capable of serving as a trademark. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Color

Color alone can meet the basic legal requirements for use as a trademark, where it acts as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Functionality

Aspects of a product that are functional generally cannot serve as a trademark. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Monopoly powers in general

Functional features of a product can be protected only through the patent system, which grants a limited monopoly over such features until they are released into general use.

Functionality

Product feature is considered to be "functional," and thus not protectable under trademark law, in a utilitarian sense if it is (1) essential to the use or purpose of the article, or if it (2) affects the cost or quality of the article. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Functionality

Product feature is "essential" to the use or purpose of the article, as required to be deemed functional in a utilitarian sense, if it is dictated by the functions to be performed by the article. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Generally, where a product's design is functional, there is no need to proceed further in the analysis of whether the design is protected by federal trademark law. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.
When the aesthetic design of a product is itself the mark for which trademark protection is sought, the court may deem the mark functional, and thus not protectable, if giving the markholder the right to use it exclusively would put competitors at a significant non–reputation–related disadvantage. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Test for aesthetic functionality of a product feature, for purposes of determining its protectability under federal trademark law, is threefold: first, the court addresses whether the design feature is either essential to the use or purpose or affects the cost or quality of the product at issue, second, if the feature would, from a traditional utilitarian perspective, be considered essential to the use or purpose or to affect its cost or quality, then the design feature is functional, but, third, if the design feature is not functional from a traditional perspective, it must still be shown not to have a significant effect on competition in order to receive trademark protection. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Lanham Act protection does not extend to configurations of ornamental features which would significantly limit the range of competitive designs available. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non–functional, and are hence eligible for trademark protection. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.
Mark is “aesthetically functional,” and therefore ineligible for protection under the Lanham Act, where protection of the mark significantly undermines competitors' ability to compete in the relevant market. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

3 Cases that cite this headnote

[29] Trademarks
  ➞ Functionality
In making a determination as to whether a mark is aesthetically functional, and therefore ineligible for protection under the Lanham Act, courts must carefully weigh the competitive benefits of protecting the source-identifying aspects of a mark against the competitive costs of precluding competitors from using the feature. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[30] Trademarks
  ➞ Functionality
In determining whether a mark has an aesthetic function so as to preclude trademark protection, courts must take care to ensure that the mark's very success in denoting and promoting its source does not itself defeat the markholder's right to protect that mark. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[31] Trademarks
  ➞ Functionality
Analysis of the aesthetic functionality of a mark is highly fact–specific, requiring the court to consider both the markholder's right to enjoy the benefits of its effort to distinguish its product and the public's right to the vigorously competitive market protected by the Lanham Act, which an overly broad trademark might hinder. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[32] Trademarks
  ➞ Color
No per se rule governs the protection of single–color marks in the fashion industry. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[33] Trademarks
  ➞ Functionality
Functionality defense to a trademark infringement claim does not guarantee a competitor the greatest range for his creative outlet, but only the ability to fairly compete within a given market. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[34] Trademarks
  ➞ Functionality
Purpose of the functionality defense to a trademark infringement claim is to prevent advances in functional design from being monopolized by the owner of the mark in order to encourage competition and the broadest dissemination of useful design features. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[35] Copyrights and Intellectual Property
  ➞ Originality of Work; Creativity
Copyright, unlike trademark, rewards creativity and originality even if they interfere with the rights of an existing copyright holder.

2 Cases that cite this headnote

[36] Trademarks
  ➞ Similarity Between Marks; Likelihood of Confusion

Cases that cite this headnote
Trademark system, unlike the copyright system, aims to prevent consumer confusion even at the expense of a manufacturer's creativity.

1 Cases that cite this headnote

[37] Trademarks
   ➨ Validity, ownership, and use
Certificate of registration with the United States Patent and Trademark Office (USPTO) is prima facie evidence that the mark is registered and valid, that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce. Lanham Act, § 7(b), 15 U.S.C.A. § 1057(b).

8 Cases that cite this headnote

[38] Trademarks
   ➨ Functionality
French footwear designer's trademarked, signature lacquered red outsoles acquired limited secondary meaning as distinctive symbol to identify his brand, and thus that design feature was valid and protectable under Lanham Act to extent that red outsoles contrasted with color of shoe's “upper” component; in that context, design feature created “symbol,” as shown by designer's advertising expenditures, media coverage, and sales success over 20 years of use, and created “brand with worldwide recognition” insofar as feature caused lacquered red outsole to “pop” in contrast to upper's color, as consumers recognized contrast between color of outsole and color of upper as distinctive feature of designer's footwear. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[39] Trademarks
   ➨ Color
In the case of a single-color mark, distinctiveness must generally be proved by demonstrating that the mark has acquired secondary meaning. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

2 Cases that cite this headnote

[40] Trademarks
   ➨ Acquired distinctiveness and secondary meaning in general
Crucial question in a trademark case involving secondary meaning always is whether the public is moved in any degree to buy an article because of its source. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

1 Cases that cite this headnote

[41] Trademarks
   ➨ Acquired distinctiveness and secondary meaning in general
Factors that are relevant in determining secondary meaning in a trademark case include (1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

10 Cases that cite this headnote

[42] Trademarks
   ➨ Acquired distinctiveness and secondary meaning in general
Whether a mark has acquired distinctiveness is an inherently factual inquiry. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

4 Cases that cite this headnote

[43] Trademarks
   ➨ Marks protected
Where the record contains sufficient undisputed facts to resolve the question of a mark's distinctiveness, the court may do so as a matter of law. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.
The question presented is whether a single color may serve as a legally protected trademark in the fashion industry and, in particular, as the mark for a particular style of high fashion women's footwear. Christian Louboutin, a designer of high-fashion women's footwear and accessories, has since 1992 painted the “outsoles” of his women's high-heeled shoes with a high-gloss red lacquer. In 2008, he registered the red lacquered outsole as a trademark with the United States Patent and Trademark Office (“PTO”). We are asked to decide whether that mark is protectable under federal trademark law.

Louboutin, Christian Louboutin S.A., and Christian Louboutin, L.L.C. (jointly, “Louboutin”), bring this interlocutory appeal from an August 10, 2011 order of the United States District Court for the Southern District of New York (Victor Marrero, Judge) denying a motion for a preliminary injunction against alleged trademark infringement by Yves Saint Laurent America Holding, Inc., Yves Saint Laurent S.A.S., and Yves Saint Laurent America, Inc. (jointly, “YSL”). The District Court, in addressing a difficult and novel issue of trademark law, held that, because a single color can never be protected by trademark in the fashion industry, Louboutin's trademark was likely not enforceable. It therefore declined to enter a preliminary injunction to restrain YSL's alleged use of the mark.

We conclude that the District Court's holding that a single color can never serve as a trademark in the fashion industry, Christian Louboutin S.A. v. Yves Saint Laurent America, Inc., 778 F.Supp.2d 445, 451, 457 (S.D.N.Y.2011) (“Louboutin”), is inconsistent with the Supreme Court's decision in Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 162, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) ("Qualitex"), and that the District Court therefore erred by resting its denial of Louboutin's preliminary injunction motion on that ground. We further conclude that Louboutin's trademark, which covers the red, lacquered outsole of a woman's high fashion shoe,
has acquired limited “secondary meaning” as a distinctive symbol that identifies the Louboutin brand. As explained below, pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, we limit the trademark to uses in which the red outsole contrasts with the remainder of the shoe (known as the “upper”). We conclude that the trademark, as thus modified, is entitled to trademark protection. Finally, we conclude that, because the monochrome design employed by YSL is not a use of Louboutin's modified trademark, we need not, and indeed should not, address whether YSL's use of a red outsole risks consumer confusion or whether the Louboutin mark, as modified, is “functional.”

We therefore (1) affirm in part the order of the District Court, insofar as it declined to enjoin the use of all red lacquered outsoles; (2) reverse in part the order of the District Court insofar as it purported to deny trademark protection to Louboutin's use of contrasting red lacquered outsoles; and (3) enter judgment accordingly. We remand for further proceedings with regard to YSL's counterclaims.

BACKGROUND

This appeal arises out of an action for injunctive relief and enforcement of a trademark brought by Louboutin, together with the corporate entities that constitute his eponymous French fashion house, against YSL, a venerable French fashion institution. Louboutin is best known for his emphasis upon the otherwise-largely-ignored outsole of the shoe. Since their development in 1992, Louboutin's shoes have been characterized by their most striking feature: a bright, lacquered red outsole, which nearly always contrasts sharply with the color of the rest of the shoe.

Christian Louboutin introduced his signature footwear to the fashion market in 1992. Since then, his shoes have grown in popularity, appearing regularly on various celebrities and fashion icons. The District Court concluded, and YSL does not dispute, that “Louboutin [had] invested substantial amounts of capital building a reputation and good will, as well as promoting and protecting Louboutin's claim to exclusive ownership of the mark as its signature in women's high fashion footwear.” Louboutin, 778 F.Supp.2d at 447. The District Court further found that Louboutin had succeeded in promoting his shoes “to the point where, in the high-stakes commercial markets and social circles in which these things matter a great deal, the red outsole became closely associated with Louboutin. Leading designers have said it, including YSL, however begrudgingly.” Id. at 447–48.

As a result of Louboutin's marketing efforts, the District Court found, the “flash of a red sole” is today “instantly” recognizable, to “those in the know,” as Louboutin's handiwork. Id. at 448.

On the strength of the fashion world's asserted recognition of the red sole, Louboutin on March 27, 2007 filed an application with the PTO to protect his mark (the “Red Sole Mark” or the “Mark”). The trademark was granted in January 2008, and stated: “The color(s) red is/are claimed as a feature of the mark. The mark consists of a lacquered red sole on footwear.” Id. at 449 (capitalization altered). The written description was accompanied by a diagram indicating the placement of the color:

In 2011, YSL prepared to market a line of “monochrome” shoes in purple, green, yellow, and red. YSL shoes in the monochrome style feature the same color on the entire shoe, so that the red version is all red, including a red insole, heel, upper, and outsole. This was not the first time that YSL had designed a monochrome footwear line, or even a line of footwear with red soles; indeed, YSL maintains that since the 1970s it had sold such shoes in red and other colors.

In January 2011, Louboutin avers, his fashion house learned that YSL was marketing and selling a monochrome red shoe with a red sole. Louboutin requested the removal of the allegedly infringing shoes from the market, and Louboutin and YSL briefly entered into negotiations in order to avert litigation.

The negotiations having failed, Louboutin filed this action on April 7, 2011, asserting claims under the Lanham Act,
15 U.S.C. § 1051 et seq., for (1) trademark infringement and counterfeiting, (2) false designation of origin and unfair competition, and (3) trademark dilution, as well as state law claims for (4) trademark infringement, (5) trademark dilution, (6) unfair competition, and (7) unlawful deceptive acts and practices. Louboutin also sought a preliminary injunction preventing YSL from marketing, during the pendency of the action, any shoes, including red monochrome shoes, bearing outsoles in a shade of red identical to the Red Sole Mark, or in any shade which so resembles the Red Sole Mark as to cause confusion among consumers.

*214 [1] In response, YSL asserted two counterclaims: (1) seeking cancellation of the Red Sole Mark on the grounds that (a) it is not “distinctive,” 3 but instead merely “ornamental,” 4 (b) it is “functional,” 5 and (c) it was secured by fraud on the PTO; and (2) seeking damages for (a) tortious interference with business relations and (b) unfair competition. On July 22, 2011, after a limited and expedited discovery process, the parties argued the preliminary injunction motion. As noted above, see note 2, ante, the District Court did not hold an evidentiary hearing.

On August 10, 2011, the District Court issued a Decision and Order denying the injunction and holding that the Louboutin fashion house had not shown a likelihood of success on the merits of its claims. As the District Court saw it, the “narrow question” presented by the case was “whether the Lanham Act extends protection to a trademark composed of a single color used as an expressive and defining quality of an article of wear produced in the fashion industry”—that is, “whether there is something unique about the fashion world that militates against extending trademark protection to a single color.” Louboutin, 778 F.Supp.2d at 451.

Interpreting the Supreme Court's holding in Qualitex, the District Court explained that color is protectable as a trademark only if it “acts as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function.” Id. at 450 (quoting Qualitex, 514 U.S. at 166, 115 S.Ct. 1300) (alteration omitted). The District Court further observed, albeit without citation to authority, that “whatever commercial purposes may support extending trademark protection to a single color for industrial goods do not easily fit the unique characteristics and needs—the creativity, aesthetics, taste, and seasonal change—that define production of articles of fashion.” Id. at 451. For that reason, the District Court held that, in the fashion industry, single-color marks are inherently “functional” and that any such registered trademark would likely be held invalid. Id. at 457. The Court therefore held that Louboutin was unlikely to be able to prove that the Red Sole Mark was eligible for trademark protection, and denied Louboutin's motion for a preliminary injunction. 6 Id. at 449-50, 457. This appeal followed.

*215 On appeal, Louboutin argues that the District Court erred in (1) holding, based on the doctrine of “aesthetic functionality,” that the Red Sole Mark was not entitled to legal protection; (2) applying the doctrine of aesthetic functionality to hold that a single color on a fashion item could not act as a trademark; (3) failing to give weight to the statutory presumption of validity deriving from the Red Sole Mark's registration; (4) applying an improper analysis of trademark infringement and dilution; (5) ignoring allegedly undisputed proof of likelihood of confusion and irreparable harm; and (6) announcing a per se rule of functionality in a manner that violated Federal Rule of Civil Procedure 52. 7

DISCUSSION

I. Standard of Review

[2] [3] The District Court may grant a preliminary injunction if the moving party establishes “(a) irreparable harm and (b) either (1) likelihood of success on the merits or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief.” UBS Fin. Servs., Inc. v. W. Va. Univ. Hosp., Inc., 660 F.3d 643, 648 (2d Cir.2011) (internal quotation marks omitted). We review the denial of a preliminary injunction for “abuse of discretion.” Dexter 345 Inc. v. Cuomo, 663 F.3d 59, 63 (2d Cir.2011); cf. Sims v. Blot, 534 F.3d 117, 132 (2d Cir.2008) (explaining that the term of art “abuse of discretion” includes errors of law).

We address the District Court's order in three parts. We first consider whether a single color is protectable as a trademark, both generally and in the specific context of the fashion industry. We then address the doctrine of “aesthetic functionality” and consider whether, as the
District Court held, a single-color mark is necessarily “functional” in the context of the fashion industry—with the result that no such mark could ever be trademarked in that industry. Finally, we determine whether the Red Sole Mark is a valid trademark entitled to the protection of the Lanham Act.

II. Trademark Protection of Single–Color Marks

We begin by briefly recalling what trademark law is—and what it is not.

[T]rademark law, by preventing others from copying a source-identifying mark, reduces the customer's costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.

Qualitex, 514 U.S. at 163–64, 115 S.Ct. 1300 (internal quotation marks, citation, and alteration omitted). In accordance with these purposes of the Lanham Act, the law provides the owner of a mark with the “enforceable right to exclude others from using [the mark].” La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc., 495 F.2d 1265, 1271 (2d Cir.1974).

Nevertheless, trademark law is not intended to “protect[] innovation by giving the innovator a monopoly...” over a useful product feature. Fabrication Enters., Inc., 64 F.3d at 59 n. 4 (emphasis added); see Nora Beverages, Inc. v. Perrier Grp. of Am., 269 F.3d 114, 120 n. 4 (2d Cir.2001) (noting that trademark law should not be used to “inhibit [ ] legitimate competition by giving monopoly control to a producer over a useful product”). Such a monopoly is the realm of patent law or copyright law, which seek to encourage innovation, and not of trademark law, which seeks to preserve a “vigorously competitive market” for the benefit of consumers.8 Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 1011, 115 (2d Cir. 2001) (internal quotation marks omitted).

A. The Analytical Framework

We analyze trademark infringement claims in two stages.

First, we look to see whether plaintiff's mark merits protection.” Louis Vuitton Malletier v. Dooney & Bourke, Inc., 454 F.3d 108, 115 (2d Cir.2006). In order for a trademark to be protectable, the mark must be “distinctive” and not “generic.” Genesee Brewing Co. v. Stroh Brewing Co., 124 F.3d 137, 143 (2d Cir.1997). A mark is said to be “inherently” distinctive if “[i]ts intrinsic nature serves to identify a particular source.” Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992).9 Even a mark that is not inherently distinctive may nonetheless “acquire” distinctiveness by developing “secondary meaning” in the public mind. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982). A mark has acquired “secondary meaning” when, “in the minds of the public, the primary significance of a product feature... is to identify the source of the product rather than the product itself.” Id.10

Second, if (and only if) the plaintiff's trademark is “distinctive” within the meaning of trademark law and is therefore valid and protectable, we must then determine “whether [the defendant's use of a similar mark is likely to cause consumer confusion.” Louis Vuitton Malletier, 454 F.3d at 115. In this second stage, if a markholder has successfully demonstrated that its mark is valid and that the competitor's mark is likely to cause confusion, “the competitor can [nevertheless] prevail... by showing that the [mark] is functional”—a traditional defense to the enforcement of a trademark. Stormy Clime Ltd. v. ProGroup, Inc., 809 F.2d 971, 974 (2d Cir.1987)
F.2d 407, 415 (6th Cir.1945). The “functionality” of a mark can be demonstrated by, *inter alia*, showing that the mark has either traditional “utilitarian” functionality or “aesthetic” functionality. *New Colt Holding Corp. v. R.JG Holdings of Fla., Inc.*, 312 F.Supp.2d 195, 212 (D.Conn.2004); see Section III, post.

With this traditional (if somewhat mechanical) taxonomy in mind, we turn to the history of single-color trademarks.

**B. A Brief History of Single–Color Marks**

Prior to the adoption of our modern statutory trademark scheme in the Lanham Act of 1946, 15 U.S.C. § 1051 et seq., the status of single-color trademarks rested on uncertain ground. See generally *In re Owens–Corning Fiberglas Corp.*, 774 F.2d 1116, 1118–19 (Fed.Cir.1985) (“Owens–Corning ”). Although as early as 1906 the Supreme Court had expressed a Delphic and suitably ambiguous skepticism that single-color marks could be registered as trademarks, see *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171, 26 S.Ct. 425, 50 L.Ed. 710 (1906) (observing that “[w]hether mere color can constitute a valid trade-mark may admit of doubt”), other courts occasionally employed common law unfair competition principles to protect the use of color as a distinguishing product feature. See, e.g., *Yellow Cab Transit Co. v. Louisville Taxicab & Transfer Co.*, 147 F.2d 407, 415 (6th Cir.1945) (holding that the user of a mark was “entitled to protection in its long established use of the color yellow on its taxicabs ..., inasmuch as it has acquired a good will by use of the yellow color scheme on taxicabs by virtue of appropriate application of the doctrine of secondary meaning”). Although courts did not go so far as to hold that single-color marks could merit trademark protection, the recognition by some courts that color standing alone can, in some circumstances, acquire secondary meaning was an important building block in the evolution of single-color marks.

After the passage of the Lanham Act, which codified “in the broadest of terms” the “universe” of things eligible for trademark protection, *Qualitex*, 514 U.S. at 162, 115 S.Ct. 1300, courts “gradually ... rejected the *dictum* [of earlier cases] ... to the effect that color alone is not subject to trademark [protection],” *Owens–Corning*, 774 F.2d at 1122, and owners of color-related marks began to enjoy a degree of *218* enforcement success. See, e.g., *Application of Hehr Mfg. Co.*, 47 CCPA 1116, 279 F.2d 526, 528 (1960) (holding that a square red label intended for use on automobile trailer windows was eligible for trademark registration); *Artus Corp. v. Nordic Co.*, 512 F.Supp. 1184, 1190 (W.D.Pa.1981) (protecting plaintiff’s arbitrary color scheme for metal spacers). Nevertheless, the issue of single-color mark registration lay largely dormant until 1985, when the United States Court of Appeals for the Federal Circuit decided *Owens–Corning*.

**[13]** Faced with the question of whether a fiberglass manufacturer could trademark the pink color of its residential insulation material, the Federal Circuit in *Owens–Corning* began by recounting the evolution of color as a product-source designator. In language that continues to hold force today, the Court observed that jurisprudence under the Lanham Act had “developed in accordance with the statutory principle that if a mark is capable of being or becoming distinctive of [the] applicant's goods in commerce, then it is capable of serving as a trademark.” *Owens–Corning*, 774 F.2d at 1120. Noting that “[Owens–Corning’s] use of the color ‘pink’ performs no non-trademark function, and is consistent with the commercial and public purposes of trademarks,” the Court concluded that the use “serves the classical trademark function of indicating the origin of the goods, and thereby protects the public.” *Id.* at 1123. On that basis, the Court held that Owens–Corning was “entitled to register its mark.” *Id.* at 1128.

**C. Single–Color Marks Today**

**[14]** The question of whether a color can be protected as a trademark or trade dress was finally resolved in 1995 by the Supreme Court's decision in *Qualitex*, which involved a claim for trade dress protection of the green-gold color of a dry cleaning press pad. The question presented was “whether the [Lanham Act] permits the registration of a trademark that consists, purely and simply, of a color.” *Qualitex*, 514 U.S. at 160–61, 115 S.Ct. 1300 (citation omitted). Reversing a decision of the Ninth Circuit that had declared color *per se* ineligible for trademark protection, the Court observed that “it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.” *Id.* at 164, 115 S.Ct. 1300. The Court held, among other things, that it could find no “principled objection to the use of color as a mark in the important ‘functionality’ doctrine of trademark law.” *Id.* It concluded that “color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes
a firm's goods and identifies their source, without serving any other significant function.”  Id. at 166, 115 S.Ct. 1300 (emphasis added).

III. The “Functionality” Defense

[15] [16] As the Supreme Court observed in Qualitex, aspects of a product that are “functional” generally “cannot serve as a trademark.” Id. at 165, 115 S.Ct. 1300 (internal quotation mark omitted). We have observed that “[t]he doctrine of functionality prevents trademark law from inhibiting legitimate competition by giving monopoly control to a producer over a useful product.” Nora Beverages, Inc., 269 F.3d at 120 n. 4; see Genesee Brewing Co., 124 F.3d at 145 n. 5 (it is a “fundamental principle of trademark law that a trademark ... does not grant a monopoly of production”). This is so because functional features can be protected only through the patent system, which grants a limited monopoly over such features until they are released into general use (typically after either 14 or 20 years, depending on the type of patent). See Fabrication Enters., Inc., 64 F.3d at 58–59 & n. 4 (“The Lanham Act is not concerned with protecting innovation by giving the innovator a monopoly, which is the function of patent law.”); Stormy Clime, 809 F.2d at 977–78 (“Courts must proceed with caution in assessing claims to unregistered trademark protection in the design of products so as not to undermine the objectives of the patent laws.... Since trademark protection extends for an unlimited period, expansive trade dress protection for the design of products would prevent some functional products from enriching the public domain.”).

As noted above, two forms of the functionality doctrine are relevant to us today: “traditional” or “utilitarian” functionality, and “aesthetic” functionality. Both forms serve as an affirmative defense to a trademark infringement claim.

A. “Traditional” or “Utilitarian” Functionality

[17] [18] [19] According to our traditional understanding of functionality, a product feature is considered to be “functional” in a utilitarian sense if it is (1) “essential to the use or purpose of the article,” or if it (2) “affects the cost or quality of the article.” Inwood Labs., 456 U.S. at 850 n. 10, 102 S.Ct. 2182. A feature is essential “if it is dictated by the functions to be performed” by the article. LeSportsac, Inc. v. K mart Corp., 754 F.2d 71, 76 (2d Cir.1985) (quoting Warner Bros. Inc. v. Gay Toys Inc., 724 F.2d 327, 331 (2d Cir.1983)). It affects the cost or quality of the article where it “permits the article to be manufactured at a lower cost” or “constitutes an improvement in the operation of the goods.” Id. (quoting Warner Bros., Inc., 724 F.2d at 331). A finding that a product feature is functional according to the Inwood test will ordinarily render the feature ineligible for trademark protection.

B. “Aesthetic Functionality”

[20] [21] Generally, “[w]here [a product's] design is functional under the Inwood formulation there is no need to proceed further.” TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 33, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001) (“TrafFix ”). Nevertheless, as the Supreme Court had held in 1995 in Qualitex, when the aesthetic design of a product is *220 itself the mark for which protection is sought, we may also deem the mark functional if giving the markholder the right to use it exclusively “would put competitors at a significant non-reputation-related disadvantage,” Qualitex, 514 U.S. at 165, 115 S.Ct. 1300. This remains true even if there is “no indication that [the mark has] any bearing on the use or purpose of the product or its cost or quality.” TrafFix, 532 U.S. at 33, 121 S.Ct. 1255; see Landscape Forms, Inc. v. Colum. Cascade Co., 70 F.3d 251, 253 (2d Cir.1995) (when evaluating design trademarks we consider whether “certain features of the design are essential to effective competition in [the] particular market”).

[22] As set forth below, the test for aesthetic functionality is threefold: At the start, we address the two prongs of the Inwood test, asking whether the design feature is either “essential to the use or purpose” or “affects the cost or quality” of the product at issue. Next, if necessary, we turn to a third prong, which is the competition inquiry set forth in Qualitex. In other words, if a design feature would, from a traditional utilitarian perspective, be considered “essential to the use or purpose” of the article, or to affect its cost or quality, then the design feature is functional under Inwood and our inquiry ends. But if the design feature is not “functional” from a traditional perspective, it must still pass the fact-intensive Qualitex test and be shown not to have a significant effect on competition in order to receive trademark protection.
i. The Development of the Aesthetic Functionality Doctrine

Although the theory of aesthetic functionality was proposed as early as 1938, the first court to adopt the theory as the basis for denial of protection of a design was the United States Court of Appeals for the Ninth Circuit in *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir.1952). In *Pagliero*, the Court of Appeals determined that the Wallace China Company was not entitled to the exclusive use of a particular floral design on hotel china, despite its “create[ing] a substantial market for its products bearing these designs by virtue of extensive advertising.” *Id.* at 340. The design, the Court held, was “functional” because it satisfied “a demand for the aesthetic as well as for the utilitarian.” *Id.* at 343–44. Because the “particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright.” *Id.* at 343 (emphasis added).

[23] [24] Despite its apparent counterintuitiveness (how can the purely aesthetic be deemed functional, one might ask?), our Court has long accepted the doctrine of *aesthetic functionality*. See, e.g., *Warner Bros., Inc.*, 724 F.2d at 329–32 (distinctive color and symbols on toy car were not functional, and so were protectable as trade dress). We have rejected, however, the circular “important ingredient” test formulated by the *Pagliero* court, which inevitably penalized markholders for their success in promoting their product. Instead, we have concluded that “Lanham Act protection does not extend to configurations of ornamental features which would significantly limit the range of competitive designs available.” *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir.1991) (emphasis added). Accordingly, we have held that the doctrine of aesthetic functionality bars protection of a mark that is “necessary to compete in the [relevant] market.” *Villeroy & Boch Keramische Werke K.G. v. THC Sys., Inc.*, 999 F.2d 619, 622 (2d Cir.1993).

ii. A Modern Formulation of the Aesthetic Functionality Doctrine

[25] In 1995, the Supreme Court in *Qualitex* gave its imprimatur to the aesthetic functionality doctrine, holding that “[t]he ultimate test of aesthetic functionality ... is whether the recognition of trademark rights [in an aesthetic design feature] would significantly hinder competition.” *Qualitex*, 514 U.S. at 170, 115 S.Ct. 1300 (quoting Restatement (Third) of Unfair Competition § 17, cmt. c, at 176 (1993)) (internal quotation marks omitted). Six years later, reiterating its *Qualitex* analysis, the Supreme Court in *TrafFix* declared that where “aesthetic functionality is the central question,” courts must “inquire as to whether recognizing the trademark ‘would put competitors at a significant non-reputation-related disadvantage.’” *TrafFix*, 532 U.S. at 32–33, 121 S.Ct. 1255.

Although we have not recently had occasion to apply the doctrine of aesthetic functionality thus enunciated by the Supreme Court, it is clear that the combined effect of *Qualitex* and *TrafFix* was to validate the aesthetic functionality doctrine as it had already been developed by this Court in cases including *Wallace International Silversmiths, Stormy Clime*, and *LeSportsac*. See *Yurman Design, Inc.*, 262 F.3d at 116 (confirming, five months after the *TrafFix* decision, that a putative design trademark is “aesthetic[ally] functional[]” and therefore barred from trademark protection, if granting “the right to use [the mark] exclusively ‘would put competitors at a significant non-reputation-related disadvantage’” (quoting *TrafFix*, 532 U.S. at 32, 121 S.Ct. 1255)).

[26] [27] On the one hand, “where an ornamental feature is claimed as a trademark and trademark protection would significantly hinder competition by limiting the range of adequate alternative designs, the aesthetic functionality doctrine denies such protection.” *Forschner Grp., Inc. v. Arrow Trading Co.*, 124 F.3d 402, 409–10 (2d Cir.1997) (quoting *Wallace Intl Silversmiths, Inc.*, 916 F.2d at 81). But on the other hand, “distinctive and arbitrary arrangements of predominantly ornamental features that do not hinder potential competitors from entering the same market with differently dressed versions of the product are non-functional[,] and [are] hence eligible for [trademark protection].” *Fabrication Enters., Inc.*, 64 F.3d at 59 (quoting *Stormy Clime*, 809 F.2d at 977) (emphasis added).

[28] [29] In short, a mark is aesthetically functional, and therefore ineligible for protection under the Lanham Act,
where protection of the mark significantly undermines competitors' ability to compete in the relevant market. See Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1006 (2d Cir.1995) (linking aesthetic functionality to availability of alternative designs for children's fall-themed sweaters); Landscape Forms, Inc., 70 F.3d at 253 (holding that "in order for a court to find a product design functional, it must first find that certain features of the design are essential to effective competition in a particular market"). In making this determination, courts must carefully weigh the "competitive benefits of protecting the source-identifying aspects" of a mark against the "competitive costs of precluding competitors from using the feature." Fabrication Enters., Inc., 64 F.3d at 59.

[30] Finally, we note that a product feature's successful source indication can sometimes be difficult to distinguish from the feature's aesthetic function, if any. See, e.g., Jay Franco & Sons, Inc. v. Franek, 615 F.3d 855, 857 (7th Cir.2010) (noting that "[f]iguring out which designs [produce a benefit other than source identification] can be tricky"). Therefore, in determining whether a mark has an aesthetic function so as to preclude trademark protection, we take care to ensure that the mark's very success in denoting (and promoting) its source does not itself defeat the markholder's right to protect that mark. See Wallace Int'l Silversmiths, Inc., 916 F.2d at 80 (rejecting argument that "the commercial success of an aesthetic feature automatically destroys all of the originator's trademark interest in it, notwithstanding the feature's secondary meaning and the lack of any evidence that competitors cannot develop non-infringing, attractive patterns").

[31] Because aesthetic function and branding success can sometimes be difficult to distinguish, the aesthetic functionality analysis is highly fact-specific. In conducting this inquiry, courts must consider both the markholder's right to enjoy the benefits of its effort to distinguish its product and the public's right to the "vigorously competitive market [ ]" protected by the Lanham Act, which an overly broad trademark might hinder. Yurman Design, Inc., 262 F.3d at 115 (internal quotation mark omitted). In sum, courts must avoid jumping to the conclusion that an aesthetic feature is functional merely because it denotes the product's desirable source. Cf. Paglierio, 198 F.2d at 343.

[32] We now turn to the per se rule of functionality for color marks in the fashion industry adopted by the District Court—a rule that would effectively deny trademark protection to any deployment of a single color in an item of apparel. As noted above, the Qualitex Court expressly held that "sometimes [ ] a color will meet ordinary legal trademark requirements[, a]nd, when it does so, no special legal rule prevents color alone from serving as a trademark." Qualitex, 514 U.S. at 161, 115 S.Ct. 1300. In other words, the Supreme Court specifically forbade the implementation of a per se rule that would deny protection for the use of a single color as a trademark in a particular industrial context. Qualitex requires an individualized, fact-based inquiry into the nature of the trademark, and cannot be read to sanction an industry-based per se rule. The District Court created just such a rule, on the theory that "there is something unique about the fashion world that militates against extending trademark protection to a single color." Louboutin, 778 F.Supp.2d at 451.

Even if Qualitex could be read to permit an industry-specific per se rule of functionality (a reading we think doubtful), such a rule would be neither necessary nor appropriate here. We readily acknowledge that the fashion industry, like other industries, has special concerns in the operation of trademark law; it has been argued forcefully that United States law does not protect fashion design adequately. Indeed, the case on appeal is particularly difficult precisely because, as the District Court well noted, in the fashion industry, color can serve as a tool in the palette of a designer, rather than as mere ornamentation. Louboutin, 778 F.Supp.2d at 452–53.

Nevertheless, the functionality defense does not guarantee a competitor "the greatest range for [his] creative outlet," id. at 452–53, but only the ability to fairly compete within a given market. See Wallace Int'l Silversmiths, Inc., 916 F.2d at 81 ("It is a first principle of trademark law that an owner may not use the mark as a means of excluding competitors from a ... market." (emphasis added)). The purpose of the functionality defense "is to prevent advances in functional design from being monopolized by the owner of [the mark] ... in order to encourage competition and the broadest dissemination of useful design features."
Fabrication Enters., Inc., 64 F.3d at 58 (internal quotation marks omitted) (emphasis added).

In short, “[b]y focusing upon hindrances to legitimate competition, the [aesthetic] functionality test, carefully applied, can accommodate consumers' somewhat conflicting interests in being assured enough product differentiation to avoid confusion as to source and in being afforded the benefits of competition among producers.” Stormy Clime, 809 F.2d at 978–79.

IV. The Red Sole Mark
Having determined that no per se rule governs the protection of single-color marks in the fashion industry, any more than it can do so in any other industry, we turn our attention to the Red Sole Mark. As we have explained, Part II.A, ante, we analyze a trademark infringement claim in two stages, asking first whether the mark “merits protection” and, second, whether the allegedly infringing use of the mark (or a similar mark) is “likely to cause consumer confusion.” Louis Vuitton Malletier, 454 F.3d at 115. The functionality defense (including the tripartite aesthetic functionality test) is an affirmative defense that we consider at the second stage of this analysis. Stormy Clime, Ltd., 809 F.2d at 974.

[37] We have stated the basic rule that “[a] certificate of registration with the PTO is prima facie evidence that the mark is registered and valid (i.e., protect[able]), that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce.” Lane Capital Mgmt., Inc., 192 F.3d at 345. As the District Court correctly noted, “Louboutin's certificate of registration of the Red Sole Mark gives rise to a statutory presumption that the mark is valid.” 21 Louboutin, 778 F.Supp.2d at 450 (citing *225 15 U.S.C. § 1057(b)). 22 But the District Court found, in effect, that YSL had rebutted that presumption by showing that the Red Sole Mark is ineligible for protection because a single color can never achieve trademark protection in the fashion industry. As explained above, that holding was error.

Although, as set forth below, we determine that the Mark as it currently stands is ineligible for protection insofar as it would preclude competitors’ use of red outsoles in all situations, including the monochromatic use now before us, we conclude that the Mark has acquired secondary meaning—and thus the requisite “distinctness” to merit protection—when used as a red outsole contrasting with the remainder of the shoe. Because in this case we determine that the Red Sole Mark merits protection only as modified, and because YSL's use of a red outsole on monochromatic red shoes does not infringe on the Mark as modified, we need not, and do not, reach the issues of customer confusion and functionality at the second stage of the trademark infringement analysis described above.

A. Distinctiveness

[38] We first address whether the Red Sole Mark “merits protection” as a distinctive mark. As discussed above, distinctiveness may be shown either by proof that the mark is itself inherently distinctive, or by showing that the mark has acquired, through use, secondary meaning in the public eye. See Wal–Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210–11, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000); Inwood Labs., Inc., 456 U.S. at 851 n. 11, 102 S.Ct. 2182 (“[S]econdary meaning” is acquired when “in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself”). For the reasons that follow, we hold that the Red Sole Mark has acquired limited secondary meaning as a distinctive symbol that identifies the Louboutin brand, and that it is therefore a valid and protectable mark as modified below. See PaperCutter, Inc. v. Fay's Drug Co., Inc., 900 F.2d 558, 559 (2d Cir.1990) (a mark having secondary meaning is a valid mark).

[39] Although a single color, standing alone, can almost never be inherently distinctive because it does not “almost automatically tell a customer that [it] refer[s] to a brand,” Qualitex, 514 U.S. at 162–63, 115 S.Ct. 1300 (emphasis omitted); see Mana Prods., Inc. v. Columbia Cosmetics Mfg., Inc., 65 F.3d 1063, 1070 (2d Cir.1995), a color as used here is certainly capable of acquiring secondary meaning. As the Qualitex Court put it,
the way that descriptive words on a product ... can come to indicate a product's origin.

Id. at 163, 115 S.Ct. 1300 (emphasis added). In the case of a single-color mark, therefore, distinctiveness must generally be proved by demonstrating that the mark *226 has acquired secondary meaning. Id. at 165–66, 115 S.Ct. 1300.

We see no reason why a single-color mark in the specific context of the fashion industry could not acquire secondary meaning—and therefore serve as a brand or source identifier—if it is used so consistently and prominently by a particular designer that it becomes a symbol, “the primary significance” of which is “to identify the source of the product rather than the product itself.” Inwood Labs., 456 U.S. at 851 n. 11, 102 S.Ct. 2182; see also Mana Prods., Inc., 65 F.3d at 1071 (“In light of the Supreme Court's decision in Qualitex, color is today capable of obtaining trademark status in the same manner that a descriptive mark satisfies the statutory definition of a trademark, by acting as a symbol and attaining secondary meaning.”).

[40] [41] [42] [43] [44] “The crucial question in a case involving secondary meaning always is whether the public is moved in any degree to buy an article because of its source.” 23 Genesee Brewing Co., 124 F.3d at 143 n. 4. “Factors that are relevant in determining secondary meaning include '(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use.'” Id. (quoting Centaur Commc'ns, Ltd. v. Al/SIM Commc'ns, Inc., 830 F.2d 1217, 1222 (2d Cir.1987)). Whether a mark has acquired distinctiveness is “an inherently factual inquiry.” Yarmuth–Dion, Inc. v. Dion Furs, Inc., 835 F.2d 990, 993 (2d Cir.1987). Where, as here, the record contains sufficient undisputed facts to resolve the question of distinctiveness—not to speak of facts found by the District Court that are based upon evidence of record and not clearly erroneous—we may do so as a matter of law. See id. at 993–94; Warner Bros., Inc. v. Gay Toys, Inc., 724 F.2d 327, 333–34 (2d Cir.1983) (determining, based on the weight of the evidence, that the challenged mark had established secondary meaning).

The record before the District Court included extensive evidence of Louboutin's advertising expenditures, media coverage, and sales success, demonstrating both that Louboutin has created a “symbol” within the meaning of Qualitex, see Qualitex, 514 U.S. at 162, 115 S.Ct. 1300, and that the symbol has gained secondary meaning that causes it to be “uniquely” associated with the Louboutin brand, see Two Pesos, Inc., 505 U.S. at 766 n. 4, 112 S.Ct. 2753. There is no dispute that Louboutin originated this particular commercial use of the lacquered red color over twenty years ago. As the District Court determined, in findings of fact that are supported by the record and not clearly erroneous, “Louboutin invested substantial amounts of capital building a reputation and good will, as well as promoting and protecting Louboutin's claim to exclusive ownership of the mark as its signature in women's high fashion footwear.” Louboutin, 778 F.Supp.2d at 447. And there is no dispute that Louboutin's efforts were successful “to the point where, in the high-stakes commercial markets and social circles in *227 which these things matter a great deal, the red outsole became closely associated with Louboutin,” id. at 447–48 (emphasis added), and where unsolicited media attention to that red sole became rampant. Indeed, the Chief Executive Officer of YSL's parent corporation, François–Henri Pinault, himself acknowledged that, “[i]n the fashion or luxury world, it is absolutely clear that we recognize the notoriety of the distinctive signature constituted by the red sole of LOUBOUTIN models in contrast with the general presentation of the model, particularly its upper, and so for all shades of red.” 24 Joint App'x 529.

In light of the evidence in the record, including extensive consumer surveys submitted by both parties during the preliminary injunction proceedings, and of the factual findings of the District Court, we think it plain that Louboutin's marketing efforts have created what the able district judge described as “a ... brand with worldwide recognition,” Louboutin, 778 F.Supp.2d at 448. By placing the color red “in [a] context [that] seems unusual,” Qualitex, 514 U.S. at 162, 115 S.Ct. 1300, and deliberately tying that color to his product, Louboutin has created an identifying mark firmly associated with his brand which, “to those in the know,” “instantly” denotes his shoes' source, Louboutin, 778 F.Supp.2d at 448. These findings of fact by the District Court in addressing a motion for a preliminary injunction are not clearly erroneous. We hold that the lacquered red outsole, as applied to a shoe with an
“upper” of a different color, has “come to identify and distinguish” the Louboutin brand, *Qualitex*, 514 U.S. at 163, 115 S.Ct. 1300, and is therefore a distinctive symbol that qualifies for trademark protection.

We further hold that the record fails to demonstrate that the secondary meaning of the Red Sole Mark extends to uses in which the sole does not contrast with the upper—in other words, when a red sole is used on a monochromatic red shoe. As the District Court observed, “[w]hen Hollywood starlets cross red carpets and high fashion models strut down runways, and heads turn and eyes drop to the celebrities' feet, lacquered red outsoles on high-heeled, black shoes flaunt a glamorous statement that pops out at once.” *Louboutin*, 778 F.Supp.2d at 448 (emphasis added). As clearly suggested by the District Court, it is the contrast between the sole and the upper that causes the sole to “pop,” and to distinguish its creator.

The evidentiary record further demonstrates that the Louboutin mark is closely associated with contrast. For example, Pinault, the chief executive of YSL's parent company, wrote that the “distinctive signature” of the Mark is in its “contrast with the general presentation of the [shoe], particularly its upper.” Joint App'x 529. Of the hundreds of pictures of Louboutin shoes submitted to the District Court, only four were monochrome red. Compare id. 19, 415, 438, 587 (depicting monochrome Louboutin shoes), with id. 415–27, 431–47, 593–653, 680–724 (photographs and news articles depicting Louboutin shoes). And Louboutin's own consumer surveys show that when consumers were shown the YSL monochrome red shoe, of those consumers who misidentified the pictured shoes as Louboutin-made, nearly every one cited the red sole of the shoe, rather than its general red color. We conclude, based upon the record before us, that Louboutin has not established secondary meaning in an application of a red sole to a red shoe, but only where the red sole contrasts with the “upper” of the shoe. The use of a red lacquer on the outsole of a red shoe of the same color is not a use of the Red Sole Mark.

Because we conclude that the secondary meaning of the mark held by Louboutin extends only to the use of a lacquered red outsole that contrasts with the adjoining portion of the shoe, we modify the Red Sole Mark, pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, insofar as it is sought to be applied to any shoe bearing the same color “upper” as the outsole. We therefore instruct the Director of the Patent and Trade Office to limit the registration of the Red Sole Mark to only those situations in which the red lacquered outsole contrasts in color with the adjoining “upper” of the shoe.

In sum, we hold that the Red Sole Mark is valid and enforceable as modified. This holding disposes of the Lanham Act claims brought by both Louboutin and YSL because the red sole on YSL's monochrome shoes is neither a use of, nor confusingly similar to, the Red Sole Mark. We therefore affirm the denial of the preliminary injunction insofar as Louboutin could not have shown a likelihood of success on the merits in the absence of an infringing use of the Red Sole Mark by YSL.

**B. Likelihood of Confusion and Functionality**

Having limited the Red Sole Mark as described above, and having established that the red sole used by YSL is not a use of the Red Sole Mark, it is axiomatic that we need not—and should not—address either the likelihood of consumer confusion or whether the modified Mark is functional.

**CONCLUSION**

To summarize:

We hold that the District Court's conclusion that a single color can never serve as a trademark in the fashion industry was based on an incorrect understanding of the doctrine of aesthetic functionality and was therefore error. We further hold that the District Court's holding, that Louboutin's trademark has developed “secondary meaning” in the public eye, was firmly rooted in the evidence of record and was not clearly erroneous, and that the Red Sole Mark is therefore a valid and enforceable trademark. We limit the Red Sole Mark pursuant to Section 37 of the Lanham Act, 15 U.S.C. § 1119, to a red lacquered outsole that contrasts with the color of the adjoining “upper.”

*229* Accordingly, we (1) affirm in part the order of the District Court, insofar as it declined to enjoin the use of a red lacquered outsole as applied to a monochrome red shoe; (2) reverse in part the order of the District Court insofar as it purported to deny trademark protection to
Louboutin's use of contrasting red lacquered outsoles; and (3) enter judgment accordingly.

We remand for further proceedings with regard to YSL's counterclaims. In the interest of judicial economy, either party may restore jurisdiction to this Court to consider whatever arguments remain or arise relating to this case by sending a letter to the Clerk of this Court within 14 days of the District Court's final judgment. Any such proceedings will be assigned to this panel.

The Clerk of the Court is hereby directed to notify the Director of the United States Patent and Trade Office of this Judgment, which concerns U.S. Trademark Registration No. 3,361,597 held by Christian Louboutin and dated January 1, 2008.

All Citations
696 F.3d 206, 103 U.S.P.Q.2d 1937

Footnotes
1. Specifically, the registration for the Louboutin mark states: “The color(s) red is/are claimed as a feature of the mark. The mark consists of a lacquered red sole on footwear.” Joint App’x 294 (capitalization altered).
2. Because the District Court did not hold an evidentiary hearing prior to issuing its ruling on the preliminary injunction, the facts in this section are principally drawn from the uncontested facts asserted by the plaintiff to the District Court and to us, as well as the facts found by the District Court in its opinion. See Lopez Torres v. N.Y. State Bd. of Elections, 462 F.3d 161, 172 (2d Cir.2006) (drawing conclusions of law based upon facts found by the district court during a preliminary injunction proceeding). rev’d on other grounds, 552 U.S. 196, 128 S.Ct. 791, 169 L.Ed.2d 665 (2008).
4. An ornamental feature is one that “do[es] not serve a purpose” in the design of a product. See TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 35, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001); see also Wallace Intl’l Silversmiths, Inc. v. Godinger Silver Art Co., Inc., 916 F.2d 76, 80 (2d Cir.1990) (holding that “the features at issue are strictly ornamental because they neither affect the use of the [product] nor contribute to its efficient manufacture”).
5. “[I]n general terms, a product feature is functional,” and cannot serve as a trademark, ‘if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,’ that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.” Qualitex, 514 U.S. at 165, 115 S.Ct. 2182, 72 L.Ed.2d 606 (1982). For a full discussion of the doctrines of functionality and, more specifically, “aesthetic functionality,” see Part III, post.
6. The District Court also issued an order to show cause why “the record of this action as it now exists should not be converted into a motion for partial summary judgment cancelling Louboutin’s trademark at issue here for the reasons stated in the Court's decision above.” Louboutin, 778 F.Supp.2d at 458. Nine days later, the Court stayed the entire case pending the resolution of this appeal. Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., No. 11–cv–2381 (VM), Docket Entry 60 (S.D.N.Y. Aug. 19, 2011).
7. Federal Rule of Civil Procedure 52(a)(2) requires that “[i]n granting or refusing an interlocutory injunction, the court must ... state [separately] the findings [of fact] and conclusions [of law] that support its action.” Louboutin asserts that the District Court failed to make findings of fact as required by that rule, and announced a new per se legal rule rather than merely entering conclusions of law.
8. See Fabrication Enters., Inc., 64 F.3d at 59 n. 4 (“The Lanham Act is not concerned with protecting innovation by giving the innovator a monopoly, which is the function of patent law.”); cf. Carol Barnhart Inc. v. Econ. Cover Corp., 773 F.2d 411, 421 n. 1 (2d Cir.1985) (Newman, J., dissenting) (“Any concern that copyright protection may accord a monopoly to advances in functional design is adequately met by confining the scope of copyright protection to the precise expression of the proprietor’s design.”) (citation omitted)).
9. Although Two Pesos, and several of the other cases we rely upon, discuss unregistered trade dress rather than a registered trademark, the infringement analysis is the same. See Wal–Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210–11, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000) (noting with approval instances in which courts analyzed distinctiveness with regard to trade dress by analogy to the law of registered trademarks); Louis Vuitton Malletier, 454 F.3d at 115 (noting that the “same analysis [used in claims of trade dress infringement] applies to claims of trademark infringement under § 32”); Fabrication Enters., Inc., 64 F.3d at 57 n. 2 (noting that the distinction between defendant's
The doctrine of aesthetic functionality remains controversial in our sister circuits, which have applied the doctrine inconsistently. In 1938, the Restatement of Torts stated that “[a] feature of goods is functional ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any such effects.” Restatement of Torts § 742 (1938). In the official comment to that Section, the Restatement explained several ways in which goods or their features might be functional. With regard to “goods [that] are bought largely for their aesthetic value,” the Restatement suggested that “their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended.” Id. § 742, cmt. a. This was the first time that a commentator had proposed that an aesthetic product feature might be functional. See 1 McCarthy on Trademarks § 7:79 (4th ed.).

In 1938, the Restatement of Torts stated that “[a] feature of goods is functional ... if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects.” Restatement of Torts § 742 (1938). In the official comment to that Section, the Restatement explained several ways in which goods or their features might be functional. With regard to “goods [that] are bought largely for their aesthetic value,” the Restatement suggested that “their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended.” Id. § 742, cmt. a. This was the first time that a commentator had proposed that an aesthetic product feature might be functional. See 1 McCarthy on Trademarks § 7:79 (4th ed.).

The doctrine of aesthetic functionality remains controversial in our sister circuits, which have applied the doctrine in varying ways (and some not at all). For example, the Seventh Circuit has applied the doctrine of aesthetic functionality liberally, holding that “[f]ashion is a form of function.” See Jay Franco & Sons, Inc. v. Franek, 615 F.3d 855, 860 (7th Cir.2010). The Sixth Circuit recently discussed the doctrine, but made clear that it has not yet decided whether or not to adopt it. See Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc., 679 F.3d 410, 417–19 (6th Cir.2012). The Ninth Circuit has applied the doctrine inconsistently. See 1 McCarthy on Trademarks § 7:80 (4th ed.) (collecting cases). The Fifth Circuit rejects the doctrine of aesthetic functionality entirely. Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co., 550 F.3d 465, 487–88 (5th Cir.2008) (arguing that the Supreme Court has recognized the aesthetic functionality doctrine only in dicta, and that therefore the Fifth Circuit's long-standing rejection of the doctrine was not abrogated by Qualitex and TrafFix).

See Wallace Int'l Silversmiths, 916 F.2d at 80 (“We rejected Paglierio ['s 'important ingredient' formulation] in [Le]Sportsac c c c c c c and reiterate that rejection here,” (internal citation omitted)); Mark P. McKenna, (Dys)functionality, 48 Hous. L.Rev. 823, 851 (2011) (“Courts that apply the aesthetic functionality doctrine today overwhelmingly rely on the test the Supreme Court endorsed in TrafFix [rather than the Paglierio test], ... asking whether exclusive use of the claimed feature put competitors at a significant non-reputation-related disadvantage.”).

The intellectual property protection of fashion design has been for years a subject of controversy among commentators. Some have proposed working within the confines of the current intellectual property system, while others have advocated that fashion design may be an appropriate area for sui generis statutory protection. See generally C. Scott Hemphill & Jeannie Suk, The Law, Culture, and Economics of Fashion, 61 Stan. L.Rev. 1147 (2009); see also id. at 1184–90. (Indeed, suggested legislation creating such protection has been considered several times by Congress, although not...
Importantly, to determine whether a mark has secondary meaning, “it is not always the
We note that a registered trademark that has been in continuous use for at least five years may, in certain circumstances,
Louboutin argues that the District Court disregarded the statutory presumption of validity to which the Red Sole Mark
The trademark system, in this way, stands in sharp contrast to the copyright system. Copyright, unlike trademark, rewards
As an example of the interest of plagiarizers in “knocking off” Louboutin’s mark—another
The trademark system, in this way, stands in sharp contrast to the copyright system. Copyright, unlike trademark, rewards
20
The trademark system, in this way, stands in sharp contrast to the copyright system. Copyright, unlike trademark, rewards
creativity and originality even if they interfere with the rights of an existing copyright holder. In the copyright system
there is a defense to infringement known as “independent creation”: if a writer or musician, through the creative process,
independently arrives at an arrangement of words or notes that is the subject of a copyright, he may market the result of
his creativity despite the existing copyright. See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 346, 111
S.Ct. 1282, 113 L.Ed.2d 358 (1991) (requesting that the reader “assume that two poets, each ignorant of the other,
compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable”); Proctor & Gamble Co.
v. Colgate–Palmolive Co., 199 F.3d 74, 77–78 (2d Cir.1999). The trademark system, unlike the copyright system, aims
to prevent consumer confusion even at the expense of a manufacturer's creativity: in trademark, if a branding specialist
produces a mark that is identical to one already trademarked by another individual or corporation, he must “go back to the
allegedly independent creation of infringing mark tended to show that infringement was not willful, defendant remained
21
Louboutin argues that the District Court disregarded the statutory presumption of validity to which the Red Sole Mark
was entitled. We disagree. The District Court's ruling rested at least in part on its determination that the Red Sole Mark
is functional and is therefore invalid, and its opinion clearly recognized that, at the threshold of analysis, Louboutin was
entitled to the statutory presumption.
22
We note that a registered trademark that has been in continuous use for at least five years may, in certain circumstances,
Sole Mark has not been in use for five consecutive years since its registration, it is not yet entitled to the special protection
available to incontestable marks.
23
Importantly, to determine whether a mark has secondary meaning, “it is not always the general public's understanding
but—depending upon the product—often only a segment of consumers that need be examined.” Centaur Commc’ns,
Ltd. v. A/S/M Commc’ns, Inc., 830 F.2d 1217, 1221 (2d Cir.1987); see, e.g., Harlequin Enters. Ltd. v. Gulf & Western
Corp., 644 F.2d 946, 950 n. 2 (2d Cir.1981) (finding that a survey of “500 romance readers in three cities” in which fifty
percent of the respondents identified a certain book cover design as having been produced by a certain publisher was
“probative of secondary meaning”).
24
As an example of the interest of plagiarizers in “knocking off” Louboutin's mark—another Centaur Communications
consideration—we take judicial notice, pursuant to Federal Rule of Evidence 201, of a recent seizure by the United States
Bureau of Customs and Border Protection of over 20,000 counterfeit Louboutin shoes illegally shipped to the United
States, with an estimated retail value of over $18 million. CBP Seizes More than 18 Million in Fake Women's Fashion
newsroom/news_releases/local/08162012_5.xml; see Ives Labs., Inc. v. Darby Drug Co., 638 F.2d 538, 544 n. 8 (2d
Cir.1981) (taking judicial notice of existence of official government proceeding), rev’d on other grounds by Inwood Labs.,
25
As noted above, we use the word “upper” to refer to the visible portions of the shoe other than the outsole.
26
15 U.S.C. § 1119 provides that “[i]n any action involving a registered mark the court may determine the right to registration,
order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register
with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the
Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled
thereby.” (emphasis added).
277 F.Supp.3d 425
United States District Court, S.D. New York.

COTY INC., et al., Plaintiffs,
v.
EXCELL BRANDS, LLC, Defendant.

15–CV–7029 (JMF)
Signed 09/18/2017

Synopsis

Background: Producers and distributors of high-quality fragrances associated with well-known brands and carrying marks including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” and “LADY GAGA,” brought action against manufacturer of knock-off versions of fragrances for trademark infringement and unfair competition, trademark dilution, and false advertising under the Lanham Act and New York law.

Holdings: The District Court, Jesse M. Furman, J., held that:

[1] laches defense was not available to defendant;

[2] plaintiffs' source identifiers were distinctive marks and entitled to protection;

[3] consumer confusion was likely to result from the knock-off fragrances;

[4] defendant acted in bad faith with intent to capitalize on plaintiffs' reputations and goodwill;

[5] doctrine of nominative fair use did not apply;

[6] a dilution of plaintiffs' marks by blurring and tarnishing occurred;

[7] defendant engaged in false advertising;

[8] injunction against defendant was warranted; and

[9] knock-off fragrances were not counterfeits.

Ordered accordingly.

West Headnotes (84)

[1] Equity

Knowledge of facts

Equity

Prejudice from Delay in General

The basic elements of laches are: (1) the plaintiff knew of the defendant's misconduct; (2) the plaintiff inexcusably delayed in taking action; and (3) the defendant was prejudiced by the delay.

Cases that cite this headnote

[2] Trademarks

Defenses or Objections

Laches is not a defense against injunctive relief when the defendant intended the trademark infringement.

Cases that cite this headnote

[3] Trademarks

Delay in Assertion of Rights; Laches

Trademarks

Defenses or Objections

Laches was not a defense available to manufacturer of knock-off versions of high-quality fragrances that were subject of a trademark infringement action brought by plaintiffs who were producers and distributors of the high-quality fragrances, where plaintiffs sought injunctive relief, manufacturer acted in bad faith and set out to intentionally infringe plaintiffs' source identifiers, plaintiffs brought action within the applicable statute of limitations, plaintiffs were not aware of the full scope of manufacturer's conduct until after the first few years, plaintiffs then reasonably delayed bringing suit in part to see how a related lawsuit proceeded, and
manufacturer did not change its position in any manner due to plaintiffs' action.

Cases that cite this headnote

- Defenses, excuses, and justifications
When a trademark owner's lawsuit is initiated within the statute of limitations, there is no presumption of laches and the burden remains on the defendant to prove the defense.

Cases that cite this headnote

[5] Trademarks
- Delay in Assertion of Rights; Laches
A trademark owner has no obligation to sue, and thus avoid the defense of laches, until the likelihood of confusion looms large and its right to protection has clearly ripened.

Cases that cite this headnote

- Prejudice from delay
Prejudice, in order to assert a laches defense in a trademark infringement action, may be found where the junior user took affirmative steps to increase its use of the mark during and in reliance on the senior user's period of delay, and that unwinding those actions would require it to reorganize its business or reeducate the public as to its product if restrained from using the mark.

Cases that cite this headnote

[7] Trademarks
- Acquired distinctiveness; secondary meaning

Trademarks
- Suggestive terms or marks

Trademarks
- Arbitrary or fanciful terms or marks
Suggestive and arbitrary or fanciful marks are considered inherently distinctive and protected, but a descriptive mark will be protected only if it has acquired secondary meaning.

2 Cases that cite this headnote

[8] Trademarks
- Acquired distinctiveness; secondary meaning
Secondary meaning attaches to a descriptive mark, making it protected, when the consuming public primarily associates the term with a particular source.

Cases that cite this headnote

[9] Trademarks
- Acquired distinctiveness; secondary meaning
In analyzing whether secondary meaning attaches to a descriptive mark, making it protected, courts generally consider six factors: (1) the senior user's advertising and promotional expenses; (2) consumer studies linking the name to the source; (3) the senior user's sales success; (4) third-party uses and attempts to plagiarize the mark; (5) length and exclusivity of the mark's use; and (6) unsolicited media coverage of the products at issue.

Cases that cite this headnote

[10] Trademarks
- Persons confused; circumstances of sale
The crucial issue in an action for trademark infringement is whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.

1 Cases that cite this headnote

- "Initial interest" confusion
Initial-interest consumer confusion occurs when potential consumers initially are attracted to the junior user's mark by virtue
of its similarity to the senior user's mark, even though these consumers are not actually confused at the time of purchase, that is, initial-interest confusion creates initial customer interest, even if no final sale is completed as a result.

Cases that cite this headnote

[12] Trademarks

-Time of confusion

Post-sale consumer confusion in regards to a junior user's use of a mark occurs after a sale is completed.

Cases that cite this headnote

[13] Trademarks

-Factors considered in general

The eight factors in the balancing test to determine the likelihood of consumer confusion over the use of an allegedly infringing mark are: (1) the strength of the trademark; (2) the similarity of the marks; (3) the proximity of the products and their competitiveness with one another; (4) evidence that the senior user may bridge the gap by developing a product for sale in the market of the alleged infringer's product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) the respective quality of the products; and (8) the sophistication, or lack thereof, of consumers in the relevant market.

1 Cases that cite this headnote

[14] Trademarks

-Factors considered in general

Application of the eight-factor test to determine the likelihood of consumer confusion over the use of an allegedly infringing mark is not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused.

Cases that cite this headnote

[15] Trademarks

-Acquired distinctiveness; secondary meaning

Trademarks

-Nature or type of mark; distinctiveness and strength

Trademarks

-Marks protected; secondary meaning

Source identifiers of producers and distributors of high-quality fragrances were distinctive marks and entitled to protection from infringement; 21 of the registered marks, which included “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” and “VERA WANG,” were the subject of incontestable registrations, the remaining seven registered marks that were not incontestable, which included “JOOP!” and “JOOP! HOMME WILD,” were presumed to be distinctive given that manufacturer of knock-off versions of fragrances did not present any evidence to rebut the presumption that they were distinctive, and the two unregistered marks of “LADY GAGA” and “LADY GAGA FAME” were descriptive marks that plainly achieved secondary meaning as they functioned as distinctive source identifiers for an eponymous entertainer and her fragrance line. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[16] Trademarks

-Distinctiveness; secondary meaning

Unregistered trade dresses for lines of high-quality fragrances including “CALVIN KLEIN,” “VERA WANG,” “LADY GAGA,” and “JOOP!” were product packaging trade dresses that were inherently distinctive and thus entitled to protection from infringement, where trade dresses consisted of original, detailed, and specific fragrance packaging combinations, and the trade dresses referred to the manner in which the fragrances were dressed up to go to market with a label, package, display card, and

Cases that cite this headnote

[17] Trademarks

- Distinctiveness; secondary meaning

While any one element of a trade dress individually might not be inherently distinctive, it is the combination of elements that should be the focus of the distinctiveness inquiry in infringement case. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[18] Trademarks

- Distinctiveness; secondary meaning

Producers and distributors of lines of high-quality fragrances including “CALVIN KLEIN,” “VERA WANG,” “LADY GAGA,” and “JOOP!” presented sufficient evidence of acquired distinctiveness of their product packaging trade dress through secondary meaning, assuming that such a showing was required for protection from infringement; producers and distributors presented evidence of sales success, advertising expenditures, and unsolicited media coverage showcasing their marks and trade dresses, and the entire business model of alleged infringer, that being a manufacturer of knock-off cheaper versions of the fragrances, rested on the distinctiveness of producers and distributors' trade dress. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[19] Trademarks

- Miscellaneous particular cases; determinations based on multiple factors

Trademarks

- Particular cases

Consumer confusion was likely to result from manufacturer's knock-off versions of high-quality fragrances that were subject of protected trade dresses and marks including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!”; although the knock-off fragrances were generally sold at discount stores unlike the high-quality fragrances, the knock-off fragrances blatantly copied, with only slight differences the high-quality fragrances as to names, typefaces, packaging, design, coloring, and bottle shapes, both parties' survey studies indicated a likelihood of confusion, manufacturer's actions indicated an intent to deceive, manufacturer's products were of an inferior quality, and not all knock-off fragrances contained manufacturer's supposedly disclamatory legends. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

[20] Trademarks

- Examination and comparison; construction as entirety

Trademarks

- Appearance, sound, and meaning

Similarity of marks, as a factor for determining likelihood of consumer confusion in a trademark infringement case, is a holistic consideration that turns on the marks' sight, sound, and overall commercial impression under the totality of the circumstances. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[21] Trademarks

- Examination and comparison; construction as entirety

Instead of merely conducting a side by side comparison of protected mark with the allegedly infringing mark to determine their similarity as a factor in the likelihood of consumer confusion, a court must assess whether a consumer who is somewhat familiar with the plaintiff's mark would likely be confused when presented with defendant's

[22] Trademarks
   Trade Dress
   The same basic standard for determining the similarity of protected mark and the allegedly infringing mark, as a factor in the likelihood of consumer confusion, also applies for when trade dresses are at issue. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

[23] Trademarks
   Consumer data and market research; tests and surveys
   To evaluate the validity and reliability of a survey that goes to the issue of the likelihood of consumer confusion in a trademark infringement action, a court should consider whether: (1) the proper universe was examined and the representative sample was drawn from that universe; (2) the survey's methodology and execution were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys; (3) the questions were leading or suggestive; (4) the data gathered were accurately reported; and (5) persons conducting the survey were recognized experts. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

   Failure to respond; sanctions
   Any discovery violation in the lack of inclusion of opinions of plaintiff's expert in an expert report was harmless, where the expert's direct testimony was disclosed to the defendant over a month and a half before he actually testified in trademark infringement action. Fed. R. Civ. P. 37(c)(1).

Cases that cite this headnote

[25] Trademarks
   Persons confused; circumstances of sale
   Where a junior user of a mark is alleged to be selling its products as if they came from the senior user, the relevant market for evaluating the likelihood of consumer confusion in an infringement action consists of the consumers of the junior user's products. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[26] Trademarks
   Intent; knowledge of confusion or similarity
   “Bad faith,” as a factor for determining the likelihood of consumer confusion in a trademark infringement action, concerns whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[27] Trademarks
   Intent; knowledge of confusion or similarity
   Particular cases
   Manufacturer of knock-off versions of high-quality fragrances acted in bad faith with intent to capitalize on the reputation and goodwill of producers and distributors of high-quality fragrances that were subject of protected trade dresses and marks including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!”, as would support a finding of likelihood of consumer confusion with respect to Lanham Act infringement claims and as needed to support a claim of unfair competition.

Cases that cite this headnote
under New York law, where remarkable similarities existed between the fragrances' trade dresses and names, and manufacturer adopted its business model shortly after a company that previously employed its various employees entered into a consent judgment with various high-quality fragrance producers against selling prohibited products. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

[28] Trademarks
Knowledge, intent, and motive; bad faith
An alleged infringer's intent to copy a trademark owner's product creates a presumption of an intent to deceive, as would support a finding of bad faith as a factor for determining the likelihood of consumer confusion, unless there is evidence to the contrary. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[29] Trademarks
Of another's product; nominative and comparative use
"Nominative fair use" involves an alleged infringer using the mark at issue as a mark to specifically invoke the mark-holder's mark, rather than using it other than as a mark, to describe the alleged infringer's goods or services. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[30] Trademarks
Of one's own product; fair use
"Descriptive fair use" involves the principle that the public's right to use language and imagery for descriptive purposes is not defeated by the claims of a trademark owner to exclusivity. Lanham Trade-Mark Act § 32, 15 U.S.C.A. § 1114(a).

Cases that cite this headnote

[31] Trademarks
Of another's product; nominative and comparative use
Doctrine of nominative fair use did not apply to allow the use of protected house and product marks for high-quality fragrances, including "CALVIN KLEIN," "OBSESSION," "ETERNITY," "VERA WANG," "LADY GAGA," and "JOOP!", by manufacturer of knock-off versions of those fragrances, where manufacturer sought to mirror the high-quality fragrances in nearly every possible way including choice of name, manufacturer prominently included the protected marks on its packaging, albeit under words to the effect of "Our Version Of" in comparatively smaller text, and manufacturer hid its own brand name on the top of the box where consumers were unlikely to see it. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a), 1125(c).

Cases that cite this headnote

[32] Trademarks
Reduction of Mark's Capacity to Identify; Blurring
"Dilution by blurring" refers to the gradual diminishment of a famous mark's acquired ability to clearly and unmistakably distinguish one source through unauthorized use. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c); N.Y. General Business Law § 360-l.

Cases that cite this headnote

[33] Trademarks
Marks protected; strength or fame
Only a famous mark, which is one that is widely recognized by the national consuming public as a designation of source, is afforded protection against dilution by blurring under the Lanham Act. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c).
Reduction of Mark's Capacity to Identify; Blurring

Under the Lanham Act, after a showing of fame is made, a plaintiff must then show the following to succeed on a trademark dilution-by-blurring claim: (1) that the defendant has been using the allegedly diluting designs in commerce; (2) that the defendant's use of those designs began after each of the plaintiff's marks became famous; and (3) the defendant's use is likely to cause dilution of the authentic plaintiff's mark by blurring. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c).

Cases that cite this headnote

Trademarks

Marks protected; strength or fame

Proof of trademark dilution by blurring under New York law is similar to the proof required under the Lanham Act, but does not require proof that the plaintiff's mark is famous, only that it is truly distinctive or has acquired secondary meaning and that there is a likelihood of dilution. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c); N.Y. General Business Law § 360-l.

Trademarks

The factors to assess whether dilution by blurring of a trademark is likely to occur under New York law are only guideposts as the ultimate question under New York law is whether there is a likelihood that the capacity of the senior owner's mark to serve as a unique identifier will be diminished. N.Y. General Business Law § 360-l.

Particular cases

Manufacturer of knock-off versions of high-quality fragrances diluted by blurring the marks of high-quality fragrances, including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!”, under both the Lanham Act and New York law; manufacturer engaged in substantial use of the marks.
manufacturer's products had no association with the high-quality fragrances, consumers were likely to be confused by the knock-off fragrances, and manufacturer's own mark was obscure as the brand had no recognition and conducted no marketing. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c); N.Y. General Business Law § 360-l.

Cases that cite this headnote

[40] Trademarks
Creation of Unfavorable Associations; Tarnishment
A claim of “dilution by tarnishment” arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c).

1 Cases that cite this headnote

[41] Trademarks
Creation of Unfavorable Associations; Tarnishment
The sine qua non of dilution by tarnishment is a finding that plaintiff's trademark will suffer negative associations through defendant's use. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c).

1 Cases that cite this headnote

[42] Trademarks
Particular cases
Manufacturer of knock-off versions of high-quality fragrances diluted by tarnishing the marks of high-quality fragrances, including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!”; manufacturer used inferior oils, employed cheaper packaging components, lacked any quality assurance program, and produced fragrances with potentially harmful ingredients, thus linking the high-quality fragrances to ones of shoddy quality. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(c).

Cases that cite this headnote

[43] Antitrust and Trade Regulation
Advertising, Marketing, and Promotion
To establish a false advertising claim under of the Lanham Act, a plaintiff must prove five elements: (1) the defendant has made a false or misleading statement; (2) the false or misleading statement has actually deceived or has the capacity to deceive a substantial portion of the intended audience; (3) the deception is material in that it is likely to influence purchasing decisions; (4) there is a likelihood of injury to the plaintiff, such as declining sales or loss of goodwill; and (5) the goods traveled in interstate commerce. Lanham Trade-Mark Act § 43(a), 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[44] Antitrust and Trade Regulation
Advertising, Marketing, and Promotion
A false advertising claim under the Lanham Act may be based on either of two theories: (1) that the advertising is literally false as a factual matter; or (2) although the advertisement is literally true, it is likely to deceive or confuse customers. Lanham Trade-Mark Act § 43(a), 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[45] Antitrust and Trade Regulation
Grounds, Subjects, and Scope of Relief
In false advertising cases of literal falsity under the Lanham Act, the court may enjoin the use of the claim without reference to the advertisement's impact on the buying public. Lanham Trade-Mark Act § 43(a), 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[46] Antitrust and Trade Regulation
Advertising, Marketing, and Promotion

Antitrust and Trade Regulation

Weight and sufficiency

In false advertising cases under Lanham Act, where the statement at issue is not literally false, a plaintiff must demonstrate, by extrinsic evidence, that the challenged commercials tend to mislead or confuse consumers, and must demonstrate that a statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement. Lanham Trade-Mark Act § 43(a), 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[47] Antitrust and Trade Regulation

Labeling and packaging

Manufacturer of knock-off versions of high-quality fragrances engaged in false advertising under Lanham Act by including the phrase “Our Version Of” on its product packaging that was very similar to packaging for the high-quality fragrances; the phrase was likely to deceive or confuse customers in that it implied that the products were similar, if not equivalent, a consumer survey revealed that 20% of respondents believed the phrase communicated that the knock-off fragrances were substantially equivalent to the high-quality fragrances with respect to formula and longevity of scent, the phrase likely influenced customers’ purchasing decisions, and the goods at issue traveled in interstate commerce. Lanham Trade-Mark Act § 43(a), 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[48] Trademarks

Infringement

Once a plaintiff has established liability in a trademark infringement case, courts consider four factors in determining whether injunctive relief is warranted: (1) the likelihood that the plaintiff will suffer irreparable harm in the absence of an injunction; (2) whether remedies at law, such as monetary damages, are adequate to compensate the plaintiff for that harm; (3) whether the balance of hardships tips in the plaintiff’s favor; and (4) whether the public interest would be served by the issuance of an injunction. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

[49] Trademarks

Infringement

Irreparable harm that would support the grant of a permanent injunction in a trademark infringement case is established if there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a).

Cases that cite this headnote

[50] Injunction

Specificity, vagueness, overbreadth, and narrowly-tailored relief

Injunctive relief must be narrowly tailored to fit specific legal violations.

Cases that cite this headnote

[51] Trademarks

Grounds and Subjects of Relief

Trademarks

Trade dress

Producers and distributors of high-quality fragrances that had protected marks, including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!” and protected trade dresses were entitled to a permanent injunction barring manufacturer of knock-off versions of fragrances and its principals from resuming their infringing activities in the future; money alone could not have made up the losses of reputation.
and goodwill and resulting losses of customers incurred by producers and distributors, which had spent millions of dollars marketing and selling their many iconic fragrances for decades, and though manufacturer had already ceased operations, manufacturer could have simply resumed operations and had shown such tendencies in the past. Lanham Trade-Mark Act §§ 32, 43, 15 U.S.C.A. §§ 1114(a), 1125(a, c).

Cases that cite this headnote

[52] Injunction

Aiding, abetting, or encouraging

In order for a nonparty to be bound as part of an injunction, that entity must either aid and abet the defendant or be legally identified with it. Fed. R. Civ. P. 65(d)(2).

Cases that cite this headnote

[53] Equity

He Who Comes into Equity Must Come with Clean Hands

Trademarks

Profits; Accounting

To ascertain whether on the whole, the equities weigh in favor of an accounting of defendant's profits in a Lanham Act case, courts consider: (1) the degree of certainty that the defendant benefited from the unlawful conduct; (2) availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the infringement; (4) plaintiff's laches; and (5) plaintiff's unclean hands. Lanham Trade-Mark Act § 35, 15 U.S.C.A. § 1117(a).

Cases that cite this headnote

[54] Trademarks

Measure and Amount

Plaintiffs that produced and distributed high-quality fragrances were entitled to recover defendant's profits from sales of its knock-off fragrances, representing $6,573,840.43, plus an additional amount to be determined through an accounting, for trade dress and trademark infringement in violation of Lanham Act, where defendant's very business model depended on creating customer confusion and capitalizing on plaintiffs' goodwill, and defendant did not present reliable proof of costs and deductions. Lanham Trade-Mark Act §§ 32, 35, 43, 15 U.S.C.A. §§ 1114(a), 1117(a), 1125(a).

Cases that cite this headnote

[55] Trademarks

Counterfeiting

Enhanced damages; double or treble damages

The essence of counterfeiting under Lanham Act, subjecting the use of an infringing mark to treble damages, is that the use of the infringing mark seeks to trick the consumer into believing he or she is getting the genuine article, rather than a colorable imitation. Lanham Trade-Mark Act §§ 35, 45, 15 U.S.C.A. §§ 1117(b), 1127.

Cases that cite this headnote

[56] Trademarks

Counterfeiting

Enhanced damages; double or treble damages

In determining whether a mark is a counterfeit subject to treble damages under Lanham Act, a court must not view the marks in the abstract; rather, the alleged counterfeit mark must be compared with the registered mark as it appears on actual merchandise to an average purchaser. Lanham Trade-Mark Act §§ 35, 45, 15 U.S.C.A. §§ 1117(b), 1127.

Cases that cite this headnote

[57] Trademarks

Counterfeiting

Trademarks
Manufacturers' infringing knock-off versions of high-quality fragrances that had protected trade dresses and marks including “CALVIN KLEIN,” “OBSESSION,” “ETERNITY,” “VERA WANG,” “LADY GAGA,” and “JOOP!” did not rise to the level of counterfeits under Lanham Act, and therefore treble damages were not available; despite similarities between the products, none of manufacturer's products used the exact same name as those of the high-quality fragrances, and did not possess the same or a substantially indistinguishable combination of colors, designs, and shapes, and manufacturer's products contained disclaimers. Lanham Trade-Mark Act §§ 35, 45, 15 U.S.C.A. §§ 1117(b), 1127.

The decision whether to award attorney's fees to the prevailing party in an infringement action under Lanham Act rests within the broad discretion of the district judge. Lanham Trade-Mark Act § 35, 15 U.S.C.A. § 1117(a).
[65] **Trademarks**
   - Alphabetical listing
   - ETERNITY (Stylized)
   - Cases that cite this headnote

[73] **Trademarks**
   - Alphabetical listing
   - EUPHORIA
   - Cases that cite this headnote

[66] **Trademarks**
   - Alphabetical listing
   - ETERNITY Bottle Design
   - Cases that cite this headnote

[74] **Trademarks**
   - Alphabetical listing
   - IN2U
   - Cases that cite this headnote

[67] **Trademarks**
   - Alphabetical listing
   - CK ONE (Stylized)
   - Cases that cite this headnote

[75] **Trademarks**
   - Alphabetical listing
   - VERA WANG
   - Cases that cite this headnote

[68] **Trademarks**
   - Alphabetical listing
   - CK ONE CALVIN KLEIN & Design
   - Cases that cite this headnote

[76] **Trademarks**
   - Alphabetical listing
   - VERA WANG & Design
   - Cases that cite this headnote

[69] **Trademarks**
   - Alphabetical listing
   - CK (Stylized)
   - Cases that cite this headnote

[77] **Trademarks**
   - Alphabetical listing
   - VERA WANG PRINCESS
   - Cases that cite this headnote

[70] **Trademarks**
   - Alphabetical listing
   - CK FREE (Stylized)
   - Cases that cite this headnote

[78] **Trademarks**
   - Alphabetical listing
   - LADY GAGA
   - Cases that cite this headnote

[71] **Trademarks**
   - Alphabetical listing
   - CK ONE
   - Cases that cite this headnote

[79] **Trademarks**
   - Alphabetical listing
   - CK ONE SHOCK
   - Cases that cite this headnote

[72] **Trademarks**
   - Alphabetical listing
   - EUPHORIA BLOSSOM

[80] **Trademarks**
Imitation may well be the sincerest form of flattery, but if taken too far it can also be costly. Plaintiffs in this case—Coty, Inc., Coty B.V., Calvin Klein Trademark Trust, Calvin Klein, Inc., Calvin Klein Cosmetic Corporation, Vera Wang Licensing LLC, V.E.W., Ltd., and Ate My Heart Inc. (collectively, “Coty”)—are the producers or distributors of high-quality fragrances associated with well-known brands, including Calvin Klein, Vera Wang, and Lady Gaga. Defendant, Excell Brands, LLC (“Excell”), seeking to capitalize on the success of Coty's well-known fragrances, produced cheap “versions” of Coty's fragrances, with similar names (for example, “Possession” for “Obsession”) and nearly identical packaging. Compounding matters, Excell prominently included on its packaging Coty's own marks, albeit under words to the effect of “Our Version Of” in comparatively smaller text.

Embittered rather than flattered, Coty brought various intellectual property claims—for trademark infringement and unfair competition, trademark dilution, and false advertising, under federal and New York law—against Excell. In March 2017, the Court held a three-day bench trial on Coty's claims and Excell's defenses, after which the parties submitted additional post-trial materials. In this Opinion and Order, the Court provides its findings of fact and conclusions of law. At bottom, the Court concludes that Excell's imitation crossed the line from flattery to infringement, dilution, unfair competition, and false advertising—but did not cross the line far enough to constitute counterfeiting within the meaning of federal law. Further, the Court finds that Coty is entitled to both injunctive relief and monetary relief—but not to enhanced monetary relief. Finally, the Court concludes that the case is not an “exceptional” one warranting attorney's fees and prejudgment interest.

FINDINGS OF FACT

Based on the evidence and testimony presented at trial, the Court makes the following findings of fact by way of background. The Court includes additional factual findings in the context of the legal analysis below.

A. Coty's Fragrances
Coty manufactures, distributes, and markets high-end fragrances and other beauty products. (Pls.' Ex. 252 (“Tuil–Torres Direct”) ¶¶ 7, 10; Pls.' Ex. 82). To the extent relevant here, Coty is either the owner or the exclusive licensee of a fragrance portfolio that includes the Calvin Klein, Vera Wang, Lady Gaga, and Joop! fragrance brands. (Docket No. 91 (“Stipulated Facts”) ¶¶ 6, 8–10; Pls.' Ex. 253 (“Conklin Direct”) ¶¶ 2, 11). In total, there are twenty-one specific fragrances at issue in this case, each of which is branded with a house mark (such as Calvin Klein, Vera Wang, Lady Gaga, and Joop!), as well as a product mark (such as ETERNITY, Lovestruck, and FAME) that distinguishes the fragrances sold under a particular house mark. (Conklin Direct ¶ 11).  

In addition to the house and product marks, each of Coty's fragrances can be identified by its packaging features, or trade dress, which also serves to identify the source of the product. Collectively, the house mark, product mark, and trade dress indisputably serve as source identifiers for Coty's products.

Coty has invested—and continues to invest—a significant amount of time and money creating, branding, launching, and marketing each of the fragrances in its portfolio. (See Pls.' Ex. 251 (“Singer Direct”) ¶¶ 4–29 (detailing the lengthy process for developing and launching a fragrance and its packaging)). For example, developing a fragrance's "juice"—the scented liquid applied to the skin—is a laborious process that involves sourcing the proper essential oils from fragrance houses and extensive laboratory testing. (Id. ¶¶ 15–16). In addition, development of a fragrance's packaging can be a multi-year process, as Coty tries to create new designs that will differentiate its fragrances from those of its competitors. (Id. ¶ 11). Once the fragrance and packaging are produced, Coty also engages in significant and expensive marketing and advertising campaigns for each of its fragrances. (Id. ¶¶ 18–24). For example, between 2002 and 2015, Coty spent over $658 million advertising and promoting its Calvin Klein fragrances, over $114 million advertising and promoting its Vera Wang fragrances, over $14 million advertising and promoting its Lady Gaga fragrances, and over $13 million advertising and promoting its Joop! fragrances. (Pls.' Ex. 78).

As a result of these efforts, Coty's fragrances are some of the most popular and recognizable in the fragrance market. Between 2002 and 2015, Coty's net sales for its Calvin Klein fragrances totaled over $2.2 billion, for its Vera Wang products over $296 million, for its Lady Gaga products over $28 million, and for its Joop! line over $188 million. (Pls.' Ex. 78). Coty's products have also received significant media attention. (See, e.g., Pls.' Exs. 100–5 through 100–9, 122, 138–3). Some of Coty's products are so successful that the company has produced "flankers" for the products—that is, new fragrances that share certain characteristics and branding with the original fragrance. (Singer Direct ¶¶ 30–32). For example, Coty has produced flankers for several of Calvin Klein's pillar fragrances: Dark Obsession (flanking Obsession), Eternity Aqua (flanking Eternity), CK One Shock (flanking CK One), and CK Free Blue (flanking CK Free). (Id.).

B. Excell's Fragrances

Excell's business model is, to put it mildly, a bit different. Until December 2016, Excell concededly manufactured and distributed knockoff fragrances. To the extent relevant here, one of its collections—designated the “Diamond Collection”—offered "versions" of Calvin Klein, Vera Wang, Lady Gaga, and Joop! fragrances. (Stipulated Facts ¶ 33). Excell did not receive authorization from Coty to sell any of its fragrances, and it has not paid Coty any royalties or other payments in connection with its sale of those fragrances. (Id. ¶¶ 29–30).

Excell explained the process by which it decided which branded fragrances to mimic for its Diamond Collection as follows: “First, it [sought] original fragrances with a high retail price to create a differential between the retail prices of its alternative fragrance and the original product. Second, it [sought] a product that [would] be understood by its customer base of ‘lower income, sometimes ethnic customers.’” (Id. ¶ 38). After selecting a fragrance to emulate, Excell then chose a product name for its alternative fragrance that would evoke the name of the original fragrance. (Ferullo Dep. 107 (“We choose names that are similar but different obviously from the original, we want to have the customer understand what they are buying.”)). In creating the juice for its alternative fragrances, Excell did not make any meaningful effort to replicate the scent of Coty's products. Instead, using only their own noses and reviews of the original fragrances, Excell employees made broad recommendations to the company's supplier in India, which then manufactured the alternative fragrances and packaging. (Ferullo Dep. 228 (“If an item is citrusy or if it is sweet we want the version of to be citrusy or sweet.”)). Excell often sent
its suppliers the original fragrance (or a picture of the fragrance) it sought to emulate along with instructions on how to emulate it. (Ferullo Dep. 33–36; Pls.' Exs. 190, 198). Before a fragrance went into production, however, Excell typically reviewed, revised, and approved the bottle, box, and juice. (Ferullo Dep. 130–31, 134). Indeed, the company frequently made changes to the products so that the packaging of its knockoffs would more closely resemble Coty's original branded fragrances. (See, e.g., Pls.' Exs. 190, 194; Stipulated Facts ¶ 28). Notwithstanding its involvement in the process, however, Excell had no first-hand knowledge of the chemical composition or ingredients of its products; nor did it have any meaningful quality assurance program. (Docket No. 65 at 6–7, 10; Ferullo *437 Dep. 181 (“The salespeople will decide whether or not the product matches the design that we had discussed, if the box has a nice appearance to it, if the bottle looks great, if the juice smells good. That is it really.”)).

Appendix A depicts the packaging of each Diamond Collection fragrance at issue in this case alongside the packaging of the Coty fragrance Excell sought to emulate. Significantly, on the front of each of its Diamond Collection fragrance boxes, Excell included a legend stating that the fragrance was “Our Version Of” the relevant Coty product. (Stipulated Facts ¶ 20). For example, Excell's Serenity fragrance had the following legend on its front: (Pl.'s Ex. 56). Relatedly, on the back of each Excell box appeared the words “Not Associated With The Makers Of,” followed by reference to the relevant Coty product. (Stipulated Facts ¶ 39). Again, by way of example, the following is a picture of the text from the Serenity fragrance packaging:

![Serenity Packaging](https://example.com/serenity-packaging.jpg)

(Pl.'s Ex. 56). Significantly, in both legends, Excell replicated Coty's relevant house and product marks. Moreover, Coty's marks were depicted more prominently *438 than the other text. On the top of each box, in comparatively smaller lettering, Excell included its own brand name: Diamond Collection Luxurious Fragrances. (See id.).

As a general matter, Excell did not advertise or market its products directly to consumers. (See Pls.' Ex. 174). Instead, the company sold its Diamond Collection products primarily to traditional retailers and discount chains, such as Kmart, Dollar General, and Ross Stores. (Conklin Direct ¶¶ 25, 28). Its products can also be purchased through online marketplaces, including Amazon and eBay. (Id. ¶ 26).

C. Excell's Current Status

In 2015, several of Excell's principals and employees were indicted in the United States District Court for the District of New Jersey with money laundering and other offenses. (See Pls.' Ex. 171 (“Criminal Complaint”)). The gravamen of the charges is that the defendants laundered money through Excell for the benefit of certain Latin American drug cartels. (Bronsnick Dep. Resp. 73; Criminal Complaint). One former Excell employee, Wayne Bronsnick, pleaded guilty. (Bronsnick Dep. Resp.
As of the trial in this matter, charges remained pending against, among others, Excell's President, Wayne Hamerling, and its Wholesale Sales Manager, Luis Rodriguez. (See Criminal Complaint). Not surprisingly, therefore, all three invoked their privilege against self-incrimination in these proceedings and refused to answer any substantive questions, either during discovery or at trial. (See, e.g., Bronsnick Dep. Resp. 37, 43; Rodriguez Dep. 29–53; Hamerling Dep. 40–45).

In part because of these criminal charges, Excell shut down its business operations and ceased selling its fragrances in December 2016. (Tr. 383–84 (testimony of Andrew Pfau that, “[s]ince early December [Excell] has ... no inventory, has not sold anything, has not conducted any business other than winding down operations”); Tr. 391 (Pfau acknowledging that the criminal charges influenced the decision to shut down the company)). It is allegedly now in the process of “winding down operations,” although it has not yet fully dissolved. (Id. at 383–84). Notably, the company's decision to cease its business operations was entirely unrelated to the instant lawsuit. (Id. at 384–85 (testimony of Pfau that “[the lawsuit] really didn't have any [impact on the decision to cease operations]. It would have happened regardless.”)).

CONCLUSIONS OF LAW

Coty presses three categories of claims against Excell. First, Coty brings trademark infringement claims under both federal and New York law. (Docket No. 92 (“Pls.’ Mem.”) 3–17). Second, Coty alleges that Excell's use of its marks constitutes trademark dilution under both federal and New York law. (Id. at 17–20). And third, Coty contends that Excell's use of the “Our Version Of” Legend on its fragrance packaging gives rise to a false advertising claim under federal and New York law. (Id. 20–23). 2 Excell, for its part, invokes the doctrine of nominative fair use, and claims the affirmative defense of laches. (Docket No. 98 (“Def.’s Mem.”) 14, 36). Because the latter is Defendant's sole affirmative defense, the Court pauses briefly to address it first. The Court then turns to Coty's claims, followed by a discussion of remedies.

439 A. Excell's Laches Defense

The basic elements of laches are well established: “(1) the plaintiff knew of the defendant's misconduct; (2) the plaintiff inexcusably delayed in taking action; and (3) the defendant was prejudiced by the delay.” Ikellionwu v. United States, 150 F.3d 233, 237 (2d Cir. 1998). Applying those elements here, Excell's laches argument fails for three reasons. First, “it is well established that laches is not a defense against injunctive relief when the defendant intended the infringement.” Hermes Int'l v. Lederer de Paris Fifth Ave., Inc., 219 F.3d 104, 107 (2d Cir. 2000) (internal quotation marks omitted); Victorinox AG v. B & F Sys., Inc., 114 F.Supp.3d 132, 136 (S.D.N.Y. 2015) (“[A] laches defense is not available to a defendant who intentionally traded off the plaintiff's name and protected products.” (internal quotation marks omitted)). This “good-faith component of the laches doctrine is part of the fundamental principle that he who comes into equity must come with clean hands.” Hermes, 219 F.3d at 107 (internal quotation marks omitted). As discussed in more depth below, the Court finds that Excell acted in bad faith and set out to intentionally infringe Coty's source identifiers. (See Section B.2.e). It follows that laches is not available to Excell as a defense.

[4] [5] Second, and in any event, the Court finds that Coty did not unreasonably delay in seeking to enforce its rights, as required for the laches defense. Significantly, Coty's lawsuit was initiated on September 4, 2015, well within the applicable six-year statute of limitations. (See Docket No. 1 (“Complaint”); Def.'s Mem. 4 (noting that Excell was founded in April 2010)). Thus, “there is no presumption of laches and the burden remains on the defendant to prove the defense.” Conopco, Inc. v. Campbell Soup Co., 95 F.3d 187, 191 (2d Cir. 1996); see also Gross v. Bare Escentuals Beauty, Inc., 641 F.Supp.2d 175, 196 (S.D.N.Y. 2008) (“Since there is no statute of limitation in the Lanham Act, courts apply the analogous statute of limitations from the forum state... New York's analogous state statute is the six-year statute of limitations for fraud.” (citation omitted)); cf. SCA Hygiene Prod. Aktiebolag v. First Quality Baby Prod., LLC, — U.S. ——, 137 S.Ct. 954, 959, 197 L.Ed.2d 292 (2017) (“Laches ... cannot be invoked to bar legal relief in the face of a statute of limitations enacted by Congress.” (internal quotation marks and brackets omitted)). Moreover, Coty had “no obligation to sue until the likelihood of confusion loom[ed] large and [its] right to protection [had] clearly ripened.” ProFitness Physical Therapy Ctr. v. Pro–Fit Orthopedic & Sports Physical Therapy P.C., 314 F.3d 62, 68 (2d Cir. 2002) (internal quotation marks omitted).
Here, Coty demonstrated that Excell's sales were relatively insignificant during its first few years of operation and that Excell's marketing efforts to its retailers were less focused on the Coty knockoffs during that time. (Pls.' Exs. 244). Put another way, Coty was not aware of the full scope of Excell's allegedly infringing conduct until later (and then reasonably delayed bringing suit in part to see how a related lawsuit, Polizzi v. Excel Brands LLC, 13–CV–6146 (S.D.N.Y.), proceeded. (Conklin Direct ¶ 39). Accordingly, the Court finds that Coty did not unreasonably delay bringing suit.

Finally, even if Excell could show unreasonable delay, it failed to produce evidence of prejudice. Prejudice “may be found where the junior user took affirmative steps to increase its use of the mark during and in reliance on the senior user's period of delay, and that unwinding those actions would require it to reorganize its business or reeducate the public as to its product if restrained from using the mark.” Gucci Am., Inc. v. Guess?, Inc., 868 F.Supp.2d 207, 244 (S.D.N.Y. 2012) (internal quotation marks omitted); see also Conopco, 95 F.3d at 192 (noting prejudice may be found “when a defendant has changed his position in a way that would not have occurred if the plaintiff had not delayed” (internal quotation marks omitted)). In this case, Excell did not “change its position” in any manner due to Coty's lawsuit. Indeed, by its own admission, the filing of the lawsuit had no effect on its operations. Excell continued to sell its knockoffs long after Plaintiffs filed suit. (Ferullo Dep. 79–80). And while it did cease producing the products at issue in December 2016, and is now in the processing of “winding down,” those developments were due to the criminal charges in New Jersey and the breakdown of negotiations to be acquired by a third party; as Excell conceded, this lawsuit had nothing to do with them. (See Docket No. 81; Tr. 384–85 (testimony of Pfau noting that Coty's lawsuit had no effect on Excell's decision to shut down its operations)). Put simply, any conceivable prejudice was mooted when Excell decided, for reasons unrelated to this case, to cease its operations and stop using its brands.

B. Trademark Infringement and Unfair Competition

The Court turns, then, to Coty's trademark infringement claims under Sections 32(1) and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114(a), 1125(a), and its unfair competition claim under New York law. Section 32(1) of the Lanham Act prohibits the “use in commerce ... of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1)(a). Section 43(a) prohibits the “use[] in commerce [of] any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ... is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1)(a). In this case, Coty alleges that Excell violated these provisions and the New York law of unfair competition by misappropriating, for each fragrance involved, Coty's (1) house mark (e.g., Calvin Klein); (2) its product mark (e.g., OBSESSION); and (3) its trade dress, which “encompasses the design and appearance of the product together with all the elements making up the overall image that serves to identify the product presented to the consumer.” Fun–Damental Too, Ltd. v. Gemmy Indus. Corp., 111 F.3d 993, 999 (2d Cir. 1997). (Docket No. 105 (“Pls.' Resp. Mem.”) 1).

Courts analyze claims under Sections 32(1) and 43(a) of the Lanham Act by applying a “familiar two-prong test.” Gucci, 868 F.Supp.2d at 237 (internal quotation marks omitted). Courts use the same standards to evaluate unfair competition claims under New York law, except that a plaintiff must prove “bad faith” in order to prevail under New York common law. See, e.g., U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc., 800 F.Supp.2d 515, 538 (S.D.N.Y. 2011); Twentieth Century Fox Film Corp. v. Marvel Enters., Inc., 155 F.Supp.2d 1, 25 (S.D.N.Y. 2001). The first prong of the test asks “whether the plaintiff's mark is entitled to protection.” Gucci, 868 F.Supp.2d at 237 (internal quotation marks omitted). A mark is entitled to protection if it is either inherently distinctive or has acquired distinctiveness through secondary meaning. See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992). In the case of trade dress, the plaintiff must also demonstrate that the trade dress at issue is nonfunctional. See Fun–Damental, 111 F.3d at 999. Under the Lanham Act, an incontestable registration—defined as a mark that “has been in continuous use for five consecutive years” after the date of registration and is still being “use[d]
in commerce”—is conclusive evidence of a plaintiff’s exclusive right to use the specific mark or trade dress, unless the defendant can establish one of the statute’s affirmative defenses (none of which, in light of the Court’s decision above regarding laches, is relevant here). 15 U.S.C. § 1065; see id. § 1115(b). Meanwhile, registrations that are not incontestable are still “prima facie evidence of the validity of the registered mark and ... of the registrant’s exclusive right to use the registered mark,” subject to defenses also not relevant here. Id. § 1115(a).

Absent federal registration, courts must assess where a particular mark or trade dress falls on Judge Friendly’s ascending spectrum of distinctiveness: generic, descriptive, suggestive, or arbitrary or fanciful. See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976); accord Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986). Suggestive and arbitrary or fanciful marks are considered inherently distinctive and protected, but a descriptive mark will “be protected only if it has acquired secondary meaning.” Gruner + Jahr USA Publ’g v. Meredith Corp., 991 F.2d 1072, 1076 (2d Cir. 1993). Secondary meaning attaches to a mark when “the consuming public primarily associates the term with a particular source.” Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1040 (2d Cir. 1992). In analyzing secondary meaning, courts generally consider six factors: “(1) the senior user's advertising and promotional expenses; (2) consumer studies linking the name to the source; (3) the senior user's sales success; (4) third-party uses and attempts to plagiarize the mark; (5) length and exclusivity of the mark's use; and (6) unsolicited media coverage of the products at issue.” Mobileye, Inc. v. Picitup Corp., 928 F.Supp.2d 759, 779 (S.D.N.Y. 2013) (internal quotation marks omitted).

The second prong of the infringement test asks whether the defendant’s “use of the mark is likely to cause consumer confusion as to the origin or sponsorship of the defendant's goods.” Gucci, 868 F.Supp.2d at 237 (internal quotation marks omitted). Indeed, “[t]he crucial issue in an action for trademark infringement is whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.” Savin Corp. v. Savin Grp., 391 F.3d 439, 456 (2d Cir. 2004) (internal quotation marks and alterations omitted). Significantly, in addition to confusion arising at the point of sale, courts recognize, and Coty alleges, two other types of confusion: initial-interest and post-sale confusion. The former occurs when “potential consumers initially are attracted to the junior user's mark by virtue of its similarity to the senior user's mark, even though these consumers are not actually confused at the time of purchase.” Jordache Enters., Inc. v. Levi Strauss & Co., 841 F.Supp. 506, 514–15 (S.D.N.Y. 1993). That is, initial-interest confusion “creates initial customer interest, even if no final sale is completed as a result.” *442 Clinique Labs., Inc. v. Dep Corp., 945 F.Supp. 547, 551 (S.D.N.Y. 1996); accord Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987); see also, e.g., Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 365 F.Supp. 707, 717 (S.D.N.Y. 1975) (finding the value of Steinway’s trademark to be harmed where potential purchasers of Steinway pianos were initially interested in Grotrian–Steinweg pianos because of the name), aff’d 523 F.2d 1331, 1342 (2d Cir. 1975). By contrast, post-sale confusion occurs (as its name suggests) after a sale is completed. See, e.g., Clinique, 945 F.Supp. at 551. Post-sale confusion may be present “when a manufacturer of knockoff goods offers consumers a cheap knockoff copy of the original manufacturer's more expensive product, thus allowing a buyer to acquire the prestige of owning what appears to be the more expensive product.” Hermes, 219 F.3d at 108.

To determine whether there is a likelihood of confusion, courts in this Circuit have long applied the eight-factor balancing test first articulated by Judge Friendly in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961). The eight so-called Polaroid factors are: (1) the strength of the trademark; (2) the similarity of the marks; (3) the proximity of the products and their competitiveness with one another; (4) evidence that the senior user may “bridge the gap” by developing a product for sale in the market of the alleged infringer's product; (5) evidence of actual consumer confusion; (6) evidence that the imitative mark was adopted in bad faith; (7) the respective quality of the products; and (8) the sophistication (or lack thereof) of consumers in the relevant market. See Star Indus., Inc. v. Bacardi & Co. Ltd., 412 F.3d 373, 384 (2d Cir. 2005). Application of the Polaroid test is “not mechanical, but rather, focuses on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused.” Id.

1. Protection of Coty’s Source Identifiers
As an initial matter, Coty's source identifiers are plainly entitled to protection under the first prong of the infringement test. Notably, Excell concedes that—with one exception—all of “Plaintiff's marks are distinctive.” (Def.'s Mem. 29). The one exception is the mark HOMME, a fragrance produced by Joop!, which, Excell argues, “means” men in French “and is descriptive.” (Def.'s Mem. 6). But Coty does not allege infringement of the HOMME mark on its own; instead, it alleges impermissible use of the HOMME mark in conjunction with the house mark Joop! and the cologne's trade dress. Regardless, Excell's descriptiveness argument falls short. The Second Circuit has explained that “[a] term is suggestive”—and thus inherently distinctive—if it requires imagination, thought and perception to reach a conclusion as to the nature of goods.” Bernard v. Commerce Drug Co., 964 F.2d 1338, 1341 (2d Cir. 1992) (internal quotation marks omitted). By contrast, “[a] term is descriptive”—and thus not inherently distinctive—if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.” Id. (internal quotation marks omitted) The fact that HOMME is French for “man” may or may not be known to the general consumer encountering the cologne, but either way it does not convey an immediate idea of the ingredients, qualities or characteristics of the fragrance at issue. Id. Instead, it “requires imagination, thought and perception to reach [the] conclusion” that HOMME is not just a cologne, but a cologne targeting men. French Transit, Ltd. v. Modern Coupon Sys., Inc., 818 F.Supp. 635, 637 (S.D.N.Y. 1993) (finding suggestiveness when “there is no evidence in the record [443] that the term ‘LE CRYSTAL NATUREL’ conveys the character or quality of plaintiff's product to persons who have never seen the product and who do not know what it is. We believe that the average consumer who has never heard of plaintiff's product would have to use his or her imagination to determine that LE CRYSTAL NATUREL is a body deodorant.”). The Court therefore concludes that all of Coty's marks qualify for trademark protection.

Even without Excell's concession as to the marks, Coty has established the distinctiveness of both the marks and trade dresses it seeks to protect in this case. Coty is seeking to enforce its exclusive rights in twenty-eight registered trademarks and trade dresses, twenty-one of which are the subject of incontestable registrations. Meanwhile, Coty's seven registered trademarks that are not incontestable are presumed to be distinctive and, given that Excell does not present any evidence to rebut the presumption, are protected. See, e.g., Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986) (“[R]egistered trademarks are presumed to be distinctive and should be afforded the utmost protection.”). In addition to these twenty-eight registered trademarks, Coty seeks to enforce its rights in two unregistered marks and thirteen unregistered trade dresses. (Pls.' Mem. 5; Pls.' Ex. 1). The two unregistered marks—LADY GAGA and LADY GAGA FAME—are descriptive marks that have plainly achieved secondary meaning as they function as distinctive source identifiers for the eponymous entertainer Lady Gaga and her fragrance line. That secondary meaning has attached to the Lady Gaga marks is not—and cannot be—disputed. (Def.'s Mem. 6; see also Tr. 83 (testimony of Robert Campbell, manager for Lady Gaga, describing her fame)).

Finally, contrary to Excell's assertions, Coty's thirteen unregistered trade dresses also satisfy the first prong of the infringement test. Courts assess a product’s “trade dress distinctiveness by looking at all its elements and considering the total impression the trade dress gives to the observer.” Fun–Damental, 111 F.3d at 1001. Because “the varieties of labels and packaging available to wholesalers and manufacturers are virtually unlimited ...., a product's trade dress typically will be arbitrary or fanciful and meet the inherently distinctive requirement.” Id. at 1000. Here, Coty's unregistered trade dresses all consist of original, detailed, and specific fragrance packaging combinations, and thus merit trade dress protection. For example, Coty seeks trade dress protection *444 for its Calvin Klein ONE SHOCK fragrance, which combines (1) an opaque black bottle; (2) a black cap; (3) a CK mark displayed in standard Calvin Klein logo lettering in simple typeface on the center portion of both the bottle and the packaging; and (4) the SHOCK name displayed in uppercase letter in neon green graffiti typeface below the CK mark on both the bottle and packaging. (Pls.' Ex. 1, at 5; see Appendix A). Although some individual features of a given fragrance—indeed, of all the fragrances Coty seeks to protect—may be common in the fragrance industry, “the impression given by all of [the features] in combination” is plainly inherently distinctive. Fun–Damental, 111 F.3d at 1001.

In arguing otherwise, Excell contends that Coty's bottles constitute product design trade dress, not product packaging trade dress, and “are only protectable as trade
dress upon a showing of acquired distinctiveness.” (Def.’s Mem. 21). It further argues that Coty is unable to show that the color of its bottles has acquired secondary meaning. (Id.). But, in so arguing, Excell ignores the fact that, while any one “element of a trade dress individually might not be inherently distinctive, it is the combination of elements that should be the focus of the distinctiveness inquiry.” Jeffrey Millstein, Inc. v. Greger, Lawlor, Roth, Inc., 58 F.3d 27, 32 (2d Cir. 1995); cf. Versace v. Versace, No. 01-CV-9645 (PKL) (THK), 2003 WL 22023946, at *9 (S.D.N.Y. Aug. 27, 2003) (“Dissection of the mark into its various components is not appropriate, as it is the impression which the mark as a whole creates on the average reasonably prudent buyer and not the parts thereof which is important.” (internal quotation marks and brackets omitted)). More fundamentally, Excell cites no support for its contention that Coty’s fragrance bottles should be deemed product design. (Def.’s Mem. 21). See Paddington Corp. v. Attiki Imps. & Distls., Inc., 996 F.2d 577, 584 (2d Cir. 1993) (finding the trade dress of an alcoholic beverage bottle inherently distinctive); Clinique, 945 F.Supp. at 559 (finding the trade dress of fragrance packaging inherently distinctive). Instead, Coty’s trade dresses are plainly product packaging in that they refer “to the manner in which [the fragrances are] ‘dressed up’ to go to market with a label, package, display card, and similar packaging elements.” Knitwaves, Inc. v. Lollytags Ltd., 71 F.3d 996, 1005 (2d Cir. 1995).

[18] Finally, even if a showing of secondary meaning were required, Coty presented evidence of secondary meaning in the form of sales success, advertising expenditures, unsolicited media coverage showcasing its marks and trade dresses, consumer studies linking the names to the source, and Excell’s conscious imitation of its marks and trade dress. (See, e.g., Pls.’ Ex. 255 (“Rotter Direct”) ¶ 7 (testifying that Coty’s advertising and promotional expenditures for fiscal years 2006 through 2015 totaled over $658 million and its net sales during that period totaled over $2.2 billion for Calvin Klein and CK fragrances in the United States); Pls.’ Exs. 93–2, 93–7, 93–8, 121 (advertisements showcasing Coty’s trade dresses); Pls.’ Exs. 100–5 through 100–9, 122 (media coverage showcasing *445 various trade dresses); Pls.’ Ex. 85–5 (highlighting consumer studies that underscore Plaintiffs’ brand recognition)). See, e.g., Clinique, 945 F.Supp. at 559 (finding that a skin care product had acquired secondary meaning after concluding that, some, but not all, of these factors were present). Indeed, Excell’s entire business model rests on the distinctiveness of Coty’s trade dress; the only reason Excell mimics Coty’s fragrances is because the latter’s products are distinctively identifiable in the minds of consumers. See N.Y.C. Triathlon, LLC v. NYC Triathlon Club, Inc., 704 F.Supp.2d 305, 330 (S.D.N.Y. 2010) (“[I]ntentional copying is persuasive evidence of secondary meaning.”).

2. Likelihood of Confusion

[19] Thus, the Court turns to whether Excell’s knockoffs are likely to cause consumer confusion under the Polaroid test. Strictly speaking, that analysis calls for consideration of each product and each mark individually. See, e.g., Gucci, 868 F.Supp.2d at 222 (noting that in analyzing infringement allegations, the court “must examine each mark in turn”). For purposes of many of the Polaroid factors, however, there is no meaningful difference among the relevant products and marks. Thus, for the sake of efficiency, the Court addresses the products and marks together where possible, as Excell itself does (see, e.g., Def. Mem. 20–23) and other courts have done in similar circumstances. See, e.g., Gucci, 868 F.Supp.2d at 246 (analyzing the various marks in tandem where the Polaroid factors were “the same with respect to each mark”). Elsewhere, the Court considers Excell’s arguments only with respect to the least infringing of the marks and products at issue, on the theory that if those arguments fall short as to those marks and products, it follows that they fall short as to the more infringing marks and products as well.

a. Strength of Marks and Trade Dresses

The first Polaroid factor—the strength of Coty’s marks and trade dresses—weighs heavily in Plaintiff’s favor, substantially for the reasons discussed above in connection with the question of whether Coty’s marks are entitled to protection. Coty’s undisputed “commercial success” and sizeable “advertising expenditures” only “reinforce[ ] the strength” of its source identifiers. Charles of the Ritz Grp. Ltd. v. Quality King Distribs., Inc., 832 F.2d 1317, 1321 (2d Cir. 1987). In arguing otherwise, Excell asks the Court to consider each of the components of Coty’s fragrances—that is, its house marks, product marks, bottles, and trade dresses—in isolation. (Def.’s Mem. 16–20). For example, Excell cites a nearly twenty-year-old decision, Conopco, Inc. v. Cosmair, Inc., 49 F.Supp.2d 242, 248 (S.D.N.Y. 1999), to contend that Coty’s ETERNITY bottle, while being inherently
distinctive, is a weak mark. (Def.'s Mem. 16–17). But these arguments miss the forest for the trees. The strength of Coty's ETERNITY mark alone may be on the weak end of the spectrum, but Coty claims that Excell not only misappropriated its bottle design, but also its house mark (Calvin Klein), its fragrance mark (ETERNITY), and other components of its trade dress. (Pls.' Ex. 1, at 12). Taken together, these features weigh more heavily in Coty's favor. *446

In the Court's view, Coty has persuasively demonstrated that Excell's fragrances “blatantly cop[y]” its own in a number of ways. *447 Clinique, 945 F.Supp. at 551 (finding similarity when the defendant “manufactured almost identical soap, toners, eye creams, and moisturizers, with only minuscule and insignificant changes in packaging and color”). To list just a few, Excell's products copy, with only slight differences, the names, typefaces, packaging, design, coloring, and bottle shapes of Coty's fragrances. (See Appendix A). To provide one illustrative example: Excell's SERENITY AQUA fragrance features a similar typeface, color, packaging, bottle shape, and, most obviously, name, to Coty's ETERNITY AQUA. (Pls.' Ex. 1, at 13). In addition, for each fragrance at issue here, Excell's packaging includes two exact replicas of Coty's house mark (e.g., Calvin Klein) and product mark (e.g., ETERNITY AQUA) as part of the “Our Version Of” and “Not Associated With” legends. (Id.).

These similarities, which are present (albeit in slightly varying degrees) in each of Excell's fragrances at issue, are more than sufficient to “illustrate a pattern of resemblance” between the parties' products. *448 Bath & Body Works Brand Mgmt., Inc. v. Summit Entm't, LLC, 7 F.Supp.3d 385, 395 (S.D.N.Y. 2014). The Second Circuit's analysis of two competing alcohol brands in *449 Paddington, 996 F.2d at 586, is instructive. In that case, the Court acknowledged differences in the brand name, bottle shape, label design, and cap design between the two brands, but ultimately concluded that the bottles and packaging of the two brands—specifically, their coloration, labels, and typeface—were “sufficiently similar in overall impression to suggest that they are made by the same manufacturer.” Id. Here too, the fragrances’ lettering style, layout, and coloration, taken together, convey the same impression.” Id.; see also, e.g., Clinique, 945 F.Supp. at 560 (“The similarities of the products carry through to similarities in the boxes in which they are packaged.”).

Moreover, the similarities are no mere coincidence; by its own admission, Excell intentionally designed, manufactured, and marketed its fragrances for this effect. (See, e.g., Pls.' Ex. 195 (Excell directing its manufacturer of the totality of the circumstances. See, e.g., *450 Malletier v. Burlington Coat Factory Warehouse Corp., 426 F.3d 532, 538 (2d Cir. 2005). Instead of merely conducting a “[s]ide by side comparison,” a court must assess “whether a consumer who is somewhat familiar with the plaintiff's mark would likely be confused when presented with defendant's mark alone.” *451 Clinique, 945 F.Supp. at 552. The same basic standard also applies for the trade dresses at issue. *452 Fun–Damental, 111 F.3d at 1003.

Along the same lines, Excell disputes the strength of Coty's CK One trade dress, contending that, notwithstanding the incontestable registration, its “basic flask shape is common in the fragrance industry and not distinctive.” (Def.'s Mem. 18). At trial, however, Excell provided no evidence to back up that claim. Even if it did, Excell's argument would fail as Coty, once again, is not claiming trademark protection for its bottle shape alone; instead, it is claiming trademark infringement for the various components of its trade dress and for Excell's use of its house and product marks. And “[b]ecause in the context of trade dress the whole can be greater than, or at least different from, the sum of its parts, it is necessary to consider the combined articulated elements of [Coty's CK One] trade dress to determine whether as an ensemble they form a distinctive presentation to consumers.” *453 Best Cellars, Inc. v. Wine Made Simple, Inc., 320 F.Supp.2d 60, 71 (S.D.N.Y. 2003). Here, the bottle's shape, in combination with the various other facets of its trade dress, establish Coty's CK One trade dress as distinctive.

b. Similarity of Plaintiff's and Defendant's Marks

The second *454 Polaroid factor—the similarity of Coty's and Excell's marks—also strongly favors Coty. Similarity is a holistic consideration that turns on the marks' sight, sound, and overall commercial impression under the totality of the circumstances. See, e.g., *455 Malletier v. Burlington Coat Factory Warehouse Corp., 426 F.3d 532, 538 (2d Cir. 2005). Instead of merely

to develop a cap for its “version” of Vera Wang Lovestruck that was the same as the original product). To be sure, there is a range of differences between Coty's marks and trade dresses, on the one hand, and Excell's, on the other. (See Appendix A). At the less infringing end of what could be called the “similarity spectrum” are Excell's CITY GIRL and Love story fragrances, which are the least similar to their counterparts, Coty's DOWNTOWN and Lovestruck products. For example, although the names CITY GIRL and DOWNTOWN arguably evoke similar associations, the words do not sound in any way alike; the fragrances' packages also have notable differences, as Excell's version includes a disco behind the CITY GIRL logo and what appears to be a skyline at the bottom of its box. (Id.). Similarly, Coty's Lovestruck contains a cap adorned with a purple floral bouquet while Excell's Love story contains a much more understated purple cap without any obvious floral design. (Id.). At the other end of the “similarity spectrum,” Excell's OK ROCK and SERENITY fragrances are remarkably similar to their counterparts, Coty's CK SHOCK and ETERNITY, in both name and trade dress. (See Appendix A).

Notably, however, even the two fragrances at the less infringing end of the “similarity spectrum” contain significant similarities. For example, both Coty's DOWNTOWN and Excell's CITY GIRL are contained in squat, cylindrical bottles with rounded bottoms and flat metallic silver cylindrical caps; both contain clear glass through which a pink hue fragrance is visible; both display the fragrance name in all uppercase letters on the center portion of the fragrance bottle; and both are packaged in a bright pink outer carton. (See id.). Coty's Lovestruck and Excell's Love story have somewhat similar names and share a rectangular bottle with pink lettering; clear glass through which the purple hue of the fragrance is visible; a magenta outer carton; and the fragrance name displayed in sentence case on both the outer carton and fragrance bottle. (See id.). As with Excell's other products, the packaging for CITY GIRL and Love story also includes exact replicas of Coty's marks in their “disclaimers.” In short, here, as in Paddington, viewing all of the relevant marks and trade dresses “as a whole”—and in tandem—leads to the conclusion that the allegedly infringing products are quite similar to their counterparts. Id.; see also, e.g., Brennan's, Inc. v. Brennan's Rest., L.L.C., 360 F.3d 125, 133 (2d Cir. 2004) (“[W]hen evaluating the similarity of marks, courts consider the overall impression created by a mark. Each mark must be compared against the other as a whole; juxtaposing fragments of each mark does not aid in deciding whether the compared marks are confusingly similar.”); Giorgio Beverly Hills, Inc. v. Revlon Consumer Prod. Corp., 869 F.Supp. 176, 182 (S.D.N.Y. 1994) (criticizing the plaintiff for “creat[ing] a false, fragmentary image” by arguing that the court should consider the house mark and the product mark separately in its analysis and noting that “fragrance[s] [do not] bear[] a unitary mark”).

In rebuttal, Excell argues that the “Our Version Of” and “Not Associated With” disclaimers on each of the allegedly infringing fragrances makes it “clear” that the company's products are not associated with Coty. (Def.'s Mem. 12). Significantly, however, Coty's marks are significantly more prominent and accentuated on Excell's fragrances than both the supposedly disclamatory language (“Our Version Of” and “Not Associated With”) and Excell's own marks. In similar circumstances, courts have held that disclaimers are not only ineffective, but actually cut against the allegedly infringing party. See Cartier, Inc. v. Deziner Wholesale, L.L.C., No. 98-CV-4947 (RLC), 2000 WL 347171, at *4 (S.D.N.Y. Apr. 3, 2000) (“Courts have held that when a company packages its product in a wrapper that more centrally displays a competitor's name, or repeatedly mentions a competitor's name, with the effect of making its competitor's mark the most dominant feature on the package, such packaging is likely to confuse consumers about the product's origin or affiliation.”); see Charles of the Ritz Group Ltd. v. Quality King Distrib., 636 F.Supp. 433, 437 (S.D.N.Y. 1986) (Weinfeld, J.) (“The disclaimer on the lower portion of the tab, which ... is hidden from view when the tab is in place, suggests a calculated effort by defendant to escape liability for infringement.”); Invicta Plastics Ltd. v. Mego Corp., 523 F.Supp. 619, 623 (S.D.N.Y. 1981) (analyzing the defendant's package with repeated references to the plaintiff's product and concluding that defendant “was deliberately seeking to use the goodwill plaintiff has acquired in its success with [plaintiff's product] to sell its own product”). Based in part on evidence presented at trial—namely, Coty's expert's surveys, discussed in detail below—the Court reaches the same conclusion here. Accordingly, the second Polaroid factor cuts heavily in Coty's favor.
c. Competitive Proximity of the Products and Bridging the Gap

The third and fourth Polaroid factors—the proximity of the products and likelihood that the plaintiff will “bridge the gap”—weigh in Excell's favor, but not as heavily as it seems to believe. (Def.'s Mem. 7). To be sure, Coty's products are generally sold at higher-end retailers while Excell's are (or were) sold at discount stores, and the companies' products are generally offered at different price points. (Id. 7–8). Nevertheless, these differences have “little or no bearing on post-sale confusion as to the source of the goods.” Clinique, 945 F.Supp. at 554; see also Gucci, 868 F.Supp.2d at 248 (S.D.N.Y. 2012) (“[I]n the post-sale context, the target selling market is of decreased importance, as the confusion that exists in the general viewing public is what matters.”). Indeed, the fact that Excell and Coty's products may be sold in different venues has no effect on the possibility that “a potential purchaser, knowing that the public is likely to be confused or deceived by the allegedly infringing product, will choose to purchase that product instead of a genuine one in order to gain the same prestige at a lower price.” Gucci Am., Inc. v. Guess?, Inc., 843 F.Supp.2d 412, 418 (S.D.N.Y. 2012).

Additionally, although Excell is correct that Coty's fragrances are generally sold in more “upscale” establishments, Coty has presented evidence that the fragrance market is somewhat fluid and that there are retailers and fora—both brick-and-mortar and online—that have marketed both parties' fragrances, including K–mart, CVS, Amazon, and eBay. (Conklin Direct ¶¶ 19, 25–26; Tuil–Torres Direct ¶¶ 31, 48 (noting that some of Coty's fragrances are sold at CVS and Kmart); Tr. 478 (testimony of Ferullo acknowledging Excell's products were sold at Kmart); Pls.' Ex. 174 (listing CVS as a direct customer of Excell)). On top of that, Coty found that some of its fragrances were diverted and sold at CVS and Dollar General, both of which sell Excell products. (Conklin Direct ¶ 23, 28; Tr. 260 (testimony of Keegan noting that diverted goods can be found “anytime a manufacturer/distributor has an intended *449 channel for a product and that product somehow ends up in a different channel.”)). In the case of Dollar General, that is hardly surprising as discount stores often carry marked-down branded fragrances. (See Pls.' Ex. 232; Tr. 276 (testimony of Keegan noting that Dollar General carries branded fragrances)).

Meanwhile, Excell's reliance on the price differences between the parties' fragrances is misguided for various reasons. As an initial matter, Coty and Excell are not retailers, and thus do not control the ultimate prices of their products. (Rotter Direct ¶ 19; Ferullo Dep. 24). Additionally, any price difference between products, like the differences between marketplaces, has little or no bearing on the potential for post-sale confusion. Again, if anything, Excell's lower prices may increase the likelihood of consumers purchasing “the allegedly infringing product, on the grounds that they can obtain the same prestige for less money.” Gucci Am., Inc. v. Guess?, Inc., 831 F.Supp.2d 723, 747 (S.D.N.Y. 2011). Excell's price-point contention is also largely immaterial to the “probability that potential purchasers would be misled into an initial interest in” its products due to their similarity to Coty's products. Mobil, 818 F.2d at 260. Indeed, most purchasers of fragrances in a retail setting are likely to view the packaging before checking the price label, which adds support to Coty's claim of initial-interest confusion. Finally, the price differences between the parties' products is not nearly as significant as Excell asserts. In 2016, for example, Coty recommended that retailers sell some of its flagship products for prices ranging from $12.50 to $72. (See Rotter Direct ¶ 18; Tuil–Torres Direct ¶¶ 10–12). Needless to say, the fact that the company marketed lower-priced fragrances blunts the force of Excell's pricing arguments. Cf. Charles of the Ritz, 832 F.2d at 1322 (noting that “some question remains whether two distinct fragrance markets actually exist” and concluding that any “barrier between the two is sufficiently porous to allow [the senior user] passage with little difficulty”); Toni & Guy (USA) Ltd. v. Nature's Therapy, Inc., No. 03-CV-2420 (RMB), 2006 WL 1153354, at *9 (S.D.N.Y. May 1, 2006) (“Plaintiff has presented no evidence that it is likely to bridge the gap ... by selling lower-priced products that would compete more directly with Defendant's products ...” (emphasis supplied) (internal quotation marks omitted)). In sum, although Excell demonstrated that a separation exists between the market and price points for its products and Coty's products, the separation is not quite as stark as Excell would have it. Thus, the third and fourth Polaroid factors—which look to the competitive proximity of the products and “whether the two companies are likely to compete directly in the same market,” Charles of the Ritz, 832 F.2d at 1322—favor Excell, but only slightly.

d. Actual Confusion
The fifth factor, whether there is evidence of actual consumer confusion, weighs in Coty's favor. For one thing, because “evidence of intentional copying gives rise to a presumption of actual confusion,” the burden is on Excell to demonstrate a lack of confusion, which it failed to do. Gucci, 868 F.Supp.2d at 240; see Mobil, 818 F.2d at 258 (“Intentional copying gives rise to a presumption of a likelihood of confusion.”). For another, the record—namely, survey evidence submitted by both sides—supports a finding of actual confusion.

[23] To evaluate the validity and reliability of a survey, a court should consider whether:

1. the proper universe was examined and the representative sample was drawn from that universe;
2. the survey's methodology and execution were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys;
3. the questions were leading or suggestive;
4. the data gathered were accurately reported; and
5. persons conducting the survey were recognized experts.

Gucci Am., Inc. v. Guess?, Inc., 831 F.Supp.2d at 738. In general, surveys “demonstrating confusion levels over 50% are almost always viewed by courts as persuasive evidence of likely confusion”; in cases “[w]here other evidence is supportive, courts have found a likelihood of confusion when survey results are between 10% and 20%.” 6 McCarthy on Trademarks and Unfair Competition § 32:188 (4th ed.) (citing cases); see RJR Foods, Inc. v. White Rock Corp., 603 F.2d 1058, 1061 (2d Cir. 1979) (affirming the district court's reliance on the results of a “consumer study showing a fifteen to twenty percent rate of product confusion”); Procter & Gamble Co. v. Ultreo, Inc., 574 F.Supp.2d 339, 345 (S.D.N.Y. 2008) (“Cases have held that 20% constitutes a substantial percentage of consumers.”).

[24] Significantly, Excell's own survey evidence supports a finding of likely customer confusion in this case. According to Mark Keegan, Excell's expert, 19.5% of respondents in an Internet survey identified Calvin Klein as the source of Excell's POSSESSION fragrance, and 15.1% identified Calvin Klein as the source of Excell's SERENITY fragrance. (Keegan Direct ¶ 56). On their face, those results are reasonably favorable to Coty. But there are several reasons to believe that the actual likelihood of confusion is even higher. First, the universe of participants in Keegan's survey was limited to people who had recently shopped at a discount store, flea market, rummage sale, or bazaar. (See Tr. 273–74). But Excell's products are marketed in a broader array of venues, including malls, department stores, pharmacies, and on the Internet. Perhaps not coincidentally, the venues excluded from Keegan's survey are the types of venues where potential purchasers of Coty's products are most likely to be found. Second, by his own admission, Keegan's survey was unsuitable for measurement of initial-interest and post-sale confusion. (Tr. 339 (testimony of Keegan noting that his survey does not address initial-interest confusion and has “very little” relevance to post-sale confusion)). Third, the survey was flawed because it prompted respondents to focus on Excell's products in an unrealistic manner and setting. Most notably, Excell's boxes were displayed in a manner that allowed respondents to see all faces of the packaging at once. (Id. Ex. 3; Def.'s Ex. ZZ). Finally, Keegan made several coding errors—namely, by treating as “not confused” a number of respondents who were plainly confused as to whether Excell's fragrances were produced by Calvin Klein. (Pls.' Ex. 256 (“Rappeport Direct”) ¶ 44 (identifying such responses including, “What a bargain for a Calvin Klein product”; “It's made by Calvin Klein, I like it”; and “Just the fact that it was made by Calvin Klein is worth the $4.99”)). After *451 correcting for those errors and filtering out “noise,” see, e.g., 6 McCarthy on Trademarks and Unfair Competition § 32:187 (4th ed.) (explaining the concept of “noise”), Dr. Michael Rappeport, Coty's expert, concluded that 25% of the respondents in Keegan's survey actually identified Calvin Klein as the source of Excell's POSSESSION fragrance and that 20% identified Calvin Klein as the source of Excell's SERENITY fragrance. (Rappeport Direct ¶ 47). In short, Keegan's survey provides even stronger evidence of confusion than might appear even at first glance. See Playtex Prods., LLC v. Munchkin, Inc., No. 14-CV-1308 (RJS), 2016 WL 1276450, at *4 (S.D.N.Y. Mar. 29, 2016).

In any event, the Court concludes that the study conducted by Coty's expert, Dr. Rappeport, is more
reliable than the study conducted by Keegan and firmly supports a finding of likely customer confusion. Dr. Rappeport used the widely accepted Eveready survey format, see, e.g., Akito LLC v. House of Cheatham, Inc., 946 F.Supp.2d 324, 339 (S.D.N.Y. 2013) (describing the Eveready survey format and noting that it “is generally accepted and represents the ‘gold standard’ for cases involving strong marks”), to conduct a consumer comparison survey comparing Calvin Klein's OBSESSION and ETERNITY packages to Excell's POSEION and SERENITY packages in malls across the country. (Rappeport Direct ¶¶ 11, 14, 20). Specifically, he examined a random selection of “people 18 years old and older who [had] purchased a fragrance product for themselves, or for someone else, in the past six months” and showed them versions of the Excell packages to determine if they were confused as to the source. (Pls.' Ex. 161–1, at 3–4). Notably, participants' responses were “unaided,” in that neither the participants nor the interviewers were exposed as part of the survey to the genuine Calvin Klein OBSESSION or ETERNITY fragrances—or even to the name Calvin Klein. (See Rappeport Direct ¶ 9). After filtering out the “noise,” Dr. Rappeport concluded that an average of 54% of the respondents misidentified the source of Excell's products as Calvin Klein. (Id. ¶¶ 9, 30–33).

(25) Excell advances several arguments to undermine the reliability of Dr. Rappeport's survey. First, it contends that Dr. Rappeport erred by not excluding higher-end consumers to ensure that respondents were actual or potential purchasers of Excell's products. (Def.'s Mem. 9–10). That argument has some force. Where, as here, a junior user is alleged to be selling its products as if they came from the senior user, “the relevant market consists of the consumers of the junior user's products.” Sterling Drug, Inc. v. Bayer AG, 14 F.3d 733, 741 (2d Cir. 1994). As discussed above, however, Coty's and Excell's markets are not quite as discrete as Excell suggests. Moreover, it is not uncommon for higher-end fragrance companies, including Coty, to create less expensive versions of their products—sometimes called “flankers”—for sale at lower price points or in lower-end retail markets. (See, e.g., Singer Direct ¶¶ 30–32) (discussing Coty's use of “flankers” and “limited editions” to supplement its existing brands)). Cf. Lois Sportswear, 799 F.2d at 874 (“Certainly a consumer observing [plaintiff's] striking stitching pattern on [defendants'] designer jeans might assume that [plaintiff] had chosen to enter that market segment using a subsidiary corporation, or that [plaintiff] had allowed [defendants'] designers to use [plaintiff's] trademark as a means of reaping some profits from the *452 designer jeans fad without a full commitment to that market segment.”). Accordingly, although Dr. Rappeport's failure to exclude higher-end consumers does affect the weight to be given to his survey results, it does not altogether strip them of probative value. See, e.g., Paco Sport, Ltd. v. Paco Rabanne Parfums, 86 F.Supp.2d 305, 322 (S.D.N.Y. 2000) (“The courts have held that to be probative on the issue of actual confusion, a survey must rely on responses of prospective purchasers of the products in question.”).

Next, Excell faults Dr. Rappeport for failing to provide respondents with relevant sales channel and price information about the products they were asked to examine. (Def.'s Mem. 11). Once again, however, there is some overlap in the relevant sales channels. Additionally, sales channel and price information, while relevant to the proximity analysis above, is less relevant to the basic question courts ask under this prong of the Polaroid test: whether the defendant's product confuses consumers as to its source. See Gucci, 868 F.Supp.2d at 240. (Notably, when asked at trial, Keegan was unable to cite a single survey, accepted by a court, that included information regarding pricing and sourcing. (Tr. 267).) And it is altogether irrelevant to Coty's claim that Excell's products cause initial-interest and post-sale confusion. With respect to “initial-interest” confusion, a consumer might believe, at first glance, that one of Excell's fragrances is associated with one of Coty's products, and “[m]otivated by this mistaken notion—[Coty's] goodwill—the consumer might then buy [Excell's fragrance] even after discovering his error.” Lois Sportswear, 799 F.2d at 874. And “to the extent that distinct channels of trade between [the parties'] products exist, those channels have little or no bearing on post-sale confusion.” Clinique, 945 F.Supp. at 554. A fortiori, the same would be true to the extent products are sold at different prices.

Finally, Excell contends that Dr. Rappeport's results are relevant only to the two fragrances that he included in his study, OBSESSION and ETERNITY. (Def.'s Mem. 11). No doubt, the surveys are more compelling with respect to the fragrances tested than they are with respect to the other fragrances at issue in this litigation. Additionally, the survey itself provides reason to believe that the levels of consumer confusion would vary among the fragrances.
(See Tr. 211 (testimony of Dr. Rappeport noting the 22% difference in confusion levels between the two Excell products tested in his survey)). But Dr. Rappeport's results are still relevant, albeit in a more attenuated manner, to the other fragrances, given that they share “common and prominent features” with the tested fragrances. *adidas–Am., Inc. v. Payless Shoesource, Inc.*, 546 F.Supp.2d 1029, 1045 (D. Or. 2008) (“Where actually surveyed products and subsequently accused products share common and prominent features, a trademark infringement plaintiff need not create new likelihood of confusion surveys for each newly accused product.”). Specifically, each of Excell's *453* products, including those that were included in the survey, adhere a specific pattern: They and Coty's fragrances have similar trade dresses and names (if not in sound, then in association), and they include identical disclamatory legends that prominently feature Coty's house and fragrance marks. This is not by chance; as discussed above, they were all produced to mimic Coty's fragrances. Thus, the Court finds Dr. Rappeport's survey to be circumstantial evidence that each of Excell's fragrances at issue here is likely to cause at least some level of confusion as to source in the minds of fragrance shoppers.

To be sure, Coty did not present any “actual evidence” of confusion, which is typically “considered a very significant deficiency” for a product that has been on the market for several years. *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F.Supp.2d 410, 419 (S.D.N.Y. 2002) (internal quotation marks omitted). But four considerations mitigate the significance of that deficiency here. First, Coty's ability to obtain evidence of actual confusion was limited because all of Excell's long-time employees invoked the Fifth Amendment in response to Coty's questioning on the matter. (See, e.g., Bronsnick Dep. Resp. 37, 43; Rodriguez Dep. 29–53; Hamerling Dep. 40–45). That may or may not call for drawing an adverse inference against Excell, but it would certainly be unfair, under the circumstances, to hold the absence of evidence against Coty. See, e.g., *Louis Vuitton Malletier S.A. v. LY USA, Inc.*, 676 F.3d 83, 98 (2d Cir. 2012) (noting that where a company's employees “assert[f ] the privilege against self-incrimination[, it] must bear the consequence of lack of evidence”). Second, Coty and Excell are manufacturers and distributors of fragrances, not retailers, and thus less likely to hear directly from a duped consumer. (See Conklin Direct ¶ 42). Third, common sense dictates that consumers are less likely to take the time to complain where, as here, the allegedly infringing product is relatively inexpensive. And finally, the fact that both Coty's and Excell's surveys indicated a likelihood of confusion speaks volumes even in the absence of actual confusion evidence. Accordingly, “the combination of visual inspection and empirical evidence suffices to find ‘actual confusion’ in this case.” *Charles of the Ritz*, 832 F.2d at 1322; *Centaur Comme's, Ltd. v. A/S/M Comme's, Inc.*, 830 F.2d 1217, 1227 (2d Cir. 1987) (not requiring evidence of actual confusion as a prerequisite to recovery); *Lois Sportswear*, 799 F.2d at 875 (“While the complete absence of actual confusion evidence after a significant period of competition may weigh in a defendant's favor, such an inference is unjustified in the instant case in view of the survey evidence, even with its methodological defects.” (citation omitted)).

*454 e. Defendant's Intent/Bad Faith*

[26] [27] The sixth Polaroid factor (and, as noted, an element of Coty's claim for unfair competition under New York law) is bad faith, which concerns “whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product.” *Lang v. Ret. Living Publ'g Co., Inc.*, 949 F.2d 576, 583 (2d Cir. 1991). In this case, the record is replete with evidence of bad faith. For one thing, Excell's business model involved little more than “capitalizing on plaintiff's reputation and goodwill.” *Lang*, 949 F.2d at 583. Indeed, in determining which fragrances to emulate, Excell purposefully “looked to fragrances that [its] customer base would understand”—that is, fragrances with brands that had already been established in the marketplace. (Def.'s Ex. HHHH (“Ferullo Direct”) ¶ 5). But Excell did not stop there; it then meticulously mimicked the external trappings of those fragrances and used Coty's protected marks on its packaging in a way that, even with the disclamatory language, could only have been calculated to capitalize on Coty's goodwill. Notably, all along, Excell knew that its business model was problematic. Indeed, the company adhered to its business model in the face of a slew of complaints from third-party brand owners, which also helps swing this factor in Coty's direction. (Def.'s Mem. 36–37; see, e.g., Tr. 366 (testimony of Pfau noting a lawsuit brought by Nicole Polizzi, professionally known as “Snooki,” against Excell in connection with its alternative to her fragrance); Bronsnick Dep. Resp. 105 (invoking the Fifth Amendment in response to a question
regarding Victoria's Secret's demand that Excell cease production of allegedly infringing fragrances)).

On top of that, Excell adopted its business model shortly after MD Distributors, a company that used to employ various Excell employees, entered a Consent Judgment with Calvin Klein and other fragrance producers. (Def.'s Mem. 2). The Consent Judgment enjoined MD Distributors, and its “officers, agents, servants, representatives, [and] employees,” from selling “Prohibited Product,” a defined term that explicitly covered infringing alternatives to Calvin Klein fragrances. (Pls.' Ex. 156–2, at Sections 1.19, 3.1). Only one week after the Consent Judgement was signed, Wayne Hamerling founded Excell. (Def.'s Mem. 2). But that contention fails for at least three reasons. First, the MD Distributor case involved a different set of parties (except for Calvin Klein) and different fragrances. (Pls.' Ex. 156–2). Second, if that were not the case, Excell's products here would plainly qualify as “Prohibited Product[s]” within the meaning of the Consent Judgment. 11 And third, contrary to Excell's assertions, the Consent Judgment did not authorize MD Distributors—let *455* alone non-parties such as Excell—to indiscriminately sell “Our Version Of” fragrances. Instead, it merely reserved the parties' rights with respect to fragrances containing the “Our Version Of” legend that are not “lawful under the Lanham Act” and that are not “Counterfeit” or “Knock–Off” products. (See Pls.' Ex. 156–2, § 3.2).

In arguing against a finding of bad faith, Excell notes that “[t]here is a vast difference between the intent to compete by imitating the successful features of another's product and the intent to deceive purchasers as to the source of the product.” (Def. Mem. 12 (internal quotation marks and brackets omitted)). That is undoubtedly true, but Excell's intent falls squarely in the latter category. The company's intent to deceive can be inferred from the remarkable similarities between the fragrances' trade dresses, the prominent use of Coty's legends on Excell's products, and the uncanny resemblance between the fragrance names chosen by Excell and Coty's products. Instead of “imitating the successful features of [Coty's] product,” Excell imitates Coty's marks and trade dresses to confuse purchasers as to source and to sell its inferior quality fragrances. (See Section B.2.f). In any event, even without the formidable evidence of Excell's intent to deceive, an intent to copy “creates a presumption of an intent to deceive, unless there is evidence to the contrary.” Gucci, 843 F.Supp.2d at 419. “Where,” as here, “the copier references the prior dress in establishing her design with the apparent aim of securing the customers of the other based on confusion, intentional copying may be found.” Paddington, 996 F.2d at 587. Accordingly, the Court finds that Coty has proved bad faith on the part of Excell.

f. Quality of Excell's Products

The seventh Polaroid factor—the quality of Excell's products—also indisputably favors Coty. By its own admission, Excell's products were designed to be sold at low prices and it thus uses cheaper ingredients in its fragrances. For example, Excell uses less expensive, synthetic oils, rather than the natural oils used in Coty's fragrances, and it employs less expensive packaging components than Coty does. (Ferullo Dep. 197–98, 227). Cf. Zino Davidoff SA v. CVS Corp., No. 06-CV-15332 (KMK), 2007 WL 1933932, at *5 (S.D.N.Y. July 2, 2007) (approvingly citing the plaintiff's expert, who found that “imperfect packaging,” among other deficiencies, is likely to “lower [the fragrance producer's] brand equity”). Not surprisingly, therefore, Excell's fragrances do not smell the same as Coty's perfumes and colognes. (Pls. Ex.' 254 (“Massaro Direct”) ¶ 7)). 12 Additionally, in contrast to Coty's fragrances, many of Excell's Diamond Collection products were found to contain DEHP, a potential carcinogen. (Massaro Direct ¶ 9–10 (noting that twelve of the fifteen Excell fragrances tested by Coty's Technical Perfumer contained more than 100 ppm of DEHP)). Notably, while Coty spends significant time, energy, and money researching, testing, and crafting its fragrance juices, Excell's process is cursory *456* and largely outsourced to its suppliers in India. (Ferullo Dep. 180–81). The lack of any meaningful quality assurance program at Excell only underscores the quality differential between the parties’ products. (Hamerling Dep. 34 (invoking the Fifth Amendment in response to a question regarding Excell's lack of quality controls for its fragrances)). Accordingly, the Court finds that the “inferior quality” of Excell's goods could “jeopardize[ ]” Coty's reputation. Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 398 (2d Cir. 1995).

g. Sophistication of Consumers
The eighth and final *Polaroid* factor is the “sophistication of the consumers and the degree of care likely to [be] exercised in purchasing the product.” *Tommy Hilfiger*, 221 F.Supp.2d at 420. Excell rightly points out that “Plaintiff's goods are highly priced and sold in high quality stores.” (Def.'s Mem. 13). But while “[t]he substantial price” of Coty's fragrances “requires buyers to exercise care before they part with their money,” and while “such sophistication generally militates against a finding of a likelihood of confusion,” *Charles of the Ritz*, 832 F.2d at 1323, “even sophisticated buyers are not always careful buyers, and their very awareness of status brand names and designs may make them more vulnerable to confusion.” *Krueger Intl v. Nightingale Inc.*, 915 F.Supp. 595, 611 (S.D.N.Y. 1996) (Sotomayor, J.). Moreover, if the parties' products and marks are very similar, as they are here, “the sophistication of buyers is less likely to prevent confusion.” *Clinique*, 945 F.Supp. at 556. Additionally, it could be argued that Excell's target demographic, “lower income, sometimes ethnic customers” (Stipulated Facts ¶ 38), is likely to be less sophisticated about the differences between and among fragrances and more easily confused upon seeing Excell's cheaper knockoffs. See, e.g., *Bath & Body Works Brand Mgmt., Inc. v. Summit Entmt, LLC*, 7 F.Supp.3d 385, 398 (S.D.N.Y. 2014) (“Where the goods are inexpensive, the reasonably prudent buyer is less likely to exercise careful consideration when making purchases.”). Balancing these considerations, the final *Polaroid* factor is a draw.

### h. Weighing the Factors

Considering all eight *Polaroid* factors and “looking at the products in their totality,” the Court concludes that consumers are likely to be confused by Excell's knockoff fragrances. *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 384 (2d Cir. 2005). To be sure, the *Polaroid* inquiry is not a mere “mechanical counting exercise.” *Bath & Body Works*, 7 F.Supp.3d at 399. But five of the eight factors weigh in Coty's favor. Moreover, while none of the factors strongly favors Excell, several (namely, the first, second, fifth, sixth, and seventh factors) weigh heavily in favor of Coty. That is not to say that each of Excell's fragrances produces the same level of likely confusion. To the contrary, as detailed above, some fragrances look and sound more like their counterparts than others. But the Court finds that even those fragrances on the less-infringing side of the “similarity spectrum” are likely to result in a meaningful level of confusion. And, of course, all of the fragrances contain Excell's supposedly disclaimatory legends (“Our

### 3. Nominative Fair Use

[29] [30] One final matter remains. Excell claims that its use of Coty's house and product marks is protected by the doctrine of “nominative fair use.” (Def.’s Mem. 14). Nominative fair use “involves [the *457 defendant] using the mark at issue as a mark to specifically invoke the mark-holder's mark, rather than [using it] other than as a mark, to describe the alleged infringer's goods or services.” *Int'l Info. Sys. Sec. Certification Consortium, Inc. v. Sec. Univ., LLC*, 823 F.3d 153, 167 (2d Cir. 2016). Notably, the Second Circuit recently held that “nominative fair use is not an affirmative defense to a [trademark] infringement claim.” *Id.* at 168. Instead, recognizing that the *Polaroid* factors are a “bad fit” in nominative fair use cases, the Circuit held that a district court considering a claim of nominative fair should consider three factors in addition to the standard *Polaroid* factors, to wit:

1. whether the use of the plaintiff's mark is necessary to describe both the plaintiff's product or service and the defendant's product or service, that is, whether the product or service is not readily identifiable without use of the mark; 
2. whether the defendant uses only so much of the plaintiff's mark as is necessary to identify the product or service; and 
3. whether the defendant did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff holder, that is, whether the defendant's conduct or language reflects the true or accurate relationship between plaintiff's and defendant's products or services.

*Id.*

[31] Applying those standards here, Excell's nominative fair use argument misses the mark. First, as noted above, the *Polaroid* factors are firmly on the side of Coty. Second, as the Court's discussion of the second *Polaroid*
factor made clear, the manner in which Excell displays Coty's source identifiers belies its argument that it is merely using the marks to inform consumers that it is not the manufacturer of the original fragrance. Excell's fair use argument would be on firmer ground if it sold its fragrances in generic bottles and cartons, picked fragrance names that were unrelated to any of Coty's, included its disclaimers without prominently displaying Coty's typesetting or marks, and marketed its own brand on the packaging in a noticeable manner. But it did none of that. Instead, Excell sought to mirror Coty's fragrances' appearance in nearly every way possible, it chose product names that mimicked or evoked the names of Coty's fragrances, it prominently displayed Coty's house and fragrance marks under the guise of its “Our Version Of” and “Not Associated With” legends, and it hid its own fragrance marks under the guise of its “Our Version Of” and “Not Associated With” legends. In so doing, Excell has impermissibly signaled a “relationship between [its own] and [Coty’s]” fragrances that is non-existent. *458 Int'l Info., 823 F.3d at 168. Accordingly, its fair use argument fails.

Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93, 102 (2d Cir. 2010), upon which Excell relies (Def. Mem. 7, 14–15, 32), is distinguishable. In that case, the Second Circuit confronted the question of whether eBay's use of Tiffany's mark on its website and in sponsored links was lawful. In finding permissible fair use, the Court emphasized that “eBay used the [Tiffany] mark to describe accurately the genuine Tiffany goods offered for sale on its website. And *458 none of eBay's uses of the mark suggested that Tiffany affiliated itself with eBay or endorsed the sale of its products through eBay's website.” *458 Id. at 103. Here, by contrast, Excell's use of Coty's marks and trade dresses invites confusion, at best, and implies direct affiliation, at worst. In the same vein, Excell cites Neutrik AG v. Switchcraft, Inc., No. 99-CV-11931 (JSM), 2001 WL 286722, at *3 (S.D.N.Y. Mar. 23, 2001), for the proposition that “using another's trademark for the purpose of describing an aspect of a party's own product or to indicate that their product is a legitimate copy of another's is fair use.” (Def. Mem. 14 (internal quotation marks omitted)). But, as discussed above, Excell did not merely use Coty's marks and trade dresses to describe its own fragrances. And Excell's products cannot be described as “legitimate cop[ies]” of Coty's fragrances. (Ferrullo Dep. 107 (“[Excell is] not offering a version of the original [fragrance].”).) Accordingly, Excell's fair use argument fails and Coty prevails on its trademark infringement claims under both federal and New York law.

C. Trademark Dilution

Next, the Court turns to Coty's trademark dilution claims under the Lanham Act, 15 U.S.C. § 1125(c), and New York General Business Law § 360–l. Coty alleges federal trademark dilution with respect to its registered Calvin Klein, Vera Wang, and Lady Gaga marks, and dilution under New York law for Excell's use of its remaining marks. (Pls.' Mem. 18). The Court will address the two types of trademark dilution—dilution by blurring and dilution by tarnishment—in turn.

1. Dilution by Blurring


[33] [34] [35] “Only a famous mark—one that is widely recognized by the national consuming public as a designation of source—is afforded protection against blurring under the Lanham Act.” Gucci, 868 F.Supp.2d at 241. “After a showing of fame is made,” a plaintiff
must then show the following to succeed on a dilution-by-blurring claim: “(1) that [the defendant] has been using the allegedly diluting designs in commerce; (2) that [the defendant's] use of those designs began after each of [the plaintiff's] marks became famous; and (3) [the defendant's] use is likely to cause dilution of the authentic [plaintiff's] mark by blurring.” Id. New York law is similar, but does not require proof that the plaintiff's mark is famous, only that it is “truly distinctive or has acquired secondary meaning” and that there is a likelihood of dilution. *459 Strange Music, Inc. v. Strange Music, Inc., 326 F.Supp.2d 481, 496 (S.D.N.Y. 2004).

[36] [37] [38] In assessing whether dilution by blurring is likely to occur under federal law, a court “may consider all relevant factors,” including the following six statutorily enumerated factors: (1) the degree of similarity between the mark or trade name and the famous mark; (2) the degree of inherent or acquired distinctiveness of the famous mark; (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (4) the degree of recognition of the famous mark; (5) whether the user of the mark or trade name intended to create an association with the famous mark; and (6) any actual association between the mark or trade name and the famous mark. See 15 U.S.C. § 1125(c)(2)(B).

“The analysis, however, must ultimately focus on whether an association, arising from the similarity between the subject marks, impairs the distinctiveness of the famous mark—that is, the ability of the famous mark to serve as a unique identifier.” Louis Vuitton, 156 F.Supp.3d at 434 (internal quotation marks omitted). Under New York law, courts look to a similar set of factors: “(i) the similarity of the marks; (ii) the similarity of the products covered; (iii) the sophistication of the consumers; (iv) the existence of predatory intent; (v) the renown of the senior mark; and (vi) the renown of the junior mark.” N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002). But again, those factors are only guideposts: The ultimate question under New York law is whether there is a likelihood that the capacity of the senior owner's mark “to serve as a unique identifier of its source” will be diminished. Louis Vuitton Malletier v. Dooney & Bourke, Inc., 561 F.Supp.2d 368, 393 (S.D.N.Y. 2008).

[39] Applying the foregoing standards here, the Court concludes that Excell has diluted Coty's marks. First, with respect to Coty's federal claims, there is no real dispute that Coty's Calvin Klein, Vera Wang, and Lady Gaga marks are famous and distinctive. (See Def.'s Mem. 6 (“Excell does not contest that Calvin Klein and Vera Wang are two of the most influential and highly visible fashion houses in the world and that Lady Gaga is one of the most successful and highly visible entertainment and recording artists in the world.”) (internal quotation marks omitted)). Additionally, the federal statutory factors weigh in Coty's favor. For example, the first, second, and fourth factors—the similarity between the marks as well as the distinctiveness and degree of recognition of the plaintiff's mark—favor Coty, given that Excell is using nearly exact replicas of Coty's highly distinctive and recognizable marks on its packaging. The third factor also falls on Coty's side of the scale because, Excell's infringing products aside, there is no dispute that Coty has not engaged in substantially exclusive use of its marks. So too, the fifth factor swings strongly against Excell, as it deliberately sought to create an association with Coty's marks. (Def.'s Mem. 30 (“Excell chose its marks to create an association with Plaintiffs' marks.”)). And lastly, the sixth factor is firmly in Coty's corner because Excell's products have no “actual association” with Coty's Calvin Klein, Vera Wang, and Lady Gaga marks. Accordingly, Coty has demonstrated that Excell’s “versions” of the Calvin Klein, Vera Wang, and Lady Gaga fragrances at issue here are likely to blur Coty's marks’ “ability to clearly and unmistakably distinguish one source” as unique identifiers. Hormel Foods, 73 F.3d at 506 (internal quotation marks and ellipses omitted).

Coty seeks protection for the remainder of its marks only under New York law, which merely requires that the marks be distinctive or have acquired secondary meaning. (Pls.' Mem. 18 n.21). As discussed above, see supra Section B.1, Coty's marks easily meet that standard (most concededly so). (See Def.'s Mem. 6, 29). And once again, the relevant factors favor Coty. Indeed, the “first five factors of the blurring test are similar to the Polaroid factors,” which the Court has found to favor Coty. Balady, Inc. v. Elhindi, No. 14-CV-855 (SJ) (RER), 2014 WL 7342867, at *9 (E.D.N.Y. Dec. 23, 2014); see, e.g., N.Y. Stock Exch., 293 F.3d at 558 (listing the factors as follows: “(i) the similarity of the marks; (ii) the similarity of the products covered; (iii) the sophistication of the consumers; (iv) the existence of predatory intent; (v) the renown of the senior mark; and (vi) the renown of the junior mark.”); Tiffany (NJ) Inc. v. eBay, Inc., 576 F.Supp.2d 463, 523 (S.D.N.Y. 2008) (noting that because “New York's anti-dilution law is substantively similar” to
federal law, claims under the two laws “may be analyzed together”). In fact, there is only one factor—the final one, “the renown of the junior mark”—that the Court has yet to analyze. N.Y. Stock Exch., 293 F.3d at 558. In this case, it is undisputed that Excell's marks are obscure. Even Excell's own expert acknowledged that the company brand has no recognition and that the company conducts no marketing. (Def.'s Ex. FFF (“Keegan Direct”) ¶ 15). Accordingly, Coty has established the elements necessary to prevail on its claims of trademark dilution under both federal and state law.

2. Dilution by Tarnishment

Under federal and New York law, a trademark owner can also pursue a claim of dilution by tarnishment. A claim of dilution by tarnishment “arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product.” Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994). “The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use.” Hormel Foods, 73 F.3d at 507. Here, Excell uses inferior oils, employs cheaper packaging components, lacks any quality assurance program, and produces fragrances with potentially harmful ingredients. (Ferullo Dep. 180–81, 197–98, 227; Massaro Direct ¶¶ 7, 9–10). Coty's marks are thus “linked to products of shoddy *461 quality,” and the company has established a claim of dilution by tarnishment. Clf. Tommy Hilfiger, 221 F.Supp.2d at 422 (finding a lack of tarnishment when the plaintiff “submitted no evidence on whether there is a disparity in quality between its own fragrance and the [infringing product]”); Clinique, 945 F.Supp. at 555, 562 (finding no tarnishment or shoddiness when the plaintiff did not “present[ ] evidence of the [defendant's] products' inferior quality”).

D. False Advertising

Finally, Coty argues that Excell's "Our Version Of" legend constitutes false advertising. (Pls.' Mem. 20). To establish a false advertising claim under Section 43(a) of the Lanham Act, a plaintiff must prove five elements: “1) the defendant has made a false or misleading statement; 2) the false or misleading statement has actually deceived or has the capacity to deceive a substantial portion of the intended audience; 3) the deception is material in that it is likely to influence purchasing decisions; 4) there is a likelihood of injury to [the] plaintiff, such as declining sales or loss of goodwill; and 5) the goods traveled in interstate commerce.” Johnson & Johnson Vision Care, Inc. v. CIBA Vision Corp., 348 F.Supp.2d 165, 177–78 (S.D.N.Y. 2004). A false advertising claim may be based on either of two theories: “that (1) the advertising is literally false as a factual matter, or (2) although the advertisement is literally true, it is likely to deceive or confuse customers.” Merck Eprova AG v. Gnosis S.p.A., 760 F.3d 247, 255 (2d Cir. 2014). In cases of literal falsity, “the court may enjoin the use of the claim without reference to the advertisement's impact on the buying public.” Tiffany, 600 F.3d at 112. By contrast, in cases “where the statement at issue is not literally false, ... a plaintiff must demonstrate, by extrinsic evidence, that the challenged commercials tend to mislead or confuse consumers, and must demonstrate that a statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement.” Id. at 112–13 (internal quotation marks omitted).

Here, the Court need not decide whether the words “Our Version Of” are literally false, as Coty has established that they are “likely to deceive or confuse customers.” Merck, 760 F.3d at 255. Although the words (considered on their own, without the more prominent Coty marks to which they are attached) indicate that Excell's and Coty's products have a different provenance, they also imply that the products are similar, if not equivalent. This duality—of both contrast and equivalence—is inherent in the term “version,” which is defined as “a form, variant, species, or copy of a type or original.” Webster's Third New International Dictionary 2545 (2002). But Excell indisputably does not produce fragrances of a similar quality to those of Coty; nor does it produce anything that could reasonably be called a “version” of Coty's products. (See Section B.2.f). Indeed, Excell's own Rule 30(b)(6) witness admitted as much. (Ferrullo Dep. 107 (“[Excell is] not offering a version of the original [fragrance].”)). The only similarities between the two companies' products are the fact that they are fragrances and the uncanny and impermissible resemblances between Excell's bottles and packaging and Coty's. Viewing the words “Our Version Of” in context— that is, with the *462 infringing house marks, fragrance marks, and trade dress—only reinforces that they were intended to connote (a false) equivalency. See, e.g., Time

Having found that Coty established various violations of its rights under federal and New York law, the Court turns to the question of relief. Coty requests both injunctive and monetary relief. With respect to the former, Coty seeks an injunction barring Excell and Excell's principals from resuming their infringing activities in the future. (Docket No. 146 (“Pls.’ Post–Trial Mem.”), at 2)). As to the latter, Coty asks for an accounting of Excell's profits pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a); and enhanced monetary awards pursuant to Section 35(b) of the Lanham Act, 15 U.S.C. § 1117(b). (Pls.' Post–Trial Mem. 11, 14–15). Coty also seeks an award of interest, including pre-judgment interest, on the foregoing amounts; as well as recovery of its costs, including reasonable attorneys' fees and expenses, pursuant to 15 U.S.C. § 1117(a). (Pls.' Post–Trial Mem. 16). The Court will address each in turn.

1. Injunctive Relief

It is well established that a plaintiff is entitled to a permanent injunction if it can demonstrate “(1) actual success on the merits and (2) irreparable harm.” Gucci Am., Inc. v. Duty Free Apparel, Inc., 286
Once a plaintiff has established liability in a trademark case, courts consider four factors in determining whether injunctive relief is warranted: (1) the likelihood that the plaintiff will suffer irreparable harm in the absence of an injunction, (2) whether remedies at law (such as monetary damages) are adequate to compensate the plaintiff for that harm, (3) whether the balance of hardships tips in the plaintiff's favor, and (4) whether the public interest would be served by the issuance of an injunction. See Salinger v. Colting, 607 F.3d 68, 80 (2d Cir. 2010). Irreparable harm is established “if there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.” Tiffany (NJ) LLC v. Dong, No. 11-CV-2183 (GBD) (FM), 2013 WL 4046380, at *7 (S.D.N.Y. Aug. 9, 2013) (internal quotation marks omitted); see also Malletier, 426 F.3d at 537 (“In trademark disputes, a showing of likelihood of confusion establishes both a likelihood of success on the merits and irreparable harm.”) (internal quotation marks omitted)). Injunctive relief must be “narrowly tailored to fit specific legal violations,” Patsy's Italian Rest., Inc. v. Banas, 658 F.3d 254, 272 (2d Cir. 2011) (internal quotation marks omitted), but, pursuant to the Lanham Act, courts may grant injunctions “according to the principles of equity and upon such terms as the court may deem reasonable,” 15 U.S.C. § 1116(a).

[51] Here, Coty requests an order requiring Excell and “all those in active concert and participation with it” to “immediately and permanently cease (i) the import, export, manufacture, production, distribution, circulation, sale, offer for sale, advertisement, promotion or display *464 of Plaintiffs’ marks and trade dress, and confusingly similar variants thereof, on Defendant's products; (ii) making any false or misleading statements of fact concerning the source or qualities of Defendant's products; (iii) diluting and tarnishing Plaintiffs’ marks; (iv) engaging in any other acts of trademark infringement, unfair competition, false advertising or dilution involving Plaintiffs' fragrances, marks and trade dress.” (Joint Pretrial Order 11). Plaintiffs also request that the Court’s order require Excell (1) within five business days, to provide copies of the order to all of its owners, directors, officers, and employees and confirm in writing to the Court that it has done so; (2) within five business days, to provide Coty with the true and correct last known addresses and other available contact information for all its present and former owners, directors, officers, employees, and suppliers (of the infringing products), to permit Coty to provide them with actual notice of the order; (3) within fifteen business days, to deliver to Coty for destruction at Excell's “sole cost all signs, products, packaging, promotional material, advertising material, catalogs and any other item that bears, contains or incorporates” any of Coty's marks, “or any simulation, reproduction, counterfeit, copy, colorable imitation or confusingly similar variant thereof”; and (4) within five business days, to provide the Court and counsel for Coty with a full, accurate, and complete supplement to a spreadsheet (Defs.' Ex. B) purportedly showing Excell's sales data from July 2010 through April 2016, disclosing any and all additional sales of infringing products by item that are not reflected in that document. (Docket No. 146 (“App'x to Pls.' Post-trial Mem.”) 3–4).

The Court concludes that Coty's requests are well founded. As an initial matter, Coty has demonstrated the likelihood that its reputation and brand will suffer irreparable harm in the absence of an injunction. Courts in this Circuit have found that, absent undue delay in bringing a claim, a “plaintiff who establishes that an infringer's use of its trademark creates a likelihood of consumer confusion generally is entitled to a presumption of irreparable injury.” Weight Watchers Int'l, Inc. v. Luigino's, Inc., 423 F.3d 137, 144 (2d Cir. 2005); see also, e.g., Dunkin' Donuts Franchised Rests. LLC v. Tim & Tab Donuts, Inc., No. 07-CV-3662 (KAM) (MDG), 2009 WL 2997382, at *8 (E.D.N.Y. Sept. 15, 2009) (providing that irreparable injury “is automatically satisfied by actual success on the merits, as irreparable harm is established by a showing of likelihood of confusion.”) (internal quotation marks and citation omitted)). For the reasons discussed above, therefore, Coty easily satisfies the first factor for obtaining injunctive relief. U.S. Polo Ass'n, 800 F.Supp.2d at 541. The second factor—whether remedies at law are adequate—also swings in Coty's favor, as money alone cannot make up for the company's unquantifiable “losses of reputation and goodwill and resulting loss of customers.” Id.

Next, the balance of hardships tips forcefully in Coty's favor as Excell is no longer selling products from its Diamond Collection (or any products for that matter). (Tr. 383–84 (testimony of Pfau that, since December 2016, Excell “has ... no inventory, has not sold anything, has not conducted any business other than winding down
operations”). The equities also weigh in Coty's favor because it has spent millions of dollars marketing and selling its many iconic fragrances for decades while Excell has conducted no marketing, has no brand recognition, and only entered the fragrance market in 2010. (Keegan Direct ¶ 15 (Excell's expert acknowledging that the company conducts no marketing and consumers do not seek out its brand)). See, e.g., U.S. Polo Ass'n, 800 F.Supp.2d at 541 *465 (finding the balance of hardships to tip in favor of the more established company after analyzing both companies' histories and market penetration). Finally, the public interest will plainly be served by issuing an injunction preventing Excell from engaging in deceptive and misleading misconduct that violates state unfair competition and trademark laws. See, e.g., N.Y.C. Triathlon, 704 F.Supp.2d at 344 (“[T]he public has an interest in not being deceived—in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality.”).

Excell's primary objection is that any injunctive relief would be moot given its cessation of “all operations.” (Docket No. 147 (“Def.'s Post–Trial Mem.”) 21). Coty's request is not moot, however, because Excell had not dissolved as of the time of trial—and there is no indication that it has dissolved since. (Tr. 383–84 (testimony of Pfau that Excell is in the process of “winding down operations”)). Because Excell could simply resume operations directly or indirectly—and because its directors, officers, and employees have demonstrated such tendencies in the past (see Def.'s Mem. 2)—Excell has not shown that it is “absolutely clear that [its] wrongful conduct will not recur.” Romeo & Juliette Laser Hair Removal, Inc. v. Assara I LLC, No. 08-CV-0442 (DLC), 2016 WL 815205, at *14 (S.D.N.Y. Nov. 19, 2015); see, e.g., U.S. Polo Ass'n, 800 F.Supp.2d at 541 *465 (finding the balance of hardships to tip in favor of the more established company after analyzing both companies' histories and market penetration). Finally, the public interest will plainly be served by issuing an injunction preventing Excell from engaging in deceptive and misleading misconduct that violates state unfair competition and trademark laws. See, e.g., N.Y.C. Triathlon, 704 F.Supp.2d at 344 (“[T]he public has an interest in not being deceived—in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality.”).

1. Accounting of Profits

Section 35(a) of the Lanham Act provides that a plaintiff who has successfully established a trademark violation “shall be entitled, ... subject to the principles of equity, to recover ... defendant's profits.” 15 U.S.C. § 1117(a). The statute goes on to state that, “[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed.” Id. As the Second Circuit has explained: “Ordinarily, a plaintiff that has proved the amount of infringing sales would be entitled to that amount unless the defendant adequately proved the amount of costs to be deducted from it. This sequence of proof thus places the burden of proving costs on the party with the superior access to such information, namely the infringing defendant.” *466 Am. Honda Motor Co. v. Two Wheel Corp., 918 F.2d 1060, 1063 (2d Cir. 1990).

To ascertain whether “on the whole, the equities weigh in favor of an accounting” of defendant's profits, courts consider “(1) the degree of certainty that the defendant benefited from the unlawful conduct; (2) availability and adequacy of other remedies; (3) the role of a particular defendant in effectuating the infringement; (4) plaintiff's laches; and (5) plaintiff's unclean hands.” George Basch Co. v. Blue Coral, Inc., 968 F.2d 1532, 1540 (2d Cir. 1992). Here, all of these considerations favor Coty. In light of the likelihood-of-confusion analysis above, there is no doubt that Excell benefited from its unlawful conduct—indeed, its very business model depended on creating customer confusion and capitalizing on Coty's goodwill. Nor is there any doubt that Excell is directly responsible for the infringement. Additionally, as noted
above, Excell's laches defense falls short, and there is no evidence suggesting that Coty has unclean hands. The Court therefore concludes that Coty has adequately demonstrated an entitlement to an award of profits pursuant to Section 1117(a).

Coty proved at trial that Excell's sales of the accused fragrances from July 2010 through April 2016 totaled $6,573,840.43. (See Tr. 408; Pls.' Ex. 243; Def.'s Ex. KKK). Because Excell continued to sell the infringing fragrances until at least December 2016, Coty also seeks—and the Court grants—an accounting of the company's profits for the period from April 2016 until it ultimately ceased operations. That leaves the question of whether Excell proved any costs or deductions. Excell claims that it is entitled to deductions for both the costs of goods sold (that is, direct costs) and an allocable percentage of its overhead expenses (that is, indirect costs). (Def.'s Post–Trial Mem. 20). Those claims are based on two categories of documents offered at trial: (1) a spreadsheet showing the company's total sales (infringing and non-infringing) by product from July 2010 to April 2016, which includes an expense column captioned as “COGS” (as in, “costs of goods sold”) (Def.'s Ex. B (“COGS Spreadsheet”)); and (2) the company's profit-and-loss statements for the years 2010 to 2015 (Def. Exs. NNN–RRR (“P & L Statements”)). Excell argues that the documents are admissible as business records under Rule 803(6) of the Federal Rules of Evidence. (Def.'s Post–Trial Mem. 18–19). Coty, by contrast, argues that the documents are either inadmissible or, if admissible, unreliable proof of costs and deductions. (Pls.' Post–Trial Mem. 16). The Court agrees with Coty.

First, the Court declines to rely on Excell's unaudited P & L Statements as reliable proof of costs and deductions. Excell attempted to lay a foundation for the P & L Statements through Andrew Pfau, an Excell owner and board member, who testified that he had “reviewed each Profit & Loss statement at or about the time it was prepared.” (Pfau Direct ¶ 5). Yet Pfau acknowledged that the Statements were later adjusted and revised when reviewed by outside accountants, and conceded that he had no idea “what the particular changes were.” (Tr. 425). What is more, Pfau himself admitted that three of the six annual P & L Statements were inaccurate and unreliable. (Tr. 410–13; Pfau Direct ¶¶ 6, n.1). And while he said that he was “comfortable” at the techniques used ... or about the efforts at consistency between the various reports prepared.” Ortho Pharm. Corp. v. Cosprophar, Inc., 828 F.Supp. 1114, 1120 (S.D.N.Y. 1993) (refusing to apply the business records exception because “the reliability of the exhibit cannot be measured” where the person testifying “had insufficient knowledge of the methods of preparation, the selectivity and [and the] methodology”), aff'd 32 F.3d 690 (2d Cir. 1994). In light of these facts, the Court would be on firm ground excluding the P & L Statements altogether. See, e.g., Saks Int'l, Inc. v. M/V “Export Champion,” 817 F.2d 1011, 1013 (2d Cir. 1987) (“The principal precondition to admission of documents as business records ... is that [they] have sufficient indicia of trustworthiness to be considered reliable.”); Ortho Pharm. Corp., 828 F.Supp. at 1119 (“The hallmark of documents admitted under the business records exception is that they are trustworthy and reliable.”). But the Court need not decide that question because, even if the records were admissible, the Court would and does, for many of the same reasons, decline to credit them—and Pfau's testimony about them—as reliable or trustworthy proof of costs or deductions.

For similar reasons, the COGS Spreadsheet does not satisfy Excell's burden of proving costs and deductions. Excell sought to use certain columns in the Spreadsheet to establish its direct costs, but Pfau—who, again, served as the sole foundational witness (Def.'s Post–Trial Mem. 14; Pfau Direct ¶ 4)—provided no detail as to what the columns were or how the figures within the columns were calculated. See, e.g., Abascal v. Fleckenstein, 820 F.3d 561, 566 (2d Cir. 2016) (finding that a report lacked trustworthiness in part because it “does not describe the methodology that was used”). Indeed, at trial, Pfau could only speculate when asked to explain the “AVG COGS” category on the COGS Spreadsheet. (See Tr. 404 (“I think that's just tracking the physical unit, the product cost without any other—just if we bought it for 90 cents a bottle, it's—the cost was just the bottle, no other costs.”)). That does not suffice to carry Excell's burden, as an infringing defendant may not prove deductible costs “by records showing only a vague, undifferentiated category” of expenses. 5 McCarthy on Trademarks and Unfair Competition § 30:66 (4th ed. 2017); see also Audemars Piguet Holding S.A. v. Swiss Watch Int'l, Inc., 46 F.Supp.3d 255, 292 (S.D.N.Y. 2014), rev'd on other grounds, No. 12-CV-5423 (LAP), 2015 WL 150756 (S.D.N.Y. Jan. 12, 2015) (“[B]esides asserting these costs, Defendants provided...
neither documentation nor analysis of how they were calculated, besides the Solar Time invoice summaries. Without this information, Defendants have not proven direct costs under the Lanham Act, and it is not possible for the Court to conduct the two-step analysis required for overhead expenses.” (citation omitted)). Accordingly, Coty is “awarded all revenue” for the relevant time periods. 5 McCarthy § 30:66; see also GTFM, Inc. v. Solid Clothing, Inc., 215 F.Supp.2d 273, 304–05 (S.D.N.Y. 2002) (calculating profits without incorporating the defendant's alleged costs where “[defendant] has failed to prove with reliable evidence any other expenses”). That is, Coty is awarded Excell's sales of its infringing fragrances—$6,573,840.43—plus the amount of Excell's sales since that date, to be determined through an accounting.

2. Enhanced Monetary Awards

The Court turns, then, to Coty's argument that it is entitled to, or should be awarded, treble damages. (Pls.' Post–Trial Mem. 11–13). Where a defendant has “intentionally us[ed] a mark or designation, knowing such mark or designation *468 is a counterfeit mark,” Section 35(b) of the Lanham Act provides that “the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, which would not be apparent to an unwary observer.” 15 U.S.C. § 1127. That is, they “reflect the element of outright duplication absent from the colorable imitation” inquiry. Louis Vuitton Malletier S.A. v. Sunny Merch. Corp., 97 F.Supp.3d 485, 499 (S.D.N.Y. 2015) (“To be substantially indistinguishable, two marks must be ‘nearly identical ... with only minor differences which would not be apparent to an unwary observer.’ ”). That is, they “reflect the element of outright duplication absent from the colorable imitation” inquiry. Fischer v. Forrest, No. 14-CV-1304 (PAE) (AJP), 2017 WL 128705, at *12 (S.D.N.Y. Jan. 13, 2017) (internal quotation marks omitted); see also Montres Rolex, S.A. v. Snyder, 718 F.2d 524, 528 (2d Cir. 1983) (distinguishing those “marks which are merely infringements” and “those marks which not only infringe but in addition are such close copies that they amount to counterfeits”). Put another way, “[t]he essence of counterfeiting is that the use of the infringing mark ‘seeks to trick the consumer into believing he or she is getting the genuine article, rather than a ‘colorable imitation.’ ” Gucci, 868 F.Supp.2d at 237). In determining whether one mark is a counterfeit of another, a court must not view them “in the abstract. Rather, the alleged counterfeit mark must be compared with the registered mark as it appears on actual merchandise to an average purchaser.” Excell'd Sheepskin & Leather Coat Corp. v. Oregon Brewing Co., No. 12-CV-1416 (GBD) (RLE), 2015 WL 4468083, at *3 (S.D.N.Y. July 8, 2015) (internal quotation marks and citation omitted).

Applying those standards here, the Court concludes that Excell's infringing products do not rise to the level of “counterfeits” within the meaning of the Lanham Act. For one, despite the similarities between the products, none of Excell's products used the exact same name as a Coty product; nor did they possess the same—or a “substantially indistinguishable”—combination of colors, designs, and shapes. Colgate–Palmolive Co. v. J.M.D. All–Star Imp. & Exp. Inc., 486 F.Supp.2d 286, 291 (S.D.N.Y. 2007) (“Taken together, it may fairly be said that the boxes are quite similar, but not that they are ‘substantially indistinguishable.’ ”); cf. Audemars Piguet Holding 2015 WL 150756, at *2 (noting that while a part of the defendant's watch infringed on the plaintiffs' trademark, the two marks were not “substantially indistinguishable” because the bolts were “shaped differently” and the screws were “arrayed in a different pattern”). Additionally, although Excell did use Coty's own marks as part of its “Our Version Of” and “Not Associated With” disclaimers, the existence of those disclaimers and Excell's (admittedly less prominent) use of the Diamond Collection mark on its bottles “creates enough of a contextual difference that [Excell's fragrances] cannot be considered counterfeits of [Coty's].” Tiffany & Co. v. Costco Wholesale Corp., 127 F.Supp.3d 241, 255 (S.D.N.Y. 2015); see, e.g., Gibson Brands, Inc. v. John Hornby Skewes & Co., No. 14-CV-609 (DDP) (SSX), 2016 WL 7479317, at *7 (C.D. Cal. Dec. 29, 2016) (dismissing a counterfeit claim, but not an infringement claim, on the ground that the defendant's *469 guitars were not “identical” to, or “substantially indistinguishable” from, the plaintiff's guitars, where, among other things, the defendants' brand name appeared on the back of the guitars). In short, although Excell certainly sought to capitalize on Coty's goodwill by creating customer confusion between the two companies'
products, the Court cannot conclude that the company went so far as to try “to trick ... consumer[s] into believing” they were actually buying Coty's fragrances. Gucci, 868 F.Supp.2d at 237. Accordingly, Excell's fragrances are not “counterfeits” under the Lanham Act and Coty is not entitled to treble damages.19

3. Attorney’s Fees, Other Costs, and Prejudgment Interest

The Lanham Act provides that a court may award reasonable attorney’s fees and prejudgment interest to the prevailing party “in exceptional cases.” 15 U.S.C. § 1117(a); see Am. Honda Motor Co. v. Two Wheel Corp., 918 F.2d 1060, 1064 (2d Cir. 1990). The Second Circuit has defined “exceptional cases” as ones involving fraud, bad faith, or willfulness. See Patsy's Brand, Inc. v. I.O.B. Realty, Inc., 317 F.3d 209, 221 (2d Cir. 2003). “The mere existence of a finding of bad faith, however, does not automatically entitle the prevailing party to attorneys’ fees.” Gidatex, S.r.L. v. Campaniello Imps., Ltd., 82 F.Supp.2d 136, 147 (S.D.N.Y. 2000). Indeed, “courts routinely decline to award attorneys' fees in cases involving willful infringement.” Mister Softee, Inc. v. Boula Vending Inc., No. 10-CV-2390 (ARR) (JMA), 2011 WL 705139, at *1 (E.D.N.Y. Feb. 17, 2011); see also Lurzer GMBH v. Am. Showcase, Inc., 75 F.Supp.2d 98, 102 (S.D.N.Y. 1998) (“Even in a case where, as here, the defendant engaged in willful deception, a court may decline to award [attorneys'] fees if there are other, mitigating factors.”), opinion clarified, No. 97-CV-6576 (JSR), 1999 WL 111931 (S.D.N.Y. Mar. 4, 1999), aff’d, 201 F.3d 431 (2d Cir. 1999). The same is true for prejudgment interest: A finding of bad faith does not automatically lead to an award for the non-infringing party. See Gidatex, 82 F.Supp.2d at 147 (refusing to award prejudgment interest after finding the case to not be “exceptional” and noting that plaintiff “has offered no reason why it requires additional compensation on the[re] award”). “The decision whether or not to award [attorney’s] fees also rests within the broad discretion of the district judge.” George Basch, 968 F.2d at 1543.

Coty's request for attorney's fees and prejudgment interest is also undermined by “the absence of material evidence that [it] suffered any ‘ascertainable damage.’” Lurzer GMBH, 75 F.Supp.2d at 102 (S.D.N.Y. 1998); see also VIP Foods v. Vulcan Pet, Inc., 675 F.2d 1106, 1107 (10th Cir. 1982) (affirming the district court's ruling that the case was not “exceptional” because, among other things, “plaintiff had suffered no ascertainable damage or loss of profits because of defendant's use of [its] mark”). For the reasons stated above, there is certainly reason to believe that Coty has been harmed by Excell's misconduct; but the fact is that, despite several years of competition with Excell's infringing products, Coty failed to produce demonstrable evidence of actual confusion. And finally, the Court concludes that attorney's fees and prejudgment interest are inappropriate because “the outcome” of the case “was by no means a foregone conclusion,” Simon & Schuster, Inc. v. Dove Audio, Inc., 970 F.Supp. 279, 302 (S.D.N.Y. 1997), especially when it came to those fragrances at the less infringing end of the “similarity spectrum” discussed above.

In contrast to attorney's fees and prejudgment interest, a case need not be “extraordinary” for a prevailing party to recover “the costs of the action.” 15 U.S.C. § 1117(a). Instead, a court may grant an award of costs subject

to the “principles of equity.” *Id.* In practice, courts in this district “generally award costs to prevailing parties in Lanham Act cases.” *Gidatex*, 82 F.Supp.2d at 150; see also *Tri–Star Pictures, Inc. v. Unger*, 42 F.Supp.2d 296, 306 (S.D.N.Y. 1999) (“The Lanham Act also provides for the award of costs in all cases.”). Accordingly, the Court concludes that Coty is entitled to recover its reasonable costs. See *Lyons P’ship, L.P. v. AAA Entm’t, Inc.*, No. 98-CV-475 (MHD), 1999 WL 1095608, at *10 (S.D.N.Y. Dec. 3, 1999) (denying the plaintiff’s request for attorneys’ fees but granting its request for costs).

**CONCLUSION**

Justice Frankfurter once described trademark protection as “the law's recognition of the psychological function of symbols.” *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205, 62 S.Ct. 1022, 86 L.Ed. 1381 (1942). That is, a trademark is more than a diffuse or meaningless representation; it is “a merchandising short-cut” meant “to impregnate the atmosphere of the market with the drawing power of a congenial symbol.” *Id.* It is, in short, “something of value,” and “[i]f another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.” *Id.* For the reasons stated above, the Court concludes that Excell's knockoff fragrances “poach upon the commercial magnetism” of Coty's fragrances. More specifically, the Court finds that Coty has established its claims of trademark infringement, trademark dilution, and false advertising—under both New York and federal law—and is entitled to injunctive relief, an award of Excell's profits (including its profits for the period from April 2016 until the last infringing fragrances were sold, as to which Excell is to provide an accounting), and reimbursement of its reasonable costs.

The parties shall promptly meet and confer with respect to both Excell's accounting of its profits for the period from April 2016 until the last infringing fragrances were sold and Coty's reasonable costs. **No later than two weeks from the date of this Opinion and Order,** the parties shall submit a joint letter advising the Court of any disputes on either score and, in the case of a dispute, proposing a process to resolve it. **By the same date,** Coty shall submit a proposed judgment consistent with this Opinion and Order, including—among other things—the proposed terms of the injunction granted above. Excell shall have

one week from the submission of Coty's proposed judgment to submit any objections in a letter brief, not to exceed three pages. The parties should advise the Court if there is any need for a conference.

The Clerk of Court is directed to terminate Docket Nos. 90 and 95.

SO ORDERED.

Appendix A

CALVIN KLEIN EUPHORIA (Women)
EXCELL’S EUPHRATES (Women)
Specifically, Coty manufactures, distributes, and markets the following fragrances at issue: Calvin Klein Eternity Women (Pls.' Ex. 34); Calvin Klein Eternity Men (Pls.' Ex. 35); Calvin Klein Eternity Aqua (Pls.' Ex. 36); Calvin Klein Euphoria Women (Pls.' Ex. 38); Calvin Klein Euphoria Men (Pls.' Ex. 37); Calvin Klein Obsession Women (Pls.' Ex. 42); Calvin Klein Obsession Men (Pls.' Ex. 43); Calvin Klein Dark Obsession (Pls.' Ex. 44); CK One (Pls.' Ex. 41); CK One Shock Women (Pls.' Ex. 39); CK One Shock Men (Pls.' Ex. 40); CK IN2U Women (Pls.' Ex. 45); CK IN2U Men (Pls.' Ex. 52); Downtown Calvin Klein (Pls.' Ex. 50); CK One Summer (Pls.' Ex. 51); CK Be (Pls.' Ex. 53); Vera Wang Princess (Pls.' Ex. 48); Vera Wang Lovestruck (Pls.' Ex. 49); CKfree Blue (Pls.' Ex. 54); Lady Gaga Fame (Pls.' Ex. 46); and Joop! Homme (Pls.' Ex. 47).

Coty also alleged violations of Section 349 and 350 of the New York General Business Law in its Complaint, but it agreed not to pursue those claims. (Docket No. 143). Accordingly, they are dismissed as withdrawn.

For reasons that are not clear, Excell's name was spelled with only one “l” in the Polizzi case. There is no dispute, however, that the parties are one and the same.
Specifically, Coty’s incontestable registrations are as follows: OBSESSION (Reg. No. 0,407,245), CALVIN KLEIN (Reg. No. 1,086,041), CALVIN KLEIN (Reg. No. 1,226,396), OBSESSION (Reg. No. 1,347,076), OBSESSION (Stylized) (Reg. No. 1,435,231), ETERNITY (Stylized) (Reg. No. 1,608,723), ETERNITY Bottle Design (Reg. No. 1,608,753), CK ONE (Stylized) (Reg. No. 1,946,318), CK ONE CALVIN KLEIN & Design (Reg. No. 1,969,912), CK (Stylized) (Reg. No. 2,064,064), CK (Stylized) (Reg. No. 2,234,623), CK FREE (Stylized) (Reg. No. 3,756,039); CK ONE (Reg. No. 3,916,700), EUPHORIA BLOSSOM (Reg. No. 3,455,523), EUPHORIA (Reg. No. 3,786,226), IN2U (Reg. No. 3,804,964), VERA WANG (Reg. No. 1,797,058), VERA WANG & Design (Reg. No. 3,110,991), VERA WANG PRINCESS (Reg. No. 3,184,309), LADY GAGA (Reg. No. 3,695,038), and LADY GAGA (Reg. No. 3,695,129).

Coty’s registered marks that are not yet incontestable are as follows: CK ONE SHOCK (Reg. No. 4,126,963), DARK OBSESSION (Reg. No. 4,426,346), LADY GAGA (Reg. No. 3,960,468), JOOP! (Reg. No. 4,520,669), JOOP! HOMME WILD (Reg. No. 4,682,626), VERA WANG LOVESTRUCK (Reg. No. 4,032,409), and DOWNTOWN CALVIN KLEIN (Reg. No. 4,558,645).

Excell also implies that Coty’s designs may be functional (Def.’s Mem. 21), which, if true, would preclude trade dress protection.

Coty’s Senior Vice President and Global Deputy General Counsel, Joseph Conklin, did attempt to offer one potential instance of actual confusion:

By way of explanation, Coty has a fragrance named Love Story in its Chloé line, and Defendant also offers a Diamond Collection fragrance named Love Story, its version of Lovestruck by Vera Wang (which was one of the infringing fragrances at issue). Our consumer inquiry log quotes the following verbatim statement from the caller: “I bought a bottle of Love Story, I want to know if it is counterfeit? The fragrance does not last.” While our Consumer Affairs representative assumed this was a call about our Chloé Love Story fragrance, the verbatim from the caller does not mention Chloé so the caller may have been complaining about Defendant’s Love Story fragrance. We simply do not know.

Section 3.1 of the Consent Judgment expressly enjoined the sale of “Prohibited Product,” a term defined in Paragraph 1.19 to include “Counterfeit” and “Knock–Off” fragrances. Paragraph 1.16 defined “Counterfeit” fragrances to include “any Fragrance Product bearing a spurious mark which is identical to, or substantially indistinguishable from, any of the ... CALVIN KLEIN Marks.” Notably, Paragraph 1.16 also adopted the definition of “counterfeit” set forth in the Lanham Act, 15 U.S.C. § 1127. Paragraph 1.17 defined a “Knock–Off” fragrance as “any Fragrance Product bearing a spurious mark which is substantially justified or harmless”.

The Court notes that Keegan’s experience and qualifications have been questioned by other courts. See, e.g., Fun–Damental, 111 F.3d at 999 (“[A]n otherwise inherently distinctive trade dress is entitled to protection only if it is also nonfunctional.”). But Excell expressly withdrew its defense of functionality. (Compare Docket No. 71 (“Answer to Amended Compls.”), with Docket No. 91 (“Joint Pretrial Order”) 4 (“Defendant no longer asserts defenses based on ... the doctrine of functionality.”).

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Courts in this District are split over whether a showing of bad faith is also required to obtain monetary relief for infringement, Notably, the survey conducted by Keegan, Excell's expert, was as “closed-ended” as Dr. Rappeport's study; it merely

Coty does not appear to be seeking trebled profits pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), but Coty arguably faces a risk of tarnishment as well because of the ongoing criminal case against several Excell executives

At first blush, the antidilution statute—the primary purpose of which “is to protect the owners of famous marks from ... dilution ... in an unrelated area of commerce,” TCP/IP Holding Co. v. Haar Commc’ns, Inc., 244 F.3d 88, 95 (2d Cir. 2001)—is an awkward fit for Coty's claims, as both parties sell perfumes and colognes. See 4 McCarthy on Trademarks and Unfair Competition § 24:105 (4th ed.) (“The legal theory of antidilution was conceived to protect strong marks against a diluting use by a junior users in a product or service line far removed from that in which the famous mark appears .... Thus, using the antidilution law when the parties are selling their products in the same niche market sounds a dissonant

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Once again, Excell raises a fair use argument in response to Coty's dilution claims. (Def.'s Mem. 32–33). For the reasons stated above, however, it fails. See Section B.3.

Coty arguably faces a risk of tarnishment as well because of the ongoing criminal case against several Excell executives and employees in the District of New Jersey. (See Bronsneck Dep. Resp. 73; Pls.' Ex. 171). That said, based on the existing record, there is no reason to believe that the average consumer would know about the criminal charges, let alone link them to Coty.

Notably, the survey conducted by Keegan, Excell's expert, was as “closed-ended” as Dr. Rappeport's study; it merely included a third option, “similar.” (Keegan Direct ¶ 59). Separate and apart from that, the Court agrees with Dr. Rappeport that including "similar” does not add clarity, as the category is merely a logical subset of “different.” (Rappeport Direct ¶ 36). In any event, given the significant differences between the companies’ fragrances, Keegan’s finding that “[a]pproximately two-thirds of consumers view[ed] the Excell and Calvin Klein products to be ‘similar’ ” only strengthens the conclusion that Excell's legends are false. (Keegan Direct ¶ 58).

Courts in this District are split over whether a showing of bad faith is also required to obtain monetary relief for infringement, but there is agreement that it is required to obtain monetary relief for dilution. See Beastie Boys v. Monster Energy Co., 983 F.Supp.2d 354, 366–67 (S.D.N.Y. 2014) (collecting and comparing cases); see also GMA Accessories, Inc. v. BOP, LLC, 765 F.Supp.2d 457, 468–70 (S.D.N.Y. 2011) (same). In any event, the Court has already found bad faith on the part of Excell.

Coty does not appear to be seeking trebled profits pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), but to the extent that it does, the request is denied. First, most courts have held that trebled profits (as opposed to trebled damages ) are unavailable under Section 35(a). See BeautyBank, Inc. v. Harvey Prince LLP, No. 10-CV-955 (DAB) (GWG), 2011 WL 671749, at *5 (S.D.N.Y. Feb. 24, 2011); see also, e.g., U.S.A. Famous Original Ray's Licensing Corp. v. Tisi's Pizza & Pasta Inc., No. 09-CV-5517 (RMB) (AJP), 2009 WL 4351962, at *4 (S.D.N.Y. Dec. 1, 2009) (“Because § 1117(a) does not explicitly provide for trebling an award of defendant's profits, but only permits trebling of plaintiff's actual damages, courts cannot treble an award of defendant's profits.” (internal quotation marks omitted)); Thompson v. Haynes, 305 F.3d 1369, 1380 (Fed. Cir. 2002) (“As for damages, the court may award up to three times actual damages, depending on the circumstances of the case. As for profits, however, the court is not authorized to award up to three times the amount proved.”); but see Deering, Miliken & Co. v. Gilbert, 269 F.2d 191, 194 (2d Cir. 1959) (stating that Section 1117(a) permits a court, in its discretion, to “treble[ ] the defendant's profits”). Second, and in any event, even if trebled profits were available, the Court would exercise its discretion and decline to award Coty such profits here for the simple reason that it “has not presented any evidence that the award of over $6 million in Excell's profits “is inadequate.” U.S.A. Famous, 2009 WL 4351962, at *5; see, e.g., Brown v. Party Poopers, Inc., No. 00-CV-4799 (JSM), 2001 WL 1380536,
at *6 (S.D.N.Y. July 9, 2001) (finding, in a case where the defendant “failed to prove the amount of any elements of cost or deduction,” that the “purposes of trebling have already been adequately served” by the award and thus declining to provide treble damages).

20

Granted, the Court imposed sanctions on Excell for failing to produce an adequately prepared witness for its Rule 30(b)(6) deposition. See Coty Inc. v. Excell Brands, LLC, No. 15-CV-7029 (JMF), 2016 WL 7187630 (S.D.N.Y. Dec. 9, 2016) (Docket No. 83). But the Court has already punished Excell for that misconduct, both by precluding the company from introducing evidence on certain issues and by requiring the company to reimburse Coty for its “reasonable expenses, including attorney's fees,” caused by its failure to produce adequately prepared witnesses. See id. at *3. Requiring Excell to pay all of Coty's attorney's fees on the basis of that misconduct would, in the Court's view, be disproportionate.
HANA FINANCIAL, INC. v. HANA BANK ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT


Petitioner, Hana Financial, Inc., and respondent Hana Bank both provide financial services to individuals in the United States. When Hana Financial sued Hana Bank for trademark infringement, Hana Bank invoked in defense the tacking doctrine, under which lower courts have provided that a trademark user may make certain modifications to its mark over time while, in limited circumstances, retaining its priority position. Petitioner’s claim was tried before a jury, and the District Court adopted in substantial part the jury instruction on tacking proposed by petitioner. The jury returned a verdict in respondent’s favor. Affirming, the Ninth Circuit explained that the tacking inquiry was an exceptionally limited and highly fact-sensitive matter reserved for juries, not judges.

Held: Whether two trademarks may be tacked for purposes of determining priority is a question for the jury. Pp. 3–8.

(a) Lower courts have held that two marks may be tacked when they are considered to be “legal equivalents,” i.e., they “create the same, continuing commercial impression.” Van Dyne-Crotty, Inc. v. Wear-Guard Corp. 926 F. 2d 1156, 1159. And “commercial impression” “must be viewed through the eyes of a consumer.” DuoProSS Meditech Corp. v. Inviro Medical Devices, Ltd., 695 F. 3d 1247, 1253. When the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide the fact-intensive answer. See, e.g., United States v. Gaudin, 515 U. S. 506, 512. Pp. 3–5.

(b) Each of petitioner’s four arguments in support of its view that tacking is a question of law to be resolved by a judge is unpersuasive. First, it may be true that the “legal equivalents” test involves a legal standard, but such “mixed question[s] of law and fact,” [have] typi-
Syllabus

cally been resolved by juries.” Gaudin, 515 U. S., at 512. And any concern that a jury may improperly apply the relevant legal standard can be remedied by crafting careful jury instructions. Second, petitioner offers no support for its claim that tacking determinations create new law in a unique way that requires those determinations to be reserved for judges. Third, petitioner worries that the predictability required for a functioning trademark system will be absent if tacking questions are assigned to juries, but offers no reason why trademark tacking should be treated differently from the tort, contract, and criminal justice systems, where juries answer often-dispositive factual questions or make dispositive applications of legal standards to facts. Finally, in arguing that judges have historically resolved tacking disputes, petitioner points to cases arising in the contexts of bench trials, summary judgment, and the like, in which it is undisputed that judges may resolve tacking disputes. Pp. 5–8. 735 F. 3d. 1158, affirmed.

SOTOMAYOR, J., delivered the opinion for a unanimous Court.
JUSTICE SOTOMAYOR delivered the opinion of the Court.

Rights in a trademark are determined by the date of the mark’s first use in commerce. The party who first uses a mark in commerce is said to have priority over other users. Recognizing that trademark users ought to be permitted to make certain modifications to their marks over time without losing priority, lower courts have provided that, in limited circumstances, a party may clothe a new mark with the priority position of an older mark. This doctrine is called “tacking,” and lower courts have found tacking to be available when the original and revised marks are “legal equivalents” in that they create the same, continuing commercial impression. The question presented here is whether a judge or a jury should determine whether tacking is available in a given case. Because the tacking inquiry operates from the perspective of an ordinary purchaser or consumer, we hold that a jury should make this determination.

I

Petitioner, Hana Financial, and respondent Hana Bank, a subsidiary of respondent Hana Financial Group, both
Opinion of the Court

provide financial services to individuals in the United States. Hana Bank (hereinafter respondent) was established in 1971 as a Korean entity called Korea Investment Finance Corporation. In 1991, that entity changed its name to “Hana Bank” and began using this name in Korea. In 1994, it established a service called Hana Overseas Korean Club to provide financial services to Korean expatriates, and specifically advertised that service in the United States. Those advertisements used the name “Hana Overseas Korean Club” in both English and Korean, and included the name “Hana Bank” in Korean and respondent’s “dancing man” logo. See App. 206. In 2000, respondent changed the name of the Hana Overseas Korean Club to “Hana World Center.” In 2002, respondent began operating a bank in the United States under the name “Hana Bank.” This enterprise amounted to respondent’s first physical presence in the United States.

Petitioner was established in 1994 as a California corporation called Hana Financial. It began using that name and an associated trademark in commerce in 1995. In 1996, it obtained a federal trademark registration for a pyramid logo with the name “Hana Financial” for use in connection with financial services.

In 2007, petitioner sued respondent, alleging infringement of its “Hana Financial” mark. As relevant here, respondent denied infringement by invoking the tacking doctrine and claiming that it had priority. The District Court initially granted summary judgment to respondent on the infringement claim, but the Court of Appeals for the Ninth Circuit reversed, holding that there were genuine issues of material fact as to priority. On remand, the infringement claim was tried before a jury. The District Court adopted in substantial part the jury instruction proposed by petitioner, and, without objection from petitioner, instructed the jury as follows:
Opinion of the Court

“A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called ‘tacking.’ The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked.” App. 173; see id., at 140 (proposed instruction).

The jury returned a verdict in favor of respondent, and the District Court denied petitioner’s motion for judgment as a matter of law.

The Court of Appeals for the Ninth Circuit affirmed. The court explained that, although tacking applies only in “exceptionally narrow circumstances,” 735 F. 3d 1158, 1160 (2013) (internal quotation marks omitted), it “requires a highly fact-sensitive inquiry” that is “reserved for the jury,” ibid. (quoting One Industries, LLC v. Jim O’Neal Distributing, Inc., 578 F. 3d 1154, 1160 (CA9 2009)). The court acknowledged, however, that whether tacking should be decided by juries or judges “is the subject of a circuit split.” 735 F. 3d, at 1164, n. 5 (noting that the Federal and Sixth Circuits “evaluate tacking as a question of law”); see Van Dyne-Crotty, Inc. v. Wear-Guard Corp., 926 F. 2d 1156, 1159 (CA Fed. 1991); Data Concepts, Inc. v. Digital Consulting, Inc., 150 F. 3d 620, 623 (CA6 1998).

We granted certiorari, 573 U. S. ___ (2014), and now affirm.

II

As discussed above, the general rule adopted by lower courts has been that two marks may be tacked when the original and revised marks are “legal equivalents.” This term refers to two marks that “create the same, continuing
commercial impression” so that consumers “consider both as the same mark.”¹ Van Dyne-Crotty, Inc., 926 F. 2d, at 1159 (internal quotation marks omitted); see, e.g., George & Co., LLC v. Imagination Entertainment Ltd., 575 F. 3d 383, 402 (CA4 2009); Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F. 3d 1036, 1047–1048 (CA9 1999); Data Concepts, Inc., 150 F. 3d, at 623. “The commercial impression that a mark conveys must be viewed through the eyes of a consumer.” DuoProSS Medi-tech Corp. v. Inviro Medical Devices, Ltd., 695 F. 3d 1247, 1253 (CA Fed. 2012); see 3 J. McCarthy, Trademarks and Unfair Competition §17:26, p. 17–71 (4th ed. 2014) (“‘Commercial impression,’ like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services”).

Application of a test that relies upon an ordinary consumer’s understanding of the impression that a mark conveys falls comfortably within the ken of a jury. Indeed, we have long recognized across a variety of doctrinal contexts that, when the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide the fact-intensive answer. See, e.g., United States v. Gaudin, 515 U. S. 506, 512 (1995) (recognizing that “delicate assessments of the inferences a ‘reasonable [decisionmaker]’ would draw . . . [are] peculiarly one[s] for the trier of fact” (quoting TSC Industries, Inc. v. Northway, Inc., 426 U. S. 438, 450 (1976); first alteration in original); id., at 450, n. 12 (observing that the jury has a “unique competence in applying the ‘reasonable man’ standard”); Hamling v. United States, 418 U. S. 87, 104–105 (1974) (emphasizing “the ability of the juror to ascertain the sense of the ‘average person’” by drawing upon “his own

¹The parties do not question the existence of the tacking doctrine or this substantive standard.
knowledge of the views of the average person in the
community or vicinage from which he comes” and his
“knowledge of the propensities of a ‘reasonable’ person’);
*Railroad Co. v. Stout*, 17 Wall. 657, 664 (1874) (“It is
assumed that twelve men know more of the common
affairs of life than does one man, [and] that they can draw
wiser and safer conclusions from admitted facts thus
occurring than can a single judge”).

This is certainly not to say that a judge may never
determine whether two marks may be tacked. If the facts
warrant it, a judge may decide a tacking question on a
motion for summary judgment or for judgment as a matter
of law. See Fed. Rules Civ. Proc. 50, 56(a). And if the
parties have opted to try their case before a judge, the
judge may of course decide a tacking question in his or her
factfinding capacity. We hold only that, when a jury trial
has been requested and when the facts do not warrant
entry of summary judgment or judgment as a matter of
law, the question whether tacking is warranted must be
decided by a jury.

III

Attempting to overcome our conclusion, petitioner offers
four reasons why, in its view, tacking is a question of law
that should be resolved by a judge. None persuades us.

Petitioner first observes that the “legal equivalents” test
involves the application of a legal standard. See Brief for
Petitioner 20. True enough, but “the application-of-legal-
standard-to-fact sort of question . . . , commonly called a
‘mixed question of law and fact,’ has typically been re-
solved by juries.” *Gaudin*, 515 U. S., at 512; see id., at 514
(“[T]he jury’s constitutional responsibility is not merely to
determine the facts, but to apply the law to those facts and
draw the ultimate conclusion . . .”); *Miller v. Fenton*, 474
U. S. 104, 113 (1985) (“[A]n issue does not lose its factual
character merely because its resolution is dispositive of
the ultimate . . . question”). The “mixed” analysis that takes place during the tacking inquiry is no different. And insofar as petitioner is concerned that a jury may improperly apply the relevant legal standard, the solution is to craft careful jury instructions that make that standard clear. Here, however, petitioner can hardly criticize the instruction the District Court gave the jury, as it was essentially the instruction petitioner proposed.

Second, petitioner argues that tacking determinations will “create new law that will guide future tacking disputes”—a task reserved for judges. Brief for Petitioner 21. It is not at all clear, however, why a tacking determination in a particular case will “create new law” any more than will a jury verdict in a tort case, a contract dispute, or a criminal proceeding. Petitioner insists that tacking questions “have to be” resolved by comparing two marks in a given case “against those addressed in other tacking cases,” id., at 22, but we do not agree. Of course, in deciding summary judgment motions, or in making rulings in bench trials, judges may look to past cases holding that trademark owners either were or were not entitled to tacking as a matter of law. But petitioner offers no support for the claim that tacking cases “have to be” resolved by reliance on precedent. Indeed, in many of the cases petitioner cites in support of this argument, the courts in question relied on precedent only to define the relevant legal standard. See, e.g., Specht v. Google Inc., 758 F. Supp. 2d 570, 583–585 (ND Ill. 2010), aff’d, 747 F. 3d 929 (CA7 2014); Children’s Legal Servs. PLLC v. Kresch, 2008 WL 1901245, *1–*2 (ED Mich., Apr. 25, 2008), aff’d sub nom. Children’s Legal Servs., P. L. L. C. v. Saiontz, Kirk & Miles, P. A., 2009 WL 1868809 (CA6, June 18, 2009).2

2Our decision in Markman v. Westview Instruments, Inc., 517 U. S. 370 (1996), is not to the contrary. In Markman, we held that the task
Third, and related, petitioner worries that the predictability required for a functioning trademark system will be absent if tacking questions are assigned to juries. See Brief for Petitioner 25–27. But, again, the same could be said about the tort, contract, and criminal justice systems: In all of these areas, juries answer often-dispositive factual questions or make dispositive applications of legal standards to facts. The fact that another jury, hearing the same case, might reach a different conclusion may make the system “unpredictable,” but it has never stopped us from employing juries in these analogous contexts. Petitioner has offered no reason why trademark tacking ought to be treated differently. Moreover, decisionmaking in fact-intensive disputes necessarily requires judgment calls. Regardless of whether those judgment calls are made by juries or judges, they necessarily involve some degree of uncertainty, particularly when they have to do with how reasonable persons would behave.

Finally, petitioner argues that, as a historical matter, judges have resolved tacking disputes. See Brief for Petitioner 30–35. But petitioner relies on cases in which judges have resolved tacking disputes in bench trials, at summary judgment, or the like. See, e.g., Drexel Enterprises, Inc. v. Richardson, 312 F. 2d 525, 526 (CA10 1962) (“[This action] was tried without a jury”); Perfectform Corp. v. Perfect Brassiere Co., 256 F. 2d 736, 738 (CA3 1958) (“The district court dismissed the complaint”); John

of construing patent terms falls to judges and not to juries. We held as much because “[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis.” Id., at 388; see Teva Pharmaceuticals USA, Inc., v. Sandoz, Inc., ante, at 5. The tacking inquiry, by contrast, involves a factual judgment about whether two marks give the same impression to consumers. Making that kind of judgment is, as discussed above, not “one of those things that judges often do” better than jurors.
Opinion of the Court

Morrell & Co. v. Hauser Packing Co., 20 F. 2d 713 (CA9 1927) (“In the court below, there was a dismissal of both the bill and of defendant’s counterclaim”); Beech-Nut Packing Co. v. P. Lorillard Co., 299 F. 834, 835 (NJ 1924) (equitable claims tried solely before a judge). As we have noted, it is undisputed that judges may resolve tacking disputes in those contexts. But recognizing as much does not gainsay our conclusion that, when a jury is to be empaneled and when the facts warrant neither summary judgment nor judgment as a matter of law, tacking is a question for the jury.

*    *    *

The Ninth Circuit correctly held that whether two marks may be tacked for purposes of determining priority is a question for the jury. Accordingly, the judgment of the Ninth Circuit is affirmed.

It is so ordered.
SUPREME COURT OF THE UNITED STATES

KP PERMANENT MAKE-UP, INC. v. LASTING IMPRESSION I, INC., ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 03—409. Argued October 5, 2004—Decided December 8, 2004

Petitioner KP Permanent Make-Up, Inc., and respondents (collectively Lasting) all use the term “micro color” (as one word or two, singular or plural) in marketing permanent cosmetic makeup. The Court accepts KP’s claim that it has used the single-word version since 1990 or 1991. In 1992, Lasting registered a trademark that included the words “Micro Colors” under 15 U. S. C. §1051, and, in 1999, the registration became incontestable, §1065. When Lasting demanded that KP stop using the word “microcolor,” KP sued for declaratory relief. Lasting counterclaimed, alleging, inter alia, that KP had infringed Lasting’s trademark. KP responded by asserting the statutory affirmative defense of fair use, §1115(b)(4). Finding that Lasting conceded that KP used “microcolor” only to describe its goods and not as a mark, the District Court held that KP was acting fairly and in good faith because KP undisputedly had employed the term continuously from before Lasting adopted its mark. Without enquiring whether the practice was likely to cause consumer confusion, the court concluded that KP had made out its affirmative defense under §1115(b)(4) and entered summary judgment for KP on Lasting’s infringement claim. Reversing, the Ninth Circuit ruled that the District Court erred in addressing the fair use defense without delving into the matter of possible consumer confusion about the origin of KP’s goods. The court did not pointedly address the burden of proof, but appears to have placed it on KP to show the absence of such confusion.

Held: A party raising the statutory affirmative defense of fair use to a claim of trademark infringement does not have a burden to negate any likelihood that the practice complained of will confuse consumers
about the origin of the goods or services affected. Pp. 4–12.

(a) Although §1115(b) makes an incontestable registration “conclusive evidence . . . of the registrant’s exclusive right to use the . . . mark,” it also subjects a plaintiff’s success to “proof of infringement as defined in section 1114.” Section §1114(1) in turn requires a showing that the defendant’s actual practice is “likely to cause confusion, or to cause mistake, or to deceive” consumers about the origin of the goods or services in question, see, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U. S. 763, 780. Thus, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case. This plaintiff’s burden must be kept in mind when reading §1115(b)(4), which provides the fair use defense to a party whose “use of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark, . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services.” It is evident (1) that §1115(b) places a burden of proving likelihood of confusion (that is, infringement) on the party charging infringement even when relying on an incontestable registration, and (2) that Congress said nothing about likelihood of confusion in setting out the elements of the fair use defense in §1115(b)(4). It therefore takes a long stretch to claim that a fair use defense entails any burden to negate confusion. It is not plausible that Congress would have used §1114’s phrase “likely to cause confusion, or to cause mistake, or to deceive” to describe the requirement that a markholder show likelihood of consumer confusion, but would have relied on §1115(b)(4)’s phrase “used fairly” to give a defendant the burden to negate confusion. See, e.g., *Russello v. United States*, 464 U. S. 16, 23. Congress’s failure to say anything about a defendant’s burden on this point was almost certainly not an oversight, since the House Trademarks Subcommittee refused to forward a proposal expressly providing likelihood to deceive the public as an element of the fair use defense. Lasting argues unpersuasively that “used fairly” in §1115(b)(4) is an oblique incorporation of a likelihood-of-confusion test developed in the common law of unfair competition. While cases such as *Baglin v. Cusenier Co.*, 221 U. S. 580, are consistent with taking account of the likelihood of consumer confusion as one consideration in deciding whether a use is fair, they cannot be read to make an assessment of confusion alone dispositive or provide that the defense has a burden to negate it entirely. Finally, a look at the typical course of litigation in an infringement action points up the incoherence of placing a burden to show nonconfusion on a defendant. If a plaintiff succeeds in making out a prima facie case, including the element of likelihood of confusion, the defendant may offer rebutting evidence to undercut the force of the plaintiff’s evidence on this ele-
Syllabus

ment, or raise an affirmative defense to bar relief even if the prima
facie case is sound, or do both. It would make no sense to give the de-
fendant a defense of showing affirmatively that the plaintiff cannot
succeed in proving some element (like confusion); all the defendant
needs to do is to leave the factfinder unpersuaded that the plaintiff
has carried its own burden on that point. Nor would it make sense to
provide an affirmative defense of no confusion plus good faith, when
merely rebutting the plaintiff’s case on confusion would entitle the
defendant to judgment, good faith or not. Pp. 4–9.

(b) Since the burden of proving likelihood of confusion rests with
the plaintiff, and the fair use defendant has no free-standing need to
show confusion unlikely, the Court recognizes (contrary to the Ninth
Circuit’s view) that some possibility of consumer confusion is com-
patible with fair use. It would be improvident to go further here, for
deciding anything more would take the Court beyond the Ninth Cir-
cuit’s consideration of the subject. Because the Court does not rule
out the pertinence of the degree of consumer confusion under the fair
use defense, it does not pass upon the Government’s position that
§1115(b)(4)’s “used fairly” requirement demands only that the de-
scriptive term describe the goods accurately. Accuracy has to be a
consideration in assessing fair use, but the proceedings below have
raised no occasion to evaluate other concerns that courts might pick
as relevant—e.g., commercial justification and the strength of the
plaintiff’s mark—as to which the door is not closed. Pp. 9–11.

(c) This Court reads the Ninth Circuit as erroneously requiring KP
to shoulder a burden on the confusion issue. P. 11.

328 F. 3d 1061, vacated and remanded.

Souter, J., delivered the opinion of the Court, in which Rehnquist,
C. J., and Stevens, O’Connor, Kennedy, Thomas, and Ginsburg, JJ.,
joined, in which Scalia, J., joined as to all but footnotes 4 and 5, and in
which Breyer, J., joined as to all but footnote 6.

14 Civ. 4869 (PAE) | Signed September 13, 2016

Synopsis

**Background:** Fashion company, the holder of trademark rights in metal toe plate featured on all shoes in its first sneaker collection, brought action against alleged infringing fashion company, alleging trademark infringement, unfair competition and false destination of origin in violation of Lanham Act, New York common law unfair competition, and deceptive business practices in violation of New York General Business Law (GBL). Alleged infringing company asserted similar counterclaims. Parties both moved for summary judgment, and alleged infringing company moved to preclude report and testimony of plaintiff's expert witness.

**Holdings:** The District Court, Paul A. Engelmayer, J., held that:

1. company's witness was not qualified to provide expert testimony;
2. rectangular metallic plate affixed to toe of line of company's shoes constituted product design trade dress not protectable under Lanham Act absent a showing of secondary meaning;
3. company's toe plate did not have secondary meaning protectable under Lanham Act;
4. balancing of factors weighed in favor of finding of non-infringement on defendant's Lanham Act counterclaim.

Ordered accordingly.

West Headnotes (104)

1. **Evidence**
   - Preliminary evidence as to competency
     The proponent of expert testimony has the burden of establishing by a preponderance of the evidence that the admissibility requirements of Federal Rule of Evidence governing such testimony are satisfied. Fed. R. Evid. 702.

2. **Evidence**
   - Necessity and sufficiency
     The court's task as “gatekeeper,” when deciding whether to admit expert testimony, is to make certain that an expert, whether basing testimony upon professional studies or personal experience, employs in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field. Fed. R. Evid. 702.

3. **Evidence**
   - Matters directly in issue
   - Speculation, guess, or conjecture
     District courts are to exclude expert testimony if it is speculative or conjectural, is based on assumptions so unrealistic and contradictory as to suggest bad faith, or usurps either the role of the trial judge instructing the jury as to the applicable law or the role of the jury in applying that law to the facts. Fed. R. Evid. 702.
1 Cases that cite this headnote


⇒ Tendency to mislead or confuse
The court may exclude expert testimony if its probative value is substantially outweighed by the danger of unfair prejudice, confusion, or delay. Fed. R. Evid. 403, 702.

1 Cases that cite this headnote

[5] Evidence

⇒ Determination of question of competency
Whether a witness is qualified as an expert is a threshold question that precedes the court's relevance and reliability inquiries. Fed. R. Evid. 401, 402, 702.

1 Cases that cite this headnote


⇒ Knowledge, experience, and skill in general
Where a witness's expertise is too general or too deficient, a court may properly conclude that he is insufficiently qualified to provide expert testimony. Fed. R. Evid. 702.

Cases that cite this headnote

[7] Evidence

⇒ Sources of Data
If a witness is relying solely or primarily on experience in providing expert testimony, he must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts. Fed. R. Evid. 702.

1 Cases that cite this headnote

[8] Evidence

⇒ Knowledge, experience, and skill in general
Witness for fashion company, the holder of trademark rights in metal toe plate featured on all shoes in its first sneaker collection, was not qualified to provide expert testimony in trademark infringement action on whether toe plate acquired secondary meaning; although witness's experience and education may qualify him as expert in certain areas of fashion history and intellectual property law, he did not have any training or experience measuring secondary meaning, whether through a traditional marketing survey or otherwise. Fed. R. Evid. 702.

1 Cases that cite this headnote

[9] Trademarks

⇒ Acquired distinctiveness and secondary meaning in general

Trademarks

⇒ Distinctiveness;secondary meaning
Because the primary element of secondary meaning in trademark dispute is a mental association in buyers' minds between the alleged mark and a single source of the product, the determination whether a mark or dress has acquired secondary meaning is primarily an empirical inquiry.

2 Cases that cite this headnote

[10] Trademarks

⇒ Acquired distinctiveness and secondary meaning in general

Trademarks

⇒ Distinctiveness;secondary meaning
Courts identify the following potentially relevant factors in determining whether mark or dress has acquired secondary meaning: (1) advertising expenditures; (2) unsolicited media coverage of the product; (3) sales success; (4) attempts to plagiarize the mark; and (5) length and exclusivity of the mark's use.

1 Cases that cite this headnote

Matters involving scientific or other special knowledge in general

**Evidence**

**Necessity and sufficiency**

In order for expert testimony to be admissible, it must be both reliable and relevant in that it fits the facts of the case. *Fed. R. Evid. 702.*

Cases that cite this headnote

**[12]** Evidence

Matters involving scientific or other special knowledge in general

**Evidence**

**Necessity and sufficiency**

The requirements that expert testimony both fit a case and be reliable overlap: testimony is neither helpful nor reliable where there is simply too great an analytical gap between the data on which the expert relies and the opinion proffered. *Fed. R. Evid. 702.*

1 Cases that cite this headnote

**[13]** Evidence

Matters involving scientific or other special knowledge in general

**Evidence**

**Necessity and sufficiency**

Witness for fashion company, the holder of trademark rights in metal toe plate featured on all shoes in its first sneaker collection, misidentified company's primary customer base as “urban males,” and, thus, witness's testimony was unhelpful and unreliable, and did not “fit” facts of trademark infringement action, thereby making witness unqualified to provide expert testimony as to whether toe plate acquired secondary meaning; company's president stated his brand was not tailored to “the hip hop urban market,” but was “more of a mainstream brand with mainstream appeal,” and company's business plan identified similar “typical consumer.” *Fed. R. Evid. 403, 702.*

Cases that cite this headnote

**[14]** Evidence

Matters involving scientific or other special knowledge in general

**Evidence**

**Necessity and sufficiency**

**Evidence**

Speculation, guess, or conjecture

Under *Daubert*, a Court must ensure expert testimony is not only relevant, but reliable; that is, that the proffered testimony is more than subjective belief or unsupported speculation. *Fed. R. Evid. 702.*

Cases that cite this headnote

**[15]** Evidence

**Necessity and sufficiency**

A court may consider the following non-exclusive factors in determining whether an expert's methodology is reliable, for purposes of admissibility of expert testimony: (1) whether the expert's technique or theory can be or has been tested; (2) whether it has been subjected to peer review and publication; (3) whether there is a high error rate for the expert's technique, and whether there are standards controlling the technique's operation; and (4) whether the expert's technique or theory is generally accepted by the relevant scientific community. *Fed. R. Evid. 702.*

Cases that cite this headnote

**[16]** Evidence

**Necessity and sufficiency**

How the *Daubert* factors, which courts may consider in determining whether an expert's methodology is reliable, apply in a particular case will depend on the nature of the issue, the expert's particular expertise, and the subject of his testimony, and the court should consider these factors where they are reasonable measures of the reliability of expert testimony. *Fed. R. Evid. 702.*

Cases that cite this headnote
Evidence

Nothing in either Daubert or the Federal Rules of Evidence requires a district court to admit opinion evidence which is connected to existing data only by the ipse dixit of the expert; accordingly, expert testimony should be excluded if it is speculative or conjectural, or where the proffered opinion is based on data, a methodology, or studies that are simply inadequate to support the conclusions reached. Fed. R. Evid. 702.

Cases that cite this headnote

Evidence

Witness for fashion company, the holder of trademark rights in metal toe plate featured on all shoes in its first sneaker collection, did not use reliable methodology, through use of visual culture studies canon, in determining toe plate acquired secondary meaning before alleged infringer's shoe entered market, and, thus, was not qualified to provide expert testimony in trademark infringement action; methodology had not been tested or challenged, selected methodology had never been applied to assess secondary meaning, much less subjected to peer review in that context, and witness could not identify known or potential error rate for methodology or standards controlling its application, or show methodology had been recognized by courts or gained acceptance within relevant expert community. Fed. R. Evid. 702.

Cases that cite this headnote

Evidence

That testimony is qualitative, rather than quantitative, does not mean that it must be excluded under Daubert. Fed. R. Evid. 702.

Cases that cite this headnote

Evidence

Technical or other specialized knowledge may be relevant and reliable, and therefore admissible under Daubert, even if the field of knowledge, be it marketing or plumbing, does not readily lend itself to a formal or quantitative methodology. Fed. R. Evid. 702.

Cases that cite this headnote

Evidence

Use of a qualitative or experience-based methodology does not exempt an expert from Daubert scrutiny. Fed. R. Evid. 702.

Cases that cite this headnote

Federal Civil Procedure

On a motion for summary judgment, an issue of fact is “genuine” if the evidence is such that a reasonable jury could return a verdict for the nonmoving party. Fed. R. Civ. P. 56(a).

Cases that cite this headnote

Federal Civil Procedure

A party may not rely on mere speculation or conjecture as to the true nature of the facts to overcome a motion for summary judgment. Fed. R. Civ. P. 56.

Cases that cite this headnote

Federal Civil Procedure

In determining whether there are genuine issues of material fact on a motion for summary judgment, a court is required to resolve all ambiguities and draw all permissible factual inferences in favor of the party against whom summary judgment is sought. Fed. R. Civ. P. 56.
A court faced with cross-motions for summary judgment need not grant judgment as a matter of law for one side or the other, but must evaluate each party's motion on its own merits, taking care in each instance to draw all reasonable inferences against the party whose motion is under consideration. Fed. R. Civ. P. 56.

Even if a mark is not inherently distinctive and protectable under Lanham Act, it may acquire distinctiveness by achieving “secondary meaning” among the relevant consumer market; this “secondary meaning” has been acquired when, in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

To prevail on a trademark infringement, false designation of origin, or unfair competition claim under Lanham Act, a plaintiff must show: (1) he or she has a valid mark entitled to protection; and (2) defendant's actions are likely to cause confusion as to the origin or sponsorship of the defendant's goods. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).


A design feature is functional, and thus not protectable under Lanham Act, if it is: (1) essential to the use or purpose of the article; (2) affects the cost or quality of the article; or, in cases involving an aesthetic feature, (3) its protection would put competitors at a significant non-reputation-

Cases that cite this headnote

[32] Trademarks

- Distinctiveness; secondary meaning

In order to be protectable under Lanham Act, a claimed product design cannot be “generic,” that is, so broad that it refers only to the genus of which the particular product is a species. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[33] Federal Civil Procedure

- Admitted or undisputed facts; conflicting inferences or conclusions

Even if a determination is properly cast as a factual question as opposed to an application of law to fact, a court may resolve such a question on summary judgment where only one possible conclusion may be drawn from the undisputed facts. Fed. R. Civ. P. 56.

Cases that cite this headnote

[34] Trademarks

- Nonliteral Elements

Trademarks

- Particular Cases or Products

Rectangular metallic plate affixed to toe of line of fashion company's men's shoes constituted product design trade dress not protectable under Lanham Act absent a showing of secondary meaning, not conventional trademark or product packaging; packaging described in company's business plan did not include toe plate, and Patent and Trademark Office (PTO), in declining to register company's trademark for plate, stated the plate was configuration of feature of shoe design, which could never be inherently distinctive. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[35] Trademarks

- Acquired distinctiveness and secondary meaning in general

A mark has “secondary meaning” protectable under Lanham Act when, in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[36] Trademarks

- Acquired distinctiveness and secondary meaning in general

There are six non-exclusive factors that bear on the inquiry of whether a mark has secondary meaning protectable under Lanham Act: (1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) unsolicited media coverage of the product; (4) sales success; (5) attempts to plagiarize the mark; and (6) length and exclusivity of the mark's use. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[37] Trademarks

- Marks protected; secondary meaning

Trademarks

- Secondary Meaning

Proof of secondary meaning protectable under Lanham Act entails vigorous evidentiary requirements, and a plaintiff bears the burden of proving that his mark acquired secondary meaning by the time the allegedly infringing product came on the market. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[38] Trademarks
Advertising expenditures, considered when analyzing whether mark has secondary meaning protectable under Lanham Act are regarded as indirect evidence of the possible effect that advertising may have on consumers' association of the trade dress with the source of the product. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[39] Trademarks

Acquired distinctiveness and secondary meaning in general

Targeted albeit low-cost advertising may establish requisite advertising expenditures for mark to have secondary meaning protectable under Lanham Act, but only if the plaintiff can show it was successful in reaching the targeted audience. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[40] Trademarks

Distinctiveness; secondary meaning

A mark's secondary meaning cannot usually be proven by advertising that merely pictures the claimed trade dress and does nothing to emphasize it or call attention to it.

Cases that cite this headnote

[41] Trademarks

Distinctiveness; secondary meaning

Fashion company's minimal advertising expenditures weighed against determination that rectangular metallic plate affixed to toe of line of company's men's shoes, as product design feature, acquired secondary meaning before alleged infringer's shoe entered market, as required to determine that alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; company did not conduct a secondary meaning survey, but alleged infringer did conduct survey which revealed lack of secondary meaning. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[42] Trademarks

Consumer data and market research; tests and surveys

In a borderline case where it is not at all obvious a designation has been used as a mark, survey evidence may be necessary to prove trademark perception and whether mark has secondary meaning protectable under Lanham Act. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[43] Trademarks

Trade dress

Consumer studies did not link rectangular metallic plate affixed to toe of line of fashion company's men's shoes, as product design feature, to single source, thereby weighing in favor of finding that toe plate did not acquire secondary meaning before alleged infringer's shoe entered market, as required to determine that alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; company did not conduct a secondary meaning survey, but alleged infringer did conduct survey which revealed lack of secondary meaning. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[44] Trademarks

Distinctiveness; secondary meaning

Lack of unsolicited media coverage weighed against finding that rectangular metallic plate affixed to toe of line of fashion
company's men's shoes, as product design feature, acquired secondary meaning before alleged infringer's shoe entered market, as required to determine that alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; all but four media placements were the result of pitches by company's publicist, and none of four referred or called attention to toe plate as an indicator of source or otherwise. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[45] Trademarks

Distinctiveness; secondary meaning

Lack of sales success for line of fashion company's men's shoes weighed against finding that rectangular metallic plate affixed to toe of shoes, as product design feature, acquired secondary meaning before alleged infringer's shoe entered market, as required to determine that alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; aside from alleged infringer, company was not aware of any third-party attempts to plagiarize toe plate, and it submitted no direct evidence that alleged infringer copied its design. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[47] Trademarks

Evidence that a mark has been widely copied is persuasive evidence of secondary meaning protectable under Lanham Act, because it demonstrates the mark has become a strong source identifier in the eyes of the purchasing public; the key question to answer is whether the copying was done deliberately, so as to benefit from plaintiff's name and good will. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[48] Evidence

Matters directly in issue

Determining what motivated a particular person or entity is generally not an appropriate subject matter for expert testimony. Fed. R. Evid. 702.

Cases that cite this headnote

[49] Trademarks

Distinctiveness; secondary meaning

Eight-month period fashion company used rectangular metallic plate affixed to toe of its line of men's shoes, as product design feature, was far too brief to support finding that to plate acquired secondary meaning before alleged infringer's shoe entered market, as required to determine that alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which
protected marks against confusion, mistake or deception; further, company did not show its use of toe plate was at any point exclusive, as alleged infringer and other luxury brands used toe plates and other metal shoe ornaments years prior. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

The relevant confusion required to satisfy likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, is that which affects the purchasing and selling of the goods or services in question. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).
source or sponsor of the junior user's products, “reverse confusion” exists where a junior user selects a trademark that is likely to cause consumers to believe, erroneously, that the goods marketed by the senior user are produced by the junior user. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[56] Trademarks

‘Reverse’ confusion

When assessing likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, the reverse confusion theory, where confusion exists when a junior user selects a trademark that is likely to cause consumers to believe, erroneously, that the goods marketed by the senior user are produced by the junior user, protects the mark of a prior user from being overwhelmed by a subsequent user, typically where the subsequent user is larger and better known and consumers might conclude that the senior user is the infringer. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[57] Trademarks

Factors considered in general

In assessing the likelihood of confusion, as part of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, a court considers the Polaroid factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the plaintiff's and defendant's marks; (3) the competitive proximity of the products sold under the marks; (4) the likelihood that the plaintiff will bridge the gap; (5) actual confusion; (6) the defendant's good faith, or lack thereof, in adopting its mark; (7) the quality of the defendant's product; and (8) the sophistication of the plaintiff's customers.


Cases that cite this headnote

[58] Trademarks

Factors considered in general

In applying the Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, the proper approach is to weigh each factor in the context of the others to determine if, on balance, a likelihood of confusion exists. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[59] Trademarks

Factors considered in general

When applying the Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, the court generally should not treat any single factor as dispositive, nor should it treat the inquiry as a mechanical process by which the party with the greatest number of factors wins; instead, the court should focus on the ultimate question of whether consumers are likely to be confused. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[60] Federal Civil Procedure

Copyright, trademark, and unfair competition cases

Trademarks

Similarity or dissimilarity in general

When applying the Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, in an appropriate case, the similarity of the marks
can be dispositive and will warrant summary judgment for an infringement defendant if the court is satisfied the marks are so dissimilar that no question of fact is presented. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3); Fed. R. Civ. P. 56.

Cases that cite this headnote

[61] Federal Civil Procedure

[62] Trademarks

When assessing strength of plaintiff's mark, as part of likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, courts consider both the inherent distinctiveness of a mark and the distinctiveness it has acquired in the marketplace, that is, its secondary meaning; further, the inventiveness of the mark and the extent of third-party use are particularly relevant to this inquiry. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[63] Trademarks

A mark's strength is crucial to the likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, because a plaintiff's well-known association with the claimed mark makes it much more likely consumers will assume wrongly the plaintiff is somehow associated with the defendant's product, or has authorized the use of its mark; by contrast, where the plaintiff's mark is not associated with any particular source, defendant's use of a similar mark is unlikely to generate confusion. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[64] Trademarks

Lack of strength and distinctiveness of fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, weighed against finding of likelihood of confusion, under theory of "reverse confusion," with alleged infringer's use of toe plate on its shoes, as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; the toe plate, being product design, could not be inherently distinctive, it had not acquired secondary meaning, and there was third-party use of metal shoe ornaments and toe plates predating company's first shoe collection. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote
In assessing similarity of plaintiff's and defendant's marks, as part of likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, courts look to the overall impression created by the marks and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

Lack of similarity between fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, and that of toe plate used by alleged infringer weighed against finding of likelihood of confusion of marks, under theory of "reverse confusion," as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; there were virtually no points of commonality between parties' toe plates, and differences were manifest, as company's toe plate had different shape, adornments, and color than that of alleged infringer. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

Competitive proximity of fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, and that of toe plate used by alleged infringer weighed in favor of finding of likelihood of confusion of marks, under theory of "reverse confusion," as was required to determine alleged infringer was liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; any discrepancies in geographic distribution and market position were not so substantial so as to outweigh the similarities between products in terms of content, price, and target clientele. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[65] Trademarks

Examination and comparison; construction as entirety

[66] Trademarks

Particular cases

[67] Trademarks

Markets and territories; competition

[68] Trademarks

Markets and territories; competition

[69] Trademarks

Particular cases

[70] Trademarks
Markets and territories; competition

“Bridging the gap” factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, as assessing strength of plaintiff's mark, refers to the likelihood the senior user will enter the junior user's market in the future, or that consumers will perceive the senior user as likely to do so; the factor protects the plaintiff's interest in being able to enter a related field at some future time. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[71] Trademarks
Markets and territories; competition

Where the parties' products are already in competitive proximity, there is no gap to bridge between parties' markets, making that factor is irrelevant to the Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[72] Trademarks
Actual confusion

Although actual confusion need not be shown to prevail on likelihood of confusion element of claim alleging violation of Lanham Act provision which protects marks against confusion, mistake or deception, there can be no more positive or substantial proof of likelihood of confusion; accordingly, the absence of such evidence may favor the junior user. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[73] Trademarks

Actual confusion

Evidence of actual confusion, as factor of Polaroid test used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, may consist of anecdotal or survey evidence. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[74] Trademarks
Actual confusion

For actual confusion to be relevant factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, the confusion must be of a type that could inflict commercial injury on the plaintiff in the form of either a diversion of sales, damage to goodwill, or loss of control over reputation. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[75] Trademarks
Particular cases

Lack of actual confusion between fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, and that of toe plate used by alleged infringer slightly weighed against finding of likelihood of confusion of marks, under theory of “reverse confusion,” as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; although company did not present survey evidence as to consumer confusion, and there was only de minimis evidence of confusion, shoes coexisted in marketplace for only a short period of time. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).
1 Cases that cite this headnote

[76] Trademarks

⇒ Intent; knowledge of confusion or similarity

The inquiry into willfulness or bad faith factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, considers whether the defendant adopted its mark with the intention of capitalizing on the plaintiff's reputation and goodwill and on any confusion between his and the senior user's product; as an example, evidence of intentional copying by a junior user may be indicative of an intent to create a confusing similarity between the products. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a) (3).

Cases that cite this headnote

[77] Trademarks

⇒ Particular cases

Lack of willfulness or bad faith in alleged infringer's use of toe plate on one of its shoes weighed against finding of likelihood of confusion, under theory of “reverse confusion,” with fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; alleged infringer's designer had never heard of company or its shoes, and its design team acted in good faith to avoid infringement, including soliciting advice of its in-house counsel and modifying its design to distance it from other shoes. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a). 

Cases that cite this headnote

[78] Trademarks

⇒ Intent; knowledge of confusion or similarity

A defendant's failure to conduct a trademark search is not sufficient to demonstrate bad faith requisite for Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act provision which protects marks against confusion, mistake or deception. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[79] Trademarks

⇒ Relative quality

The “quality of the defendant's product” factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act section which protects marks against confusion, mistake or deception, directs courts to weigh, on the one hand, whether defendant's products or services are inferior to plaintiff's, thereby tarnishing plaintiff's reputation if consumers confuse the two, but on the other hand, if the products are roughly equal in quality, the court must also consider whether that very similarity of quality may tend to create confusion as to source by bringing the products into even closer proximity. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a) (3).

Cases that cite this headnote

[80] Trademarks

⇒ Persons confused; circumstances of sale

The consumer sophistication factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act provision which protects marks against confusion, mistake or deception, considers the general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.

Cases that cite this headnote

[81] Trademarks

Persons confused; circumstances of sale
In a reverse confusion case, where junior user selects a trademark likely to cause customers to erroneously believe goods marketed by senior user are produced by junior user, the consumers relevant to consumer sophistication factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act provision which protects marks against confusion, mistake or deception, are those who purchase the plaintiff's products. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[82] Trademarks

Persons confused; circumstances of sale
Generally, when assessing the consumer sophistication factor of Polaroid test, used to assess likelihood of confusion element of claim alleging violation of Lanham Act provision which protects marks against confusion, mistake or deception, the greater the value of an article, the more careful the typical consumer can be expected to be; also, the more sophisticated the purchaser, the less likely he or she will be confused by the presence of similar marks in the marketplace. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[83] Trademarks

Particular cases
Consumer sophistication weighed against finding of likelihood of confusion, under theory of “reverse confusion,” between fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes, and alleged infringer's use of toe plate on one of its sneakers, as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; sophistication could be inferred from high price point of shoes, and shoes’ customers were brand-conscious and deliberate shoppers. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[84] Antitrust and Trade Regulation

Misappropriation
The essence of an unfair competition claim under New York law is that the defendant has misappropriated the labors and expenditures of another.

Cases that cite this headnote

[85] Antitrust and Trade Regulation

Confusion or deception

Intent
To prevail on an unfair competition claim under New York law, a plaintiff must couple its evidence supporting liability under the Lanham Act with additional evidence demonstrating the defendant's bad faith, thereby proving: (1) actual confusion or a likelihood of confusion; and (2) the defendant's bad faith. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a)(3).

Cases that cite this headnote

[86] Antitrust and Trade Regulation

Nature and Elements
New York's consumer protection statute prohibits deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in the state, and to establish liability, plaintiff must show: (1) defendant engaged in a materially
misleading act or practice; and (2) plaintiff was injured thereby. N.Y. General Business Law § 349(a).

Cases that cite this headnote

[87] Antitrust and Trade Regulation
- Fraud; deceit; knowledge and intent
The standard for whether an act or practice is misleading under New York's consumer protection statute is objective, requiring a showing that a reasonable consumer would have been misled by the defendant's conduct. N.Y. General Business Law § 349(a).

Cases that cite this headnote

[88] Antitrust and Trade Regulation
- Fraud; deceit; knowledge and intent
For conduct to be materially misleading, under New York's consumer protection statute, it must affect consumers' choice of product. N.Y. General Business Law § 349(a).

Cases that cite this headnote

[89] Antitrust and Trade Regulation
- Businesses in General; Competitors and Competition
Antitrust and Trade Regulation
- Public impact or interest; private or internal transactions
Corporate competitors may bring claims under New York's consumer protection statute only if some harm to the public at large is at issue. N.Y. General Business Law § 349(a).

Cases that cite this headnote

[90] Antitrust and Trade Regulation
- Imitation, simulation, or resemblance
Trademarks
- Particular cases
Alleged infringer's use of toe plate on one of its shoes did not create likelihood of confusion, with fashion company's mark, a rectangular metallic plate affixed to toe of line of company's men's shoes that affected consumers' purchasing decisions such that infringer did not engage in any materially misleading act, and, thus, was not liable under New York's consumer protection statute. N.Y. General Business Law § 349(a).

Cases that cite this headnote

[91] Trademarks
- Levels or categories of distinctiveness in general; strength of marks in general
In gauging the strength of a mark in trademark infringement action, courts consider both its inherent distinctiveness and its acquired distinctiveness, that is, fame, or the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[92] Trademarks
- Levels or categories of distinctiveness in general; strength of marks in general
As to inherent distinctiveness of a mark, for purposes of trademark infringement claim, the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[93] Trademarks
- Levels or categories of distinctiveness in general; strength of marks in general
As to acquired distinctiveness of a mark, for purposes of trademark infringement claim, if a mark has been long, prominently and notoriously used in commerce, there is a high likelihood that consumers will recognize it from its prior use; such
widespread consumer recognition increases the likelihood consumers will assume the mark identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[94] Trademarks
  ➔ Strength or fame of marks; degree of distinctiveness

Strength and distinctiveness of fashion company's monogram “LV” mark weakly weighed in favor of finding likelihood of confusion with alleged infringer's use of “LVL XIII” mark, as was required to determine alleged infringer was liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; although “LV” mark was registered trademark that had acquired secondary meaning as result of more than a century of use of logo on wide variety of products, extensive marketing and advertising of products bearing logo, and fame logo had achieved as a result, it did not have broader exclusive right to use non-stylized “LV” letter combination. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[95] Trademarks
  ➔ Examination and comparison; construction as entirety

Trademark
  ➔ Appearance, sound, and meaning

For purposes of trademark infringement claim, similarity of word marks is a holistic consideration that turns on the marks' sight, sound, and overall commercial impression under the totality of the circumstances. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[96] Trademarks
  ➔ Appearance, sound, and meaning

In trademark infringement case, the fact two marks share an element does not mean they are likely to be confused; that is true even where the common element is presented in a similar typeface. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[97] Trademarks
  ➔ Appearance, sound, and meaning

Dissimilarity between fashion company's monogram “LV” mark and alleged infringer's “LVL XIII” mark weighed strongly against likelihood of confusion, as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; although both parties' marks used letters “LV” in a similar font, any such similarities were offset by differences visually evident in logos. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[98] Trademarks
  ➔ Examination and comparison; construction as entirety

When assessing similarity of marks in trademark infringement case, the court must consider how marks are presented in the marketplace. Lanham Act, § 1 et seq., 15 U.S.C.A. § 1051 et seq.

Cases that cite this headnote

[99] Trademarks
  ➔ Knowledge, intent, and motive; bad faith
The burden of proving bad faith in trademark infringement case rests with the party claiming infringement.

Cases that cite this headnote

[100] Trademarks

≥ Intent; knowledge of confusion or similarity

Alleged infringer did not act in bad faith by adopting “LVL XIII” mark, thereby weighing against finding of likelihood of confusion with fashion company's monogram “LV” mark, as was required to determine alleged infringer was not liable for trademark infringement, unfair competition or false designation or origin under Lanham Act provision which protected marks against confusion, mistake or deception; alleged infringer's knowledge of company's mark did not create inference of bad faith, alleged infringer offered credible explanation for selecting mark, sought advice of counsel before finalizing mark, and counsel affirmed it could file trademark application for mark. Lanham Trade-Mark Act § 43, 15 U.S.C.A. § 1125(a).

Cases that cite this headnote

[101] Trademarks

≥ Delay in Assertion of Rights; Laches

To prevail on a laches defense in a trademark infringement action, a defendant must show: (1) the senior user knew of the junior user's use of the mark; (2) the senior user inexcusably delayed taking action; and (3) the junior user was prejudiced by the delay.

Cases that cite this headnote

[102] Trademarks

≥ Acquiescence

To establish acquiescence as part of laches defense in trademark infringement action, a defendant must show the senior user actively represented it would not assert a right or claim.

Cases that cite this headnote

Attorneys and Law Firms

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OPINION & ORDER

PAUL A. ENGELMAYER, District Judge

In this trademark lawsuit, two fashion companies go toe-to-toe over the right to affix a metal plate to the toe of “luxury” men's sneakers. Plaintiff LVL XIII Brands, Inc. (“LVL XIII,” pronounced “Level 13”) is a New York start-up company that manufactures, markets, and sells men's luxury athletic footwear. LVL XIII brings this action against defendants Louis Vuitton Malletier S.A. and Louis Vuitton North America, Inc. (collectively, “LV”). It claims that LV, through its marketing and sale of the On the Road Sneaker (“OTR Sneaker”), infringed LVL XIII's trademark rights in a metal toe plate (the “TP”) which was featured on all shoes in LVL XIII's first sneaker collection.
LVL XIII brings claims for (1) trademark infringement, unfair competition, and false designation of origin, under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a); (2) New York common law unfair competition; and (3) deceptive business practices, under New York General Business Law (“GBL”) § 349. It seeks actual and punitive damages, costs and fees, and an injunction barring LV from selling footwear bearing the allegedly infringing toe plate.

In response, LV brings counterclaims for (1) a declaratory judgment, under 28 U.S.C. § 2201, that LVL XIII has no exclusive right in the shape of a rectangular metal toe plate; and (2) an injunction requiring LVL XIII to disclaim the non-distinctive elements of the TP. Separately, it brings counterclaims for trademark infringement, unfair competition, and false designation of origin under the Lanham Act, based on LVL XIII's alleged infringement of LV's monogram mark (the “Initials Logo”). In connection with those counterclaims, LV seeks damages, costs and fees, and an injunction barring LVL XIII from continuing to use its “LVL XIII” mark or any other mark confusingly similar to the Initials Logo.

The parties have filed cross-motions for summary judgment on each of LVL XIII's claims. In connection with its summary judgment motion, LV has also moved to preclude the report and testimony of LVL XIII's expert witness. Separately, LVL XIII has moved for summary judgment on each of LV's counterclaims.

The end result is that all claims in this lawsuit are dismissed.

I. Background

   A. Factual Background

      1. LVL XIII and its First Sneaker Collection

         a. The Launch of LVL XIII's First Sneaker Collection

LVL XIII is a New York start-up company founded by Antonio Brown. JSF ¶¶ 1-2. Brown long had the goal of starting a luxury footwear company; in the mid-2000s, he began to collect images of shoes as a hobby. Def. Supp. 56.1 ¶ 277. In summer 2012, Brown began soliciting capital contributions from friends and family, and recruiting artists and graphic designers, to help bring his visions to life. See id. ¶¶ 278-80. The designs that would serve as the basis for LVL XIII's first sneaker collection were developed in September and October 2013. See id. ¶¶ 281, 284. Sometime thereafter, they were submitted to a factory in Hong Kong to be made into samples. Id. ¶ 285. Each design featured the TP—a rectangular metal toe plate with a “LVL XIII inscription” secured to the front outsole of the sneaker by metal screws. See MacMull Decl., Ex. 5. Brown testified that he wanted the TP to “distinguish [his] brand from the market”—to be something that could “identify [his] shoe design from the rest of the shoes.” MacMull Decl., Ex. 1 (“Brown Dep. I”), at 137.

In December 2012, LVL XIII was incorporated in New York. Def. Supp. 56.1 ¶ 286. By March 2013, it began preparing a formal business plan with the help of a third-party vendor. Id. ¶ 287. The business plan was completed and distributed to investors sometime after November 2013. Id. ¶ 288. It states that “LVL XIII believes its typical consumer will be an affluent male between the ages of 17 and 35 years of age who appreciates luxury goods and typically shops for designer labels.” JSF ¶ 13. 2

In January 2013, LVL XIII hired Lamont Johnson to serve as its publicist. Sloane Decl., Ex. 3 (“Brown Dep. III”), at 172. Brown testified that because LVL XIII was operating on a “shoestring budget,” he and Johnson knew it would be hard to obtain formal ad placements in major publications. MacMull Decl., Ex. 2 (“Brown Dep. II”), at 173-74. Accordingly, he testified, the two men “creatively came together... [and devised] creative ways to submit the brand for press and publicity[,] like ceding shoes to celebrities and ... editors ... [to] garner[ ] interest.” Id. at 174. 3 One of those celebrities was pop star Jason Derulo, who, on July 19, 2013, performed on Good Morning America wearing LVL XIII sneakers. Def. Supp. 56.1 ¶ 296. 4 Another was pop star Chris Brown, who, in September 2013, wore a pair of LVL XIII sneakers during a photo shoot for Annex Man Magazine. Id. ¶ 301. 5 According to Brown and Johnson, LVL XIII
sneakers were also publicly worn by Kroy Biermann, Jim Jones, DeRay Davis, and Chris Rock. \(\text{Id.} \ ¶ 331.\)

In addition to reaching out to celebrities, LVL XIII leveraged its social media presence to garner free publicity. See \(\text{id.} \ ¶¶ 298-99.\) In April 2013, Brown began posting images of LVL XIII sneakers on his personal Instagram account, which, by then, had 50,000 followers. \(\text{Id.} \ ¶ 300; \text{see Sloane Decl., Ex. 39 (“Media Placements”), at 1.}\) In June 2013, LVL XIII posted its first Instagram. See Media Placements, at 1; Sloane Decl., Ex. 6 (“Johnson Dep. I”), at 66-67. Brown testified that social media has been a cornerstone of LVL XIII's brand development. Def. Supp. 56.1 ¶ 298.

Between July 21 and 23, 2013, LVL XIII debuted its first sneaker collection at the Project Sole event in New York City. \(\text{Id.} \ ¶ 293.\) There, samples of LVL XIII sneakers were displayed to retailers, from whom LVL XIII began taking orders and deposits. \(\text{Id.} \ ¶ 295; \text{JSF} \ ¶ 21.\) At the end of the event, male supermodel Tyson Beckford hosted a launch party for LVL XIII in New York City. Def. Supp. 56.1 ¶ 294. In August 2013, LVL XIII exhibited its sneakers at the Magic Show, a trade show in Las Vegas attended by wholesalers, retailers, press, and celebrities. \(\text{Id.} \ ¶ 302.\)

In the months that followed, Brown and LVL XIII were featured in a handful of online magazines including Details, Ebony, Paper, and Footwear News. \(\text{Id.} \ ¶ 297.\) The majority of the brand's media coverage, however, was on social media platforms and online blogs. See Media Placements. \(\text{LVL XIII estimates that, in 2013, it spent a total of approximately} \$82,000\ in connection with marketing, advertising, and promotion. \(\text{JSF} \ ¶ 35.\)

Of that, approximately \$15,000 was spent on the New York launch party, approximately \$10,000 on the Project Sole Trade Show, approximately \$10,000 on the Magic Show, and approximately \$30,000 on monthly payments to LVL XIII's publicist. \(\text{Pl. 56.1} \ ¶ 163; \text{Brown Dep. II, at 172-73; Def. Supp. 56.1} \ ¶ 330.\) Brown testified that LVL XIII did not engage in TV advertising or purchase any newspaper or magazine advertisements. Brown Dep. I, at 158-59. As he explained, he “didn't feel like it was necessary to invest [LVL XIII's] dollars into print ads and things of that nature, especially with the dying business of print publications this day and age.” Brown Dep. II, at 175-76.

In November 2013, LVL XIII's first sneaker collection became available for purchase at retail. \(\text{Pl. 56.1} \ ¶ 230.\) LVL XIII produced 1,000 pairs of sneakers for it, each of which featured the TP. \(\text{JSF} \ ¶ 31; \text{Def. Supp. 56.1} \ ¶ 325.\) The sneakers were sold at prices between \$495 and \$1,200, with most priced between \$495 and \$595. \(\text{Pl. 56.1} \ ¶¶ 154-55.\) Between November 2013 and March 2014, they were sold in at least 10 locations, including in Houston, Texas; Atlanta, Georgia; Los Angeles, California; Harvey, Illinois; Chicago, Illinois; Miami, Florida; and Washington D.C. \(\text{Id.} \ ¶ 234.\) They were also sold through the Carbon Bazaar website. \(\text{Id.} \ ¶¶ 246-47.\) \(\text{LVL XIII estimates that it sold approximately 500 pairs of sneakers from its first collection.} \(\text{JSF} \ ¶ 32.\) The remaining 500 pairs were returned to LVL XIII to be donated. \(\text{Id.} \ ¶ 33.\) In total, LVL XIII achieved \$141,241 in product sales in 2013. \(\text{Id.} \ ¶ 34.\)

b. LVL XIII's Efforts to Obtain Trademark Protection for its Marks

In March 2013, LVL XIII filed two trademark registration applications with the U.S. Patent and Trademark Office (“PTO”). \(\text{JSF} \ ¶¶ 11-12.\) The first (the “'370 Application”), filed on March 4, was for the word mark “LVL XIII.” \(\text{Id.} \ ¶ 11.\) The second (the “'102 Application”), filed on March 6, sought registration for a “shoe toe design featuring a rectangular metal plate across the front of the shoe toe with the wording LVL XIII engraved in the metal plate, and four small screws in the corners of the metal plate.” \(\text{Id.} \ ¶ 12; \text{Sloane Decl., Ex. 32, at 1.}\)

On June 24, 2013, the PTO issued a non-final Office Action as to the '102 Application, requiring LVL XIII to submit a new drawing showing the screws in dotted lines, “as they cannot be part of the mark.” \(\text{Pl. 56.1} \ ¶ 102.\) The next day, LVL XIII submitted a revised application in accordance with the PTO's directive. \(\text{Id.} \ ¶¶ 104-05.\) It stated:

LVL XIII (Stylized and/or with Design, see mark)—The applicant is not claiming color as a feature of the mark. The mark consists of a shoe toe design featuring a rectangular metal plate across the front of the shoe toe with the wording LVL XIII
engraved in the metal plate, and four small screws in the corners of the metal plate. The dotted lines in the drawing are not part of the mark but show its position on the goods.

Id. ¶ 106. LVL XIII later amended the '102 Application to include two screws rather than four. Id. ¶ 107.

On July 10 and August 7, 2013, respectively, the PTO issued a Notice of Publication for the '370 and '102 Applications. JSF ¶¶ 22, 24. On September 24 and October 22, 2013, respectively, it issued a Notice of Allowance for each application. Id. ¶¶ 25-26. On March 24 and April 7, 2014, respectively, LVL XIII submitted a Statement of Use in connection with each application. *631 Id. ¶¶ 37-38. Each stated that LVL XIII had first used the claimed mark in commerce “at least as early as” August 1, 2013. Id. On May 27, 2014, the PTO issued a Registration Certificate for the '370 Application. Id. ¶ 41.

On July 18, 2014, two weeks after the initiation of this lawsuit, the PTO issued an Office Action for the '102 Application, declining to approve the application in its current form. See id. ¶¶ 43-44. It explained that “[a] product design can never be inherently distinctive as a matter of law [because] consumers are aware that such designs are intended to render the goods more useful or appealing rather than [to] identify their source.” Id. ¶ 44. Accordingly, it directed, LVL XIII must “disclaim[ ... the rectangular shape of the shoe toe plate ... because it is a configuration of a feature of the shoe design.” Id. It warned that if LVL XIII did not do so, the PTO “may refuse to register the entire mark.” Id. Sometime thereafter, the PTO, at LVL XIII's request, suspended the '102 Application, pending the outcome of this lawsuit. Id. ¶ 45.

2. Louis Vuitton

Louis Vuitton Malletier S.A. ("LVM") is a French company, founded in Paris in 1854. Pl. Supp. 56.1 ¶ 374. It manufactures, sells, and distributes luxury merchandise, including handbags, luggage, apparel, shoes, watches, jewelry, and other fashion accessories. JSF ¶¶ 7-8. Louis Vuitton North America, Inc. is a Delaware corporation that markets and distributes Louis Vuitton merchandise in the U.S. Id. ¶¶ 5-6.

a. The Initials Logo

The Initials Logo consists of a stylized “L” and V” presented, in a Roman-like font, as a single, interlocking image, with the “V” overlapping the italicized “L” on a downward angle from right to left. The logo was created in 1897 by George Vuitton, in honor of his late father Louis Vuitton, the founder of the House of Louis Vuitton. Pl. Supp. 56.1 ¶ 375. It has been continuously used for more than 100 years in the U.S., and currently appears on hundreds of LV products. Id. ¶ 376.

LVM owns multiple registered U.S. trademarks for the Initials Logo, which apply to a wide variety of goods ranging from clothing to suitcases and stationery. See generally Sloane Decl., Ex. 59. Among these is a registered mark, which has become incontestable, for use of the Initials Logo on “shoes, boots[,] sandals, [and] tips for footwear.” Id. at 1–3.

LV advertisements, at least some of which feature the Initials Logo, have appeared in magazines such as Vanity Fair, Vogue, and Elle. Pl. Supp. 56.1 ¶ 378. LV has also received media coverage in publications such as Marie Claire, Town & Country, and the “Pop Sugar” online blog. Id. ¶ 379. In 2015, Interbrand Rankings and Brand Z ranked LV as one of the 100 most valuable global brands. Id. ¶ 381.

b. The OTR Sneaker

LVL XIII's claims arise from LV's use of a metal toe plate on its OTR Sneaker. That sneaker was designed and developed in June 2013, in the weeks leading up to LV's Men's Spring/Summer 2014 fashion show (the “Fashion Show”), which took place in Paris on June 27, 2013. Sloane Decl., Ex. 1 (“Viti Aff”) ¶ 5. Fabrizio Viti, the Style Director for LVM's footwear division, oversaw the design process. See Dkt. 112 (“Viti Decl.”) ¶¶ 1, 5.

The theme for the Fashion Show was a “road trip” through 1950s Americana, focusing on the style of icons such as James Dean, Steve McQueen, and Jack Kerouac, and mixing in an “astronaut mood.” Pl. 56.1 ¶¶ 32, 40. In keeping with that theme, Viti decided to use the Converse Jack Purcell sneaker, worn by James Dean in a famous
photo, as the inspiration for his design for the OTR Sneaker. *Id.* ¶ 41; Viti Aff. ¶ 6; Sloane Decl., Ex. 9 ("Viti Dep. I"). *632* at 26-28. 11 An identifying feature of the Jack Purcell sneaker is the “smile,” a thin dark rubber inset curving upwards in the sneaker's rubber toe. Pl. 56.1 ¶ 42. Accordingly, the initial design for the OTR Sneaker (then called the “Dean”) included a thin metal strip inset into the shoe's outsole, which Viti described as LVM's “reinterpretation of the Jack Purcell [smile] with contemporary features.” Viti Decl. ¶ 8. Viti attested that this “reinterpretation” was informed by his knowledge of “metal detailing,” i.e., the ornamental use of metal accents, which had been trending among high-end shoe designers, including LV, for several years. *See Pl. 56.1 ¶¶ 43, 55-56.* 12

On June 7, 2013, a member of LV's design team emailed the prototype for the OTR Sneaker to LV's in-house legal department. Pl. 56.1 ¶ 50; *see Sloane Decl., Ex. 20.* The email identified several characteristics of the Jack Purcell sneaker and asked whether, legally speaking, there were enough areas of difference between those two shoes. Pl. 56.1 ¶ 51; *see Sloane Decl., Exs. 20-21.* On June 10, 2013, LV's legal department responded that “there [was] a degree of risk attached” to LV's use of the “smile.” Pl. 56.1 ¶¶ 53-54.

The next day, Viti's assistant Mathieu Desmet 14* emailed* Viti, stating that “due to leg[a]ll issue we need to change [t]he sneakers from the show.” *Def. Supp. 56.1 ¶ 308; see also Sloane Decl., Ex. 57 ("Viti Dep. II"), at 38-40.* Desmet attached to his email a revised design for the OTR Sneaker, which featured a thicker metal plate at the toe of the shoe. *Def. Supp. 56.1 ¶ 309; Pl. 56.1 ¶ 60.* That design was later revised because Viti and LV's Artistic Director believed the metal plate was too large and “looked like a car.” *Pl. 56.1 ¶ 61.*

The final version of the OTR Sneaker was reviewed at a model fitting on June 22, 2013. *Id.* ¶ 62. The design featured a plain metal toe plate in the shape of an isosceles trapezoid, with the top slightly shorter than the bottom, as a “subtle reference to the Jack Purcell [s]mile.” *Viti Decl. ¶ 9; see Sloane Decl., Ex. 27.* The toe plate had rounded edges and was inset into the rubber shoe toe. *Id.* The design also featured a rectangular metal heel plate. *Pl. Supp. 56.1 ¶ 407.* LV's “LOUIS VUITTON” trademark was imprinted on the sneaker's heel plate, tongue, shoelace rivets, and insole. *Id.* The Initials Logo was imprinted on its rubber sole. *Id.*

On June 27, 2013, the OTR Sneaker was publicly debuted on the runway at the Fashion Show. *Pl. 56.1 ¶ 74.* In the ensuing months, it was pictured in several print and online publications in the U.S. *See id.* *633* ¶¶ 76, 78-80. On March 4, 2014, it became available for purchase by U.S. customers, exclusively through LV's stores and website. *Id.* ¶¶ 83, 88. It was available in four basic styles, which ranged in price from $830 to $1,790. *Id.* ¶¶ 69, 84-87. 16

Between March 4 and September 13, 2014, LV sold 714 pairs of the OTR Sneaker in the U.S., generating $764,000 in revenue. *Id.* ¶¶ 90-91.

### 3. LVL XIII's Discovery of the OTR Sneaker, Purported Confusion, and Aftermath

Brown first learned about the OTR Sneaker in March 2014, when celebrity stylist Shaundell Hall called him to ask whether LVL XIII was collaborating with LV. *See Brown Dep. IV, at 385-86; Dkt. 132 ("Hall Decl."). ¶ 8.* Hall attested that, upon first seeing the OTR Sneaker, he assumed there had been a collaboration between the two brands because of the similarities between the metal toe plates that appeared on each sneaker. *Hall Decl. ¶ 8.*

LVL XIII has submitted declarations by six individuals, including Hall, who attest to having made such an assumption. 17 Four—Hall, Darius Baptist, Devon Johnson, and Eric Hamilton—are acquaintances of Brown's. 18* Each* attested that, when he contacted Brown to inquire about the OTR Sneaker, Brown clarified that there had been no collaboration between the two brands. 19

The remaining two declarants—Tavius Bolton and Kathleen Roque—are consumers who bought LVL XIII sneakers in early 2014. *See Bolton Decl. ¶ 2; Roque Decl. ¶ 3.* Each attested that, upon later seeing the OTR Sneaker, he or she assumed that LVL XIII had collaborated with LV. *See Bolton Decl. ¶ 4; Roque Decl. ¶ 4.* Each attested that he had been disappointed by what he perceived as LVL XIII's “selling out” to LV, 20 and had been glad to learn that such was not the case. *Bolton Decl. ¶¶ 4-6; Roque Decl. ¶¶ 6-9.*
Brown testified that, shortly after his communication with Hall, LVL XIII began receiving “Instagram questions about whether or not [ ] the [OTR Sneaker] was LVL XIII.” Brown Dep. IV, at 386. LVL XIII has identified two Instagram posts and three text messages, which it claims *634 evince such confusion. See Sloane Decl., Exs. 46-47. In total, LVL XIII has identified 12 individuals who it claims were confused whether LVL XIII had collaborated with LV. Pl. 56.1 ¶¶ 267, 271-72. However, Brown testified that he is unaware of any potential consumers who: (1) at the point of purchase, were confused as to whether the OTR Sneaker was affiliated with, or related to, LVL XIII; (2) bought the OTR Sneaker while thinking it was really a LVL XIII sneaker; or (3) saw LVL XIII sneakers on the street and were confused whether they were produced by LV or LVL XIII. Brown Dep. IV, at 436-38.

On June 30, 2014, LVL XIII filed this lawsuit. Dkt. 1. Sometime thereafter, it removed its sneakers from the market. Def. Supp. 56.1 ¶ 339. Brown testified that a reason for that decision was that at least one retailer had refused to carry LVL XIII’s shoes due to concerns about this lawsuit. Brown Dep. IV, at 439-41; Brown Dep. II, at 446-48.

In September 2015, LVL XIII launched its second shoe collection. Pl. 56.1 ¶ 128. The sneakers in that collection featured a new, modified toe plate, with rounded edges and no screws. Id. ¶¶ 130-32. The collection also included shoes without a metal toe plate. JSF ¶ 46.

B. Procedural History of This Litigation

On January 21, 2016, LV moved to preclude the report and testimony of LVL XIII's expert witness, Charles E. Colman, Dkt. 103, and filed a memorandum of law, Dkt. 104 (“Def. Daubert Br.”), and a declaration by its counsel, Dkt. 105, in support. That day, LV also filed a motion for summary judgment, Dkt. 106, along with a Rule 56.1 statement, Dkt. 110, a memorandum of law, Dkt. 108 (“Def. SJ Br.”), and supporting declarations, Dkts. 107, 109, 112, 117.

On February 16, 2016, LVL XIII filed an opposition to LV's motion to preclude LVL XIII's expert. Dkt. 120 (“Pl. Daubert Opp. Br.”). That day, LVL XIII moved to preclude the testimony of LV's expert witness, Michael Mazis. Dkts. 121-23. Also that day, LVL XIII filed a cross-motion for summary judgment, Dkt. 125, along with a memorandum of law, Dkt. 126 (Pl. SJ Br.”), and a Rule 56.1 response and counterstatement, Dkt. 136. LVL XIII also filed nine supporting declarations, Dkts. 127-35, including by Erik Pelton, LVL XIII's trademark counsel, Dkt. 129 (“Pelton Decl.”).


On March 22, 2016, LV filed reply briefs in support of its motion to preclude LVL XIII's expert, Dkt. 148 (“Def. Daubert Reply Br.”), and its motion for summary judgment, Dkt. 152 (“Def. SJ Reply Br.”), along with supporting declarations, Dkts. 149, 153, and a supplemental Rule 56.1 statement, Dkt. 154. That day, LV also filed a motion to strike certain statements in LVL XIII's 56.1 response and counterstatement and the Pelton Declaration. Dkts. 150-51, 155.

On April 4, 2016, LVL XIII filed a reply brief in support of its motion to preclude LV's expert. Dkt. 159.

On April 21, 2016, LVL XIII filed a reply brief in support of its cross-motion for summary judgment, Dkt. 162 (“Pl. SJ Reply Br.”), along with a response to LV's supplemental Rule 56.1 statement, Dkt. 163. That day, LVL XIII also filed a brief in opposition to LV's motion to strike. Dkt. 164.

On July 28, 2016, the Court heard argument. See Dkt. 172 (“Tr”). At the hearing, the Court ruled, at length, from the bench on LVL XIII’s motion to preclude LV’s expert and LV’s motion to strike. For the reasons stated on the record...
at the hearing, the Court denied both motions. See Dkt. 170; Tr. 3-42.

II. Discussion
Before the Court are (1) LV's motion to preclude the report and testimony of LVL XIII's expert witness; (2) the parties' cross-motions for summary judgment on LVL XIII's claims; and (3) LVL XIII's motion for summary judgment on LV's counterclaims. The ensuing analysis proceeds as follows: The Court first addresses, and grants, LV's motion to preclude the report and testimony of LVL XIII's expert witness. The Court next addresses the cross-motions for summary judgment on LVL XIII's claims. Finally, the Court addresses LVL XIII's motion for summary judgment on LV's counterclaims.

III. LV's Motion to Preclude LVL XIII's Expert
LVL XIII retained Charles E. Colman to provide an expert report and testimony on the issues of inherent distinctiveness and secondary meaning with regard to the TP. See Dkt. 105, Ex. 1 (“Colman Rpt”), at 1. LV has moved to preclude Colman's report and testimony in their entirety pursuant to Daubert v. Merrell Dow Pharmaceuticals, 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993). For the following reasons, that motion is granted.

A. Applicable Legal Standards
Federal Rule of Evidence 702 gives an expert witness testimonial latitude unavailable to others, “so long as the witness is 'qualified as an expert' and (1) ‘the testimony is based on sufficient facts or data,’ (2) ‘the testimony is the product of reliable principles and methods,’ and (3) ‘the expert has reliably applied the principles and methods to the facts of the case.’ ” United States v. Pryor, 474 Fed.Appx. 831, 834 (2d Cir.2012) (summary order) (quoting Fed. R. Evid. 702).

LV moves to exclude Colman's report and testimony on the grounds that: (1) Colman is not qualified to offer expert testimony on any topic on which he opines; (2) his focus on the “urban male” population makes his opinions irrelevant and unreliable; and (3) his opinions are based on an unreliable methodology. The Court addresses these challenges in turn.

1. Colman is Not Qualified to Opine on Secondary Meaning
LV first argues that Colman is not qualified to offer expert testimony on any of the topics on which he opines. See Def. Daubert Br. 9-12; Def. Daubert Reply Br. 2-5.
by knowledge, skill, experience, training, or education.” The Second Circuit has instructed that these words “be read in light of the liberalizing purpose of” Rule 702. United States v. Brown, 776 F.2d 397, 400 (2d Cir.1985), cert. denied, 475 U.S. 1141, 106 S.Ct. 1793, 90 L.Ed.2d 339 (1986). Accordingly, even if a proposed expert lacks formal training in a given area, he may still have “practical experience” or “specialized knowledge” that qualifies him to give opinion testimony. See McCulloch v. H.B. Fuller Co., 61 F.3d 1038, 1043 (2d Cir.1995) (internal quotation marks omitted) (quoting Fed. R. Evid. 702). However, “[i]f the witness is relying solely or primarily on experience, then [he] must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts.” Pension Comm. of Univ. of Montreal Pension Plan v. Banc of Am. Sec., LLC, 691 F.Supp.2d 448, 473 n. 148 (S.D.N.Y.2010) (quoting Fed. R. Evid. 702). However, “[i]f the witness is relying solely or primarily on experience, then [he] must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts.” Pension Comm. of Univ. of Montreal Pension Plan v. Banc of Am. Sec., LLC, 691 F.Supp.2d 448, 473 n. 148 (S.D.N.Y.2010) (quoting Fed. R. Evid. 702 Advisory Committee Note). Where a witness’s “expertise is too general or too deficient,” the Court “may properly conclude that [he is] insufficiently qualified.” Stagi v. Delta Air Lines, Inc., 117 F.3d 76, 81 (2d Cir.1997).

*637 Here, although Colman’s report addresses a range of topics, LVL XIII has clarified that it contains only one “core conclusion”: that LVL XIII’s TP achieved secondary meaning among the relevant consumer population before LV’s OTR Sneaker came on the market—i.e., that, by March 2014, “in the minds of the public, the primary significance of [this] feature ... [was] to identify the source of the product rather than the product itself.” Christian Louboutin S.A. v. Yves Saint Laurent Am. Holdings, Inc., 696 F.3d 206, 216 (2d Cir.2012) (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982)) (internal quotation marks omitted); see Pl. Daubert Opp. Br. 8-9; see also id. at 15–16. The Court must thus resolve whether Colman is qualified to opine on that issue.

a. Background

Colman is a 2009 law school graduate with a B.A. in linguistics. Colman Rpt., Appx. A, at 1. He was recently appointed Assistant Professor at the University of Hawaii William S. Richardson School of Law, where he will teach intellectual property law and other business-related subjects.24 Between 2013 and 2016, Colman was an Acting Assistant Professor at NYU School of Law, where he taught “Lawyering” to first-year students, and, for one year, led a reading group on “Identity, Consumption, and American Law.” Colman Rpt., Appx. A, at 1. Between 2014 and 2016, he also served as an Adjunct Professor and Faculty Fellow in the “Visual Culture: Costume Studies” M.A. Program at NYU Steinhardt School of Culture, Education, and Human Development, where he taught a course on “Contemporary Dress.” Id.; Dkt. 105, Ex. 2 (“Colman Dep.”), at 105-06. In fall 2013, Colman taught a course, “Fashion and Power,” in NYU’s Media, Culture, and Communications Department. Colman Rpt. ¶ 5. In spring 2013, he co-taught, as a visiting lecturer, a course on “International Business Strategies and Fashion Law” at New York City’s Fashion Institute of Technology, Department of Marketing and International Trade. Id.; see also http://charlescolmanlaw.com/about (accessed Aug. 1, 2016).


Since 2011, Colman has practiced intellectual property law through his sole proprietor firm Charles Colman, PLLC. Id. ¶ 9. That firm “cater[s] primarily to clients in the fashion, media, and related industries.” Id. To date, Colman has prosecuted approximately 10 trademark applications (approximately five of which were related to the fashion industry), and litigated approximately six oppositions or cancellation petitions. Colman Dep. 88-90, 206-07.

b. Analysis

LV argues that Colman is not qualified to opine on whether the TP acquired secondary meaning primarily because: (1) he did not conduct a marketing analysis or a secondary meaning survey; (2) he has no background or experience in fashion marketing; *638 and (3) his
practical experience in trademark law is too limited to supply relevant expertise. Def. *Daubert* Br. 10-12; Def. Reply Br. 2-4.

In response, LVL XIII argues that, “based on his extensive training, learning, experience[,] and recognition,” Colman has expertise in “intellectual property [law]; the history, business and culture of fashion; and the cultural matrix where these intersect.” Pl. *Daubert* Opp. Br. 1. LVL XIII asserts that Colman acquired that expertise “through many years spent in a university setting ... supplemented by thousands of hours of research, writing, and publishing on the fashion industry and U.S. intellectual property law, related cultural practices, and symbolic systems associated therewith[,] and years of professional experience spent representing parties in and writing about legal proceedings concerning the fashion industry.” *Id.* at 8. LVL XIII argues that such expertise “amply qualif[ies] [Colman] to testify on ... whether the LVL XIII toe plate achieved secondary meaning.” *Id.* at 9.

On this issue, the Court holds for LV. It is well established that even if “a witness qualifies as an expert with respect to certain matters or areas of knowledge, it by no means follows that he or she is qualified to express expert opinions as to other fields.” *Nimely*, 414 F.3d at 399 n. 13 (citation omitted); *see also United States v. Tin Yat Chin*, 371 F.3d 31, 40 (2d Cir.2004) (“To determine whether a witness qualifies as an expert, courts compare the area in which the witness has superior knowledge, education, experience, or skill with the subject matter of the proffered testimony.”). Here, although Colman's experience and education may qualify him as an expert in certain areas of fashion history and intellectual property law, LVL XIII has not shown how such expertise qualifies him to testify as to the central, and largely empirical, issue addressed in his report: whether the TP acquired secondary meaning.

“Because the primary element of secondary meaning is ‘a mental association in buyer[s]' minds between the alleged mark and a single source of the product,’ the determination whether a mark or dress has acquired secondary meaning is primarily an empirical inquiry.” *Sunbeam Products, Inc. v. W. Bend Co.*, 123 F.3d 246, 253 (5th Cir.1997) (citation omitted) (emphasis in original). Accordingly, courts have long held that consumer surveys are the most persuasive evidence of secondary meaning. *See, e.g., Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.* (“*Sports Traveler II*”), 25 F.Supp.2d 154, 164 (S.D.N.Y.1998) (“[C]onsumer surveys have become the usual way of demonstrating secondary meaning.”); *639 Ergotron, Inc. v. Hergo Ergonomic Support Sys., Inc.* No. 94 Civ. 2732(SAS), 1996 WL 143903, at *8 (S.D.N.Y.1996) (“A consumer survey is the most persuasive element in demonstrating secondary meaning, because such a survey provides direct evidence.”) (citing, inter alia, *20th Century Wear, Inc. v. Sammark–Stardust Inc.*, 815 F.2d 8, 10 (2d Cir.1987), and *Mattel, Inc. v. Azrak–Hamway Int'l, Inc.*, 724 F.2d 357, 361 (2d Cir.1983)). To be sure, consumer surveys are not the only form of evidence relevant to determining secondary meaning. *Centaur Commc’ns, Ltd. v. AISIM Commc’ns, Inc.* (“*Centaur II*”), 830 F.2d 1217, 1223 (2d Cir.1987). As reviewed in detail *infra*, the Second Circuit has identified five other potentially relevant factors. Nevertheless, the ultimate determination of whether a particular trademark or trade dress has acquired secondary meaning remains an “empirical question of consumer association.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 770–71, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) (internal quotation marks and citation omitted) (recognizing that it is “often prohibitively difficult” to conduct that inquiry).

The expertise most germane to such a determination thus involves training or experience performing empirical analyses. But as to this critical qualification, Colman's credentials are woefully deficient.

*640 Colman does not appear to have any training or experience measuring secondary meaning—whether through a traditional marketing survey or otherwise. He purports to have done so here by employing “observational and analytical techniques” of the “Visual Culture Studies” (“VCS”) canon. *See Colman Rpt.* ¶¶ 17, 19-20; Colman Dep. 61-63. But, even assuming *arguendo* that VCS supplies a reliable empirical methodology (which, as discussed *infra*, it does not), there is no basis for concluding that Colman has experience thus applying it. Colman testified that he has never served as an expert witness or used the VCS methodology to measure secondary meaning in connection with a legal case. Colman Dep. 80-81, 190. In fact, although he represents that he has “spent hundreds of hours familiarizing [himself] with the Visual Cultural canon,” Colman Rpt. ¶ 3, he does not purport to have *ever* applied its techniques to test whether a particular trademark or
trade dress had acquired secondary meaning. None of his publications entail or reveal any such endeavor. 29

Under these circumstances, the Court is “not persuaded that [Colman] can offer opinion testimony [as to whether the TP achieved secondary meaning] that is anything other than conjecture.” Loyd, 2011 WL 1327043, at *5 (“Though [a medical expert] need not be a specialist in the exact area of medicine implicated by the plaintiff’s injury, he must have relevant experience and qualifications such that whatever opinion he will ultimately express would not be speculative.” (internal quotation marks and citation omitted)). The Court, therefore, holds that Colman is not qualified to offer expert testimony on this issue. 30

*641 2. Colman’s Incorrect Assumption as to LVL XIII’s Customer Base Makes his Testimony Unhelpful and Unreliable

In a separate aspect of its Daubert challenge, LV argues that Colman’s assumption that “urban males” are LVL XIII’s primary customer base is incorrect, and makes his resulting opinions irrelevant and unreliable. See Def. Daubert Br. 13 & n. 3; Def. Daubert Reply Br. 5-6. That critique is persuasive.

[11] [12] To be admissible, expert testimony must be of the type that will “help the trier of fact to understand the evidence or to determine a fact in issue.” Fed. R. Evid. 702. This means that the testimony must be both reliable and relevant in that it “fits” the facts of the case. Daubert, 509 U.S. at 591–92, 113 S.Ct. 2786. The “fit” and “reliability” requirements overlap: Testimony is neither helpful nor reliable where “there is simply too great an analytical gap between the data [on which the expert relies] and the opinion proffered.” Gen. Elec. Co. v. Joiner, 522 U.S. 136, 146, 118 S.Ct. 512, 139 L.Ed.2d 508 (1997).

Here, LV argues that Colman’s opinions are, at best, unhelpful, and, at worst, unfairly prejudicial, because they rest on a faulty assumption: that LVL XIII’s customer base consisted primarily of “urban male[s]” (i.e., African-American and African-American culture-inclined) luxury footwear buyers between the ages of 17 and 36.” Colman Rpt. ¶ 22 (internal quotation marks omitted); see Def. Daubert Br. 13 & n. 3; Def. Daubert Reply Br. 5-6. The Court agrees.

At the outset of his report, Colman posits that “urban males” are LVL XIII’s primary customer base. Colman Rpt. ¶ 22. He then identifies characteristics of this demographic which he claims shape their perception as consumers. For instance, he states that such persons:

are, by and large, extremely sensitive to the nuances of what many fashion historians and theorists have described as “sneaker culture.” Accordingly, these consumers are attuned, whether consciously or not, to detect source indicators that are often far more subtle than the metal toe plate at issue in this case.

Id. ¶ 24. Based on this “extreme[ ] sensitivity,” Colman concludes that the TP is “likely to be perceived by—and has been perceived by—a significant majority ... of actual and potential consumers ... as an inherently distinctive indicator of source.” Id. ¶ 22; see also id. ¶¶ 24, 26, 29.

Colman similarly anchors his other opinions on this assumption about LVL XIII’s target market. These include that: (1) the TP achieved secondary meaning; (2) the TP “most likely served” as a “conventional trademark” rather than “product design”; and (3) the public will be harmed by LV’s alleged infringement of the TP. See id. ¶ 39(c) (“LVL XIII achieved [ ] widespread penetration” of “brand/visual-feature awareness” among actual or potential urban male high-end luxury footwear consumers aged 17 to 36 before [LV] first used a confusingly similar toe plate in U.S. commerce.”); id. ¶¶ 23-24 (opining that, due to their “extreme[ ] sensitivity” to the nuances of ... ‘sneaker culture,’ ” urban males were not likely to perceive LVL XIII’s metal toe plate as product design); id. ¶ 39(d) (“The social media and remaining cultural landscape of 2013 reveal that Antonio Brown’s leadership of LVL XIII resonated for countless members of the consumer group identified above [i.e., urban males], in no small part because Mr. Brown has consistently espoused values (like genuine design innovation, pride in one's individuality and accomplishments, and spiritual fulfillment) that a substantial portion of this group found compelling. The public would be harmed if [LV’s] confusing imitation of LVL XIII’s metal toe plate were permitted ... to (a) deprive LVL XIII of the financial
means to create truly innovative designs ... and (b) disillusion the public, for whom Mr. Brown's and LVL XIII's beliefs and mission statement have so strongly resonated, by suggesting to the public that such idealistic ventures will only result in ‘selling out,’ failure, and/or being overpowered or ‘bullied’ by large, wealthy companies like defendants, without being protected by the courts.”).

[13] This testimony fails Daubert’s “fit” requirement. It is a mismatch for the facts of this case, because Colman's definition of the relevant consumer market lacks record foundation. Colman offers no factual basis for positing that “urban males” are a material segment of LVL XIII's customer base. And LVL XIII has adduced no evidence to support that proposition. 31 The record evidence is to the contrary: Testifying as LVL XIII's 30(b)(6) witness, Brown stated that his brand was not tailored to “the hip hop urban market,” but was “more of a mainstream brand with mainstream appeal.” Brown Dep. IV, at 378. And, he testified, his Instagram “tailors more to a mainstream audience” than to “an urban or hip hop demographic.” Id. at 370. Finally, LVL XIII's business plan identifies its “typical consumer” as “an affluent male ... who appreciates luxury goods and typically shops for designer labels” *643 —it makes no mention of race or ethnicity. MacMull Decl., Ex. 6, at 19; see also JSF ¶ 9 (“LVL XIII is a start-up founded by Antonio Brown ... to introduce a line of luxury footwear catering to ‘affluent male consumers between the ages of 17 to 35 with an annual income in excess of $100,000.’ ”).

Under these circumstances, Colman's characterization of LVL XIII's target market as consisting predominantly of urban males is conjecture. To the extent that his opinions are based on that unsupported assumption, they are not relevant. 32 Put differently, even if Colman had a reliable basis for concluding that urban males perceived the TP as a source identifier, that opinion would not assist the trier of fact in determining the pertinent issue in this case: whether the TP achieved secondary meaning among the relevant consumer population (i.e., young affluent men—across all races—with the proclivity to purchase luxury footwear). Cf. Centaur Communs, Ltd. v. AIS/ M Communs, Inc. (“Centaur I”), 652 F.Supp. 1105, 1110–11 (S.D.N.Y.1987) (secondary meaning survey of “dubious value” where its universe was not keyed to the relevant market), aff’d, 830 F.2d 1217 (2d Cir.1987); Bank of Texas v. Commerce Southwest, Inc., 741 F.2d 785, 789 (5th Cir.1984) (survey of a “population taken from an area ... comprising only a portion of the City of Dallas” insufficiently probative of whether service mark had acquired secondary meaning in the entire county). To the contrary, it would significantly risk misleading the factfinder.

Because the danger of confusion substantially outweighs any trifling probative value of Colman's proffered opinions, preclusion is required under both Rules 403 and 702.

3. Colman's Methodology is Not Reliable

Finally, LV argues that Colman's report and testimony must be precluded because his methodology is “neither discernable nor reliable.” Def. Daubert Br. 14; see id. at 14–17; Def. Daubert Reply Br. 6-9. That argument, too, is convincing.

a. Applicable Legal Standards

[14] Under Daubert, the Court must ensure that expert testimony “is not only relevant, but reliable,” 509 U.S. at 589, 113 S.Ct. 2786, that is, that the proffered testimony is “more than subjective belief or unsupported speculation,” id. at 590, 113 S.Ct. 2786. The Supreme Court has clarified that this “gate-keeping function applies not just to scientific expert testimony ... but also to testimony based on ‘technical’ and ‘other specialized’ knowledge.” *644 Brooks v. Outboard Marine Corp., 234 F.3d 89, 91 (2d Cir.2000) (quoting Kumho Tire, 526 U.S. at 141, 119 S.Ct. 1167) (internal quotation marks omitted).

[15] [16] In Daubert, the Supreme Court set out a list of non-exclusive factors that the Court may consider in determining whether an expert's methodology is reliable. These are: (1) whether the expert's technique or theory can be or has been tested; (2) whether it has been subjected to peer review and publication; (3) whether there is a high error rate for the expert's technique, and whether there are “standards controlling the technique's operation”; and (4) whether the expert's technique or theory is generally accepted by the relevant scientific community. Daubert, 509 U.S. at 592-94, 113 S.Ct. 2786; accord Nimely, 414 F.3d at 396. How the Daubert factors apply in a particular case will depend on “the nature of the issue, the expert's
particular expertise, and the subject of his testimony.”

*Kamho Tire, 526 U.S. at 150, 119 S.Ct. 1167. The Court “should consider the specific factors identified in Daubert where they are reasonable measures of the reliability of expert testimony.” *Id.* at 152, 119 S.Ct. 1167.

[17] “In addition to setting forth these criteria for testing an expert’s methodology, the Supreme Court has also stated that reliability within the meaning of *Rule 702* requires a sufficiently rigorous analytical connection between that methodology and the expert’s conclusions.” *Nimely,* 414 F.3d at 396. “[N]othing in either Daubert or the Federal Rules of Evidence requires a district court to admit opinion evidence which is connected to existing data only by the *ipse dixit* of the expert.” *Gen. Elec.,* 522 U.S. at 146, 118 S.Ct. 512. Accordingly, “expert testimony should be excluded if it is speculative or conjectural,” *Boucher,* 73 F.3d at 21, or where the proffered opinion is “based on data, a methodology, or studies that are simply inadequate to support the conclusions reached,” *Amorgianos,* 303 F.3d at 266.

b. Analysis

Colman purports to have used the VCS methodology to reach his opinions about the TP. See Colman Rpt. ¶¶ 15-20; Colman Dep. 61-63. According to Colman, scholars in the VCS field “employ the tools and insights of, *inter alia,* semiotics/linguistics, aesthetics, anthropology, social history, and law” to “engage[e] with ... ‘visual cultures,’ ” such as the “ ‘culture’ of contemporary luxury consumer goods.” Colman Rpt. ¶ 16. Colman claims to have applied the VCS methodology here by: (1) reviewing Brown’s social media history, press coverage of LVL XIII, and the other “visual and textual material generated by both parties”; and (2) using the insights he has derived from the scholarly literature and his professional and personal experience to (3) determine whether the TP achieved secondary meaning before LV’s OTR Sneaker came on the market. See *Id.* ¶ 20; Colman Dep. 55, 61-64.

This methodology does not come close to withstanding scrutiny under Daubert—it does not satisfy a single one of the Daubert factors.

[18] First, and most significant, Colman’s methodology has not been—and, for multiple reasons, cannot be—tested or challenged in any objective sense. In forming his opinions, Colman claims to have relied primarily on data he retrieved from social media platforms, as well as press coverage he retrieved through Google. See Colman Dep. 55. Critically, however, he did not preserve, much less produce, the vast majority of the materials on which he purportedly relied. LVL XIII claims that Colman reviewed “over 100,000 unsolicited third-party online posts,” Pl. *Daubert* Opp. Br. 7, but Colman—astoundingly—produced *645* copies of only 12 posts. See *Sloane Decl.,* Ex. 41; *Pl 56.1 ¶ 205.*

Worse, it is impossible to reconstruct Colman’s searches. He did not (1) retain a list of the search terms he used, his hit results, or the sites he reviewed but discarded as “duplicative” or “not relevant”; or (2) collect his results in a chart or table. Colman Dep. 55-59. Indeed, Colman conceded that without “go[ing] back into [his] computer,” it would be “[im]possible to replicate the pool [of documents he relied upon] in the exact manner that [he] did the first time.” *Id.* at 57; see also *id.* at 192 (“We know this from quantum physics that there are going to be differences that cannot be avoided, and to the extent that you are talking about replicating precise sort[s] of variables, that is not possible in the world that we live in that is not possible because you can’t travel back in time.”). *34*

This elementary lapse makes it impossible for a court or adversary to test—or a jury to assess—Colman’s methodology, as applied here, for veracity and reliability. See *Amorgianos,* 303 F.3d at 267 (in assessing the reliability of proposed expert’s analysis, “the district court should undertake a rigorous examination of the facts on which the expert relies”). For this reason alone, exclusion of Colman’s conclusions is mandatory under *Daubert.* *35*


Third, Colman could not, when prompted at his deposition, identify a known or potential error rate for his
methodology. See Colman Dep. 185 (“That is like asking what is the known rate of error in history.”). He countered that “no one has ever, to [his] knowledge, criticized [his] employment of this methodology in visual culture studies or law with regard to very similar subject matter.” Id. 189–90. But given that the Court has not located any prior occasion on which Colman applied this methodology to assess secondary meaning, his statement supplies little reassurance.

Colman has also not identified any standards controlling the application of the VCS methodology. To the contrary, when asked whether VCS offers “one specific methodology so that two people reviewing the information would reach the same conclusion,” Colman answered: “People employ different methodologies in ways that can vary depending upon the project, right? ... [T]he tools that will be best suited to a given situation ... will vary depending on the situation and the sources examined in that situation.” Id. at 179. And, based on his account of his application of the methodology here, Colman did not heed objective standards. He did not, for instance, establish parameters to guide his selection of data (e.g., social media posts). Rather, he simply “reviewed more and more material until [he] felt that [he] had achieved a view ... [as to] consumer perceptions of the metal toe plate.” Id. at 64.

Finally, Colman has not shown that his methodology has been recognized by the courts or gained acceptance within the relevant expert community. He could not identify any expert who has been held qualified to testify in a court proceeding (as to secondary meaning or otherwise) based on the VCS methodology. See id. at 190, 236. On the contrary, he acknowledged that the VCS methodology is at odds with “traditional measures used to determine secondary meaning” and the “completely haphazard methodology sometimes used by federal courts” to determine whether a trademark is inherently distinctive. Colman Rpt. ¶ 19; Colman Dep. 235-36. He also failed to identify any study or scholarly literature in which VCS was applied to measure secondary meaning.

To be sure, that “testimony is qualitative, rather than quantitative, does not mean that it must be excluded [under Daubert].” Sunny Merch., 97 F.Supp.3d at 505. As the Court explained in a prior intellectual property case, “[t]echnical ... or other specialized knowledge,’ may be relevant and reliable, and therefore admissible under Daubert, even if the field of knowledge, be it marketing or plumbing, does not readily lend itself to a formal or “quantitative methodology.” See Beastie Boys, 983 F.Supp.2d at 365 (quoting Fed. R. Evid. 702). But the Court may not abdicate its gatekeeping function simply because an expert's methodology does not fit neatly into Daubert’s four-factor test. Use of a qualitative or experience-based methodology does not exempt an expert from Daubert scrutiny. See Kumho Tire, 526 U.S. at 151–52, 119 S.Ct. 1167; cf. Hi Ltd., 2004 WL 5486964, at *4 (“[A] vague claim of ‘prior experience’ cannot salvage an opinion ... that is the product of guesswork. Otherwise, proffered expert witnesses could easily circumvent the requirements of Daubert by resorting to ambiguous claims of ‘past experience.’ ”).

Here, as is apparent, the problems with Colman's methodology go far beyond foregoing a quantitative model: He has failed entirely to show a “sufficiently rigorous analytical connection between [his qualitative] methodology and [his] conclusions.” Nimely, 414 F.3d at 396. Colman testified that he arrived at his conclusions by “reviewing the content of the images [of LVL XIII sneakers posted on social media platforms], the comments that accompany the images, [ ] the number of likes, [and] the dates.” Colman Dep. 62. But he offered no non-conclusory, or remotely clear, explication as to how any of those factors bore on his analysis. Instead, he stated vaguely that “[w]hat was relevant was whether there were retweets, whether there were likes, whether there were comments, and if so, the nature of the retweets, the people retweeting, [and] what people said when they commented on the images.” Id. at 63. Without any explanation how the content of a particular comment or retweet might support or negate a finding of secondary meaning, or how many “likes” or “retweets” are necessary to show acquired distinctiveness, the Court is left with no meaningful guidance as to how Colman reached his conclusion. See Fed. R. Evid. 702, Advisory Committee Note (“The trial court's gatekeeping function requires more than simply ‘taking the expert's word for it.’ ... The more subjective and controversial the expert's inquiry, the more likely the testimony should be excluded as unreliable.” (internal quotation marks and citations omitted)).

On this point, Linde v. Arab Bank, PLC, 922 F.Supp.2d 316 (E.D.N.Y.2013), and Koppell, 97 F.Supp.2d 477, supply a revealing contrast. In Linde, plaintiff's expert, Spitzen, described his methodology as “collect[ing] [ ]
information from many sources[,] ... cross-referencing them, [and] examin[ing] [ ] new information that support[ed] or contradict[ed] previous assumptions that ha[d] been made in the course of [his] research.” 922 F.Supp.2d at 322 (internal quotation marks omitted). Unlike Colman, however, Spitzen did not leave the court to speculate how his review of those sources ultimately led to his conclusion. The opposite: Spitzen “describe[d] eighteen criteria, derived from his professional experience, academic studies, and other documents ... that he used when [formulating his opinions].” Id. at 322–23. Admitting Spitzen's expert testimony, the court noted that Spitzen's explication of those factors had “ma[de] plain and transparent *648 the considerations he evaluated in reaching his conclusions.” Id. at 323.

The shortcomings of the expert excluded in *Koppell provide a closer analogue. There, defendants' expert, Chapin, purported to base his opinions on his political experience, historical education, and the “methodology of history.” 97 F.Supp.2d at 481. In his report, he explained that, in reaching his conclusions, he “relied on campaign literature, newspapers, conversations with certain undisclosed individuals, and his ‘own memories.’” Id. He did not, however, “cite particular facts, pieces of literature, or articles” that shaped his analysis. Id. Nor did he (or defendants) produce the particular articles upon which he relied. Id. Citing these lapses, the court held that Chapin's report “fail[ed] to meet the threshold for reliability required by *Daubert ” because it “did not rely upon any discernible methodology.” Id. Rather, it held, the report was “essentially a compendium of Dr. Chapin's [personal] opinions.” Id. As such, it was “not methodologically sound enough to provide reliable evidence.” Id.

The same outcome is necessary here. Like Chapin, the *Koppell expert, Colman has supplied virtually no insight into the considerations that shaped his qualitative analysis. There is thus no basis on which to hold that his opinions derive from a reliable methodology. The Court is left to assume that they are the product of Colman’s “subjective belief or unsupported speculation.” *Daubert, 509 U.S. at 590, 113 S.Ct. 2786. It would be a “dereliction of this Court's role as a 'gatekeeper' to find such [ ] opinion[s] admissible.” *Cross Commerce, 2014 WL 11343849, at *8 (citing *Williams, 506 F.3d at 160).

* * *

In sum, the Court holds that Colman's report and testimony are inadmissible for at least three independent reasons: first, Colman is not qualified to offer the proffered testimony; second, his opinions are unhelpful and unreliable because they do not “fit” the facts of this case; and third, he did not use a reliable methodology. The Court, therefore, grants LV's motion to preclude Colman's report and testimony in its entirety. Accordingly, it will not consider this evidence in resolving the parties' cross-motions for summary judgment on LVL XIII's claims.

IV. The Motions for Summary Judgment

A. Applicable Legal Standards

To prevail on a motion for summary judgment, the movant must “show[] 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). The movant bears the burden of demonstrating the absence of a question of material fact. *Celotex Corp. v. Catrett, 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986).

[22] [23] [24] When the movant has properly supported its motion with evidentiary materials, the opposing party must establish a genuine issue of fact by “citing to particular parts of materials in the record.” *649 Fed. R. Civ. P. 56(e)(1); see also *Wright v. Goord, 554 F.3d 255, 266 (2d Cir.2009). “An issue of fact is ‘genuine’ if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *SCR Joint Venture L.P. v. Warshawsky, 559 F.3d 133, 137 (2d Cir.2009) (internal quotation marks and citation omitted). “[A] party may not rely on mere speculation or conjecture as to the true nature of the facts to overcome a motion for summary judgment.” *Hicks v. Baines, 593 F.3d 159, 166 (2d Cir.2010) (internal quotation marks and citation omitted). In determining whether there are genuine issues of material fact, the Court is “required to resolve all ambiguities and draw all permissible factual inferences in favor of the party against whom summary judgment is sought.” *Johnson v. Killian, 680 F.3d 234, 236 (2d Cir.2012) (quoting *Terry v. Ashcroft, 336 F.3d 128, 137 (2d Cir.2003)).

[25] “A court faced with cross-motions for summary judgment need not ‘grant judgment as a matter of law
for one side or the other,’ but ‘must evaluate each party's motion on its own merits, taking care in each instance to draw all reasonable inferences against the party whose motion is under consideration.’ ” Cariou v. Prince, 784 F.Supp.2d 337, 345 (S.D.N.Y.2011) (quoting Heublein, Inc. v. United States, 996 F.2d 1455, 1461 (2d Cir.1993)).

B. The Cross-Motions for Summary Judgment on LVL XIII’s Claims
LVL XIII brings claims for (1) trademark infringement, unfair competition, and false designation of origin, under § 43(a) of the Lanham Act; (2) New York common law unfair competition claim; and (3) deceptive business practices claim, because LVL XIII has not shown material entitlement to protection, and, second, that the defendant's actions are likely to cause confusion as to the origin or approval of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a). To prevail on a trademark infringement, false designation of origin, or unfair competition claim under this provision, a plaintiff must show, first, that he or she has a valid mark that is entitled to protection, and, second, that the defendant's actions are likely to cause confusion as to the origin or sponsorship of the defendant's goods. See, e.g., Louboutin, 696 F.3d at 224; Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 146 (2d Cir.2003); Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir.2001).

[27] As to the first requirement, for a mark to be “protectable,” it must be “distinctive.” Louboutin, 696 F.3d at 216. A mark is “inherently distinctive” if its “intrinsic nature serves to identify a particular source.” Two Pesos, 505 U.S. at 768, 112 S.Ct. 2753; see also Qualitex Co. v. Jacobson Prod. Co., 514 U.S. 159, 162-63, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) (inherently distinctive marks “almost automatically tell a customer that they refer to a brand”) (emphasis in original). Even if a *650 mark is not inherently distinctive, it may “acquire” distinctiveness by achieving “secondary meaning” among the relevant consumer market. Two Pesos, 505 U.S. at 769, 112 S.Ct. 2753. A mark has acquired “secondary meaning” when, “in the minds of the public, the primary significance of a product feature ... is to identify the source of the product rather than the product itself.” Id. at 766 n. 4, 112 S.Ct. 2753 (quoting Inwood Labs., 456 U.S. at 851 n. 11, 102 S.Ct. 2182).

[29] Section 43(a) protects “not just word marks, such as ‘Nike,’ and symbol marks, such as Nike's ‘swoosh’ symbol, but also ‘trade dress’—a category that originally included only the packaging, or ‘dressing,’ of a product, but in recent years has been expanded by many Courts of Appeals to encompass the design of a product.”Wal–Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 209, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000); see also TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 28, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001). However, the Supreme Court and Second Circuit have instructed that courts must exercise “particular ‘caution,’ when extending protection to product designs.” Yurman Design, 262 F.3d at 114 (quoting Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 380 (2d Cir.1997)); see also Wal–Mart, 529 U.S. at 215, 120 S.Ct. 1339. That is because, unlike word marks and product packaging, whose “predominant function [is often] source identification,” id. at 212, 120 S.Ct. 1339, product design “almost invariably” serves another purpose: “to render the product itself more useful or more appealing.” Yurman Design, 262 F.3d at 114–15 (quoting Wal–Mart, 529 U.S. at 213, 120 S.Ct. 1339). Accordingly, trade dress protection for product design “entails a greater risk of impinging on ideas,” id. at 116, and “hampering efforts to market competitive goods,” Landscape Forms, 113 F.3d at 380.
A plaintiff asserting rights in product design, therefore, must “surmount additional hurdles.” *Yurman Design*, 262 F.3d at 115. Relevant here, in *Wal–Mart*, the Supreme Court held that product design can never be inherently distinctive, and thus always requires secondary meaning to be protected. 529 U.S. at 216, 120 S.Ct. 1339. Thus, whereas word marks and product packaging can be held distinctive by virtue of *either* inherent distinctiveness or secondary meaning, “[t]he product design plaintiff ... must always make the second, more difficult showing.” *Yurman Design*, 262 F.3d at 115 (citing *Wal–Mart*, 529 U.S. at 213–14, 120 S.Ct. 1339).41

The parties here hotly dispute the proper classification of the TP, which LVL XIII defines as a rectangular metallic plate affixed to the toe of an entire line of men's sneakers. See Tr. 70; Pl. SJ Br. 16.42 LV argues that this is product design trade dress, which is not protectable absent a showing of secondary meaning. See Def. SJ Br. 15-17; Def. SJ Reply Br. 6-11. LVL XIII counters that the TP is not product design, but a conventional trademark or, alternatively, product packaging, either of which can be held inherently distinctive. See Pl. SJ Br. 10-16. The Court accordingly addresses first whether the TP is properly classified as product design, as opposed to a conventional trademark or product packaging, as this determination resolves whether LVL XIII must demonstrate secondary meaning.43

**b. Classification of the TP**

In *Wal–Mart*, the Supreme Court did not provide definitive guidance on how to determine whether a particular mark qualifies as product design. See *Adidas–Salomon AG v. Target Corp.*, 228 F.Supp.2d 1192, 1206–07 (D.Or.2002).44 It instructed, however, that “[t]o the extent there are close cases, ... courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.” *Id.* at 215, 120 S.Ct. 1339.

This is not a close case. Even a cursory examination of the TP discloses that it does not qualify as a trademark or product packaging. The trademark designation is virtually always applied to two-dimensional words or symbols—not three-dimensional configurations like a metal toe plate. See *Decorations for Generations, Inc. v. Home Depot USA, Inc.*, 128 Fed.Appx. 133, 136 (Fed.Cir.2005) (“While a two-dimensional symbol or drawing may be considered a trademark, three-dimensional product designs or packaging may, under the right circumstances, be considered trade dress.”).45 And product packaging is generally limited to “the appearance of labels, wrappers, boxes, envelopes, and other containers used in packaging a product as well as displays and other materials used in presenting the product to prospective purchasers.” Restatement (Third) of Unfair Competition § 16 cmt.a (1995).46

Tellingly, LVL XIII has not offered any admissible evidence to support its claim that the TP falls within either of these categories.47 And the record evidence is decidedly to the contrary.

First, the “packag[ing]” described in LVL XIII’s business plan consists solely of “distinctive branded shoe boxes” and “black cotton dust bags”—it does not include the TP. See Pl. Supp. 56.1 ¶ 404.

Second, in declining to register the ’102 Application, the PTO stated that “the rectangular shape of the shoe toe plate ... is a configuration of a feature of the shoe design,” which “can never be inherently distinctive as a matter of law.” JSF ¶ 44 (emphasis added); see also id. (requiring LVL XIII to “disclaim” the “rectangular shape of the shoe toe plate ... because it is a configuration of a feature of the shoe design”) (emphasis added). Although the PTO’s determination is not dispositive, the Court is to “accord weight” to it. *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 148 n. 11 (2d Cir.1997) (internal quotation marks and citation omitted) (citing, *inter alia*, *D.M. & Antique Import Corp. v. Royal Saxe Corp.*, 311 F.Supp. 1261, 1274 (S.D.N.Y.1970) (“[T]he expertise of the trademark examiners does entitle their views to respectful consideration.”)). Such deference is particularly appropriate where, as here, the PTO’s determination is consistent with the registrant’s own characterization of the claimed mark: As noted, the ’102 Application sought registration for a “shoe toe design” Pl. 56.1 ¶ 106 (emphasis added); see *In re Slokevage*, 441 F.3d at 959 (“Sloevegave’s reference in her application to the trade dress as a ‘cut-away flap design’ supported a determination that the configuration constitutes product design.”). And LVL XIII used dotted lines to identify
that product design cannot be inherently distinctive": that product design feature is to identify the source of the product rather than the product itself.”  Louboutin, 696 F. 3d at 216 (quoting Inwood Labs., 456 U.S. at 851 n. 11, 102 S.Ct. 2182). The Second Circuit has identified six non-exclusive factors that bear on this inquiry: “(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use.”  Id. at 226 (internal quotation marks and citation omitted).

“Although the Second Circuit has stated that district courts should be cautious in weighing these factors at the summary judgment stage, it has nonetheless supported summary judgment in cases where the proponent of the alleged trademark has failed to raise a material issue of fact on the question of secondary meaning.”  Jewish Sephardic Yellow Pages, 478 F. Supp. 2d at 344 (collecting cases).

“[P]roof of secondary meaning entails vigorous evidentiary requirements.”  Thompson Med. Co. v. Pfizer Inc., 753 F. 2d 208, 217 (2d Cir. 1985) (internal quotation marks and citation omitted). A plaintiff bears the burden of proving that his mark acquired secondary meaning by the time the allegedly infringing product came on the market.  Id.  The relevant inquiry here, then, is whether the TP acquired secondary meaning by March 2014, when the OTR Sneaker became available for purchase in the U.S. The Court examines the relevant factors in turn.

\[\text{c. Secondary Meaning}\]

\[\text{i) Advertising Expenditures}\]
Advertising expenditures are regarded as “indirect evidence of the possible effect that advertising may have on consumers’ association of the trade dress with the source of the product.” *Ergotron*, 1996 WL 143903, at *8 (citing *Centaur II*, 830 F.2d at 1222). Targeted albeit low-cost advertising may establish this factor, but only if the plaintiff can show that it was successful in reaching the targeted audience. See *Lopez v. Gap, Inc.*, 883 F.Supp.2d 400, 425 (S.D.N.Y.2012); *Jewish Sephardic Yellow Pages*, 478 F.Supp.2d at 345. The Court should consider not only the total amount of the plaintiff’s expenditures, but also whether the plaintiff’s advertising specifically directed consumers to the mark as an indication of source. Secondary meaning “cannot usually be proven by advertising that merely pictures the claimed trade dress and does nothing to emphasize it or call attention to it.” *J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition* § 8:8.50 (4th ed.).

Here, it is undisputed that LVL XIII did not engage in any traditional paid advertising. See Brown Dep. I, at 158-59 (LVL XIII did not engage in TV advertising or purchase any newspaper or magazine advertisements). And it spent only $82,000 in 2013 for marketing and promotion. See JSF ¶ 35. Courts have held far greater expenditures insufficient to support secondary meaning.

Even if the Court were to relax the standard given the small scale of LVL XIII’s business, the result would not differ. That is because LVL XIII has not shown that its marketing activities “succeeded in reaching a relevant segment of the population.” *Lopez*, 883 F.Supp.2d at 426. To the contrary, nearly half of LVL XIII’s advertising expenditures were spent in connection with its launch party and the two trade shows it attended in summer 2013—none of which were open to the general public. See Pl. 56.1 ¶¶ 163, 224-26; Def. Supp. 56.1 ¶ 302. Such promotion. To the contrary, nearly half of LVL XIII’s advertising expenditures were spent in connection with its launch party and the two trade shows it attended in summer 2013—none of which were open to the general public. See Pl. 56.1 ¶¶ 163, 224-26; Def. Supp. 56.1 ¶ 302. Such promotion. To the contrary, nearly half of LVL XIII’s advertising expenditures were spent in connection with its launch party and the two trade shows it attended in summer 2013—none of which were open to the general public. See Pl. 56.1 ¶¶ 163, 224-26; Def. Supp. 56.1 ¶ 302. Such promotion.

LVL XIII argues that its “savvy exploitation of low- and no-cost promotion via social media” and celebrity endorsements eliminated the need for traditional paid advertising. Pl. SJ Br. 20-21; see also Brown Dep. II, at 175-76 (testifying that he “didn't feel like it was necessary to invest [LVL XIII's] dollars into print ads and things of that nature, especially with the dying business of print publications this day and age”). But it has offered no concrete proof of the existence, let alone success, of such an action plan. Although Brown testified that, by April 2013, he had personally acquired 50,000 Instagram followers, Def. Supp. 56.1 ¶ 300, the record is silent as to the number of users following LVL XIII. And even if LVL XIII had adduced evidence of a substantial online following, that would not support secondary meaning, because LVL XIII has not identified a single post highlighting the TP as an indicator of source. See Pl. 56.1 ¶ 168; *Giggle, Inc. v. netFocal, Inc.*, 856 F.Supp.2d 625, 632 (S.D.N.Y.2012) (evidence that plaintiff's website received more than one million unique hits not probative of secondary meaning because “volume does not automatically establish secondary meaning” and “[a] consumer may ... visit [plaintiff's] website ... but never again associate [its] mark with [p]laintiff”). Nor has it presented evidence of *any celebrity who called attention to the TP or associated it with LVL XIII*. See Brown Dep. IV, at 286-88 (admitting he was unaware of the TP with LVL XIII).
of “any verbal media placements that mentioned the toe plate”). 56

Accordingly, on the summary judgment record, there is no basis to conclude that LVL XIII's social media presence compensated for its minimal paid advertising expenditures. This factor therefore favors LV.

ii) Consumer Studies Linking the TP to a Single Source

[42] As discussed above in connection with LV's Daubert motion, consumer surveys have been consistently cited as the most persuasive evidence of secondary meaning. See, e.g., Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 370; Ergotron, 1996 WL 143903, at *8. And, “in a borderline case where it is not at all obvious that [a] designation has been used as a mark, survey evidence may be necessary to prove trademark perception.” McCarthy on Trademarks § 3.3; see also Denimafia, 2014 WL 814532, at *12 (failure to submit consumer study weighed against finding of secondary meaning); Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 370 (same); Chum Ltd. v. Lisowski, 198 F.Supp.2d 530, 534–35 (S.D.N.Y. 2002) (same).

[43] Here, LVL XIII did not conduct a secondary meaning survey, ostensibly due to the “large expense involved.” Pl. SJ Br. 25 (quoting McCarthy on Trademarks § 32:195); Pl. 56.1 ¶ 203. But that excuse is not convincing. LVL XIII did commission an expert to opine on secondary meaning—just not one who performed a survey or used an otherwise reliable methodology. See discussion supra, at 635-48; see also Cross Commerce, 2014 WL 11343849, at *8 (defendant's decision not to commission a survey due to expense “makes little sense in light of the significant resources the parties have spent litigating this case”). In any event, resource constraints do not relieve a plaintiff of the burden of coming forth with evidence on this factor. 57

LV, for its part, retained a well-recognized survey expert, Michael B. Mazis, to conduct a survey to assess whether and to what extent the TP acquired secondary meaning. See Pl. 56.1 ¶¶ 180-82; Dkt. 123, Ex. 5 (“Mazis Rpt.). The Mazis survey sampled 587 men, ages 18-34, who had purchased in the past 12 months, or expected to purchase in the next 12 months, a pair of men's shoes costing $500 or more. See Mazis Rpt. ¶¶ 11-12. 58 It showed that, at most, 3% of respondents associated the TP, shorn of the “LVL XIII” literal element, with a single source. See id. ¶¶ 33, 658. 59 None identified LVL XIII as that source. Id. ¶ 36. 60 Those data unmistakably reveal a lack of secondary meaning.

In its motion to preclude Mazis's report and testimony, LVL XIII identified a number of methodological flaws in the survey, which it claims reduce its probative value. See Pl. SJ Br. 25; Dkt. 122. As the Court noted in denying that motion, some of those objections, although not justifying preclusion, have merit. 61 But given LVL XIII's failure to muster any contrary survey evidence, even if the factfinder were to afford the Mazis survey only limited weight, this factor would still favor LV. See Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875 (2d Cir.1986) (“survey evidence, even with its methodological defects[,] ... [wa]s still somewhat probative” and could be considered on motion for summary judgment); Akiro LLC v. House of Cheatham, Inc., 946 F.Supp.2d 324, 339 (S.D.N.Y.2013) (“Akiro's objections to the Isaacson Report at most diminish the weight of the survey evidence, and a reasonable juror would be well within his or her rights to dismiss those concerns ... as unpersuasive.”).

iii) Unsolicited Media Coverage

[44] As with paid advertising, LVL XIII has supplied only minimal evidence of unsolicited media coverage. Of the 25 pre-March 2014 media placements it has identified, all but four were the result of pitches by its publicist. See Pl. 56.1 ¶ 218. As such, they were not unsolicited. See Ganealogist, 838 F.Supp.2d at 159 (articles solicited by plaintiff as part of its promotional strategy would not support finding of unsolicited media coverage); Distillers Prods. Co., LLC v. Refreshment Brands, Inc., 198 F.Supp.2d 474, 481 (S.D.N.Y.2002) (evidence of media coverage did not favor plaintiff where such coverage was, in part, in response to efforts of public relations firm hired by plaintiff).

As to the remaining four—(1) an interview of Brown posted on versesocialmag.com; (2) Jason Derulo's July 19, 2013 performance on Good Morning America, during which he wore a pair of LVL XIII sneakers; (3) Obvious Mag's review of LVL XIII's participation at the Project Sole tradeshow; and (4) a feature on the “Chris B. Fashion” Tumblr page—none refer or call attention to the TP, as an indicator of source or otherwise. See Pl. 56.1 ¶

220-21; MacMull Decl., Ex. 21; id., Ex. 10, at 7; Tr. 78. Accordingly, they, *659 too, do not prove secondary meaning.

LVL XIII argues that its sneakers “received additional unsolicited press coverage in the form of reviews, testimonials, and social media placements.” Pl. SJ Br. 22. But that argument is, for many reasons, unavailing.

First, LVL XIII has produced evidence of only 12 social media posts, and none appear to be from the relevant time period, i.e., before LV's OTR Sneaker came on the market. See Sloane Decl., Ex. 41; cf. Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 374 (unsolicited media coverage that predated mark at issue and focused on plaintiff's other product not probative of secondary meaning); Sports Traveler II, 25 F.Supp.2d at 164 (“[A]ny media reference after June 26, 1996 is irrelevant because that is the date upon which Sports Traveler's trade dress must have attained secondary meaning.”). Second, it is not clear that “likes” and comments on LVL XIII's and Brown's social media pages, which invite people to “follow them,” qualify as “unsolicited” coverage. Finally, the “accolades” on which LVL XIII relies all consist of general praise for LVL XIII's sneakers—none refer to the toe plates affixed to them. See, e.g., Pl. SJ Br. 22-23 (“Dope”, “Amazing!”, “NICE REAL NICE...”, “Classic”, “Must have”, “I'm in love with this footwear!!!”) (quoting Sloane Decl., Ex. 41, at 4-6, 10-12). While these comments “may establish that [LVL XIII] had satisfied customers, [they] do[ ] not establish that [its] marks had taken root.” Lopez, 883 F.Supp.2d at 427.

The record evidence, therefore, falls “far short of the type of media coverage necessary *660 [to support] secondary meaning.” Gameologist, 838 F.Supp.2d at 159. This factor favors LV.

iv) Sales Success

LVL XIII argues that it should not be penalized for its modest sales figures, because one reason it stopped selling its sneakers was that “some retailers refused to carry [them] ... because of the consumer confusion that is the subject matter of this lawsuit.” Pl. SJ Br. 23. But even if that were true, it would not change matters, because LVL XIII must show that the TP acquired secondary meaning before LV's OTR Sneaker came on the market. Only sales achieved before March 2014 bear on this analysis. This factor, therefore, also favors LV.

v) Attempts to Plagiarize the Mark

[46] “Evidence that a mark has been widely copied is persuasive evidence of secondary meaning because it demonstrates that the mark has become a ‘strong source identifier in the eyes of the purchasing public.’ ” Lopez, 883 F.Supp.2d at 428 (quoting T. Anthony, Ltd. v. Malletier, No. 93 Civ. 6900 (KC), 1993 WL 659682, at *3 (S.D.N.Y. Nov. 24, 1993)); accord Centaur I, 652 F.Supp. at 1109. The key question is “whether the copying was done deliberately, so as to benefit from [the plaintiff's] name and good will.” *661 Cartier, Inc. v. Four Star Jewelry Creations, Inc. (“Cartier I”), 348 F.Supp.2d 217, 243 (S.D.N.Y.2004) (internal quotation marks and citations omitted).

[47] Here, LVL XIII concedes that, aside from LV's alleged infringement, it is not aware of any third-party attempts to plagiarize the TP. Pl. 56.1 ¶ 120. And it has submitted no direct evidence that LV copied its design. Rather, it argues that the “timeline of events leading up to the 2014 Runway Show” is “circumstantial evidence” of LV's plagiarism. Pl. SJ Br. 19, 23-24. It postulates:

The pressure ... brought on by Louis Vuitton's [ ] recognition that its initial “Converse copy” was a non-starter, coupled with the company's depressed sales as Asia's once red-hot markets cooled, was the backdrop that drove the calculated, cutthroat risk assessment behind [LV's] calculated infringement. Risking legal trouble with Converse was out. But Antonio Brown, whoever he was, was not a...
id at 7–8.

[48] But LVL XIII has not produced a shred of evidence to support this narrative. See Conte v. Newsday, Inc., No. 06 Civ. 4859 (JFB), 2013 WL 978711, at *20 (E.D.N.Y. Mar. 13, 2013) (“[S]peculative assertions of copying do not create secondary meaning.”) (quoting Sports Traveler II, 25 F.Supp.2d at 165). And it is refuted by the record evidence: Fabrizio Viti, the principal designer of the OTR Sneaker, testified without contradiction that, before this lawsuit, he had never heard of LVL XIII or its sneakers. Viti Decl. ¶ 13; Viti Dep. I, at 11-12. “Clearly, [he] could not have copied [LVL XIII’s] trade dress.” Sports Traveler II, 25 F.Supp.2d at 166 (“[T]here is nothing in the record to infer that the two people who created the cover for Sports for Women, Lucy Sisman and Johan Svensson, copied Sports Traveler Magazine’s trade dress.... Sisman had not seen any issue of Sports Traveler Magazine during the course of her design work for Sports for Women .... Clearly, [she] could not have copied Sports Traveler Magazine’s trade dress.”).

In any event, even if the Court were to credit LVL XIII’s conspiracy theory, it would not support secondary meaning. LVL XIII does not claim that the alleged copying was done “so as to benefit from [LVL XIII’s] name and good will.” Cartier I, 348 F.Supp.2d at 243. To the contrary, it implies that it was LVL XIII’s anonymity that made it a less “risky” target to copy. That theory is at odds with the notion that the TP had acquired distinctiveness in the marketplace.

LVL XIII next argues that this factor favors it because LV has not offered a “credible explanation” for the similarity between the parties' toe plates, or “how [the TP] suddenly appeared only months after LVL XIII’s.” Pl. SJ Br. 24 (quoting Centaur II, 830 F.2d at 1224). LVL XIII bases this argument on Centaur II, 830 F.2d 1217, where the plaintiff claimed that the defendant’s use of the title “ADWEEK’s Marketing Week” infringed plaintiff’s “Marketing Week” mark. In that case, there was evidence that the defendant had been aware of the plaintiff’s publication, that the parties had previously discussed a joint venture, and that the defendant’s principal had copies of the plaintiff’s publication in his office. Id. at 1224. Given those facts, the Centaur II court held, the “obvious similarity of the titles and the fact that [the defendant] failed to provide a credible explanation for [its] change [of title]” supported an inference of intentional copying. Id.

This case bears no resemblance to Centaur II. First, there is no evidence of a preexisting relationship between LVL XIII and LV or that LV was aware of LVL XIII before this lawsuit. Second, LV has plausibly explained its independent conception of the OTR Sneaker's toe plate: Viti testified that his initial design was inspired by a photo of James Dean wearing the Jack Purcell sneaker and his knowledge of “metal detailing”; that design was later modified, first to reduce its similarity to the Jack Purcell “smile,” and then to make it look less “like a car.” See Pl. 56.1 ¶¶ 41, 43, 55, 58-61; Viti. Dep. 26-28. “Third, as discussed below, far from being “obvious[ly] similar[ ]”, Centaur II, 830 F.2d at 1224, the parties' trade dress have only one point of commonality—that they are metal toe plates, a design feature not at all uncommon in the designer shoe market.

On this record, there is zero basis to infer intentional copying. See, e.g., Kaufman & Fisher Wish Co., 184 F.Supp.2d at 320 (declining to infer bad faith absent evidence defendants knew of plaintiff's doll, as there was “insufficient similarity between the appearances of the two dolls to give rise to any inference of copying of the actual design”). This factor, too, favors LV.

vi) Length and Exclusivity of Use

[49] With respect to the length of use, viewed generously, LVL XIII began “using” the TP in July 2013, when it first took orders from retailers at the Project Sole trade show.

See Def. Supp. 56.1 ¶ 295. Thus, the TP was in use for at most eight months before LV’s OTR Sneaker came on the market in March 2014. That duration is far too brief to support secondary meaning.

Critically, too, LVL XIII has not shown that its use of a metal toe plate was at any point exclusive. See Time, Inc. v. Petersen Publg Co., 173 F.3d 113, 118 (2d Cir.1999) (directing courts to look at “[t]he use of part or all of the mark by third parties” since third-party use “weakens its overall strength”). Quite the contrary, the record is replete with examples of toe plates and other metal shoe
ornaments used by LV and other luxury brands as early as 2010. 75 *664 This pervasive third-party use undermines *665 LVL XIII’s claim that its relatively fleeting use gave rise to secondary meaning. 76 This factor, therefore, weighs in LV’s favor.

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In sum, not one relevant factor supports a finding of secondary meaning. Rather, each decisively favors LV. Given LVL XIII’s minimal advertising expenditures and sales success, the dearth of unsolicited media coverage calling attention to the TP, the absence of attempted plagiarism, and the ubiquity of metal shoe accents in the marketplace, no reasonable juror could find that, by March 2014, consumers had come to perceive the TP as an indicator of source. LV’s survey evidence to that effect—and LVL XIII’s failure to produce survey evidence to the contrary—only bolsters that conclusion.

Because LVL XIII has not shown that the TP acquired secondary meaning, it cannot succeed on its Lanham Act claims. LV is thus entitled to summary judgment on those claims. 77

d. Likelihood of Confusion 78

Even if LVL XIII had established that the TP acquired secondary meaning, its Lanham Act claims would still fail because it has not shown a likelihood of confusion. See Two Pesos, 505 U.S. at 769, 112 S.Ct. 2753 (“[L]iability under § 43(a) [also] requires proof of the likelihood of confusion.”); Giggle, 856 F.Supp.2d at 630 (“Even if a mark is valid and protectable, a plaintiff must still prove a likelihood of confusion to succeed on its claims.”); Lopez, 883 F.Supp.2d at 419.

[50] [51] To establish this element, a plaintiff must show that “numerous ordinary prudent purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of the defendant’s mark,” Gruner + Jahr Printing & Publ’g Co. v. Meredith Corp., 991 F.2d 1072, 1077 (2d Cir.1993), “or that there may be confusion as to [the] plaintiff’s sponsorship or endorsement of the [defendant’s] mark,” Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 502 (2d Cir.1996); see also Star Indus., Inc. v. Bacardi & Co., 412 F.3d 373, 384 (2d Cir.2005) (“The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.”) (quoting Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 204–05 (2d Cir.1979)). “Affiliation confusion exists where use of a ‘unique and recognizable identifier’ could lead consumers to ‘infer a relationship’ between the trademark owner and the new product.” De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc., 440 F.Supp.2d 249, 274 (S.D.N.Y.2006) (quoting Star Indus., 412 F.3d at 384).

[52] [53] [54] *666 “[T]he relevant confusion is that which affects the purchasing and selling of the goods or services in question.” W.W.W. Pharm., 984 F.2d at 574 (internal quotation marks and citations omitted). However, a plaintiff need not show “actual or potential confusion at the time of purchase.” Lois Sportswear, 799 F.2d at 872 (quoting Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1342 (2d Cir.1975)) (emphasis in Grotiani). Rather, “initial-interest confusion” and “post-sale confusion” are equally actionable. Id. at 872–73. 79 Regardless, the plaintiff must demonstrate “a probability of confusion, not a mere possibility.” Star Indus., 412 F.3d at 383 (quoting Gruner + Jahr, 991 F.2d at 1077) (internal quotation marks omitted).

[55] [56] Here, LVL XIII’s claims are based primarily on a theory of reverse confusion. See Tr. 84. 80 Whereas “forward confusion” involves the misimpression that the senior user is the source or sponsor of the junior user’s products, “reverse confusion” exists where a junior user “selects a trademark that is likely to cause consumers to believe, erroneously, that the goods marketed by the [senior] user are produced by the [junior] user.” Lang v. Ret. Living Pub. Co., 949 F.2d 576, 583 (2d Cir.1991); accord Banff, Ltd. v. Federated Dep’t Stores, Inc., 841 F.2d 486, 490 (2d Cir.1988). “The reverse confusion theory protects the mark of a prior user from being overwhelmed by a subsequent user, typically where the subsequent user is larger and better known and consumers might conclude that the senior user is the infringer.” Mejia & Assoc's. Inc. v. IBM, 920 F.Supp. 540, 546 (S.D.N.Y.1996). LVL XIII claims that, due to the similarities between the TP and the toe plate on the OTR Sneaker, consumers were likely misled to believe either that LVL XIII had collaborated with LV on the OTR Sneaker, or that it had infringed LV’s
Polaroid must be drawn to arrive at a particular finding on a likelihood of consumer confusion). "If a factual inference failed to raise a question of fact on the issue of the grant of summary judgment for defendant where plaintiff was particularly likely in the initial-interest and post-sale settings, i.e., when consumers saw the OTR Sneaker from a distance, in a photograph, or on the feet of a passerby. See Pl. SJ Br. 28.

[57] In assessing the likelihood of confusion, courts in this Circuit consider the “Polaroid factors” articulated by Judge Friendly in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir.1961). Star Indus., 412 F.3d at 384; see also W.W.W. Pharm., 984 F.2d at 572 (applying Polaroid test to reverse confusion claim). Those are: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the plaintiff's and defendant's marks; (3) the competitive proximity of the products sold under the marks; (4) the likelihood that the plaintiff will bridge the gap; (5) actual confusion; (6) the defendant's good faith, or lack thereof, in adopting *667 its mark; (7) the quality of the defendant's product; and (8) the sophistication of the plaintiff's customers. Time, Inc., 173 F.3d at 117; see also Polaroid, 287 F.2d at 495.

[58] [59] [60] In applying the Polaroid test, “[t]he proper approach is to weigh each factor in the context of the others to determine if, on balance, a likelihood of confusion exists.” W.W.W. Pharm., 984 F.2d at 572. The court “generally should not treat any single factor as dispositive; nor should [it] treat the inquiry as a mechanical process by which the party with the greatest number of factors wins.” Playtex Prods., Inc. v. Georgia-Pacific Corp., 390 F.3d 158, 162 (2d Cir.2004). “Instead, the court should focus on the ultimate question of whether consumers are likely to be confused.” Id. (internal quotation marks and citation omitted).

[61] The Second Circuit has held that “summary judgment in a trademark action may be appropriate ... where the undisputed evidence would lead only to one conclusion as to whether confusion is likely.” Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 478 (2d Cir.1996); see, e.g., Universal City Studios, Inc. v. Nintendo Co., Ltd., 746 F.2d 112, 115 (2d Cir.1984) (affirming grant of summary judgment for defendant where plaintiff “failed to raise a question of fact on the issue of the likelihood of consumer confusion”). “If a factual inference must be drawn to arrive at a particular finding on a Polaroid factor, and if a reasonable trier of fact could reach a different conclusion, the district court may not properly resolve that issue on summary judgment.” Patsy's Brand, Inc. v. I.O.B. Realty, Inc., 317 F.3d 209, 215 (2d Cir.2003) (internal quotation marks and citation omitted). However, “[t]he fact that on summary judgment the evidence must be construed in a light favorable to the non-moving party does not modify the standard itself, which requires a showing of a probability, or likelihood, of confusion.” Nora Beverages, Inc. v. Perrier Grp. of Am., Inc., 269 F.3d 114, 121 (2d Cir.2001). The Second Circuit has emphasized that “courts retain an important authority to monitor the outer limits of substantial similarity within which a jury is permitted to make the factual determination whether there is a likelihood of confusion as to source.” Universal City Studios, 746 F.2d at 116 (internal quotation marks and citations omitted) (collecting cases). Accordingly, “summary judgment is appropriate if the court is satisfied that the products or marks are so dissimilar that no question of fact is presented.” Id.

With these principles in mind, the Court considers each Polaroid factor.

i) Strength of LVL XIII's Mark

[62] The first Polaroid factor “focuses on ‘the distinctiveness of the mark, or more precisely, its tendency to identify the goods' as coming from a particular source.” Lang, 949 F.2d at 581 (quoting McGregor–Doniger Inc., 599 F.2d at 1131). Assessing this factor, courts consider both the inherent distinctiveness of a mark and the distinctiveness it has acquired in the marketplace, i.e., secondary meaning. *668 Streetwise Maps, Inc. v. VanDam, Inc., 159 F.3d 739, 743 (2d Cir.1998). The “inventiveness” of the mark and the extent of third-party use are particularly relevant to this inquiry. See Star Indus., 412 F.3d at 385. 82

[63] A mark's “strength” is “crucial to the likelihood of confusion analysis” because a plaintiff's well-known association with the claimed mark “makes it much more likely that consumers will assume wrongly that [the plaintiff] is somehow associated with [the defendant's product] or has authorized the use of its mark.” Lois Sportswear, 799 F.2d at 873; see also H. Lubovsky, Inc. v. Esprit De Corp., 627 F.Supp. 483, 486–87 (S.D.N.Y.1986) (“The strength of a mark is directly related to likelihood of confusion, for the stronger the mark, the more likely that the consumer will associate it with the familiar design. See Tr. 84. LVL XIII implies that such confusion was particularly likely in the initial-interest and post-sale settings, i.e., when consumers saw the OTR Sneaker from a distance, in a photograph, or on the feet of a passerby. See Pl. SJ Br. 28.
purveyor.”). By contrast, where the plaintiff's mark is not associated with any particular source, defendant's use of a similar mark is unlikely to generate confusion. See Thompson Med. Co., 753 F.2d at 215–16 (“If a mark has secondary meaning, a purchaser will associate it with a certain producer, and will be likely to make that same association when an identical mark (or a confusingly similar mark), is used on another producer's product. In the absence of secondary meaning, however, there will be no such association in the minds of the purchasing public.”).

[64] Here, the TP, being product design, cannot be inherently distinctive. Wal–Mart, 529 U.S. at 216, 120 S.Ct. 1339. And, for the reasons set forth above, a reasonable jury could not find that it acquired secondary meaning. There is also substantial evidence of third-party use of metal shoe ornaments and toe plates predating LVL XIII's first sneaker collection. This factor, therefore, strongly militates against a finding of a likelihood of confusion. 83

**ii) Similarity of the Marks**

[65] “In assessing similarity, courts look to the overall impression created by the [marks] and the context in which they are found and consider the totality of factors that could cause confusion among prospective purchasers.” Gruner + Jahr, 991 F.2d at 1078. This inquiry goes beyond a mere side-by-side comparison; that two marks appear similar is not dispositive. *669 See Hormel Foods, 73 F.3d at 503–04. The Second Circuit has instructed courts to compare the marks “in their entirety, because ‘juxtaposing fragments of each mark [or dress] does not demonstrate whether the marks as a whole are confusingly similar.’ ” Paco Sport, 86 F.Supp.2d at 315 (quoting Universal City Studios, 746 F.2d at 117).

[66] Here, both parties' trade dress consists of a metal toe plate affixed to the outsole of a men's sneaker. But that alone does not make them “confusingly similar.” Polaroid requires the Court to consider the similarity of the marks in context. See Gruner + Jahr, 991 F.2d at 1078. Here, that includes a high-end shoe market permeated by metal shoe ornaments. Given the pervasiveness of such design features, the mere fact that two brands use metal toe plates does not imply an association. Rather, the toe plates would have to be sufficiently similar for consumers to assume that they originated from the same source or sponsor.

That is clearly not the case here. There are virtually no points of commonality between the parties' toe plates. 84 And their differences are manifest: LVL XIII's is rectangular, with sharp 90-degree edges; LV's is a trapezoid, with soft rounded edges. 85 LVL XIII's is adorned with a “LVL XIII” inscription and two screws; LV's is bare, with no literal element or adornment. LVL XIII's is of a golden or copper hue; LV's is best characterized as grey or silver. 87

Despite these differences, LVL XII argues that “the marks are virtually identical” because their distinguishing features are unlikely to be perceived “at a distance or from a height [ ] of five feet or more.” Pl. SJ Br. 28. Having observed the sneakers, the Court rejects that assessment. See Malletier v. Dooney & Bourke, Inc., 561 F.Supp.2d 368, 384–85 (S.D.N.Y.2008) (marks were sufficiently different to distinguish *670 the parties' products—“even when viewed in public from a distance, in a store window, from across a room, from a passing car. [ ] while walking in the street, in an advertisement, or hanging off of a woman's shoulder”—where plaintiff's mark consisted of “a combination of letters and shapes,” whereas defendant's was “solely comprised of the ‘DB' monogram, without any other shapes whatsoever”). And that critique, even if true as to the screws and “LVL XIII” engraving, would not apply to the marked differences in shape and color among the competing toe plates. Those differences are palpable even from eye-level or at a distance. They are sufficiently acute to preclude a likelihood of confusion.

In sum, because the parties' toe plates do not generate the same “overall impression,” they are unlikely to confuse consumers. Gruner + Jahr, 991 F.2d at 1078. This factor, therefore, also strongly favors LV.

**iii) Competitive Proximity of the Products**

[67] [68] The “competitive proximity” factor concerns whether and to what extent products bearing the two parties' marks compete with each other. Cadbury Beverages, 73 F.3d at 480. Courts assessing this factor consider “whether the products serve the same purpose
and whether they share similar geographic distribution, market position and audience appeal.” La Cibeles, Inc. v. Adipar, Ltd., No. 99 Civ. 4129 (AGS), 2000 WL 1253240, at *7 (S.D.N.Y. Sept. 1, 2000) (internal quotation marks and citation omitted); see also Jordache Enterprises, Inc. v. Levi Strauss & Co., 841 F.Supp. 506, 517 (S.D.N.Y.1993) (“Factors to consider in determining the competitive proximity of the products include appearance, style, function, fashion appeal, advertising orientation and price.”) (citing McGregor–Doniger, 599 F.2d at 1134). If the products “serve the same purpose, fall within the same general class or are used together, the use of similar designations is more likely to cause confusion.” Lang, 949 F.2d at 582.

Here, LV rightly concedes that the “content” and “audience appeal” considerations favor LVL XIII. Def. SJ Br. 32. The parties' respective toe plates are featured on virtually identical products: luxury men's sneakers with a price exceeding $490. See Jack Schwartz Shoes, 2002 U.S. Dist. LEXIS 25699, at *78 (“There is no dispute that the products in issue are both men's shoes, and are therefore closely related.”). And it is undisputed that LVL XIII targeted LV's customers. See Akiro, 946 F.Supp.2d at 336 (proximity factor weighed in plaintiff's favor where both parties sold goods in the natural and curly hair care product market and defendant “repeatedly described [plaintiff's brand] as a competitor”). LV nevertheless argues that this factor is neutral because the “geographic distribution” and “market position” considerations favor it. Def. SJ Br. 32. LV notes that “consumers [would] never encounter LVL XIII and LV shoes together at [the] point of purchase” because the OTR Sneaker was sold only through LV-operated stores and LV's website, whereas LVL XIII sneakers could be purchased only in small regional stores in five states and Washington D.C. and through the Carbon Bazaar website. Id.

Were LVL XIII claiming point-of-sale confusion, LV's argument may have had some purchase. But it is misplaced here, where LVL XIII's allegations predominantly involve initial-interest and post-sale confusion, i.e., when customers see the OTR Sneaker in a photograph or on the feet of a passerby. In this context, it is less relevant that the parties' products are not sold in the same locations. And courts have construed this factor to favor the plaintiff where identical products are sold in similar, albeit not coextensive, channels—for instance, on the Internet.

Accordingly, the Court finds that any discrepancies in geographic distribution and market position are not so substantial as to outweigh the similarities between the parties' products in terms of content, price, and target clientele. This factor, therefore, favors LVL XIII.

iv) Bridging the Gap

‘Bridging the gap’ refers to the likelihood that the senior user will enter the junior user's market in the future, or that consumers will perceive the senior user as likely to do so.” Star Indus., 412 F.3d at 387. This factor “protects the plaintiff's interest in being able to enter a related field at some future time.” Cartier II, 294 Fed.Appx. at 619. Where, as here, the parties' products are already in competitive proximity, there is “no gap to bridge, and this factor is irrelevant to the Polaroid analysis.” Star Indus., 412 F.3d at 387 (citing Patsy's, 317 F.3d at 218) (treating this factor as neutral where both parties used marks on liquor bottle labels); accord Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 115 (2d Cir.2009) (same, where both parties used marks in connection with sale of coffee products); Sunny Merch., 97 F.Supp.3d at 496 (same, where both parties' marks appeared on sunglasses).

v) Actual Confusion

Although “actual confusion need not be shown to prevail under the Lanham Act,” Lois Sportswear, 799 F.2d at 875, “[t]here can be no more positive or substantial proof of the likelihood of confusion.” Dooney & Bourke, 561 F.Supp.2d at 385 (quoting Savin Corp. v. Savin Grp., 391 F.3d 439, 459 (2d Cir.2004)). Accordingly, “courts have concluded that the absence of such evidence may favor the junior user.” Paco Sport, 86 F.Supp.2d at 319 (collecting cases); accord McGregor–Doniger, 599 F.2d at 1136 (“It is certainly proper for the trial judge to infer from the absence of actual confusion that there was also no likelihood of confusion.” (internal quotation marks and citation omitted)).

Evidence of actual confusion may consist of anecdotal or survey evidence.” Paco Sport, 86 F.Supp.2d at 319 (collecting cases); accord McGregor–Doniger, 599 F.2d at 1136 (“It is certainly proper for the trial judge to infer from the absence of actual confusion that there was also no likelihood of confusion.” (internal quotation marks and citation omitted)).
at 319. To be relevant under the Lanham Act, the confusion must be of a type that “could inflict commercial injury [on the plaintiff] in the form of either a diversion of sales, damage to goodwill, or loss of control over reputation.” Long, 949 F.2d at 583; see also Trustees, 964 F.Supp. at 747 (“[T]here is a difference between isolated expressions of momentary confusion and confusion that leads to actual purchasing decisions.”).  

[75] Here, LVL XIII has not presented survey evidence as to consumer confusion. See Orb Factory, Ltd. v. Design Sci. Toys, Ltd., No. 96 Civ. 9469 (RWS), 1999 WL 191527, at *12 (S.D.N.Y. Apr. 7, 1999) (“[A] plaintiff's failure to offer a survey showing the existence of confusion is evidence that the likelihood of confusion cannot be shown.”) (collecting cases). Instead, it relies on 12 anecdotes of oral communications made to Brown or LVL XIII, 91 three text messages, and two Instagram posts, which it claims reflect “actual and material confusion.” Pl. SJ Br. 30; see Pl. 56.1 ¶¶ 257, 267. 92

As to the anecdotes, most involve inquiries by fashion industry professionals whether LVL XIII had collaborated with LV on the OTR Sneaker. See Brown Dep. II, at 232-42; Brown Dep. IV, at 424-32; id. at 432 (“[E]veryone pretty much had the same question. I mean it was either one of two things. Did you do a collaboration with Louis Vuitton or did they copy your design?”). Courts have held such inquiries not probative of actual confusion. See, e.g., Nora Beverages, 269 F.3d at 124 (“Inquiries about the relationship between an owner of a mark and an alleged infringer do not amount to actual confusion. Indeed, such inquiries are arguably premised upon a lack of confusion between the products such as to inspire the inquiry itself.”). And nine of the 12 purportedly confused persons had a pre-established personal or business relationship with Brown or LVL XIII. Pl. 56.1 ¶ 268. 93 As such, they are not representative of the typical consumer. 94

*673 As to the three unaffiliated persons, only two, Tavius Bolton and Kathleen Roque, appear to have been consumers. 95 Each attested that, upon seeing the OTR Sneaker, he or she was disappointed by what he assumed to be a collaboration between LVL XIII and LV. See Bolton Decl. ¶ 4-5; Roque Decl. ¶¶ 4-8. Each attested that he or she was glad to learn that LVL XIII had not sponsored or authorized the OTR Sneaker. Bolton Decl. ¶ 6; Roque Decl. ¶ 9. But neither indicated that he or she had made—or forewent—a purchase based on this confusion. 96 Only Bolton stated that he would have done so, had his confusion persisted. See Bolton Decl. ¶ 6.

As to the text messages, each was sent by a friend or former colleague of Brown’s. See Brown Dep. IV, at 388-91, 393; Sloane Decl., Exs. 46-47. 97 The first attaches a photo of the OTR Sneaker and states: “Don't know if u scene [sic] it before, but LV did that ... LvL Viii wayy [sic] doper.” Sloane Decl., Ex. 47, at 1. The second states: “Louis Vuitton should hire you instead of copying your designs!” Id. at 2. Neither reflects actionable confusion. 98

The third text message and the two Instagram posts, by contrast, reflect actual confusion. The text message and first Instagram post each consist of a photo of the OTR Sneaker and an inquiry whether it was made by LVL XIII. See Sloane Decl., Ex. 46, at 2-3. The second Instagram post tags a photo of the OTR Sneaker “New #LVLXIII shoe.” Id. at 1. Each evinces confusion as to source. Critically, however, none indicates that the speaker made a purchasing decision based on his confusion. Indeed, Brown admitted he was unaware of any consumer who experienced confusion at the point of purchase. Brown Dep. IV, at 437-38. 99

*674 Considered in the aggregate, the record evidence of “actual confusion” is de minimis. It “does not go far toward demonstrating that an ‘appreciable number of ordinarily prudent purchasers' are likely to be confused.’ ” O’Keefe, 590 F.Supp.2d at 524 (quoting Mejia, 920 F.Supp. at 551) (internal quotation marks omitted) (emphasis in original). 100 But, because the parties’ sneakers coexisted in the marketplace for only a short period, the Court will not draw a strong inference against LVL XIII on that basis. See Lois Sportswear, 799 F.2d at 875 (where “[t]here has been little chance for actual confusion,” it “would be unfair to penalize [a plaintiff] for acting to protect its trademark rights before serious damage has occurred”); Hasbro, Inc. v. Lanard Toys, Ltd., 858 F.2d 70, 78 (2d Cir.1988) (lack of actual confusion did not warrant inference against senior user in light of short time that junior user's product was on the market). This factor, therefore, tips slightly in LV's favor.
vi) Bad Faith

[76] “The inquiry into willfulness or bad faith ‘considers whether the defendant adopted its mark with the intention of capitalizing on the plaintiff’s reputation and goodwill and on any confusion between his and the senior user’s product.’” *De Beers, 440 F.Supp.2d* at 278 (quoting *Savin Corp.*, 391 F.3d at 460). “Evidence of intentional copying by a junior user may be indicative of an intent to create a confusing similarity between the products.” *Bristol–Myers Squibb Co. v. McNeil–P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir.1992).

[77] As discussed above, there is zero evidence that LV copied the TP—much less that it did so with the goal of capitalizing on LVL XIII’s reputation. Quite the contrary, LV’s evidence is that (1) the OTR Sneaker’s principal designer had never heard of LVL XIII or its sneakers before this lawsuit, and (2) LV’s design team acted in good faith to avoid infringement—including by soliciting the advice of LV’s in-house counsel and modifying its design to distance it from the Jack Purcell sneaker. See *Pl. 56.1 ¶¶ 44-45, 50-54, 58-60; see also Lang, 949 F.2d at 583* (“[R]eliance on the advice of counsel ... support[s] a finding of good faith.”); *Sports Traveler II, 25 F.Supp.2d* at 166 (same). That LV prominently displayed its own logos on the OTR Sneaker further undermines the notion that it sought to pass the shoes off as LVL XIII’s. *See Jack Schwartz Shoes, 2002 U.S. Dist. LEXIS 25699, at *80* (bad faith factor favored defendant where “evidence of copying [was] relatively weak and the undisputed evidence show[ed] that Defendant attempted to make clear the source of the 6905 shoe by placing its own logo on the shoe in multiple places”); *see also Medici II, 683 F.Supp.2d* at 313 (“[G]iven[ ] plaintiff’s [low sales volume and the lack of evidence of secondary meaning, *675 it is patently unreasonable to conclude that defendants sought to usurp that reputation or to otherwise capitalize on it.’”); *Gameologist*, 838 F.Supp.2d at 163 (same); *Major League Baseball Props.*, 385 F.Supp.2d at 267 (same).

[78] LVL XIII neverthelesse argues that the Court should infer bad faith from LV’s failure to submit evidence of a trademark search. *Pl. SJ Br. 33*. But a defendant’s failure to conduct a trademark search is “not sufficient to demonstrate bad faith.” *J.T. Colby & Co. v. Apple Inc.*, No. 11 Civ. 4060 (DLC), 2013 WL 1903883, at *23 (S.D.N.Y. May 8, 2013) (citing *Star Indus.*, 412 F.3d at 388, aff’d, 586 Fed.Appx. 8 (2d Cir.2014) (summary order). And the Second Circuit “has never held adoption of a mark with no knowledge of a prior similar mark to be in bad faith[,] even in the total absence of a trademark search.” *Star Indus.*, 412 F.3d at 388. This factor, therefore, favors LV.

vii) Quality of LV’s Product


On the one hand, the court must determine “whether defendant’s products or services are inferior to plaintiff’s, thereby tarnishing plaintiff’s reputation if consumers confuse the two.” On the other hand, if the products are roughly equal in quality, the court must also consider whether “that very similarity of quality” may tend to create confusion as to source by bringing the products into even closer proximity.

*Id.* (quoting *Morningside Grp. Ltd. v. Morningside Capital Grp.*, L.L.C., 182 F.3d 133, 142 (2d Cir.1999)). Here, LVL XIII “attempts to take both forks of this road,” *id.*, arguing first, that the OTR Sneaker is inferior to LVL XIII sneakers in “workmanship [and] consumer satisfaction,” and second, that even if the sneakers were of the same quality, this factor would favor LVL XIII because buyers would “be more likely to substitute the products.” *Pl. SJ Br. 34*.

In support of its first argument, LVL XIII relies entirely on an email from a shoe manager at a Boston LV store. The email states:

I have an issue that Carmen my ops manager has been trying to address with a client. style 986189 show python shoe purchased at ULS. The metal plate is coming off in the back of the heel.... We called Aventura ... [and] they have seen this damage happen multiple times already. I may have to give a refund, is this a know[n] issue?
MacMull Decl., Ex. 28, at 6. The negative account of LV's OTR Sneaker embedded in this email is inadmissible double hearsay, not cognizable on a motion for summary judgment. And even if it were admissible, this evidence would be too skimpy to show LV's sneaker was of lesser quality than LVL XIII's. Indeed, the record is devoid of evidence as to the quality of, or consumer satisfaction with, either product. 103

*676 “Because there is insufficient evidence in the record indicating the superiority or inferiority of the products at issue,” or that they were of confusingly comparable quality, “this factor is neutral.” BeautyBank, 2013 WL 11327097, at *16. 104 It has no bearing on the Court's assessment of the likelihood of confusion.

viii) Consumer Sophistication

[80] [81] The final Polaroid factor, consumer sophistication, “consider[s] the general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.” Star Indus., 412 F.3d at 390 (internal quotation marks and citation omitted). In a reverse confusion case, “the consumers relevant to [this] inquiry are those who purchase [the plaintiff's] products.” Sterling Drug, Inc. v. Bayer AG, 14 F.3d 733, 742 (2d Cir.1994); accord Denimafia, 2014 WL 814532, at *24.

[82] In general, “[t]he greater the value of an article the more careful the typical consumer can be expected to be.” McGregor–Doniger, 599 F.2d at 1137 (“[T]he average purchaser of an automobile will no doubt devote more attention to examining different products and determining their manufacturer or source than will the average purchaser of a ball of twine.”); accord Dooney & Bourke, 561 F.Supp.2d at 389 (“If the goods are expensive, the reasonably prudent buyer does not buy casually, but only after careful consideration. Thus, confusion is less likely than where the goods are cheap and bought casually.” (quoting McCarthy on Trademarks § 23:96) (internal quotation marks omitted)). And “the more sophisticated the purchaser, the less likely he or she will be confused by the presence of similar marks in the marketplace.” Sly Magazine, LLC v. Weider Pubns L.L.C. (“Sly Magazine II”), 346 Fed.Appx. 721, 723 (2d Cir.2009) (summary order) (internal quotation marks and citation omitted); see also Centaur II, 830 F.2d at 1228 (existence of sophisticated consumers “usually militates against a finding of a likelihood of confusion”).

[83] Here, the sophistication of LVL XIII's consumers can be inferred from the high price points of its sneakers. 105 And *677 LVL XIII has conceded that its customers are brand-conscious and deliberate shoppers. See Brown Dep. III, 69-71 (testifying that customers “pay attention” when they purchase his products, “buy [his sneakers] because [they are] LVL XIII,” and “consciously [m]ake the choice in their mind to buy the product”); see also Jack Schwartz Shoes, 2002 U.S. Dist. LEXIS 25699, at *81–82 (“courts have noted that shoe shoppers are increasingly savvy and sophisticated”; this factor favored defendant because “sophisticated consumers are more likely to notice the brand-name of the shoe”). To be sure, there are circumstances where consumer sophistication “cannot be relied on to prevent confusion.” McGregor–Doniger, 599 F.2d at 1137. But that is generally the case only where both the products and marks at issue are “identical.” Id. 106 Here, by contrast, the marks at issue are easily distinguishable. See discussion supra, at 668-70. Accordingly, a reasonable juror could only conclude that this factor favors LV.

ix) Balancing the factors

Viewed in combination, the Polaroid factors lopsidedly favor LV. The proximity factor favors LVL XIII, and the bridging-the-gap and quality factors are neutral, but the remaining factors all point against a likelihood of confusion. 107 Most significant, the overall impressions created by the parties' toe plates are sufficiently dissimilar to rule out any confusion as to their association. That is particularly so given the extensive third-party use of metal shoe ornaments, the weakness of the TP as a source identifier, and the sophistication of LVL XIII's consumers. Given the pervasiveness of metal toe plates in the market, and the fact the TP had not acquired secondary meaning, it is highly unlikely that upon seeing the OTR Sneaker's toe plate, a sophisticated consumer would mistakenly associate it with LVL XIII. 108 LVL XIII's failure to produce any probative evidence of actual confusion or bad faith reaffirms this conclusion.
The Court therefore holds that there was no likelihood of confusion between the parties' toe plates, and that a reasonable juror could not so find. This ruling supplies an independent basis for granting LV's motion for summary judgment on LVL XIII's Lanham Act claims.  

2. New York Common Law Unfair Competition

The essence of an unfair competition claim under New York law is that the defendant has misappropriated the labors and expenditures of another. Saratoga Vichy Spring Co., Inc. v. Lehman, 625 F.2d 1037, 1044 (2d Cir.1980). To prevail, a plaintiff “must couple its evidence supporting liability under the Lanham Act with additional evidence demonstrating [the defendant's] bad faith.” Info. Superhighway, Inc. v. Talk Am., Inc., 395 F. Supp. 2d 44, 56 (S.D.N.Y. 2005) (quoting Philip Morris USA Inc. v. Felizardo, No. 3 Civ. 5891 (HB), 2004 WL 1375277, at *6 (S.D.N.Y. June 18, 2004)). It must prove: (1) actual confusion or a likelihood of confusion; and (2) the defendant's bad faith. Sly Magazine II, 346 Fed. Appx. at 723.

Because LVL XIII has failed to establish either element, its common law unfair competition claim fails as a matter of law. LV is thus entitled to summary judgment on this claim. See, e.g., Empresa Cubana del Tabaco v. Cubbro Corp., 399 F.3d 462, 485 (2d Cir.2005); Denimafia, 2014 WL 814532, at *6 (S.D.N.Y. June 18, 2004). It must prove: (1) actual confusion or a likelihood of confusion; and (2) the defendant's bad faith. Sly Magazine II, 346 Fed. Appx. at 723.

3. Deceptive Business Practices

GBL § 349(a) prohibits “[d]eceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service” in New York. To establish liability, a plaintiff must show that: (1) the defendant engaged in an act or practice that was materially misleading, and (2) that the plaintiff was injured thereby. See Sports Traveler, Inc. v. Advance Magazine Publishers, Inc. (“Sports Traveler I”), No. 96 Civ. 5150 (JFK), 1997 WL 137443, at *2 (S.D.N.Y. Mar. 24, 1997). “The standard for whether an act or practice is misleading is objective, requiring a showing that a reasonable consumer would have been misled by the defendant's conduct.” Pelman ex rel. Pelman v. McDonald's Corp., 396 F.Supp.2d 439, 444 (S.D.N.Y.2005). For conduct to be “materially” misleading it must affect consumers' choice of product. See Bildstein v. MasterCard Int'l Inc., 329 F. Supp. 2d 410, 414 (S.D.N.Y.2004).

Corporate competitors may bring claims under § 349(a) only if “some harm to the public at large is at issue.” Securitron Magnalock Corp. v. Schnabolk, 65 F.3d 256, 264 (2d Cir.1995) (internal quotation marks and citation omitted). “Because section 349 is modeled after the Federal Trade Commission Act, federal courts have interpreted the statute's scope as limited to the types of offenses to the public interest that would trigger Federal Trade Commission intervention under 15 U.S.C. § 45, such as potential danger to the public health or safety.” Sports Traveler I, 1997 WL 137443, at *2. Accordingly, many courts have found that mere evidence of consumer confusion is not enough to satisfy this element.  

Here, as discussed, LVL XIII has not established that LV's conduct created a likelihood of confusion—much less actual confusion that affected consumers' purchasing decisions. It has thus failed to satisfy the “material deception” requirement of its § 349 claim. And even if LVL XIII had shown confusion, that would not qualify as “public harm” actionable under § 349. LV is therefore entitled to summary judgment on this claim, too.  

C. LVL XIII's Motion for Summary Judgment on LV's Counterclaims

The Court turns now to LV's counterclaims. These fall into two sets. The first mirrors LVL XIII's Lanham Act claims: LV seeks (1) a declaratory judgment that LVL XIII has no exclusive right in the shape of a rectangular metal toe plate; and (2) an injunction requiring LVL XIII to disclaim the non-distinctive elements of the TP (i.e., all elements other than the “LVL XIII” inscription). LV has acknowledged that these counterclaims would be mooted by a holding that the TP is not protectable under the Lanham Act. They are, therefore, dismissed.

LV's second set of counterclaims stems from LVL XIII's use of the “LVL XIII” word mark. LV brings claims for
trademark infringement, under § 32(a) of the Lanham Act, and unfair competition and *680 false designation of origin, under § 43(a). It claims that LVL XIII's use of this mark is likely to cause confusion with LV's Initials Logo.116

Each of these counterclaims is analyzed under the “familiar two-prong test” that applies to infringement claims brought under § 43(a): LV must show, first, that its Initials Logo is entitled to protection, and second, that LVL XIII's use of its word mark is likely to cause consumer confusion as to the origin or sponsorship of its products. Virgin Enters., 335 F.3d at 146; see Nabisco II, 220 F.3d at 45; Gameologist Grp., 838 F.Supp.2d at 152–53.

LVL XIII concedes that the Initials Logo is a valid mark entitled to protection. Pl. SJ Br. 51. The sole issue for decision, therefore, is whether a reasonable juror could find that LVL XIII's use of its word mark is likely to cause confusion. Although this presents a considerably closer question than LVL XIII's claims, an analysis of the Polaroid factors reveals that the answer is no. The Court, again, addresses each factor in turn.

1. Strength of the Initials Logo

[91] [92] [93] As noted, in gauging the strength of a mark, courts consider both its inherent distinctiveness and its “acquired distinctiveness, i.e., fame, or the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition.” Virgin Enters., 335 F.3d at 147 (internal quotation marks omitted). As to inherent distinctiveness, “the law accords broad, muscular protection to marks that are arbitrary or fanciful in relation to the products on which they are used, and lesser protection, or no protection at all, to marks consisting of words that identify or describe the goods or their attributes.” Id. As to acquired distinctiveness, “[i]f a mark has been long, prominently and notoriously used in commerce, there is a high likelihood that consumers will recognize it from its prior use.” Id. at 148. Such widespread consumer recognition “increases the likelihood that consumers will assume [the mark] identifies the previously familiar user, and therefore increases the likelihood of consumer confusion if the new user is in fact not related to the first.” Id.

[94] Here, there is no question that LV's Initials Logo is strong by virtue of both its inherent and acquired distinctiveness. As a registered trademark, it is presumptively distinctive. See Savin Corp., 391 F.3d at 457; McGregor–Doniger, 599 F.2d at 1132. And although personal names are generally descriptive, they may be inherently distinctive where, as with LV’s Initials Logo, they are presented in a “stylized” form. Patsy's, 317 F.3d at 217 (“[A] personal name rendered in a distinctive lettering style may be considered strong even without a showing of secondary meaning.”).117 Finally, LVL XIII does not dispute that the Initials Logo has acquired secondary meaning as a result of: (1) LV's more than century-long use of the logo on a wide variety of products; (2) its extensive marketing and advertising of products bearing the logo; and (3) the *681 fame the logo has achieved as a result. See Pl. Supp. 56.1 ¶¶ 376–81.

To the extent, however, that LV claims a broader exclusive right to use the non-stylized “LV” letter combination, the same conclusion does not follow. On this point, Gruner + Jahr, 991 F.2d 1072, is instructive. The district court there held that, even though the registered “PARENTS” logo was strong, the mark was weak in its non-stylized form. Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Pub. Co. v. Meredith Corp., 793 F.Supp. 1222, 1231 (S.D.N.Y.1992), aff'd, 991 F.2d 1072 (2d Cir.1993).

As the court explained, the “origin-indicating quality” of the mark “[lay] in the customized manner in which it [was] displayed, and not in the mere use of the word ‘parents.’ ” Id. (internal quotation marks omitted). The Second Circuit affirmed. It held that “the trademark registration of the title PARENTS in its distinctive typeface did not confer an exclusive right to plaintiff on variations of the word ‘parent.’ ” Gruner + Jahr, 991 F.2d at 1077. And the descriptive nature of the mark and extensive third-party use “lessen[ed] the possibility that a purchaser would be confused and think the mark came from a particular source.” Id. at 1078. Accordingly, the Second Circuit upheld the ruling that “the ‘parents' portion of the mark —divorced from the stylized typeface and its particular placement on [plaintiff's] magazine cover—was extremely weak.” Id.

Similarly, here, although the Initials Logo is strong in its stylized form, that does not mean that LV has the “exclusive right to ... [every] variation [ ]” of the “LV” initials. Gruner + Jahr, 991 F.2d at 1077. And because LV has offered no evidence of using those initials in
a non-stylized form, there is no basis to conclude that they have acquired secondary meaning in that context.\textsuperscript{118} LVL XIII, for its part, has supplied evidence of seven third-party registrations for trademarks in the apparel or accessory industries that incorporate the “LV” letter combination. See MacMull Decl., Ex. 33.\textsuperscript{119} On this record, a reasonable juror could not find that the “LV” portion of the Initials Logo, “divorced from the stylized typeface and particular [entwined configuration of the letters],” is distinctive. \textit{Gruner + Jahr}, 991 F.2d at 1078.\textsuperscript{120}

Because this factor cuts both ways, the Court, drawing all reasonable inferences in LV’s favor, holds that it can support, but only weakly, a likelihood of confusion.

\section*{2. Similarity of the Marks}

\textsuperscript{95} In the context of word marks, similarity is a “holistic consideration that turns on the marks’ sight, sound, and overall commercial impression under the totality of the circumstances.” *682 \textit{Bath & Body Works, 7 F.Supp.3d} at 394 (citing \textit{Malletier v. Burlington Coat Factory Warehouse Corp.}, 426 F.3d 532, 538 (2d Cir.2005)); see also \textit{U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.}, 800 F.Supp.2d 515, 528 (S.D.N.Y.2011) (“An assessment of the similarity of marks examines the similarity between them in appearance, sound, and meaning.”), \textit{aff'd}, 511 Fed.Appx. 81 (2d Cir.2013) (summary order). The Second Circuit has instructed that courts must compare “[e]ach mark ... in its entirety” because “juxtaposing fragments of each mark does not demonstrate whether the marks as a whole are confusingly similar.” \textit{Advance Magazine Publishers}, 627 F.Supp.2d at 117; see also \textit{Giggle}, 856 F.Supp.2d at 635 (“Under the anti-dissection principle, the similarity analysis must assess the marks in their entirety without dissecting out any one component.”) (citing \textit{McCarthy on Trademarks} § 11:27) (collecting cases).

\textsuperscript{96} Here, both parties’ marks use the letters “LV” in a Roman-like font. But that alone does not make them “similar” for purposes of a \textit{Polaroid} analysis. That two marks share an element does not mean they are likely to be confused. See \textit{Brockmeyer v. Hearst Corp.}, 248 F.Supp.2d 281, 296 (S.D.N.Y.2003) (“[S]imply because [the marks] contain [a] common element does not mean that they are ‘similar’ for the purpose of assessing confusion under the \textit{Polaroid} factors.”).\textsuperscript{121} That is true even where the common element is presented in a similar typeface. \textit{See, e.g., Flushing Bank v. Green Dot Corp.}, 138 F.Supp.3d 561, 588 (S.D.N.Y.2015) (“GObank” and “iGObanking” logos were “as a whole dissimilar” due to visual differences, even though they shared a literal element and their “type font [was] somewhat similar”).

On this point, Judge Koeltl’s analysis in \textit{Brockmeyer}, 248 F.Supp.2d 281, is apt. The plaintiff there alleged that the publishers and distributors of “O The Oprah Magazine” infringed its “>>>O<<” trademark. Assessing the two marks’ similarity, Judge Koeltl noted that both parties’ magazines featured the letter “O” prominently on their covers in a similar size and typeface, such that the magazines could each be referred to as “O Magazine.” \textit{Id.} at 296. But, he held, notwithstanding those similarities, the marks were not confusingly similar because “plaintiff’s use of guillemets *683 and the differences in cover layouts, photos and legends tend to differentiate the marks when viewed in context.” \textit{Id.}

The marks were further distinguishable because “the ‘O’ in the defendants’ magazine [was] a reference to Oprah Winfrey and her values, while the plaintiff’s mark ma[de] no reference to any particular personality, and only to the values associated with liberalism, fetish culture, and sadomasochism.” \textit{Id.} Given those differences, “the marks [could] not be said to be similar for the purposes of [the] confusion analysis.” \textit{Id.}

\textsuperscript{97} So too, here. In this case, any similarity between the parties’ marks is more than offset by their differences. Most significant are the obvious visual distinctions between the two logos: LV’s Initials Logo presents the letters “L” and “V” as a single interlocking image, with the “V” overlapping the italicized “L” on a downward angle from right to left. By contrast, the “L” in LVL XIII’s mark is invariably followed by “L XIII,” with all characters arranged collinearly. These differences in visual presentation render the marks dissimilar as a matter of law. \textit{See, e.g., SLY Magazine, LLC v. Weider Publications L.L.C. (“SLY Magazine I”), 529 F.Supp.2d 425, 439 (S.D.N.Y.2007) (fact that both marks included word “SLY” did not make them confusingly similar, where defendant’s “SLY” was always shown in block capital letters, whereas plaintiff’s was always presented in italicized script or followed by a tagline), aff’d, 346 Fed.Appx. 721 (2d Cir.2009) (summary order).
Moreover, given the common use of roman numerals and the “LVL” abbreviation, it is reasonable to assume that at least some consumers would (like the Court) understand LVL XIII’s mark to denote “level 13.” So read, LVL XIII’s mark takes on a pronunciation and connotation which further distinguish it from the Initials Logo. Given these differences, no reasonable juror could conclude that the marks are likely to be confused.

Indeed, LV ultimately eschewed the broad argument that the two marks, in all contexts, are confusingly similar. Rather, it argues that the particular way LVL XIII presented its mark on social media and the Carbon Bazaar website made it likely to cause confusion. Specifically, it claims, many of LVL XIII's online photos “presented the shoe at an angle such that only the letters ‘LV’ in the word mark on the toe plate [were] visible.” Def. SJ Reply Br. 32. In that context, LV argues, LVL XIII's mark was likely to be confused with the Initials Logo.

3. Competitive Proximity of the Products

It is undisputed that LV has featured its Initials Logo on the OTR Sneaker, among many other products. Pl. Supp. 56.1 ¶ 407. As discussed above, supra, at 670-71, that product is competitively proximate to LVL XIII's sneakers. This factor, therefore, favors LV.

4. Bridging the Gap

Because the parties' products are already in competitive proximity, there is “no gap to bridge,” and this factor is neutral. See Starbucks, 588 F.3d at 115 (internal quotation marks and citation omitted); Star Indus., 412 F.3d at 387.

5. Actual Confusion

As discussed above, although “actual confusion need not be shown to prevail under the Lanham Act,” Lois Sportswear, 799 F.2d at 875, courts have held that the absence of such evidence “is a strong indicator that the likelihood of confusion is minimal.” Plus Prods. v. Plus Discount Foods, Inc., 722 F.2d 999, 1006 (2d Cir.1983). This inference is weakened, however, where the parties' products have been competing for only a short time. See Lois Sportswear, 799 F.2d at 875.

Here, LV has not offered evidence of actual confusion. To the contrary, its 30(b)(6) witness testified that she was “not aware of any actual confusion” between the LVL XIII word mark and the Initials Logo. Def. Supp. 56.1 ¶ 371. Therefore, accounting for the brevity of the parties' co-existence in the marketplace, this factor slightly favors LVL XIII.

6. Bad Faith

[99] As noted, the inquiry into bad faith “considers whether the defendant adopted its mark with the intention of capitalizing on [the] plaintiff's reputation and goodwill and [on] any confusion between his and the senior user's product.” Savin Corp., 391 F.3d at 460 (internal quotation marks and citation omitted). “The burden of proving bad faith rests with the party claiming infringement.” J.T.
Colby & Co., 2013 WL 1903883, at *23 (citing Star Indus., 412 F.3d at 388). As the Second Circuit has explained, "[w]hile ... caution must be exercised in granting summary judgment when state of mind is in issue, '[t]he summary judgment rule would be rendered sterile ... if the mere incantation of intent or state of mind would operate as a talisman to defeat an otherwise valid motion." Nora Beverages, 269 F.3d at 125 (quoting Res. Developers, Inc. v. Statue of Liberty–Ellis Island Found., Inc., 926 F.2d 134, 141 (2d Cir.1991)).

[100] Here, LV argues that LVL XIII's bad faith can be inferred from the following facts: (1) Brown has long been familiar with LV and its Initials Logo; (2) LVL XIII considers LV "both an inspiration for its planned line of shoes and a competitor"; (3) "[o]ut of all the fonts and all the presentations possible of the name 'Level Thirteen,' " Brown chose to use the “LVL XIII” abbreviation in a “near-identical font to LV's signature font”; and (4) the photos LVL XIII supplied to Carbon Bazaar present its sneakers in such a way that the “LV” portion of the “LVL XIII” logo is predominant. Def. SJ Reply Br. 33; Tr. 90. In combination, LV argues, these facts could lead a reasonable juror to find that LVL XIII deliberately sought to capitalize on LV's reputation and goodwill.

Although LV's notion that Brown sought to exploit LV's goodwill is intuitively understandable, its evidence of bad faith is, ultimately, weak. As to Brown's familiarity with LV, it is well established that "[p]rior knowledge of a senior user's mark does not, without more, create an inference of bad faith." Playtex Prods., 390 F.3d at 166; accord Malaco Leaf, 287 F.Supp.2d at 376 (“While it is undisputed that PIM's President ... was aware of plaintiff's Swedish Fish candy before introducing Famous Sqwish Candy Fish, adoption of a mark with actual knowledge of another's mark is not, alone, evidence of bad faith.”). Courts have typically found such knowledge probative of bad faith only where it is “accompanied by similarities so strong that it seems plain that deliberate copying has occurred.” Paddington, 996 F.2d at 587. Such is not the case here, as the parties' trademarks are far from confusingly similar. Cf. *686 Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 376 (“[A] comparison of plaintiff's and defendant's 'Kosher Yellow Pages' marks ... reveals obvious differences that suggest a lack of imitative intent.”). Nor is LVL XIII's identification of LV as a competitor dispositive, because “the intent to compete ... is vastly different from the intent to deceive purchasers as to the source of the product.” Streetwise Maps, 159 F.3d at 745.

As to LVL XIII's choice of abbreviation, Brown has offered a credible explanation for selecting this moniker: He testified that because “level thirteen” would have been “too long” to fit on a toe plate, he referenced allacronyms.com to select an abbreviation for “level.” Brown Dep. V, at 192–93. Of the options, Brown testified, “LVL” “stood out” out as the most obvious choice. Id. at 193. Consistent with this, “LVL” is the website's top ranked abbreviation; the alternative options are more cryptic. See https://www.allacronyms.com/level/abbreviated; Pl. Supp. 56.1 ¶ 395 (noting that “Lev,” “LEL,” and “L” are among the listed abbreviations); see also Nora Beverages, 269 F.3d at 125 (no fact issue as to bad faith where only evidence was the similarity of the parties' bottle designs and that defendant chose its design from a “limitless array of available design options”) (internal quotation marks omitted). Moreover, any bad faith that could be inferred from LVL XIII's selection of the “LVL” acronym is negated by its efforts to decode its logo. As LV points out, LVL XIII has made a concerted effort to “instruct readers and viewers how to pronounce its name." Pl. Supp. 56.1 ¶ 396. Such conduct is at odds with the claim that LVL XIII intended to pass off its sneakers as LV's. See Denimafia, 2014 WL 814532, at *22–23 (that “New Balance knew of Denimafia's mark and chose to use it despite options of 'variations more different from the SEP Logo' ” did not create dispute of fact as to bad faith where New Balance had taken “affirmative steps” to distinguish its mark from Denimafia's).

Finally, as discussed above, the record evidence does not support LV's claim that the Carbon Bazaar photos effectively showcased the “LV” portion of the mark. The toe plate's literal element is indecipherable in most of the photos. And the full “LVL XIII” logo is displayed beside each photo on the webpage. See Sloane Decl., Ex. 35. Accordingly, these images do not bespeak an intent to deceive. Cf. Nora Beverages, 269 F.3d at 125 (“[B]y placing its labels prominently upon its bottles, [defendant] negated an inference of intent to deceive consumers as to the source of its product.”).

In sum, the Court holds that, although there is a smidgeon of evidence favoring LV, the “suspicious facts” highlighted by LV, considered separately or together, are insufficient to create a material question of fact as to
bad faith. LVL XIII, for its part, has proffered evidence of its good faith in selecting its logo: The record shows that LVL XIII sought the advice of counsel before finalizing its logo, and that counsel affirmed that it “could file a trademark application for the brand name LVL XIII.” Dkt. 161, Ex. 2 (“Pelton Dep. II”), at 11–12; see Lang, 949 F.2d at 583 (“[R]eliance on the advice of counsel ... support[s] a finding of good faith.”). “The fact that the [PTO] approved the application to register [the ‘LVL XIII’ mark] without any reference or citation to [LV’s] registration of [the Initials Logo] supports [LVL XIII’s] judgment.” Brockmeyer, 248 F.Supp.2d at 298–99. Under these circumstances, and given the obvious dissimilarities between the two marks, LVL XIII could have “reasonably concluded that there would be no confusion between [its] mark ... and [the Initials Logo], a conclusion eventually affirmed by the [PTO].” Id. (“no basis from which to infer any bad faith,” despite defendant’s awareness of plaintiff’s mark, where defendant “made a good faith determination [that] using [its] mark ... would not infringe any other mark” and ultimately obtained registration from the PTO); Playtex Prods., Inc. v. Georgia–Pac. Inc., No. 2 Civ. 7848 (HB), 2003 WL 21939706, at *7 (S.D.N.Y. Aug. 12, 2003) (“Playtex's failure to produce evidence of bad faith strongly favored Georgia-Pacific” where “the PTO found no conflict with other marks, including [Playtex's] WET ONES, when it reviewed Georgia-Pacific's ITU for MOIST ONES”)...

7. Quality of LV’s Product

As discussed above in connection with LVL XIII's claims, there is no record evidence as to the relative quality of the parties' products. The seventh Polaroid factor is thus neutral and does not affect the Court's analysis. See Star Indus., 412 F.3d at 389; Bath & Body Works, 7 F.Supp.3d at 398.

8. Consumer Sophistication

The eighth Polaroid factor, consumer sophistication, weighs against finding a likelihood of confusion for the same reasons discussed in connection with LVL XIII's claims: Given the “high price point of both LVL XIII’s and LV's products,” Def. SJ Br. 35, it can be assumed that the typical customer is sophisticated and unlikely to be confused by any similarities between the parties' logos. Indeed, “several courts have noted[ that] purchasers of Louis Vuitton products tend to be sophisticated[,] discerning,” and less susceptible to confusion. Sunny Merch., 97 F.Supp.3d at 498 (internal quotation marks and citation omitted) (collecting cases). This factor, therefore, also favors LVL XIII.

9. Balancing the Factors

In light of the above considerations, the Court holds that the Polaroid factors, on balance, favor LVL XIII. Although two factors—strength and proximity—to some degree favor LV, they do not outweigh the four which, strongly, point against a likelihood of confusion.

*688 Of particular significance is the “similarity of the marks” factor. The Second Circuit has held that, “in an appropriate case, [this] ... factor can be dispositive and will warrant summary judgment for an infringement defendant if ... [the] marks are so dissimilar that no question of fact is presented.” Nabisco II, 220 F.3d at 46 (internal quotation marks and citations omitted). Such is the case here: Given the obvious differences between the two marks, the Court assesses that “no reasonable factfinder could conclude that there is any likelihood of confusion between them,” especially given the sophistication of the relevant consumers. Kaufman & Fisher Wish Co., 184 F.Supp.2d at 323. LV's failure to offer non-speculative evidence as to bad faith, or to proffer any proof of actual confusion, solidifies this conclusion.

[101] [102] The Court, therefore, grants LVL XIII's motion for summary judgment on each of LV's Lanham Act counterclaims.

*689 CONCLUSION

For the foregoing reasons, the Court grants LV's motion to preclude the report and testimony of LVL XIII's expert witness. The Court also grants LV's motion for summary judgment with respect to all of LVL XIII's...
claims, and denies LVL XIII's motion for summary judgment on the same. Finally, the Court grants LVL XIII's motion for summary judgment with respect to all of LV's counterclaims.

The Clerk of Court is respectfully directed to terminate the motions pending at docket numbers 88, 103, 106, and 125, and to close this case.

SO ORDERED.

All Citations

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Brown testified that Chris Brown's stylist reached out to LVL XIII to obtain a pair of shoes because he "wanted a shoe that represented luxury and was different than what was in the market at the time." Brown Dep. IV, at 376-77. During this conversation, Brown testified, Chris Brown's stylist noted that Chris Brown "was a pop star, that he represented a mainstream audience[,] and that his music was played on all the radio stations." Id. at 377. After the photo shoot, a photo of Chris Brown wearing LVL XIII sneakers was posted on the "Chris B. Fashion" Tumblr page—a fan page dedicated to tracking clothes worn by Brown. Def. Supp. 56.1 ¶ 303.

Brown testified that his followers consist mostly of "fashion enthusiasts, editors, creative directors," and celebrity stylists. Brown Dep. II, at 365-69. These followers, Brown testified, "are very diverse," reflecting that his Instagram "tailors more to a mainstream audience" than to "an urban or hip hop demographic." Brown Dep. IV, at 370.

The list of "Media Placements" compiled by LVL XIII's publicist includes 25 pre-March 2014 media placements, including Brown's and LVL XIII's first Instagram posts. Pl. 56.1 ¶ 218; see Media Placements, at 1-2. Johnson testified that only four of those media placements were "unsolicited"—i.e., not the result of a pitch by LVL XIII's PR firm. Pl. 56.1 ¶ 218.

LVL XIII has not produced evidence of its 2014 advertising expenditures. See Pl. 56.1 ¶ 164.

As of the date of this Opinion and Order, the Carbon Bazaar website is no longer operative.

LVL XIII has not produced any sales records for 2014, and the record evidence indicates that retailers placed orders for shoes from LVL XIII's first sneaker collection during 2013 only. See Brown Dep. IV, at 410; Def. Supp. 56.1 ¶ 304. However, Brown testified that sneakers from that collection were available at retail until at least March 2014. See Brown Dep. IV, at 300-01.

This decision was made in collaboration with Jim Jones, LVM's Artistic Director for "Men's Ready to Wear." Viti Dep. I, at 22, 26-28.

LVL XIII was not among the designers that Viti identified as having previously used metal shoe accents. To the contrary, Viti attested that, until this litigation, he was unaware of Brown, LVL XIII, or its sneakers. Viti Decl. ¶ 13; see also Viti Dep. I, at 11-12. He further attested that LVL XIII's sneaker design did not inform his design of the OTR Sneaker. See Viti Decl. ¶ 14.

The email also pointed out that LV had featured the metal strip "accessory" on the heel of a men's shoe in LV's Fall/Winter 2013 collection. Pl. 56.1 ¶ 52.

Viti testified that Desmet's job was to "develop [Viti's] designs and to ... make the work go forward in a practical way." Viti Dep. II, at 38. Specifically, Desmet would "expand" and "develop" Viti's designs, but had no creative license to change them. Id. at 39-40.

According to Viti, he did not consider the toe plate to be an indicator of source; rather, he "designed [it] ... to be a decorative or ornamental feature." Viti Decl. ¶ 10.

These were: (1) sneaker boot in python and leather, (2) sneaker boot in bandana patchwork, (3) low-top in python and leather, and (4) low-top in bandana patchwork. Pl. 56.1 ¶ 69.


See Pl. 56.1 ¶ 268; Hall Decl. ¶ 3; Baptist Decl. ¶¶ 15-16; Johnson Decl. ¶ 4; Hamilton Decl. ¶ 4.

Roque attested that she was "disappoint[ed]" that LVL XIII had "sold out," because "the draw of LVL XIII's products ... [was] the 'start-up urban culture' that is at the core of the company[,] which [she] view[ed] as the antithesis of [LV's] design and product offerings." Roque Decl. ¶ 6. Bolton attested that he was disappointed because he had thought of LVL XIII as a " 'street' start-up that [he] could identify with and get behind," and assumed that "now LVL XIII ... would become just another tired, oversaturated 'global' sneaker brand, eroding its cachet as a street-style-driven-start-up company." Bolton Decl. ¶ 5. He attested that, had he not learned the truth, he "doubt[ed] that [he] would ever have purchased products from LVL XIII again." Id. ¶ 6.

One features a photo of the OTR sneaker and a user comment inquiring whether it was produced by LVL XIII. Sloane Decl., Ex. 46, at 2. The other features a photo of the OTR Sneaker, tagged "New #LVL XIII shoe." Id. at 1.

The first, sent by Hall, attaches a photo of the OTR Sneaker and states: "Don't know if u scene it before, but LV did that ... Lvl Viii wayy doper. But i saw that metal in the front and was like 'oh ok' lol." Sloane Decl., Ex. 47, at 1. The second, sent by a Sean Roberson, attaches a photo of the OTR Sneaker and asks, "Lvxiii?" Id., Ex. 46, at 3; Pl. 56.1 ¶ 260. The third, sent by Brown's former colleague, states: "Louis Vuitton should hire you instead of copying your designs!" Sloane Decl., Ex. 47, at 2; Brown Dep. IV, at 393-94.
LV also objects that: (1) Colman did not review relevant parts of the record; (2) his opinions are contradicted by record evidence; (3) he opines on ultimate issues of fact and law; and (4) his bias against LV influenced his opinions. See Def. Daubert Br. 12-14, 17-19; Def. Daubert Reply Br. 10. The three objections addressed in the text are, in the Court's assessment, LV's most substantial grievances. Because the Court holds Colman's report and testimony inadmissible on each of those grounds, it need not decide whether LV's other objections require preclusion.

LVL XIII cites HealthOne of Denver, Inc. v. UnitedHealth Group, Inc., No. 10 Civ. 1633, 2012 WL 94678, at *2–3, 2012 U.S. Dist. LEXIS 4506, at *7 (D.Colo. Jan. 12, 2012), and Pandora Jewelers 1995, Inc. v. Pandora Jewelry, LLC, 2011 WL 2295269, at *7, 2011 U.S. Dist. LEXIS 62969, at *21 (S.D.Fla. June 7, 2011), for the proposition that attorneys may qualify as experts in trademark cases. See Pi. Daubert Opp. Br. 10. But those cases are inapposite, as the experts there did not offer opinions on secondary meaning. See HealthOne, 2012 WL 94678, at *5–7, 2012 U.S. Dist. LEXIS 4506, at *14–21 (holding trademark lawyer qualified to testify as to contents of trademark search report, deferring judgment as to whether lawyer could testify about consumer survey conducted by other expert, and noting that it would depend on “whether or not [he] had any familiarity with the methods or reasoning used ... in [the] survey and what his experience [was] with surveys”; court demurred on whether lawyer could testify as to one factor in likelihood-of-confusion test); Pandora, 2011 WL 2295269, at *7, 2011 U.S. Dist. LEXIS 62969, at *21–22 (lawyer who specialized in “legal and regulatory compliance” could testify as expert “on distribution channels for branded and non-branded jewelry”).

The Second Circuit cases on which LVL XIII relies are not to the contrary. In 167 F.2d 969 (2d Cir.1948), (2d Cir.1976), is similarly inapposite. Plaintiffs' “experts on the fashion industry” testified there only that “plaintiff was recognized among the top 'name' designers”—they did not opine on secondary meaning. Yamaha Int'l Corp. v. Hoshino Gakki Co., 840 F.2d 1572 (Fed.Cir.1988), the Federal Circuit upheld the PTO's decision to admit the testimony (although affording it only "modest weight") of a guitar-maker and a jazz guitarist regarding the source-identifying function of guitar heads. Yamaha Int'l Corp. v. Hoshino Gakki Co., Ltd., 231 U.S.P.Q. (BNA) ¶ 926 (P.T.O. Oct. 9, 1986) (internal quotation marks and citation omitted). Here, by contrast, Colman's personal “contact knowledge, experience, training, and understanding [of the relevant consumer population]” has clearly not progressed to such a level as to render an empirical analysis superfluous. Id.

This case is thus easily distinguished from Hi Ltd. P'ship v. Winghouse of Fla., Inc., 3 Civ. 116 (ACC), 2004 WL 5486964 (M.D.Fla. Oct. 5, 2004), where plaintiff's expert was held qualified to testify as to whether Hooters' trade dress had acquired secondary meaning. There, plaintiff's expert had (1) taught a restaurant management course for more than 20
years; (2) taught a course on restaurant brand management in which he addressed secondary meaning in the context of trade dress; (3) wrote his dissertation on “A Model to Identify the Efficient Capacity Range for Monopolistically Competitive Fine Dining Restaurant Firms”; (4) authored case studies and articles on the subject of restaurant brand identity; (5) consulted with leading restaurant chains concerning brand management and trade dress; and (6) twice served as a testifying expert in trade dress cases. Id. at *9. Those credentials dwarf Colman’s, and evince a level of experience performing empirical analyses glaringly absent from Colman’s CV. Beastie Boys v. Monster Energy Co., 983 F.Supp.2d 354 (S.D.N.Y.2014), is similarly distinguishable. There, the parties agreed that the expert’s 20 years of experience in branding and marking amply qualified him to assess the memorability of the infringing video. Id. at 363–64.

Each of Colman’s publications relating to trademark law (which LVL XIII produced to the Court on July 15 and 18, 2016, see Dkt. 167) sets forth either basic legal principles or Colman’s observations and normative views as to the development and present state of intellectual property law in the United States. See materials listed at Colman Rpt., Appx. A, at 2; Dkt. 105, Ex. 3.

Colman’s report implies that he also intended to opine on a different issue: whether the TP constitutes a conventional trademark, which can be held inherently distinctive, as opposed to product-design trade dress, which cannot be. The report states that “the placement of the metal toe plate in a regular and consistent manner on LVL XIII’s shoes has most likely served, since its inception, not as product design, or even product packaging, but rather, as a conventional trademark.” Colman Rpt. ¶ 23 (emphasis omitted). LVL XIII now disclaims this statement as “not fundamentally part of [Colman’s] opinion, nor central to it.” Pl. Daubert Opp. Br. 15. For avoidance of doubt, the Court would not have found this to be an appropriate area for Colman’s testimony, for two reasons. First, Colman’s scholarly works do not appear to address this narrow issue, and Colman’s experience practicing trademark law is too limited to qualify him as an expert on it. Second, Colman’s opinion appears to be a legal conclusion; accordingly, it is inadmissible, as it would “usurp either the role of the trial judge in instructing the jury as to the applicable law or the role of the jury in applying that law to the facts before it” by “undertak[ing] to tell the jury what result to reach” without providing any explanation or criteria by which the jury could render its own judgment. Nimely, 414 F.3d at 397–98 (internal quotation marks and citations omitted); cf. Ideal World Mkgt., Inc. v. Duraccell, Inc., 15 F.Supp.2d 239, 244 n. 2 (E.D.N.Y.1998) (rejecting trademark attorney’s proposed expert opinion that “PowerCheck” mark was suggestive and not descriptive because it was a “legal conclusion” which “impinge[d] upon the Court’s role … and [was] of no probative value on [summary judgment] motion”), aff’d, 182 F.3d 900 (2d Cir.1999); Motown Productions, Inc. v. Caccom, Inc., 668 F.Supp. 285, 288 (S.D.N.Y.1987) (rejecting trademark lawyer’s expert opinion that “Nightlife” mark was “suggestive” because “the expert testimony of an attorney as to an ultimate issue of domestic law or as to the legal significance of facts is inadmissible”) (citing Marx & Co. v. The Diners’ Club, Inc., 550 F.2d 505, 508–11 (2d Cir.1977)), rev’d on other grounds, 849 F.2d 781 (2d Cir.1988).

Nor, as the Court explained in its bench decision denying LVL XIII’s motion to preclude the report and testimony of LV’s expert, do the pleadings allege such an “urban” demographic. LVL XIII claims that its complaint hints at the popularity of its sneakers among young African-American males by noting several African-American celebrities, such as Chris Brown and Jason Derulo, who endorsed, or were seen wearing, LVL XIII shoes. Pl. Daubert Opp. Br. 5 (citing Compl. ¶¶ 25, 27, 29, 30, 32, 34). But the complaint does not draw that connection, and Brown himself testified that Derulo and Chris Brown do not do not “fall into the urban market at all,” but rather appeal to “mainstream” audiences. See Brown Dep. IV, at 374-75, 377-78. Indeed, he testified that Derulo’s mainstream appeal made him a “good fit” for the “target audience [that LVL XIII was] trying to reach.” Id. at 375. Nor does the fact that Brown was featured in Ebony magazine, which LVL XIII calls the “pioneering media outlet for African Americans,” Pl. Daubert Opp. Br. 6 (citing Compl. ¶ 35), support that urban males were the dominant part of LVL XIII’s customer base.

See, e.g., Zaremba v. Gen. Motors Corp., 360 F.3d 355, 357–60 (2d Cir.2004) (upholding exclusion of expert testimony where expert’s “opinions were speculative because they were based on [his] unsupported conjecture of how the accident occurred”); Boucher, 73 F.3d at 22 (district court should have excluded expert testimony regarding plaintiff’s lost earnings because the expert’s projection “was based on assumptions about [plaintiff’s] employment prospects that represent[ed] a complete break with his work history of seasonal and intermittent employment”); Loyd, 2011 WL 1327043, at *5 (“An opinion that rests on a faulty assumption may not be based on good grounds and, therefore, may render the opinion unreliable, ergo inadmissible.”) (internal quotation marks omitted) (citing Amorgianos v. Nat’l R.R. Passenger Corp., 303 F.3d 256, 269 (2d Cir.2002)).

For the same reason, although testimony as to the perceptual tendencies of LVL XIII’s typical consumer may have been relevant, see, e.g., JIPC Mgmt., Inc. v. Incredible Pizza Co., No. 08 Civ. 04310 (MMM), 2009 WL 8591607, at *4 (C.D.Cal. July 14, 2009); Chase Manhattan Bank, USA, N.A. v. Freedom Card, Inc., 333 F.Supp.2d 239, 249 n. 17 (D.Del.2004),...
Colman's testimony as to attributes of this much more narrow demographic would not substantially “help the trier of fact” in resolving any issue in this case. See Fed. R. Evid. 702.

33 LVL XIII denies that these 12 posts constitute “the entirety of Colman's production in the way of ‘social media posts,’” but it has not cited any record evidence of additional posts that Colman produced. See Pl. 56.1 ¶ 205. Colman's failure to produce other posts is, therefore, deemed admitted. See S.D.N.Y. Local Rule 56.1(c), (d). Although not strictly relevant to the Daubert analysis, LVL XIII's woefully incomplete disclosure of the basis for its expert's opinion violates Federal Rule of Civil Procedure 26(a), see Koppell v. N.Y. State Bd. of Elections, 97 F.Supp.2d 477, 482 (S.D.N.Y.2000). Were Colman's testimony not excluded under Daubert, this lapse would likely itself require exclusion.

Defending his failure to preserve documentation, Colman testified that he believed that doing so was unnecessary because the sites and social media posts he reviewed are “representative of the general landscape of what is out there.” Colman Dep. 56. But because Colman did not produce those materials, the Court has no means by which to verify that claim, and “is left only with his ipse dixit.” Cross Commerce Media, Inc. v. Collective, Inc., No. 13 Civ. 2754 (KBF), 2014 WL 11343849, at *10 (S.D.N.Y. Aug. 21, 2014) (rejecting expert's opinion as unreliable where he identified group of consumer survey respondents as “the correct group, but provide[d] no rationale as to why,” instead, leaving the court “only with his ipse dixit”).

35 LVL XIII cites Louis Vuitton Malletier S.A. v. Sunny Merch. Corp., 97 F.Supp.3d 485 (S.D.N.Y.2015), and Broadspring, Inc. v. Congoo, LLC, No. 13 Civ. 1866 (JMF), 2014 WL 4100615, at *16 (S.D.N.Y. Aug. 20, 2014), for the proposition that it is “proper for an expert to testify regarding his review and analysis of vast amounts of material, available to all parties, in order to make them accessible, comprehensible and coherent.” Pl. Daubert Opp. Br. 13. But those cases are easily distinguished. There, the raw data/materials on which the experts relied were available to all parties. See Sunny Merch., 97 F.Supp.3d at 504 (plaintiff's expert “combed through at least 100 pages of sales reports [produced by defendant], compiled and aggregated the data ..., and presented it in a more readily understandable format”); Broadspring, 2014 WL 4100615, at *16 (expert “reproduce[d] the results of Internet searches and other third-party statements in his report ... and relied on his specialized knowledge in the field of information security to synthesize [that] information ... and to form an opinion”). As such, that data could be independently evaluated to assess the experts' conclusions. Compare Loyd, 2011 WL 1327043, at *7 (expert "may [have been] relying simply on post hoc, ergo propter hoc reasoning," where plaintiffs failed to produce records he claimed supported his opinion), with U.S. Info. Sys., Inc. v. Int'l Bhd. of Elec. Workers Local Union No. 3, AFL–CIO, 313 F.Supp.2d 213, 229 (S.D.N.Y.2004) (plaintiff's expert's testimony was admissible, even though it was "open to dispute" whether he drew an "appropriate inference" from the data in the record, because "defendants [would be] fully able ... to contest this inference both through the testimony of their own expert witnesses, and through cross-examination") (internal citation omitted). Here, Colman's failure even to preserve a record of the materials he reviewed or to provide clear instructions that would permit a third-party to retrace his steps precludes such an objective assessment.

Colman claimed that “[t]here is a sort of peer review system [in VCS] where people weigh in on the persuasiveness and thoroughness of other people's projects,” but did not identify any project concerning secondary meaning that was subject to such review. See Colman Dep. 186-87.

A related problem: Colman was tasked with determining whether the TP had achieved secondary meaning as of March 2014. But the social media posts he produced appear to be from a later time period. See Sloane Decl., Ex. 41; Pl 56.1 ¶¶ 205-06. It is unclear to say the least, why such posts would be probative of the existence of secondary meaning at an earlier point. See Cross Commerce, 2014 WL 11343849, at *9 (use of marketing document as evidence of secondary meaning was “problematic” because “the marketing document fail[ed] to address the appropriate timeframe at issue with regard to secondary meaning”).

38 Compare Hi Ltd., 2004 WL 5486964, at *2, *4 (rejecting expert opinion as “highly speculative and unreliable” where expert testified that his methodology was “essentially, a thought process... I discussed it with Bill Kerr ...; I read the restaurant data ...; I considered the prior cases we had done, my prior experience. It's really kind of a combination of all of those,” without assigning any value to various factors or data points), with Broadspring, 2014 WL 4100615, at 16 (rejecting claim that expert's report "contain[ed] no method whose reliability could be tested," where the report “guide[d] the reader through each step of the analysis” and identified the specific findings on which the expert based his conclusion).

See also Restatement (Third) Unfair Competition § 16 cmt.b (1995) (“Product designs are more likely to be seen merely as utilitarian or ornamental aspects of the goods.”).

See also Fun–Damental Too, Ltd. v. Gemmy Indus. Corp., 111 F.3d 993, 1001 (2d Cir.1997) (“[O]ver-inclusive protection of the product design risks conferring benefits beyond the intended scope of the Lanham Act and entering what is properly the realm of patent law.”); Landscape Forms, 113 F.3d at 380 (“[G]ranting trade dress protection to an ordinary product design would create a monopoly in the goods themselves.”).
An additional "doctrinal hurdle is the congressionally-imposed requirement that a plaintiff prove that an unregistered trade dress is not functional."  *Yurman Design*, 262 F.3d at 116 (quoting 15 U.S.C. § 1125(a)(3)). A design feature is functional, and thus not protectable, if it is "essential to the use or purpose of the article, ... affects the cost or quality of the article," or, in cases involving an aesthetic feature, if its protection "would put competitors at a significant non-reputation-related disadvantage."  Id. at 116 (quoting *TrafFix*, 532 U.S. at 32–33, 121 S.Ct. 1255) (internal quotation marks omitted). Finally, the claimed product design cannot be "generic," *i.e.*, so broad that it refers only "to the genus of which the particular product is a species."  Id. at 115 (quoting *Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32, 33 (2d Cir.1995)) (internal quotation marks omitted).

Here, LV concedes that the TP is not functional, see Tr. 58, and has not argued that it is generic. Because LVL XIII's claims fail on other grounds, the Court has no occasion to consider, *sua sponte*, whether the TP is generic. But the issue whether LVL XIII's toe plate is so, and hence unprotected even if it had acquired secondary meaning, appears substantial: The claimed trade dress consists of an unadorned metal toe plate—which, as discussed below, is a common design feature in the high-end footwear industry.  See *Yurman Design*, 262 F.3d at 115 ("[E]ven a showing of secondary meaning is insufficient to protect product designs that are overbroad or 'generic.' "); *Fun–Damental*, 111 F.3d at 1000 ("A trade dress that consists of the shape of a product that conforms to a well-established industry custom is generic and hence unprotected. For example, the cosmetics industry's common use of black, rectangular-shaped compacts renders that packaging generic."); *Jeffrey Milstein, Inc.*, 58 F.3d at 33 ("Despite its initial novelty within the greeting card industry [...] Paper House's trade dress cannot qualify for trade dress protection because Paper House is effectively seeking protection for an idea or concept—die-cut photographic greeting cards.").

See also *Brown Dep. I*, at 91-92 (testifying as LVL XIII's 30(b)(6) witness that the allegedly infringed source identifier consists of a "metal plate" which (1) is "rectangular in shape with soft edges"; (2) contours the front of the toe of the shoe; (3) is "approximately 3 to 4 millimeters thick"; and (4) is inset into a two millimeter indentation in the outsole of the sneaker); *Brown Dep. III*, at 100 (the TP does not include the screws or the "literal element of LVL XIII"). Notably, this definition is broader than that recited in (1) the '102 Application, which sought protection for "a shoe toe design featuring a rectangular metal plate across the front of the shoe toe with the wording LVL XIII engraved in the metal plate," *Pl. 56.1 ¶ 106* (emphasis added); and (2) the complaint, which defines the TP as a "rectangular metal plate across the front of the shoe toe including the legend 'LVL XIII' engraved in the metal plate, secured by small screws in the corners of the metal plate,"

Compl. ¶ 5.

LVL XIII argues that this question cannot be resolved on a motion for summary judgment because it presents a question of fact. *Pl. SJ Br. 12 n. 3* (citing *In re Slokevage*, 441 F.3d 957, 959 (Fed.Cir.2006) ("[T]he determination whether trade dress is product design is a factual finding.")). But, even if this determination is properly cast as a factual question as opposed to an application of law to fact, a court may resolve such a question on summary judgment where "only one possible conclusion may be drawn from the undisputed facts."  *Tuthill v. United States*, 270 F.Supp.2d 395, 399 (S.D.N.Y.2003); see also *Wal–Mart*, 529 U.S. at 215, 120 S.Ct. 1339 ("To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design.") (emphasis added); cf. *Jewish Sephardic Yellow Pages, Ltd. v. DAG Media, Inc.*, 478 F.Supp.2d 340, 355–56 (E.D.N.Y.2007) ("Although the classification [of a mark] is a fact-bound determination, [w]hen reasonable minds could not differ as to the import of the proffered evidence, then summary judgment is proper."). (internal quotation marks and citations omitted).

The Court had no occasion to do so, because it was undisputed that the mark at issue—"one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits, and the like—was product design.  *Wal–Mart*, 529 U.S. at 207, 120 S.Ct. 1339 (2000).

In holding that the TP is three-dimensional, the Court does not rely on LVL XIII's purported concession to that effect (from which LVL XIII now distances itself), see *Pl. 56.1 ¶ 126*, but on its own evaluation of the record photographs of the TP, see, e.g., Compl. 2, 5, 8-9, and on the inherent dimensions of such a "metal plate."

Compare *L'Oreal USA, Inc. v. Trend Beauty Corp.*, No. 11 Civ. 4187 (RA), 2013 WL 4400532, at *2 (S.D.N.Y. Aug. 15, 2013) (perfonme bottle and box containing bottle were packaging), and *Paddington Corp. v. Attiki Imps. & Distribs.*, 996 F.2d 577, 583–84 (2d Cir.1993) (shape of ouzo bottles was packaging), with *Fedders Corp. v. Elite Classics*, 268 F.Supp.2d 1051, 1062 (S.D.Ill.2003) ("undulating curve" on face plate of air conditioner unit was product design, not packaging).

In support of its trademark claim, LVL XIII relies solely on Colman's opinion that "the placement of the metal toe plate in a regular and consistent manner on LVL XIII's shoes has most likely served, since its inception, not as product design, or even product packaging, but rather, as a conventional trademark."  *Pl. SJ Br. 11* (citing Colman Rpt. ¶ 23). But that opinion is "purely conclusory" and "without factual basis."  *Major League Baseball Props., Inc. v. Salvino, Inc.*, 542 F.3d
LVL XIII cites

290, 311 (2d Cir.2008) (internal quotation marks and citation omitted). Even if Colman's entire report had not been struck, this assertion would have been "inappropriate material for consideration on a motion for summary judgment." Id. LVL XIII has offered absolutely no evidence to support its claim that the TP is product packaging.

LVL XIII denies that its language in the '102 Application shows that it "contemplated trade dress and not a trademark registration." Pl. SJ Br. 13. In so arguing, it relies on the attestation of its trademark counsel, Erik Pelton, that he uses the word "design ... whenever the mark that is the subject matter of an application for registration contains a non-literal element," not just for trade dress. Pelton Decl. ¶ 9. But even if that were true, it would not explain why, pursuant to TMEP § 1202.02(c), the rule for "drawings, descriptions, and disclaimers in trade dress applications," LVL XIII amended its application to depict the screws on the toe plate in dotted lines, to indicate that they were not part of the mark. See Pl. 56.1 ¶¶ 104-05.

49 Given this holding, the Court need not determine whether LVL XIII would otherwise be bound by the admission in its amended answer that the TP is product design trade dress. See Def. SJ Br. 16 (quoting Dkts. 40, 42, ¶ 86 (admitting that "[i]n the predicate for all four counts of LVL XIII's complaint is that it has protectable trade dress rights in a shoe toe design featuring a rectangular metal plate across the front of the toe of a shoe"); compare Hoodho v. Holder, 558 F.3d 184, 191 (2d Cir.2009) ( "Facts admitted by a party are judicial admissions that bind th[at] [party] throughout th[e] litigation." (internal quotation marks and citation omitted)), and Hauser v. JP Morgan Chase Bank, N.A., 127 F.Supp.3d 17, 37 (S.D.N.Y.2015) ("It is clear that under federal law, 'stipulations and admissions in the pleadings are generally binding on the parties and the Court' as judicial admissions." (quoting PPX Enterprises, Inc. v. Audioldiety, Inc., 746 F.2d 120, 123 (2d Cir.1984)), with Black & Decker Corp. v. Dunsford, 930 F.Supp. 222, 225 n. 7 (S.D.N.Y.1996) (defendants' "so-called judicial admissions of descriptiveness") in answer and counterclaim "do not constitute binding admissions that the mark is descriptive"), and Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 354 (defendants' earlier admission that mark was descriptive was "probative and admissible," but not binding).

50 See, e.g., Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 371 ([M]erely showing that a certain amount was spent on advertising provides little support for secondary meaning. It must be shown that there was promotion of the mark as an identifier for the product." (internal quotation marks and citation omitted)); Lopez, 883 F.Supp.2d at 426; Urban Grp. Exercise Consultants, Inc. v. Dick's Sporting Goods, Inc., No. 12 Civ. 3599 (RDS), 2013 WL 866867, at *3–4, 2013 U.S. Dist. LEXIS 33270, at *8–9 (S.D.N.Y. Mar. 8, 2013).

51 LVL XIII has not provided any evidence of its advertising expenditures for 2014.

52 See, e.g., Jack Schwartz Shoes v. Skechers U.S.A., No. 00 Civ. 7721 (RMB) (THK), 2002 U.S. Dist. LEXIS 25699, at *64–66 (S.D.N.Y.2002) (evidence that plaintiff spent $490,420 on advertising during 10-month period did not support secondary meaning because, "[g]iven the short period of time in question, an advertising campaign would need to be overwhelming in order to create an association between the [mark] and its source[,] [and] [p]laintiff's advertising expenditures were modest, at best"), adopted by 233 F.Supp.2d 512 (S.D.N.Y.2002); Brandwynne v. Combe Int'l, Ltd., 74 F.Supp.2d 364, 382 (S.D.N.Y.1999) (advertising expenditures of $120,000 over three-year period weighed against finding of secondary meaning).

53 This case is thus easily distinguished from Centaur II, 830 F.2d 1217, on which LVL XIII relies. See Pl. SJ Br. 21. There, the court emphasized that the plaintiff's advertising efforts, which included a direct mail solicitation campaign, had "served to put [plaintiff's product] before the relevant group of consumers." Centaur II, 830 F.2d at 1222.

54 LVL XIII cites Amini Innovation Corp. v. McFerran Home Furnishings, Inc., 68 F.Supp.3d 1170, 1174 (C.D.Cal.2014), to support that a plaintiff's social media presence, without more, may satisfy the "advertising" factor. But that reliance is misplaced. The court there looked not only to the plaintiff's social media presence, but also to the "substantial sums [plaintiff had spent] advertising its products," and its "substantial presence at well-attended regular industry trade shows, in trade publications, in consumer magazines, on its website, ... and through its product catalogues." Id.; see also Denimafia Inc. v. New Balance Athletic Shoe, Inc., No. 12 Civ. 4112 (AJP), 2014 WL 814532, at *11 (S.D.N.Y. Mar. 3, 2014) (that plaintiff "never had the funds for traditional advertising such as television commercials and print advertising ... and merely offer[ed] evidence of its use of free advertising" weighed against secondary meaning); Gameologist Grp., LLC v. Sci. Games Int'l, Inc., 838 F.Supp.2d 141, 158 (S.D.N.Y.2011) (plaintiff's claim that it attended trade shows, paid to create prototypes of products, purchased an "email blast," disseminated press releases, and distributed hundreds of samples of its board games did not support secondary meaning, where plaintiff "produced no evidence as to the actual costs of th[o]se activities nor show[ed] they were anything but modest"), aff'd, 508 Fed.Appx. 31 (2d Cir.2013) (summary order).

In any event, as noted, LVL XIII has not adduced sufficient evidence of its social media presence to support a finding of secondary meaning.
In fact, LVL XIII has produced only 12 social media posts, none of which appear to depict sneakers from LVL XIII’s original sneaker line, much less call attention to the TP affixed to those sneakers as an indicator of source. See Sloane Decl., Ex. 41; Pl 56.1 ¶¶ 205-08.

Although Brown testified that he “was told” that DeRay Davis “made mention of the shoes and the metal plate” on television, he clarified that he had “no firsthand knowledge” of this. See Brown Dep. IV, at 286-87; cf. Advance Magazine Publishers, Inc. v. Norris, 627 F.Supp.2d 103, 117 (S.D.N.Y.2008) (hearsay evidence proffered through affidavit insufficient to demonstrate media coverage without documentary evidence of such coverage in the record).

See Lopez, 883 F.Supp.2d at 426 (“Although the Court appreciates the modest nature of Lopez’s business and that it is unrealistic to expect him to mount more than a very modest survey, and therefore assigns little weight to this factor, this factor, ultimately, cannot support a finding of secondary meaning [because plaintiff did not submit any study].”); Sports Traveler II, 25 F.Supp.2d at 164 (rejecting plaintiff’s argument that it “should not be prejudiced because it did not conduct a survey” due to resource constraints).

The Court discussed Mazis’s survey methodology in depth in its July 28, 2016 bench opinion, which denied LVL XIII’s motion to preclude Mazis’s report and testimony. See Tr. 17-41.

Mazis arrived at this figure by including the responses of all participants, regardless whether they had previously seen the shoes pictured in the survey prompt. Mazis Rpt. ¶ 38. Mazis’s primary analysis, which excluded participants who had not seen the shoes, yielded an even lower figure: Only 1% of respondents associated the TP with a single source. Id. ¶ 33.

Mazis separately measured respondent recognition of the modified toe plate featured on LVL XIII’s second line of sneakers. At most, 4% percent of respondents associated that toe plate with a single brand. Mazis Rpt. ¶¶ 34-35, 41. None associated it with LVL XIII. Id. ¶¶ 36, 42.

These are that: (1) the survey universe was overbroad because it included men who had bought or expected to buy any high-end shoes, as opposed to only luxury sneakers, Tr. 28-29; and (2) the survey measured recognition at the wrong point in time (i.e., in October 2015 rather than before March 2014). Id. at 32–34.

LVL XIII’s arguments to the contrary are not persuasive. As to the Verve Social Magazine piece, LVL XIII contends that it included a “photo of LVL XIII’s sneakers prominently featuring the toe plate.” Pl. 56.1 ¶ 220. But the two photos submitted from that piece do not focus on the TP, as opposed to other features of the sneaker’s design. One photo is shot from above, such that the TP is barely even visible. See McMullin Decl., Ex. 10, at 9. To Jason Derulo’s performance, at no point during that segment was there any comment on the sneakers or the TP. Tr. 78. LVL XIII argues that the fact that Derulo “ste[ood] on his head with these shoes in mid air” called attention to the “very prominent metallic plates.” Id.; see Compl. ¶ 25. But as the Court noted at argument, Derulo’s sneakers were no focus of Derulo’s choreography. See Tr. 79 (describing the photo as “a bit of a Where’s Waldo. There’s a lot going on in the picture. The toe plate is sort of hard to find.... If [you were] told to look at the photo and to say the 10 things that strike you about it, [the TP] would assuredly not be one of them.”); see also Urban Grp., 2013 WL 866867, at *4, 2013 U.S. Dist. LEXIS 33270, at *10–11 (rejecting argument that video on plaintiff’s website served to “focus the viewers on [plaintiff’s mark] ... as a source identifier for [plaintiff]” because video “did [not] mention, emphasize or call attention to the [ ] alleged trade dress”). In any event, even if the toe plates had been highlighted, nothing in the Good Morning America segment identified LVL XIII as the source of the sneakers bearing them.

See, e.g., Lopez, 883 F.Supp.2d at 426–27 (evidence that artist was featured in magazine wearing plaintiff’s apparel and that apparel was featured in music video did not support secondary meaning because plaintiff “did[ ] not produce any evidence that consumers connected the apparel depicted in the photographs or the video to him or his company”); Morgans Grp. LLC v. John Doe Co., No. 10 Civ. 5225 (KMW) (HBP), 2012 WL 1098276, at *7 (S.D.N.Y. Mar. 31, 2012) (fact that plaintiff’s bar was featured in city guides and magazines did not support secondary meaning, where plaintiff had “not offered any evidence to demonstrate that the [ ] listings [ ] created the required association in the minds of the consumers who are likely to patronize [the bar]”); Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc., 998 F.Supp. 757, 762 (E.D.Mich.1998) (discrediting evidence of unsolicited media coverage where it “reflect[ed] interest more in an unusual product [or individual] than in the source of the product”) (quoting Duraco Prods. v. Joy Plastic Enters., 40 F.3d 1431, 1453 (3d Cir.1994) (internal quotation marks omitted)).

LVL XIII contests this point. See Tr. 83-84. But its claim that the posts “predate the filing of [this lawsuit],” id. at 83, is belied by their content: All appear to display shoes from LVL XIII’s second line of sneakers, which was not launched until September 2015; and one displays a use r comment referencing this lawsuit. See Sloane Decl., Ex. 41, at 10 (“he’s suing Louie Vuitton ... I’m an instant fan”). LVL XIII’s counsel did not fulfill its undertaking to provide the Court with documentation that would situate any of the posts within the relevant time period. See Tr. 84 (“We will satisfy the Court on that question, if not this evening, very shortly.”).
See, e.g., Giggle, Inc., 856 F.Supp.2d at 632 (evidence of “a handful of cursory mentions and brief blurbs in ... national and regional periodicals,” “a few industry-specific articles that discuss its business and goods,” and more than one million hits on plaintiff's website not probative of secondary meaning); Denimafia, 2014 WL 814532, at *12 ("isolated incidents" of unsolicited media coverage in several industry-specific publications insufficient to show secondary meaning); Strange Music, Inc. v. Strange Music, Inc., 326 F.Supp.2d 481, 490 (S.D.N.Y.2004) ("dozen or so unsolicited articles that praise[d plaintiffs' product]" not probative of secondary meaning); Sunenblick v. Harrell, 895 F.Supp. 616, 627 (S.D.N.Y.1995) ("Although his products have been played on some radio stations, and have received favorable reviews in certain publications, defendants correctly point out that releases under [plaintiff's] label have been few and far between, thereby leaving the court to question whether such exposure ... could generate any strength in the mark."); aff'd, 101 F.3d 684 (2d Cir.1996).

See, e.g., Denimafia, 2014 WL 814532, at *5, *12 (clothing sales of $328,000 between 2004-2006 and $170,000 in 2007 “[d]id not support a finding of acquired distinctiveness”); W.W.W. Pharm. Co. v. Gillette Co, 984 F.2d 567, 569, 573 (2d Cir.1993) (fact that plaintiff's sales “peaked” at $233,267, before dropping due to supplier problems, "evidence[d] ... a low national recognition of [plaintiff's] product"); Strange Music, 326 F.Supp.2d at 489 ([S]ale[s] of 1,310 CDs does not amount to ‘success’ within the confines of the secondary meaning test."); Sunenblick, 895 F.Supp. at 620, 627 (sales of fewer than 5,000 records did not constitute sales success for purposes of secondary meaning); Brandwynne, 74 F.Supp.2d at 382 ($100,000 in sales in single year did not establish secondary meaning).

LVL XIII cites Mortellito v. Nina of California, Inc., 335 F.Supp. 1288 (S.D.N.Y.1972), for the proposition that the sales volume achieved by a small business owner need not mirror that of a large national retailer. Pl. SJ Br. 23. The court there held that the plaintiffs' $184,000 in sales supported secondary meaning, given her “meager means” and the modest scale of her business. Mortellito, 335 F.Supp. at 1290–91, 1295. Notably, Mortellito was decided in 1972—the plaintiff's $184,000 in revenue today would amount to more than $1 million. LVL XIII's sales ($141,241) are far less.

LVL XIII instead relies on Colman's unsubstantiated claim of “Louis Vuitton's history of misappropriation with respect to smaller, vulnerable innovators in general and of LVL XIII's Mark in particular in reaction to its creative stagnancy.” Pl. SJ Br. 19. Colman states that “[l]arge, wealthy fashion companies have, since at least the 1960s, managed to remain culturally relevant in part by appropriating trends, identity markers, and other characteristics of American streetwear.” Colman Rpt. ¶ 28. On this basis, he imagines that LV “likely misappropriated LVL XIII's metal toe plate mark in an effort to siphon the aura of creativity that LVL XIII had (and has) achieved through genuinely innovative sneaker designs.” Id. ¶ 39(b). Not only does this speculative claim lack any factual basis, it is also outside the proper ambit of expert testimony: “Determining what motivated a particular person or entity is generally not an appropriate subject matter for expert testimony.” R.F.M.A.S., Inc. v. So, 748 F.Supp.2d 244, 268 (S.D.N.Y.2010); see, e.g., Sunny Merch., 97 F.Supp.3d at 507 ("[W]hile [plaintiff's expert] may properly explain why [defendant’s] actions would be consistent with intentional copying or why such copying would be profitable (if that is indeed the case), he may not testify that [defendant] actually employed such a strategy."); Colman's testimony on this point would thus be inadmissible even if the Court had not struck his report on other grounds.

LVL XIII also posits that LV's "refusal to permit LVL XIII to depose [Viti's assistant] Mathieu Desmet, whose live testimony could have provided the key to the untold ‘story’ of the inspiration for his rapid redesign ‘re-creation,’ should be credited to [LVL XIII’s] favor at this juncture.” Pl. SJ Br. 32. That argument is unpersuasive for many reasons. Among them, LVL XIII did not seek to depose Desmet until after the close of fact discovery, which the Court had already extended on multiple occasions. See MacMull Decl., Ex. 24, at 1, 3. Given that LV identified Desmet in documents produced well within the discovery period, see Pl. Supp. 56.1 ¶ 412, LV was under no obligation to accede to LVL XIII's untimely request.

See also Paco Sport, Ltd. v. Paco Rabanne Parfums, 86 F.Supp.2d 305, 324 (S.D.N.Y.2000) (testimony by defendant's president that he “did not know of [plaintiff] when he chose the mark” undermined plaintiff's claim of intentional copying), aff'd, 234 F.3d 1262 (2d Cir.2000).

See Gameologist, 838 F.Supp.2d at 163 (inference of bad faith weakened where "defendant would derive no benefit from sowing confusion as to the source of the product, such as where the plaintiff has no good will or reputation on which the defendant could hope to capitalize"); Major League Baseball Props., Inc. v. Opening Day Prods., Inc., 385 F.Supp.2d 256, 268 (S.D.N.Y.2005) (lack of evidence of "any reputation or goodwill" upon which the defendant "could possibly have hoped to capitalize" weighed against finding of bad faith); Medici Classics Prods., LLC v. Medici Grp., LLC ("Medici II"), 683 F.Supp.2d 304, 313 (S.D.N.Y.2010) ("[G]iven [plaintiff]'s low sales volume and the lack of evidence of secondary meaning, it is patently unreasonable to conclude that defendants sought to usurp that reputation or to otherwise capitalize on it.").
As noted, Viti testified that he was unaware of LVL XIII until this litigation. LV's trademark counsel similarly testified. See Sloane Decl., Ex. 56, at 94-95 (no knowledge of LVL XIII or Brown before LV was served with the complaint).

Contrary to LVL XIII's argument, Viti's credibility is not undermined by his testimony that: (1) he "made the metal plaque more of a rectangular design"; and (2) "[t]he final shape of the metal plate of the OTR Sneaker is not a rectangle." Pl. SJ Br. 24 (citing Viti Decl. ¶ 9; Viti Dep. I, at 23). Those statements are not contradictory. Nor has LV failed to supply "any evidence ... to document a timeline of independent conception and development" of the OTR Sneaker. See id. at 19. LV produced multiple records documenting the design progression, corroborating Viti's account. See Pl. 56.1 ¶¶ 40-42, 57-64.

November 2013, when LVL XIII's sneakers first became available at retail, is arguably a more appropriate measure of "first use" for purposes of gauging secondary meaning. See Def. Supp. 56.1 ¶ 293.

See, e.g., Braun v. Dynamics Corp. of Am., 975 F.2d 815, 822, 826 (Fed.Cir.1992) ("While not impossible, it is difficult for a product to acquire secondary meaning during an 18-month period."); Ciciena Ltd. v. Columbia Telecomm. Grp., 900 F.2d 1546, 1552 (Fed.Cir.1990) (18-month use period "point[ed] strongly away from a finding of secondary meaning"); Medici II, 683 F.Supp.2d at 310 (four-year use of mark insufficient to support secondary meaning); Jack Schwartz Shoes, 2002 U.S. Dist. LEXIS 25699, at *63 ("length" factor "militate[d] strongly against ... [finding] secondary meaning" where plaintiff's product was on the market for only 10 months before defendant's product was introduced); Sports Traveler II, 25 F.Supp.2d at 146 (nine months "too limited in duration and quantity to find that secondary meaning had attached to [plaintiff's] trade dress"); Landscape Forms, Inc. v. Columbia Cascade Co., 117 F.Supp.2d 360, 366–67 (S.D.N.Y.2000) (five-year design use insufficient to establish secondary meaning). To be sure, "no absolute time span can be posited as a yardstick in cases involving secondary meaning," Centaur II, 830 F.2d at 1225, and in rare circumstances, where the other factors strongly weighed in plaintiff's favor, courts have found secondary meaning to have accrued within a shorter time period. See, e.g., L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1130 (Fed.Cir.1993) (five-month period not too short for acquisition of secondary meaning where plaintiff's "advertising and promotion were extensive, and public demand for [its] design was shown, by sales figures, to have been rapidly achieved"). But deviation from the usual standard is not warranted here, where LVL XIII's advertising expenditures, media coverage, and sales figures were all minimal. There is no basis on which a factfinder could find that the TP acquired secondary meaning in such a short time span.

As to LV, Viti attested that, since 2010, he has "used metal accents, as an ornamental design feature, at the toe and/or the heel of both men's and women's shoes." Viti Decl. ¶ 3. He identified 13 examples of LV footwear bearing such adornments, see id. ¶ 3(a)-(n), three of which were men's shoes or boots featuring a metal toe plate, see id. ¶ 3(a) (LV men's Derby Shoe, 2011 collection); id. ¶ 3(b) (LV men's Samourí Ankle Boot, Fall/Winter 2012 collection); id. ¶ 3(d) (LV's men's Reflection Shoe, 2013 pre-collection). Viti further attested that, since at least 2011, he "ha[s] been familiar with [similar] ornamental use by a number of other brands." Id. ¶ 3. LV has supplied evidence—in the form of website screenshots—of well over 20 examples of such third-party uses by designers including Fendi, Christian Louboutin, Balenciaga, New Rock, Giuseppe Zanotti, and Adidas. See generally Harmon Decl., Exs. A-K.

LVL XIII objects to this evidence as "irrelevant" and "unsubstantiated." Pl. SJ Br. 25-26. The Court, for the most part, rejects that critique.

LVL XIII first argues that, because it claims rights only in a toe plate affixed to men's sneakers, LV's evidence of third-party use is irrelevant to the extent it involves other footwear. Id. at 26 (citing W.E. Bassett Co. v. Revlon, Inc., 435 F.2d 656, 661 (2d Cir.1970) (third-party use did not weigh against secondary meaning where "the third-party products cited by [defendant] range[d] from very different to slightly different products from [plaintiffs'], [and] most of the third-party products ha[d] names slightly different from [plaintiffs'], or else the third-parties did not promote their [marks] with as much effort and money as [plaintiff] did"); New Colt Holding Corp. v. RJG Holdings of Fla., Inc., 312 F.Supp.2d 195, 229 (D.Conn.2004) (rejecting evidence of third-party uses not relevant to market claimed by plaintiff)). But that argument is not persuasive here, given Brown's testimony that (1) "luxury athletic footwear" is a "niche market" which bridges the gap between athletic shoes and dress shoes, see Brown Dep. I, at 47-48; and (2) LVL XIII's initial sneaker line included "sneaker boots," i.e., "hybrid[s] between [ ] boot[s] and [ ] sneaker[s]," id. at 146. See Nabisco v. Warner–Lambert Co. ("Nabisco I"), 32 F.Supp.2d 690, 698 (S.D.N.Y.1999) ("confections" as opposed to "mints" was "relevant product category" for gauging third-party use because "the consumer has the freedom to choose among mints, gums, or candies to achieve breath freshening and cool taste"). A reasonable juror would have to conclude that at least some of the many third-party uses cited by LV diluted LVL XIII's claim to exclusive use, thereby hindering its accrual of secondary meaning.

LVL XIII next argues that LV's screenshots are improperly authenticated and do not establish that "the third-party marks ... were promoted in commerce" or "recognized by consumers in any way." Pl. SJ Br. 26. It relies on cases discounting

975 F.2d 815, 822, 826 (Fed.Cir.1992)  (third-party use did not weigh against secondary meaning where "the third-party products were promoted in commerce" or "recognized by consumers in any way." Pl. SJ Br. 26. It relies on cases discounting...
evidence of third-party trademark registrations, on the ground that such registrations do not alone establish the actual use of the registered marks in commerce. See, e.g., Scarves by Vera, 544 F.2d at 1173–74; Bear U.S.A., Inc. v. Kim, 71 F.Supp.2d 237, 255 (S.D.N.Y.1999), aff'd, 216 F.3d 1071 (2d Cir.2000). But those cases are inapposite. LV's evidence is not of third-party registrations; it consists instead of screenshots of websites and articles which reflect the actual use of metal shoe ornaments in commerce. See Bear U.S.A., 71 F.Supp.2d at 255 (“[E]vidence of third-party registrations, in contrast to evidence of third party usage in the marketplace, is not persuasive evidence that a mark is weak.”) (emphasis added); Giggle, 856 F.Supp.2d at 632–33 (“[w]hen reliable,” screenshots of advertisements and websites of third-party use can be “very persuasive in proving lack of secondary meaning”); Icon Enters. Int'l, Inc. v. Am. Products Co., No. 4 Civ. 1240 (SWJ), 2004 WL 5644805, at *33 (C D.Cal. Oct. 7, 2004) (“[A] website is arguably more probative of actual use than either a trademark search or telephone listing.”); see also New Colt Holding Corp., 312 F.Supp.2d at 209 (“[R]equireng Defendants to demonstrate that competing users are recognized by customers misplaces the burden of proof and places the proverbial cart before the horse.”).

Nor is LV's authentication of these documents fatally deficient. Almost every screenshot was authenticated by the person who produced it and who attested that it is a “true and correct copy of a screen print of an article” retrieved from a particular website on a particular date. See Harmon Decl. Most bear time stamps showing the publication date. Although an attestation from a person responsible for each website publication as to its timing would have been more reliable, LV's proof is sufficiently reliable to be received, at least to show that, in the aggregate, numerous third parties used and publicly promoted metal toe plates before LVL XIII. Cf. Sunny Merch., 97 F.Supp.3d at 503 (rejecting objection to third-party advertisements, internet search results, and various articles and reports); Giggle, 856 F.Supp.2d at 632–33 (screenshots of websites and advertisements depicting third-party use of “GIGGLE” mark not hearsay).

In any event, even if the Court disregarded all evidence of third-party use, the evidence of LV's earlier use of metal accents would preclude a finding of exclusivity. See e.g., Giggle, 856 F.Supp.2d at 633 (“With such an abundance of third-party use of the GIGGLE mark, especially those usages occurring even before Plaintiff entered the market in 2003, any secondary meaning in Plaintiff's GIGGLE family of marks has been greatly diminished.”); Lopez, 883 F.Supp.2d at 429 (evidence that numerous companies used plaintiff's mark, and that none did so to capitalize off of his reputation, undermined his claim of secondary meaning); Denimafia, 2014 WL 814532, at *12 (same).

It follows that LVL XIII's motion for summary judgment on those claims must be denied.

Although the Court's holding that the TP did not acquire secondary meaning obviates the need to determine whether there was a likelihood of confusion, see Thompson Med. Co., 753 F.2d at 216; Cross Commerce, 2014 WL 11343849, at *6, the Court considers this issue here in the interest of completeness and because it bears on LVL XIII's state-law claims.

Initial-interest confusion occurs when a potential customer is initially attracted to the junior user's product by virtue of its use of a mark that is confusingly similar to the senior user's mark. See Grotrian, 523 F.2d at 1342. Post-sale confusion occurs when “an observer, other than a direct purchaser, [ ] sees a product bearing a mark or trade dress that is confusingly similar to [the senior user's mark], [and] assume[s] that the product she is viewing is the [senior user's] product, or that accents would preclude a finding of exclusivity.

Although LVL XIII cursorily alludes to forward confusion in its brief, see Pl. SJ Br. 30, at argument, its counsel clarified that “the most prominent species of confusion here is reverse confusion. What [Brown] experienced was people seeing the shoe, believing that he had either copied the On the Road [S]neaker or that he was collaborating with Louis Vuitton.” Tr. 84.

The Second Circuit has recognized a caveat to this general rule: “[I]n an appropriate case, the ‘similarity of the marks’ factor can be dispositive and will warrant summary judgment for an infringement defendant if the court is satisfied that the ... marks are so dissimilar that no question of fact is presented.” Nabisco, Inc. v. Warner–Lambert Co. (“Nabisco II”), 220 F.3d 43, 46 (2d Cir.2000) (internal quotation marks and citations omitted) (collecting cases); Resource Developers, Inc. v. Statue of Liberty–Ellis Island Foundation, Inc., 926 F.2d 134, 141–42 (2d Cir.1991) (affirming summary judgment where marks were “so materially different that no question of fact was presented on the issue of likelihood of their confusion”).

See also, e.g., W.W.W. Pharm., 984 F.2d at 573 (extensive third-party use of mark “weighs against a finding that [plaintiff's trademark] is strong”); Lang, 949 F.2d at 581 (same); Giggle, 856 F.Supp.2d at 633 (“With such an abundance of third-party use of the GIGGLE mark, especially those usages occurring even before Plaintiff entered the market in 2003, any
Some courts have held that “where a plaintiff alleges reverse confusion, ‘it is appropriate to consider the strength of the junior user's mark, because the essence of such a claim is that the junior user overpowers the senior user's mark.’ ” *Denimafia*, 2014 WL 814532, at *13 (quoting *Gameologist*, 838 F.Supp.2d at 160 n. 8) (collecting cases); but see W.W.W. Pharm., 984 F.2d at 572–73 (examining strength only of senior user's mark in reverse confusion case); *ImOn, Inc. v. ImaginOn, Inc.*, 90 F.Supp.2d 345, 351 (S.D.N.Y.2000) (same); *Trustees of Columbia Univ. v. Columbia/HCA Healthcare Corp.*, 964 F.Supp. 733, 744–45 (S.D.N.Y.1997) (same). Here, there is no evidence that the OTR Sneaker's toe plate is any stronger a mark than the TP. Like the TP, it is a product design feature, which cannot be inherently distinctive. And there is no indication that it acquired secondary meaning during the six-month period it was on the market. Indeed, Viti attested that he “designed the metal plate of the OTR Sneaker to be a decorative or ornamental feature, not an indication that the shoe came from Louis Vuitton.” Viti Decl. ¶ 10. Therefore, even if the Court were to consider the strength of LV's mark, this factor would still weigh against a likelihood of confusion.

LV XIII has failed to identify a single similarity between the parties' marks aside from their identity as metal toe plates. See Pl. SJ Br. 28–29 (arguing that parties' marks are similar because they are both metal plates “on the toe of the outside of their respective men's sneakers”).

Seizing on Viti's testimony that the OTR Sneaker's toe plate is “more of a rectangular design” than his initial rendition of the Jack Purcell “smile,” LVL XIII asserts that the toe plate is, in fact, a rectangle. See Pl. SJ Br. 29 n. 11. But LV's toe plate's dimensions speak for themselves. Its top edge is undeniably shorter than its bottom edge.

Although LVL XIII has disclaimed the “LVL XIII” inscription and screws as parts of its mark, it acknowledges that these elements were present on every toe plate in its first sneaker collection.

LV argues that the distinct labeling and packaging of the parties' sneakers makes them further distinguishable. See Def. SJ Reply Br. 21 & n. 11. It is true that the logos on the OTR Sneaker (“LOUIS VUITTON” is imprinted on the heel plate, tongue, shoelace rivets, and insole; and the Initials Logo is imprinted on the rubber sole) “would tend to lead the average consumer to believe' that LV's shoes are not LVL XIII’s.” Id. (quoting *Lopez*, 883 F.Supp.2d at 420–21; see also *O'Keefe v. Ogilvy & Mather Worldwide, Inc.*, 590 F.Supp.2d 500, 522 (S.D.N.Y.2008) (“The Second Circuit has 'repeatedly found that the presence of a distinct brand name ... weigh[s] against a finding of confusing similarity.' ” (quoting *Playtex Prods.*, 390 F.3d at 164)). But to the extent that LVL XIII claims confusion as to *association*, as opposed to *source*, labeling is less relevant—a consumer could appreciate that the OTR Sneaker was marketed by LV, but still believe it was the product of a collaboration with LVL XIII. See *Lois Sportswear*, 799 F.2d at 873–74 (“Appellants' labeling in no way dispels the likelihood that consumers will conclude that appellants' jeans are somehow connected to appellee by virtue of the nearly identical stitching patterns.”). By contrast, the dissimilarities noted in text, above, are likely to dispel both types of confusion.

LV XIII's business plan states that its target customer “will consist of a consumer from the age group of 17-35 with the income ability to afford the likes of a Gucci or Louis Vuitton item.” JSF ¶ 14. Brown testified that when he created the business plan, he identified LV among his “inspiration[s]” and “competitors.” Brown Dep. V, at 83.

Similarly, were LVL XIII primarily claiming confusion as to source, the exclusive distribution of the OTR Sneaker through LV-run channels would have reduced the likelihood of confusion. Consumers observing LVL XIII sneakers sold in an outside forum would have been less likely to mistakenly attribute them to LV. But such is not the case here, where LVL XIII primarily claims confusion as to association or sponsorship. Those types of confusion may exist regardless of the parties' separate distribution channels.

See, e.g., *Bath & Body Works Brand Mgmt., Inc. v. Summit Entm't, LLC*, 7 F.Supp.3d 385, 395–96 (S.D.N.Y.2014) (rejecting claim that parties did not compete in same market because plaintiff's products were sold “exclusively in [its] stores and on its website,” where “both parties' respective products were sold in retail stores in malls and over the internet” and the parties shared a target demographic); *BeautyBank, Inc. v. Harvey Prince, LLP*, No. 10 Civ. 00955 (AJN), 2013 WL 11327097, at *15 (S.D.N.Y. Mar. 29, 2013) (parties' products were “largely in competitive proximity” where both “s[old] to customers through internet retailing”); see also *Cartier, Inc. v. Sardell Jewelry, Inc.* (“Cartier II”), 294 Fed.Appx. 615, 619 (2d Cir.2008) (summary order) (products' ability to be sold in same venue not necessary for a finding of competitive proximity); *Patsy's, 317 F.3d at 218* (defendants' restriction of sales to its restaurant and franchises “did not tip this factor in [defendants'] favor” because the products “appeal[ed] to the same consumers, and sale locations [were] geographically close”); but see *Strange Music, 326 F.Supp.2d at 491* (no competitive proximity where plaintiffs' CDs were sold primarily through its website, whereas defendants' CDs were sold in traditional music stores and outlets).
The 12 individuals who contacted Brown or LVL XIII are listed in LVL XIII's interrogatories. See Pl. 56.1 ¶ 267. Six submitted declarations attesting to their purported confusion. See Baptist Decl.; Hall Decl.; Hamilton Decl.; Johnson Decl.; Bolton Decl.; Roque Decl.

Brown also testified that consumers at two boutiques had asked retailers whether LVL XIII was collaborating with LV. See Brown Dep. IV, at 415-22. But he admitted lacking first-hand knowledge of these inquiries, including how many consumers had expressed such “confusion,” or what they had said. See id. at 418–22. The Court does not credit this vague hearsay.

See also Johnson Decl. ¶ 4; Hamilton Decl. ¶ 4; Hall Decl. ¶ 3; Baptist Decl. ¶ 9.

See, e.g., Jewish Sephardic Yellow Pages, 478 F.Supp.2d at 370 ("[C]ourts have concluded that testimony from persons closely associated with the plaintiff does not adequately reflect the views of the buying public." (internal quotation marks and citation omitted)); Paco Sport, 86 F.Supp.2d at 319 ("[B]ecause of their professional association with Paco Rabanne both De Gruttola and Pover are more aware of Paco Rabanne's marks and more sensitive to them than an average consumer. Accordingly, their reaction to Paco Sport's is not indicative of the typical consumer's reaction."); Brown v. Quiniou, 744 F.Supp. 463, 472 (S.D.N.Y.1990) (testimony of “fashion professional with substantial background in that industry ... cannot reasonably be said to reflect that of the average consumer”); Elizabeth Taylor Cosmetics Co. v. Annick Goutal, S.A.R.L., 673 F.Supp. 1238, 1246 (S.D.N.Y.1987) (evidence of actual confusion was “scant” where it “consist[ed] mostly of anecdotal testimony of Goutal saleswomen who [were] employed at Bergdorf-Goodman and of Annick Goutal herself”); In re Paint Prods. Co, 8 U.S.P.Q.2d 1863, 1866 (T.T.A.B.1988) (“Because these affidavits were sought and collected by applicant from ten customers who have dealt with applicant for many years, the evidence is not altogether persuasive on the issue of how the average customer for paints perceives the words ‘PAINT PRODUCTS CO.’ in conjunction with paints and coatings.”).

LVL XIII has supplied no identifying details as to the third person, Edgar Moreno.

See, e.g., Denimafia, 2014 WL 814532, at *19 ("none of Denimafia's five alleged instances demonstrate[d] actual confusion" because “none of [the purportedly confused persons] testified that New Balance's use of the <=> mark affected a purchasing decision of any kind or confused them as to the source of the products"); O'Keefe, 590 F.Supp.2d at 524 ("[B]ecause 'the relevant confusion is that which affects the purchasing and selling of the goods or services in question,' to be evidence of actual confusion in the marketplace, the testimony must indicate that the 'confusion affected [the potential customer's] determination to purchase [plaintiff's] product.' ") (quoting W.W.W. Pharm., 984 F.2d at 574)); La Cibelles, 2000 WL 1253240, at *10 ("The relevance of Ibanez' statements is minimal also because they do not evidence actual purchases made by confused consumers as a result of their confusion.").

See Gamedologist, 838 F.Supp.2d at 162–63 ("[H]earsay evidence of confusion on the part of friends and family members ... does not suffice to raise a genuine issue of material fact as to consumer confusion, especially given that this inquiry focuses on the consuming public as a whole, not interested parties already familiar with the plaintiff's mark through personal connections."); Giggle, 856 F.Supp.2d at 636 (discounting emails asking whether there was an association between plaintiff and defendant because "the email correspondents address[ed] Plaintiff by her first name ... suggesting that they are not the average customers of Plaintiff's stores").

See, e.g., Dooney & Bourke, 561 F.Supp.2d at 386–87 (evidence not probative of confusion where it showed that “despite the fact that one source's bag may remind some consumers of the bags of another source, consumers are generally aware that the two multi-colored and monogrammed designs come from different, unaffiliated sources which they were able to distinguish and identify by name").


See, e.g., Trustees, 964 F.Supp. at 746–47 (evidence of actual confusion was "de minimis" where several of plaintiff's doctors testified that a few third parties had told them they thought defendant's advertisements were connected with plaintiff, but "plaintiff produced no evidence of any patients or doctors who made decisions about which hospital to select based upon [that] confusion"); see also Universal City Studios, 746 F.2d at 118 n. 8 ("[T]he fact that there may be a few confused consumers does not create a sufficiently disputed issue of fact regarding the likelihood of confusion so as to make summary judgment improper.").

LV's "LOUIS VUITTON" trademark is printed on the rectangular metal heel plate, tongue, shoelace rivets, and insole of the OTR Sneaker. Pl. Supp. 56.1 ¶ 407. The Initials Logo is printed on its rubber sole. Id.

See Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 15 F.Supp.2d 389, 399 (S.D.N.Y.1998) (that plaintiff was a "relatively obscure firm in existence for six short months before defendant began using the mark suggest[ed] a lack of bad faith on the part of defendant," notwithstanding defendant's failure to perform a trademark search), aff'd, 192 F.3d...
Accordingly, LVL XIII’s motion for summary judgment on this claim is denied. It follows that LVL XIII’s motion for summary judgment on these claims is denied.

See also, e.g., Star Indus., 412 F.3d at 389 (“[A]bsent factual findings or evidence one way or the other, this [quality] factor is at most evenly balanced.”); Akiro, 946 F.Supp.2d at 340–41 (quality factor neutral where record “contain[ed] scant evidence as to whether AUNT JACKIE’S products are inferior to MISS JESSIE’S products, and even if there were sufficient facts for a reasonable juror to reach a conclusion on that question, the record also contain[ed] little evidence about the nature of the relevant market that might illuminate whether any similarity or difference in quality would make consumer confusion more or less likely”); Dooney & Bourke, 561 F.Supp.2d at 389 (quality factor neutral where there was “no evidence in the record substantiating the high or low quality of defendant’s products relative to those of plaintiff”).

LVL XIII’s sneakers sold for between $495 and $1,200. See Pl. 56.1 ¶¶ 154-55.

Compare Lane Capital, 15 F.Supp.2d at 400 (buyer sophistication did not reduce likelihood of confusion where both parties used identical “Lane Capital Management” mark in connection with their respective investment management businesses), and Lois Sportswear, 799 F.2d at 875 (buyer sophistication likely to increase confusion because sophisticated consumers would be more likely to assume that the parties “nearly identical back pocket stitching patterns ... indicate[d] some sort of association between the two [jeans manufacturers],” with O’Keefe, 590 F.Supp.2d at 525 (“Although it is true that ‘when ... there is a high degree of similarity between the parties’ services and marks, the sophistication of the buyers cannot be relied on to prevent confusion,’ there is no similarity between the parties['] services or marks in this case. This factor weighs in [defendant's] favor.” (citation omitted)), and Paco Sport, 86 F.Supp.2d at 327 (distinguishing Lois Sportwear, and rejecting argument that consumer sophistication increased likelihood of confusion, because the parties’ products were “competitively distant”).

See Sunny Merch., 97 F.Supp.3d at 495 (“Although the [proximity] factor analysis tends to favor Louis Vuitton ... the Court need not rely heavily on this factor in its overall Polaroid analysis.”).

See Thompson Med. Co., 753 F.2d at 215–16 (“If a mark has secondary meaning, a purchaser will associate it with a certain producer, and will be likely to make that same association when an identical mark (or a confusingly similar mark), is used on another producer's product. In the absence of secondary meaning, however, there will be no such association in the minds of the purchasing public.”); Jack Schwartz Shoes, 2002 U.S. Dist. LEXIS 25699, at *84–86 (confusion unlikely in post-sale context, even though shoes were “substantially similar in appearance,” where plaintiff's trade dress was not distinctive and there was “little or no probative evidence suggesting that consumers identif[ed] the design of [plaintiff's shoe] with its source”).

It follows that LVL XIII’s motion for summary judgment on these claims is denied.

Accordingly, LVL XIII’s motion for summary judgment on this claim is denied.

See Sports Traveler I, 1997 WL 1374443, at *3 (“The Courts of this Circuit have held that trademark infringement actions alleging only general consumer confusion do not threaten the direct harm to consumers that is required to state a claim under section 348.”) (collecting cases); compare id. (dismissing § 349 claim where complaint merely alleged consumer confusion resulting from trademark infringement and was “devoid of allegations supporting an inference that the public’s health or safety was at stake as a result of the allegedly infringed”). Stadt v. Fox News Network LLC, 719 F.Supp.2d 312, 323–24 (S.D.N.Y.2010) (same), LBB Corp. v. Lucas Distrib., Inc., No. 08 Civ. 4320 (SAS), 2008 WL 2743751, at *3 (S.D.N.Y. Jul. 14, 2008) (same), and La Cibeles, 2000 WL 1253240, at *15 (same), with Securiton, 65 F.3d at 264–65 (public harm “manifest” where defendants (1) gave false information regarding plaintiff's products to regulatory agency concerned with public safety, causing agency to undertake unnecessary investigations; and (2) risked unnecessary cancellation of health care center's contract), Houbigant, Inc. v. ACB Mercantile, 914 F.Supp. 964, 984 (S.D.N.Y.1995) (public harm requirement satisfied where defendants were part of unlawful scheme to export and sell counterfeit items),

LVL XIII cites GTFM, Inc. v. Solid Clothing, Inc., 215 F.Supp.2d 273, 302 (S.D.N.Y.2002), and Burberry Ltd. & Burberry USA v. Designers Imports, Inc., No. 07 Civ. 3997 (PAC), 2010 WL 199906, at *8 (S.D.N.Y. Jan. 19, 2010), for the proposition that a plaintiff may satisfy the “public harm” requirement merely by showing general consumer confusion. But those cases involved intentional counterfeiting, which is distinct from, and arguably more harmful than, garden-variety trademark infringement. Accordingly, they are not persuasive authority here.

LVL XIII argues that, in addition to showing confusion, it has established “real public harm” by way of Colman’s testimony that LV’s misconduct (1) deprived LVL XIII of the financial means to create innovative designs; (2) disillusioned the public by suggesting that ventures such as LVL XIII’s will ultimately “sell out” to large wealthy companies; and (3) undermined the integrity of the U.S. trademark regime and the rule of law in the public’s eyes. See Pl. SJ Br. 37 (citing Colman Rpt. ¶ 39(d)). But Colman’s expert report has been precluded. And even if the Court were to consider his testimony, his claim of harm is unsubstantiated and not the type contemplated by § 349. This “evidence” would not satisfy the “public harm” requirement.

It follows that LVL XIII’s motion for summary judgment on this claim is also denied.

See Tr. 61–63 (agreeing there would be “[no] reason to reach” LV’s first two counterclaims if Court were to determine that LVL XIII had “no rights in the toe plate” because it had not shown secondary meaning); see also Leach v. Ross Heater & Manuf. Co., 104 F.2d 88, 91–92 (2d Cir.1939) (counterclaim for declaratory judgment could be dismissed as “unnecessary” if court were to hold that plaintiff did not have protectable rights in patent).

In its amended answer, LV also brought a counterclaim for deceptive business practices under GBL § 349, which it later withdrew, having not established public harm. Def. SJ Reply Br. 36.

Because LV has not provided details as to the type of confusion it alleges, the Court assumes that its claims are based on a theory of traditional forward point-of-sale confusion.

See also Star Indus., 412 F.3d at 383 (stylized version of the letter “O” was inherently distinctive because of its shading, border, and thickness); Gruner + Jahr, 991 F.2d at 1077–78 (“PARENTS” mark, which was otherwise descriptive, was distinctive in its stylized form).

LV has produced PTO registrations for the “LV ROADSCAPE” and “LV LANDSCAPE” composite marks. See Sloane Decl., Ex. 59, at 68, 70. But it has not presented any evidence of its standalone use of the “LV” component of those marks, let alone evidence of (1) advertising expenditures in connection with such a mark; (2) a consumer study linking such a mark to LV; or (3) sales figures for products bearing such a mark. Instead, it has cited five examples of third-party references to LV as “LV.” See Pl. Supp. 56.1 ¶ 397. Without more, those isolated references cannot sustain a finding of secondary meaning for the non-stylized mark.

See e.g., Giggle, 856 F.Supp.2d at 633–34 (trademark search reports are “probative of third parties’ attempts to use those marks in commerce and are] … commonly accepted by courts for evaluation of third-party use”) (collecting cases).

See also Giggle, 856 F.Supp.2d at 635 (“[A]ny strength Plaintiff has acquired in its GIGGLE family of marks is not in the words themselves but in the appearance, colors, and styles associated with Plaintiff’s use…. Plaintiff has not shown that it has strong rights in all appearances and uses of the GIGGLE family of marks.”).

See, e.g., Nabisco II, 220 F.3d at 46–48 (parties’ use of “DENTYNE ICE” and “ICE BREAKERS” marks were “so dissimilar as to require judgment for [defendant]”); Universal City Studios, 746 F.2d at 116–18 (no similarity between “DONKEY KONG” and “KING KONG” marks); Giggle, 856 F.Supp.2d at 635 (finding marks dissimilar where defendant’s mark “only share[d] a single word—’giggle’—in common with any member of [plaintiffs] GIGGLE family of marks”); Strange Music, 326 F.Supp.2d at 490–91 (“STRANGE MUSIC” and “sTRANGEmUSIC” marks created dissimilar “overall impressions” due to differences in “fonts, colors and emblems”); Medici Classics Prods. LLC v. Medici Grp. LLC (“Medici I”), 590 F.Supp.2d 548, 554 (S.D.N.Y.2008) (“There is one obvious similarity between plaintiff’s and defendants’ marks in that they both employ the word ‘Medici.’ However, this factor does not necessarily make the marks similar for purposes of assessing confusion under a Polaroid analysis.”); Dana Braun, Inc. v. SML Sport Ltd., No. 03 Civ. 6405 (BSJ), 2003 WL 22832265, at *10 (S.D.N.Y. Nov. 25, 2003) (“SARAH ARIZONA” and “SARAH MCKENZIE” did not create the same overall impression”); Paco Sport, 86 F.Supp.2d at 316 (marks not confusingly similar, although they “both include[d] the name PACO,” because the “PACO” on plaintiff’s product was always accompanied by “RABANNE,” whereas the “PACO” on defendant’s products “appear[ed] alone or in conjunction with the words JEANS, SPORT, and others”); Int’l Data Group, Inc. v. J & R Electronics, Inc., 798 F.Supp. 135, 139 (S.D.N.Y.1992) (“Computerworld” not confusingly similar to “J & R Computer World”), aff’d, 986 F.2d 499, 1992 WL 406398 (2d Cir.1992).

LV has identified no case where circumstantial evidence of this caliber was found to create an issue of fact as to bad faith. See, e.g., LVL XIII Brands, Inc. v. Louis Vuitton Malletier S.A., 209 F.Supp.3d 612 (2016). LV's evidence that it has featured the Initials Logo on the metal heel plates of men's dress shoes, see Sloane Decl., Ex. 14, at 95–96, further supports this holding, given the similarity in price and style between those shoe and LVL XIII's sneakers. See H. Lubovsky, 627 F.Supp. at 494 (competitive proximity favored plaintiff even though defendant's shoes were "far more sporty and informal," because they were "generally of similar type, for the same kinds of occasions, and in a roughly similar price range").

LV's evidence that it has featured the Initials Logo on the metal heel plates of men's dress shoes, see Sloane Decl., Ex. 14, at 95–96, further supports this holding, given the similarity in price and style between those shoe and LVL XIII's sneakers. See H. Lubovsky, 627 F.Supp. at 494 (competitive proximity favored plaintiff even though defendant's shoes were "far more sporty and informal," because they were "generally of similar type, for the same kinds of occasions, and in a roughly similar price range").

Compare MetLife, Inc. v. Metro. Nat. Bank, 388 F.Supp.2d 223, 234 (S.D.N.Y.2005) (crediting defendant's testimony that "the MetLife logo did not 'come up in any way' during the redesign process," but holding that "[n]evertheless, the similarity between the parties' marks is such that it strains credulity to believe that neither MNB nor the firm it hired to redesign its logo were not consciously influenced by the MetLife logo"), and Omega Eng'g v. Omega Shielding, No. 96 Civ. 1333 (PCD), 1998 WL 35256542, at *4 (D.Conn. Mar. 3, 1998) ("defendant's bad faith might reasonably be inferred from the similarity of the contested mark to [plaintiff's] mark," where plaintiff and defendant were direct competitors and both used the same “Omega” mark), with Lang, 949 F.2d at 583–84 (“Retirement Living’s prior knowledge of Lang’s trade name does not give rise to a necessary inference of bad faith, because adoption of a trademark with actual knowledge of another’s prior registration of a very similar mark may be consistent with good faith.”), and La Cibles, 2000 WL 1253240, at *10 (holding that “no reasonable trier of fact could conclude that the selection and use of the mark Petite Cherie was made with the intent of capitalizing on Petit Cheri’s existing reputation,” even though defendant “was aware of plaintiff's mark before its Petite Cherie was launched”).

LV XIII's decision to use a Roman-style font is similarly non-incriminating, given the generic nature of this typeface. See also Tr. 63 (concession by LV's counsel that the typeface of the two logos is “not exactly the same”).

LV has identified no case where circumstantial evidence of this caliber was found to create an issue of fact as to bad faith. And there is much case law to the contrary. See, e.g., Playtex Prods., 390 F.3d at 166 (evidence did not support inference of bad faith where Playtex showed that (1) defendant was aware of plaintiff's trademark, and (2) commissioned a study which stated that a “[product] design similar to the current Playtex design may be appealing”); Malaco Leaf, 287 F.Supp.2d at 376 (no inference of bad faith despite evidence that (1) defendant's president was aware of plaintiff's mark and possessed plaintiff's product; and (2) defendant purchased sample packages of plaintiff's product during design process); Sports Traveler II, 25 F.Supp.2d at 165 (Sports Traveler had not met its burden of creating issue of fact as to Conde Nast's bad faith where it showed only that (1) Conde Nast's designer had previously been involved with Sports Traveler and was privy to its trade dress prototypes; (2) Conde Nast had contemplated acquiring Sports Traveler; and (3) there were copies of Sports Traveler Magazine in Conde Nast's office); Nabisco I, 32 F.Supp.2d at 700–01 (evidence that defendant (1) monitored the development and sales of plaintiff's “Ice Breakers” product before it launched “Dentyne Ice,” and (2) failed to discuss “Ice Breakers” with its legal department insufficient to show bad faith).

See Dooney & Bourke, 561 F.Supp.2d at 390 (granting summary judgment for defendant, “[a]lthough Louis Vuitton’s mark is strong and there is a proximity between the products, … [because] a reasonable jury could only conclude that Dooney & Bourke’s mark is not likely to cause confusion with Louis Vuitton’s Monogram Multicolore mark”); cf. Akiro, 946 F.Supp.2d at 342 (“Akiro’s strong mark and the fact that the two brands' products compete with one another are not, on their own, sufficient to overcome the other factors and entitle Akiro to judgment as a matter of law.”).

129  See, e.g., Playtex Prods., 390 F.3d at 166–67 (relying on “dissimilarity in the mark[s] themselves[ ] [and] the differences in the way the products [were] presented to consumers” to affirm grant of summary judgment, even though five of the Polaroid factors favored plaintiff).

130  See THOIP v. Walt Disney Co., 788 F.Supp.2d 168, 191 (S.D.N.Y.2011) (no reasonable juror could find likelihood of confusion, even though proximity, quality, and strength factors weighed in plaintiff's favor, where there was no evidence of actual confusion, bad faith, or a likelihood that defendant's mark would overwhelm plaintiff's).

131  LVL XIII separately argues that LV's counterclaims are barred by the doctrines of laches and acquiescence. See Pl. SJ Br. 40–45; Pl. SJ Reply Br. 2–4. To prevail on a laches defense in a trademark infringement action, a “defendant must show three things: (1) that the senior user knew of the junior user's use of the mark; (2) that the senior user inexcusably delayed taking action; and (3) that the junior user was prejudiced by the delay.” Gucci Am., Inc. v. Guess?, Inc., 868 F.Supp.2d 207, 244 (S.D.N.Y.2012). To establish acquiescence, a defendant must also show that “the senior user actively represented that it would not assert a right or claim.” ProFitness Physical Therapy Ctr. v. Pro–Fit Orthopedic & Sports Physical Therapy P.C., 314 F.3d 62, 67 (2d Cir.2002) (internal quotation marks and citation omitted).

Having dismissed LV's counterclaims on other grounds, the Court need not resolve LVL XIII's summary judgment motion based on these affirmative defenses. See Sunny Merch., 97 F.Supp.3d at 501 n. 8. It notes, however, that there is no evidence that LV had either actual or constructive knowledge of LVL XIII's marks before this lawsuit. See Perfect Pearl Co. v. Majestic Pearl & Stone, Inc., 887 F.Supp.2d 519, 545 (S.D.N.Y.2012) ("doctrine of constructive knowledge [did] not apply" because: (1) plaintiff was unaware of defendant's existence until shortly before it filed its claims; (2) plaintiff's "use of the marks long predated [defendant's] founding"; and (3) defendant "fail[ed] to explain what facts known to [plaintiff] purportedly gave rise to a duty to inquire as to [defendant's] use of the marks"). Accordingly, LV “delayed” at most three months (as to the counterclaims concerning the TP) and six months (as to those concerning the word mark) before filing its counterclaims. See Dkts. 18, 40. Such delay, without more, would not rise to the level of barring relief. See, e.g., Inc. Pub'g Corp. v. Manhattan Magazine, Inc., 616 F.Supp. 370, 397 (S.D.N.Y.1985) (“If plaintiffs had made a strong showing of likelihood of confusion, I would not have regarded plaintiffs' inaction between April and July as rising to the level of an equitable bar to relief.”). And, at least as to LV's second set of counterclaims, LVL XIII has not alleged, much less proved, prejudice from that delay. See Perfect Pearl Co., 887 F.Supp.2d at 545 (burden is on party asserting laches defense to show prejudice from delay); Bath & Body Works, 7 F.Supp.3d at 393 n. 7 (plaintiff's laches defense to counterclaims “insufficient to warrant summary judgment” because plaintiff “offered no evidence to demonstrate it was prejudiced by [defendant's] delay”).
An army colonel sent a copy of an advertisement for petitioners' retail store, "Victor's Secret," to respondents, affiliated corporations that own the VICTORIA'S SECRET trademarks, because he saw it as an attempt to use a reputable trademark to promote unwholesome, tawdry merchandise. Respondents asked petitioners to discontinue using the name, but petitioners responded by changing the store's name to "Victor's Little Secret." Respondents then filed suit, alleging, inter alia, "the dilution of famous marks" under the Federal Trademark Dilution Act (FTDA). This 1995 amendment to the Trademark Act of 1946 describes the factors that determine whether a mark is "distinctive and famous," 15 U. S. C. § 1125(c)(1), and defines "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services," § 1127. To support their claims that petitioners' conduct was likely to "blur and erode" their trademark's distinctiveness and "tarnish" its reputation, respondents presented an affidavit from a marketing expert who explained the value of respondents' mark but expressed no opinion concerning the impact of petitioners' use of "Victor's Little Secret" on that value. The District Court granted respondents summary judgment on the FTDA claim, and the Sixth Circuit affirmed, finding that respondents' mark was "distinctive" and that the evidence established "dilution" even though no actual harm had been proved. It also rejected the Fourth Circuit's conclusion that the FTDA "requires proof that (1) a defendant has [used] a junior mark sufficiently similar to the famous mark to evoke in . . . consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods or services," Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F. 3d 449, 461. Held:


(a) Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers. The approximately 25 state trademark dilution laws predating the FTDA refer both
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to injury to business reputation (tarnishment) and to dilution of the distinctive quality of a trademark or trade name (blurring). The FTDA's legislative history mentions that the statute's purpose is to protect famous trademarks from subsequent uses that blur the mark's distinctiveness or tarnish or disparage it, even absent a likelihood of confusion. Pp. 428–431.

(b) Respondents' mark is unquestionably valuable, and petitioners have not challenged the conclusion that it is "famous." Nor do they contend that protection is confined to identical uses of famous marks or that the statute should be construed more narrowly in a case such as this. They do contend, however, that the statute requires proof of actual harm, rather than mere "likelihood" of harm. The contrast between the state statutes and the federal statute sheds light on this precise question. The former repeatedly refer to a "likelihood" of harm, rather than a completed harm, but the FTDA provides relief if another's commercial use of a mark or trade name "causes dilution of the [mark's] distinctive quality," § 1125(c)(1) (emphasis added). Thus, it unambiguously requires an actual dilution showing. This conclusion is confirmed by the FTDA's "dilution" definition itself, § 1127. That does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved. This Court disagrees with the Fourth Circuit's Ringling Bros. decision to the extent it suggests otherwise, but agrees with that court's conclusion that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution. Such association will not necessarily reduce the famous mark's capacity to identify its owner's goods, the FTDA's dilution requirement. Pp. 432–434.

2. The evidence in this case is insufficient to support summary judgment on the dilution count. There is a complete absence of evidence of any lessening of the VICTORIA'S SECRET mark's capacity to identify and distinguish goods or services sold in Victoria's Secret stores or advertised in its catalogs. The officer who saw the ad directed his offense entirely at petitioners, not respondents. And respondents' expert said nothing about the impact of petitioners' name on the strength of respondents' mark. Any difficulties of proof that may be entailed in demonstrating actual dilution are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. P. 434.

259 F. 3d 464, reversed and remanded.

STEVENS, J., delivered the opinion for a unanimous Court with respect to Parts I, II, and IV, and the opinion of the Court with respect to Part III,
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in which REHNQUIST, C. J., and O’CONNOR, KENNEDY, SOUTER, THOMAS, GINSBURG, and BREYER, JJ., joined. KENNEDY, J., filed a concurring opinion, post, p. 435.

James R. Higgins, Jr., argued the cause for petitioners. With him on the briefs was Scot A. Duvall.

Walter Dellinger argued the cause for respondents. With him on the brief was Jonathan D. Hacker.

Deputy Solicitor General Wallace argued the cause for the United States as amicus curiae. With him on the brief were Solicitor General Olson, Assistant Attorney General McCallum, Irving L. Gornstein, Anthony J. Steinmeyer, Mark S. Davies, John M. Whealan, Nancy C. Slutter, Cynthia C. Lynch, and James R. Hughes.*

Justice Stevens delivered the opinion of the Court.†

In 1995 Congress amended § 43 of the Trademark Act of 1946, 15 U. S. C. § 1125, to provide a remedy for the “dilution of famous marks.” 109 Stat. 985–986. That amendment, known as the Federal Trademark Dilution Act (FTDA), describes the factors that determine whether a mark is “dis-

*Peter Jaszi filed a brief for Public Knowledge et al. as amici curiae urging reversal.


Malla Pollack, pro se, filed a brief as amicus curiae.

†Justice Scalia joins all but Part III of this opinion.
tinctive and famous,” and defines the term “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services.” The question we granted

1 The FTDA provides: “SEC. 3. REMEDIES FOR DILUTION OF FAMOUS MARKS.

“(a) REMEDIES.—Section 43 of the Trademark Act of 1946 (15 U. S. C. 1125) is amended by adding at the end the following new subsection:

“(c)(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

“(A) the degree of inherent or acquired distinctiveness of the mark;
“(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
“(C) the duration and extent of advertising and publicity of the mark;
“(D) the geographical extent of the trading area in which the mark is used;
“(E) the channels of trade for the goods or services with which the mark is used;
“(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought;
“(G) the nature and extent of use of the same or similar marks by third parties; and
“(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

“(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

“(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common
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certiorari to decide is whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective "likelihood of dilution" standard) is a requisite for relief under the FTDA.

I

Petitioners, Victor and Cathy Moseley, own and operate a retail store named "Victor's Little Secret" in a strip mall in Elizabethtown, Kentucky. They have no employees.

Respondents are affiliated corporations that own the VICTORIA'S SECRET trademark and operate over 750 Victoria's Secret stores, two of which are in Louisville, Kentucky, a short drive from Elizabethtown. In 1998 they spent over $55 million advertising "the VICTORIA'S SECRET brand—one of moderately priced, high quality, attractively designed lingerie sold in a store setting designed to look like a wom-

law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

"(4) The following shall not be actionable under this section:

"(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

"(B) Noncommercial use of a mark.

"(C) All forms of news reporting and news commentary.'

(b) Conforming Amendment.—The heading for title VIII of the Trademark Act of 1946 is amended by striking 'AND FALSE DESCRIPTIONS' and inserting ', FALSE DESCRIPTIONS, AND DILUTION.'

"SEC. 4. DEFINITION.

"Section 45 of the Trademark Act of 1946 (15 U. S. C. 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be 'abandoned' the following:

"The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—

"(1) competition between the owner of the famous mark and other parties, or

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[their]n's bedroom.” App. 167, 170. They distribute 400 million copies of the Victoria's Secret catalog each year, including 39,000 in Elizabethtown. In 1998 their sales exceeded $1.5 billion.

In the February 12, 1998, edition of a weekly publication distributed to residents of the military installation at Fort Knox, Kentucky, petitioners advertised the “GRAND OPENING Just in time for Valentine's Day!” of their store “VICTOR’S SECRET” in nearby Elizabethtown. The ad featured “Intimate Lingerie for every woman”; “Romantic Lighting”; “Lycra Dresses”; “Pagers”; and “Adult Novelties/Gifts.” Id., at 209. An army colonel, who saw the ad and was offended by what he perceived to be an attempt to use a reputable company's trademark to promote the sale of “unwholesome, tawdry merchandise,” sent a copy to respondents. Id., at 210. Their counsel then wrote to petitioners stating that their choice of the name “Victor's Secret” for a store selling lingerie was likely to cause confusion with the well-known VICTORIA'S SECRET mark and, in addition, was likely to “dilute the distinctiveness” of the mark. Id., at 190–191. They requested the immediate discontinuance of the use of the name “and any variations thereof.” Ibid. In response, petitioners changed the name of their store to “Victor’s Little Secret.” Because that change did not satisfy respondents,2 they promptly filed this action in Federal District Court.

The complaint contained four separate claims: (1) for trademark infringement alleging that petitioners' use of their trade name was “likely to cause confusion and/or mistake in violation of 15 U. S. C. § 1114(1)”; (2) for unfair competition alleging misrepresentation in violation of § 1125(a);

2 After being advised of a proposal to change the store name to “VICTOR'S LITTLE SECRETS,” respondents’ counsel requested detailed information about the store in order to consider whether that change “would be acceptable.” App. 13–14. Respondents filed suit two months after this request.
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(3) for “federal dilution” in violation of the FTDA; and (4) for trademark infringement and unfair competition in violation of the common law of Kentucky. *Id.*, at 15, 20–23. In the dilution count, the complaint alleged that petitioners’ conduct was “likely to blur and erode the distinctiveness” and “tarnish the reputation” of the VICTORIA’S SECRET trademark. *Ibid.*

After discovery the parties filed cross-motions for summary judgment. The record contained uncontradicted affidavits and deposition testimony describing the vast size of respondents’ business, the value of the VICTORIA’S SECRET name, and descriptions of the items sold in the respective parties’ stores. Respondents sell a “complete line of lingerie” and related items, each of which bears a VICTORIA’S SECRET label or tag.3 Petitioners sell a wide variety of items, including adult videos, “adult novelties,” and lingerie.4 Victor Moseley stated in an affidavit that women’s lingerie represented only about five percent of their sales. *Id.*, at 131. In support of their motion for summary judgment, respondents submitted an affidavit by an expert in marketing who explained “the enormous value” of respondents’ mark. *Id.*, at 195–205. Neither he, nor any other witness, expressed any opinion concerning the impact, if any,

3 Respondents described their business as follows: “Victoria’s Secret stores sell a complete line of lingerie, women’s undergarments and nightwear, robes, caftans and kimonos, slippers, sachets, lingerie bags, hanging bags, candles, soaps, cosmetic brushes, atomizers, bath products and fragrances.” *Id.*, at 168.

4 In answer to an interrogatory, petitioners stated that they “sell novelty action clocks, patches, temporary tattoos, stuffed animals, coffee mugs, leather biker wallets, zippo lighters, diet formula, diet supplements, jigsaw puzzles, whyss, handcuf[sic], hosiery bubble machines, greeting cards, calendars, incense burners, car air fresheners, sunglasses, ball caps, jewelry, candles, lava lamps, blacklights, fiber optic lights, rock and roll prints, lingerie, pagers, candy, adult video tapes, adult novelties, t-shirts, etc.” *Id.*, at 87.
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of petitioners’ use of the name “Victor’s Little Secret” on that value.

Finding that the record contained no evidence of actual confusion between the parties’ marks, the District Court concluded that “no likelihood of confusion exists as a matter of law” and entered summary judgment for petitioners on the infringement and unfair competition claims. Civ. Action No. 3:98CV–395–S (WD Ky., Feb. 9, 2000), App. to Pet. for Cert. 28a, 37a. With respect to the FTDA claim, however, the court ruled for respondents.

Noting that petitioners did not challenge Victoria’s Secret’s claim that its mark is “famous,” the only question it had to decide was whether petitioners’ use of their mark diluted the quality of respondents’ mark. Reasoning from the premise that dilution “corrodes” a trademark either by “‘blurring its product identification or by damaging positive associations that have attached to it,’” the court first found the two marks to be sufficiently similar to cause dilution, and then found “that Defendants’ mark dilutes Plaintiffs’ mark because of its tarnishing effect upon the Victoria’s Secret mark.” Id., at 38a–39a (quoting Ameritech, Inc. v. American Info. Technologies Corp., 811 F. 2d 960, 965 (CA6 1987)). It therefore enjoined petitioners “from using the mark ‘Victor’s Little Secret’ on the basis that it causes dilution of the distinctive quality of the Victoria’s Secret mark.” App. to Pet. for Cert. 38a–39a. The court did not, however, find that any “blurring” had occurred. Ibid.

The Court of Appeals for the Sixth Circuit affirmed. 259 F. 3d 464 (2001). In a case decided shortly after the entry of the District Court’s judgment in this case, the Sixth Circuit had adopted the standards for determining dilution under the FTDA that were enunciated by the Second Circuit in Nabisco, Inc. v. PF Brands, Inc., 191 F. 3d 208 (1999). See Kellogg Co. v. Exxon Corp., 209 F. 3d 562 (CA6 2000). In order to apply those standards, it was necessary to discuss
two issues that the District Court had not specifically addressed—whether respondents’ mark is “distinctive,” and whether relief could be granted before dilution has actually occurred. With respect to the first issue, the court rejected the argument that Victoria’s Secret could not be distinctive because “secret” is an ordinary word used by hundreds of lingerie concerns. The court concluded that the entire mark was “arbitrary and fanciful” and therefore deserving of a high level of trademark protection. 259 F. 3d, at 470. On

5 “It is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element. The operative language defining the tort requires that ‘the [junior] person’s . . . use . . . cause[s] dilution of the distinctive quality of the [senior] mark.’ 15 U. S. C. § 1125(c)(1). There can be no dilution of a mark’s distinctive quality unless the mark is distinctive.” Nabisco, Inc. v. PF Brands, Inc., 191 F. 3d 208, 216 (CA2 1999).

6 The Second Circuit explained why it did not believe “actual dilution” need be proved:

“Relying on a recent decision by the Fourth Circuit, Nabisco also asserts that proof of dilution under the FTDA requires proof of an ‘actual, consummated harm.’ Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Dev., 170 F. 3d 449, 464 (4th Cir. 1999). We reject the argument because we disagree with the Fourth Circuit’s interpretation of the statute.

“It is not clear which of two positions the Fourth Circuit adopted by its requirement of proof of ‘actual dilution.’ Id. The narrower position would be that courts may not infer dilution from ‘contextual factors (degree of mark and product similarity, etc.),’ but must instead rely on evidence of ‘actual loss of revenues’ or the ‘skillfully constructed consumer survey.’ Id. at 457, 464–65. This strikes us as an arbitrary and unwarranted limitation on the methods of proof.” Id., at 223.

7 “In this case, for example, although the word ‘secret’ may provoke some intrinsic association with prurient interests, it is not automatically linked in the ordinary human experience with lingerie. ‘Secret’ is not particularly descriptive of bras and hosiery. Nor is there anything about the combination of the possessive ‘Victoria’s’ and ‘secret’ that automatically conjures thought of women’s underwear-except, of course, in the context of plaintiff’s line of products. Hence, we conclude that the ‘Victoria’s Secret’ mark ranks with those that are ‘arbitrary and fanciful’ and is therefore deserving of a high level of trademark protection. Although the district court applied a slightly different test from the one now established
the second issue, the court relied on a distinction suggested by this sentence in the House Report: "Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." H. R. Rep. No. 104–374, p. 3 (1995).

This statement, coupled with the difficulty of proving actual harm, lent support to the court’s ultimate conclusion that the evidence in this case sufficiently established “dilution.” 259 F. 3d, at 475–477. In sum, the Court of Appeals held:

“While no consumer is likely to go to the Moseleys’ store expecting to find Victoria’s Secret’s famed Miracle Bra, consumers who hear the name ‘Victor’s Little Secret’ are likely automatically to think of the more famous store and link it to the Moseleys’ adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria’s Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment). Given this conclusion, it follows that Victoria’s Secret would prevail in a dilution analysis, even without an exhaustive consideration of all ten of the Nabisco factors.” Id., at 477.8

in this circuit, the court would undoubtedly have reached the same result under the Nabisco test. Certainly, we cannot say that the court erred in finding that the preliminary factors of a dilution claim had been met by Victoria’s Secret.” 259 F. 3d, at 470–471.

8 The court had previously noted that the “Second Circuit has developed a list of ten factors used to determine if dilution has, in fact, occurred, while describing them as a ‘nonexclusive list’ to ‘develop gradually over time’ and with the particular facts of each case. Those factors are: distinctiveness; similarity of the marks; ‘proximity of the products and the likelihood of bridging the gap;’ ‘interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products;’ ‘shared consumers and geographic limitations;’ ‘sophistication of consumers;’ actual confusion; ‘adjectival or referential quality of the junior use;’ ‘harm to the junior user and delay by the senior user;’ and the ‘effect of [the] senior’s prior laxity in protecting the mark.’”Id., at 476 (quoting Nabisco, 191 F. 3d, at 217–222).
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In reaching that conclusion the Court of Appeals expressly rejected the holding of the Fourth Circuit in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 170 F. 3d 449 (1999). In that case, which involved a claim that Utah's use on its license plates of the phrase “greatest snow on earth” was causing dilution of the “greatest show on earth,” the court had concluded “that to establish dilution of a famous mark under the federal Act requires proof that (1) a defendant has made use of a junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark’s economic value by lessening its former selling power as an advertising agent for its goods or services.” Id., at 461 (emphasis added). Because other Circuits have also expressed differing views about the “actual harm” issue, we granted certiorari to resolve the conflict. 535 U. S. 985 (2002).

II

Traditional trademark infringement law is a part of the broader law of unfair competition, see Hanover Star Milling Co. v. Metcalf, 240 U. S. 403, 413 (1916), that has its sources in English common law, and was largely codified in the Trademark Act of 1946 (Lanham Act). See B. Pattishall, D. Hilliard, & J. Welch, Trademarks and Unfair Competition 2 (4th ed. 2000) (“The United States took the [trademark and unfair competition] law of England as its own”). That law broadly prohibits uses of trademarks, trade names, and trade dress that are likely to cause confusion about the source of a product or service. See 15 U. S. C. §§1114, 1125(a)(1)(A). Infringement law protects consumers from being misled by the use of infringing marks and also protects producers from unfair practices by an “imitating competitor.” Qualitex Co. v. Jacobson Products Co., 514 U. S. 159, 163–164 (1995).

Because respondents did not appeal the District Court’s adverse judgment on counts 1, 2, and 4 of their complaint,
we decide the case on the assumption that the Moseleys' use of the name "Victor's Little Secret" neither confused any consumers or potential consumers, nor was likely to do so. Moreover, the disposition of those counts also makes it appropriate to decide the case on the assumption that there was no significant competition between the adversaries in this case. Neither the absence of any likelihood of confusion nor the absence of competition, however, provides a defense to the statutory dilution claim alleged in count 3 of the complaint.

Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers. The seminal discussion of dilution is found in Frank Schechter's 1927 law review article concluding "that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection." Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 831. Schechter supported his conclusion by referring to a German case protecting the owner of the well-known trademark "Odol" for mouthwash from use on various non-competing steel products.9 That case, and indeed the principal focus of the Schechter article, involved an established arbitrary mark that had been "added to rather than withdrawn from the human vocabulary" and an infringement that made use of the identical mark. Id., at 829.10

9 The German court "held that the use of the mark, 'Odol' even on non-competing goods was 'gegen die guten Sitten,' pointing out that, when the public hears or reads the word 'Odol,' it thinks of the complainant's mouth wash, and that an article designated with the name 'Odol' leads the public to assume that it is of good quality. Consequently, concludes the court, complainant has 'the utmost interest in seeing that its mark is not diluted [verwässert]: it would lose in selling power if everyone used it as the designation of his goods.'" 40 Harv. L. Rev., at 831–832.

10 Schechter discussed this distinction at length: "The rule that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear
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Some 20 years later Massachusetts enacted the first state statute protecting trademarks from dilution. It provided:

“Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trademark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.”


Notably, that statute, unlike the “Odol” case, prohibited both the likelihood of “injury to business reputation” and “dilution.” It thus expressly applied to both “tarnishment” and “blurring.” At least 25 States passed similar laws in the decades before the FTDA was enacted in 1995. See Restatement (Third) of Unfair Competition § 25, Statutory Note (1995).

III

In 1988, when Congress adopted amendments to the Lanham Act, it gave consideration to an antidilution provision.

to be entirely sound. Such trademarks or tradenames as ‘Blue Ribbon,’ used, with or without registration, for all kinds of commodities or services, more than sixty times; ‘Simplex’ more than sixty times; ‘Star,’ as far back as 1898, nearly four hundred times; ‘Anchor,’ already registered over one hundred fifty times in 1898; ‘Bull Dog,’ over one hundred times by 1923; ‘Gold Medal,’ sixty-five times; ‘3-in-1’ and ‘2-in-1,’ seventy-nine times; ‘Nox-all,’ fifty times; ‘Universal,’ over thirty times; ‘Lily White’ over twenty times;—all these marks and names have, at this late date, very little distinctiveness in the public mind, and in most cases suggest merit, prominence or other qualities of goods or services in general, rather than the fact that the product or service, in connection with which the mark or name is used, emanates from a particular source. On the other hand, ‘Rolls-Royce,’ ‘Aunt Jemima’s,’ ‘Kodak,’ ‘Mazda,’ ‘Corona,’ ‘Nujol,’ and ‘Blue Goose,’ are coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product, not with a variety of products, and have created in the public consciousness an impression or symbol of the excellence of the particular product in question.” Id., at 828–829.
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During the hearings on the 1988 amendments, objections to that provision based on a concern that it might have applied to expression protected by the First Amendment were voiced and the provision was deleted from the amendments. H. R. Rep. No. 100–1028 (1988). The bill, H. R. 1295, 104th Cong., 1st Sess., that was introduced in the House in 1995, and ultimately enacted as the FTDA, included two exceptions designed to avoid those concerns: a provision allowing “fair use” of a registered mark in comparative advertising or promotion, and the provision that noncommercial use of a mark shall not constitute dilution. See 15 U. S. C. § 1125(c)(4).

On July 19, 1995, the Subcommittee on Courts and Intellectual Property of the House Judiciary Committee held a 1-day hearing on H. R. 1295. No opposition to the bill was voiced at the hearing and, with one minor amendment that extended protection to unregistered as well as registered marks, the subcommittee endorsed the bill and it passed the House unanimously. The committee’s report stated that the “purpose of H. R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.” H. R. Rep. No. 104–374, p. 2 (1995). As examples of dilution, it stated that “the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation.” Id., at 3. In the Senate an identical bill, S. 1513, 104th Cong., 1st Sess., was introduced on December 29, 1995, and passed on the same day by voice vote without any hearings. In his explanation of the bill, Senator Hatch also stated that it was intended “to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it,” and referred to the Dupont Shoes, Buick aspirin, and Kodak piano examples, as well as to the Schechter law review article. 141 Cong. Rec. 38559–38561 (1995).
The VICTORIA'S SECRET mark is unquestionably valuable and petitioners have not challenged the conclusion that it qualifies as a “famous mark” within the meaning of the statute. Moreover, as we understand their submission, petitioners do not contend that the statutory protection is confined to identical uses of famous marks, or that the statute should be construed more narrowly in a case such as this. Even if the legislative history might lend some support to such a contention, it surely is not compelled by the statutory text.

The District Court’s decision in this case rested on the conclusion that the name of petitioners’ store “tarnished” the reputation of respondents’ mark, and the Court of Appeals relied on both “tarnishment” and “blurring” to support its affirmance. Petitioners have not disputed the relevance of tarnishment, Tr. of Oral Arg. 5–7, presumably because that concept was prominent in litigation brought under state antidilution statutes and because it was mentioned in the legislative history. Whether it is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which expressly refer to both “injury to business reputation” and to “dilution of the distinctive quality of a trade name or trademark,” and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA. See Klieger, Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. Pitt. L. Rev. 789, 812–813, and n. 132 (1997).

The contrast between the state statutes and the federal statute, however, sheds light on the precise question that we must decide. For those state statutes, like several provisions in the federal Lanham Act, repeatedly refer to a “likelihood” of harm, rather than to a completed harm. The relevant text of the FTDA, quoted in full in n. 1, supra, provides that “the owner of a famous mark” is entitled to injunctive
relief against another person’s commercial use of a mark or trade name if that use “causes dilution of the distinctive quality” of the famous mark. 15 U. S. C. § 1125(c)(1) (emphasis added). This text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.

This conclusion is fortified by the definition of the term “dilution” itself. That definition provides:

“The term ‘dilution’ means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—

“(1) competition between the owner of the famous mark and other parties, or

“(2) likelihood of confusion, mistake, or deception.”

§ 1127.

The contrast between the initial reference to an actual “lessening of the capacity” of the mark, and the later reference to a “likelihood of confusion, mistake, or deception” in the second caveat confirms the conclusion that actual dilution must be established.

Of course, that does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved. To the extent that language in the Fourth Circuit’s opinion in the Ringling Bros. case suggests otherwise, see 170 F. 3d, at 460–465, we disagree. We do agree, however, with that court’s conclusion that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution. As the facts of that case demonstrate, such mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. For even though Utah drivers may be reminded of the circus when they see a license plate referring to the “greatest snow on earth,” it by no means follows that they will associate “the greatest show on earth”
with skiing or snow sports, or associate it less strongly or exclusively with the circus. “Blurring” is not a necessary consequence of mental association. (Nor, for that matter, is “tarnishing.”)

The record in this case establishes that an army officer who saw the advertisement of the opening of a store named “Victor’s Secret” did make the mental association with “Victoria’s Secret,” but it also shows that he did not therefore form any different impression of the store that his wife and daughter had patronized. There is a complete absence of evidence of any lessening of the capacity of the VICTORIA’S SECRET mark to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in its catalogs. The officer was offended by the ad, but it did not change his conception of Victoria’s Secret. His offense was directed entirely at petitioners, not at respondents. Moreover, the expert retained by respondents had nothing to say about the impact of petitioners’ name on the strength of respondents’ mark.

Noting that consumer surveys and other means of demonstrating actual dilution are expensive and often unreliable, respondents and their amici argue that evidence of an actual “lessening of the capacity of a famous mark to identify and distinguish goods or services,” § 1127, may be difficult to obtain. It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical. Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. The evidence in the present record is not sufficient to support the summary judgment on the dilution count. The judgment is therefore reversed, and the case is remanded for further proceedings consistent with this opinion.

*It is so ordered.*
As of this date, few courts have reviewed the statute we are considering, the Federal Trademark Dilution Act, 15 U. S. C. § 1125(c), and I agree with the Court that the evidentiary showing required by the statute can be clarified on remand. The conclusion that the VICTORIA'S SECRET mark is a famous mark has not been challenged throughout the litigation, ante, at 425, 432, and seems not to be in question. The remaining issue is what factors are to be considered to establish dilution.

For this inquiry, considerable attention should be given, in my view, to the word “capacity” in the statutory phrase that defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services.” 15 U. S. C. § 1127. When a competing mark is first adopted, there will be circumstances when the case can turn on the probable consequences its commercial use will have for the famous mark. In this respect, the word “capacity” imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods, and in some cases the fact that this power will be diminished could suffice to show dilution. Capacity is defined as “the power or ability to hold, receive, or accommodate.” Webster’s Third New International Dictionary 330 (1961); see also Webster’s New International Dictionary 396 (2d ed. 1949) (“Power of receiving, containing, or absorbing”); 2 Oxford English Dictionary 857 (2d ed. 1989) (“Ability to receive or contain; holding power”); American Heritage Dictionary 275 (4th ed. 2000) (“The ability to receive, hold, or absorb”). If a mark will erode or lessen the power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark, the elements of dilution may be established.

Diminishment of the famous mark's capacity can be shown by the probable consequences flowing from use or adoption
of the competing mark. This analysis is confirmed by the statutory authorization to obtain injunctive relief. 15 U. S. C. § 1125(c)(2). The essential role of injunctive relief is to “prevent future wrong, although no right has yet been violated.” Swift & Co. v. United States, 276 U. S. 311, 326 (1928). Equity principles encourage those who are injured to assert their rights promptly. A holder of a famous mark threatened with diminishment of the mark’s capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded.

In this case, the District Court found that petitioners’ trademark had tarnished the VICTORIA’S SECRET mark. App. to Pet. for Cert. 38a–39a. The Court of Appeals affirmed this conclusion and also found dilution by blurring. 259 F. 3d 464, 477 (CA6 2001). The Court’s opinion does not foreclose injunctive relief if respondents on remand present sufficient evidence of either blurring or tarnishment.

With these observations, I join the opinion of the Court.
Action for trademark infringement and unfair competition. The United States District Court for the Eastern District of New York, Rayfiel, J., 182 F.Supp. 350, dismissed complaint and counterclaims, and both parties appealed. Defendant withdrew its cross-appeals. The Court of Appeals, Friendly, Circuit Judge, held that plaintiff's 11-year delay, with knowledge of allegedly infringing use, in proceeding against defendant, barred plaintiff from relief so long as defendant's use of allegedly infringing mark remained far removed from plaintiff's primary fields of activity.

Judgment affirmed.

West Headnotes (4)

[1] Trademarks
   ➔ Length of delay
   Plaintiff's 11-year delay, with knowledge of allegedly infringing use, in proceeding against defendant for trademark infringement, barred plaintiff from relief so long as defendant's use of allegedly infringing mark remained far removed from plaintiff's primary fields of activity. Lanham Trade-Mark Act, § 32(1), 15 U.S.C.A. § 1114(1); General Business Law N.Y. § 368-b.

671 Cases that cite this headnote

[2] Trademarks
   ➔ Knowledge of facts
   Fact that defendant sought affirmative relief did not bar it from claiming laches as defense to trademark infringement suit, especially where plaintiff long knew the circumstance underlying its demand for relief but defendant had not known those relating to its more limited counterclaim. Fed.Rules Civ.Proc. rule 8(e)(2), 28 U.S.C.A.

72 Cases that cite this headnote

[3] Trademarks
   ➔ Delay in Assertion of Rights; Laches
   Trademarks
   ➔ Acquiescence
   Rule that mere delay or acquiescence cannot defeat remedy by injunction in support of legal right, unless it has been continued so long and under such circumstances as to defeat right itself, did not require, in support of defense of laches to claim of trademark infringement, a showing of conduct justifying defendant in concluding that plaintiff had no objection to defendant using its name, where parties' goods were different.

199 Cases that cite this headnote

   ➔ Delay in Assertion of Rights; Laches
   Well-informed merchant, with knowledge of claimed invasion of right, cannot equitably wait to see how successful his competitor will be and then destroy, with aid of court decree, much that competitor has stood for and accomplished, especially where trademark infringement is a genuinely debatable question.

58 Cases that cite this headnote
Attorneys and Law Firms


Morris Relson, New York City (Darby & Darby and Howard C. Miskin, New York City, on the brief), for defendant-appellee.

Before MEDINA, FRIENDLY and SMITH, Circuit Judges.

Opinion

FRIENDLY, Circuit Judge.

[I] Plaintiff, Polaroid Corporation, a Delaware corporation, owner of the trademark Polaroid and holder of 22 United States registrations thereof granted between 1936 and 1956 and of a New York registration granted in 1950, brought this action in the Eastern District of New York, alleging that defendant's use of the name Polarad as a trademark and as part of defendant's corporate title infringed plaintiff's Federal and state trademarks and constituted unfair competition. It sought a broad injunction and an accounting. Defendant's answer, in addition to denying the allegations of the complaint, sought a declaratory judgment establishing defendant's right to use Polarad in the business in which defendant was engaged, an injunction against plaintiff's use of Polaroid as a trademark and as part of defendant's corporate title infringed plaintiff's Federal and state trademarks and constituted unfair competition. It sought a broad injunction and an accounting. Defendant's answer, in addition to denying the allegations of the complaint, sought a declaratory judgment establishing defendant's right to use Polarad in the business in which defendant was engaged, an injunction against plaintiff's use of Polaroid in the television and electronics fields, and other relief. Judge Rayfiel, in an opinion reported in D.C.1960, 182 F.Supp. 350, dismissed both the claim and the counterclaims, concluding that neither plaintiff nor defendant had made an adequate showing with respect to confusion and that both had been guilty of laches. Both parties appealed but defendant has withdrawn its cross-appeal. We find it unnecessary to pass upon Judge Rayfiel's conclusion that defendant's use of Polarad does not violate any of plaintiff's rights. For we agree that plaintiff's delay in proceeding against defendant bars plaintiff from relief so long as defendant's use of Polarad remains as far removed from plaintiff's primary fields of activity as it has been and still is.

The name Polaroid was first adopted by plaintiff's predecessor in 1935. It has *494 been held to be a valid trademark as a coined or invented symbol and not to have lost its right to protection by becoming generic or descriptive, Marks v. Polaroid Corp., D.C.D.Mass.1955, 129 F.Supp. 243. Polaroid had become a well known name as applied to sheet polarizing material and products made therefrom, as well as to optical desk lamps, stereoscopic viewers, etc., long before defendant was organized in 1944. During World War II, plaintiff's business greatly expanded, from $1,032,000 of gross sales in 1941 to $16,752,000 in 1945, due in large part to government contracts. Included in this government business were three sorts on which plaintiff particularly relies, the sale of Schmidt corrector plates, an optical lens used in television; research and development contracts for guided missiles and a machine gun trainer, both involving the application of electronics; and other research and development contracts for what plaintiff characterizes as 'electro-optical devices employing electronic circuitry in combination with optical apparatus.' In 1947 and 1948 plaintiff's sales declined to little more than their pre-war level; the tremendous expansion of plaintiff's business, reaching sales of $65,271,000 in 1958, came after the development of the Land camera in 1948.

Defendant was organized in December, 1944. Originally a partnership called Polarad Electronics Co., it was converted in 1948 into a New York corporation bearing the name Polarad Television Corp., which was changed a year later to Polarad Electronics Corp. Its principal business has been the sale of microwave generating, receiving and measuring devices and of television studio equipment. Defendant claimed it had arrived at the name Polarad by taking the first letters of the first and last names of its founder, Paul Odessy, and the first two letters of the first name of his friend and anticipated partner, Larry Jaffe, and adding the suffix 'rad,' intended to signify radio; however, Odessy admitted that at the time he had 'some knowledge' of plaintiff's use of the name Polaroid, although only as applied to glasses and polarizing filters and not as to electronics. As early as November, 1945, plaintiff learned of defendant; it drew a credit report and had one of its attorneys visit defendant's quarters, then two small rooms; plaintiff made no protest. By June, 1946, defendant was advertising television equipment in 'Electronics'—a trade journal. These advertisements and other notices with respect to defendant came to the attention of plaintiff's officers; still plaintiff did nothing.
In 1950, a New York Attorney who represented plaintiff in foreign patent matters came upon a trade show display of defendant's television products under the name Polarad and informed plaintiff's house counsel; the latter advised plaintiff's president, Dr. Land, that 'the time had come when he thought we ought to think seriously about the problem.' However, nothing was done save to draw a further credit report on defendant, although defendant's sales had grown from a nominal amount to a rate of several hundred thousand dollars a year, and the report related, as had the previous one, that defendant was engaged 'in developing and manufacturing equipment for radio, television and electronic manufacturers throughout the United States.' In October, 1951, defendant, under its letterhead, forwarded to plaintiff a letter addressed to 'Polarad Electronics Corp.' at defendant's Brooklyn address, inquiring in regard to 'polaroid material designed for night driving'; there was no protest by plaintiff. In 1953, defendant applied to the United States Patent Office for registration of its trademark Polarad for radio and television units and other electronic devices; in August, 1955, when this application was published in the Official Gazette of the Patent Office, plaintiff for the first time took action by filing a notice of opposition, which was delayed bringing suit until late 1956. Through all this defendant was expending considerable sums for research and development contracts with the government referred to above. Plaintiff for the first time under government contracts beginning in 1943 and to industry commencing in 1945; on its sale, since 1946, of polarizing television filters, which serve the same function as the color filters that defendant supplies as a part of the television apparatus sold by it; and, particularly, on the research and development contracts with the government referred to above. Plaintiff relies on its sales of Schmidt corrector plates, used in certain types of television systems, first under government contracts beginning in 1943 and to industry commencing in 1945; on its sale, since 1946, of polarizing television filters, which serve the same function as the color filters that defendant supplies as a part of the television apparatus sold by it; and, particularly, on the research and development contracts with the government referred to above. Plaintiff relies also on certain instances of confusion, predominantly communications intended for defendant but directed to plaintiff. Against this, defendant asserts that its business is the sale of complex electronics equipment to a relatively few customers; that this does not compete in any significant way with plaintiff's business, the bulk of which is now in articles destined for the ultimate consumer; that plaintiff's excursions into electronics are insignificant in the light of the size of the field; that the instances of confusion are minimal; that there is no evidence that plaintiff has suffered either through loss of customers or injury to reputation, since defendant has conducted its business with high standards; and that the very nature of defendant's business, sales to experienced industrial users and the government, precludes any substantial possibility of confusion. Defendant also asserts plaintiff's laches to be a bar.

The problem of determining how far a valid trademark shall be protected with respect to goods other than those to which its owner has applied it, has long been vexing and does not become easier of solution with the years. Neither of our recent decisions so heavily relied upon by the parties, Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc., 2 Cir., 1960, 281 F.2d 755, by plaintiff, and Avon Shoe Co., Inc. v. David Crystal, Inc., 2 Cir., 1960, 279 F.2d 607 by defendant, affords much assistance, since in the Ritchie case there was confusion as to the identical product and the defendant in the Avon case had adopted its mark 'without knowledge of the plaintiffs' prior use,' at page 611. Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities—the court may have to take still other variables into account. American Law Institute, Restatement of Torts, §§ 729, 730, 731. Here plaintiff's mark is a strong one and the similarity between the two names is great, but the evidence of actual confusion, when analyzed, is not impressive. The filter seems to be the only case where defendant has sold, but not manufactured, a product serving a function similar to any of plaintiff's, and plaintiff's sales of this item have been highly irregular, varying, e.g., from $2,300 in 1953 to $303,000 in 1955, and $48,000 in 1956. 1

*496 If defendant's sole business were the manufacture and sale of microwave equipment, we should have little difficulty in approving the District Court's conclusion that there was no such likelihood of confusion as to bring into
play either the Lanham Act, 15 U.S.C.A. § 1114(1), or New York General Business Law, § 368-b, or to make out a case of unfair competition under New York decisional law, see Avon Shoe Co. v. David Crystal, Inc., supra, at page 614, footnote 11. What gives us some pause is defendant's heavy involvement in a phase of electronics that lies closer to plaintiff's business, namely, television. Defendant makes most of the testimony of plaintiff's executive vice president that plaintiff's normal business is 'the interaction of light and matter.' Yet, although television lies predominantly in the area of electronics, it begins and ends with light waves. The record tells us that certain television uses were among the factors that first stimulated Dr. Land's interest in polarization, see Marks v. Polaroid Corporation, supra, at page 246, plaintiff has manufactured and sold at least two products for use in television systems, and defendant's second counterclaim itself asserts likelihood of confusion in the television field. We are thus by no means sure that, under the views with respect to trademark protection announced by this Court in such cases as Yale Electric Corp. v. Robertson, 2 Cir., 1928, 26 F.2d 972 (locks vs. flashlights); L. E. Waterman Co. v. Gordon, 2 Cir., 1934, 72 F.2d 272 (mechanical pens and pencils vs. razor blades); Triangle Publications, Inc. v. Rohrlich, 2 Cir., 1948, 167 F.2d 969, 972 (magazines vs. girdles); and Admiral Corp. v. Penco, Inc., 2 Cir., 1953, 203 F.2d 517 (radios, electric ranges and refrigerators vs. sewing machines and vacuum cleaners), plaintiff would not have been entitled to at least some injunctive relief if it had moved with reasonable promptness. However, we are not required to decide this since we uphold the District Court's conclusion with respect to laches.

Plaintiff endeavors to answer that claim on three grounds: (1) That defendant is barred from advancing the claim because defendant sought affirmative relief; (2) that the doctrine of laches does not apply in trademark and unfair competition cases; (3) that the defense is not made out on the facts. We find no merit in any of these contentions.

[2] (1) Plaintiff's first position rests upon a remark, quoted in the margin, given as an alternative ground of decision in Southern Pine Lumber Co. v. Ward, 1908, 208 U.S. 126, 140-141, 28 S.Ct. 239, 246, 52 L.Ed. 420. Mr. Justice White does not explain what 'in the nature of things' prevented the defendants there from asserting both that the attachment under which their title arose was valid and that in any event plaintiff was barred by laches from attacking it. To be sure, when both parties are aggrieved by the same facts and these became known to both at the same time, a defendant's demand for affirmative relief may be logically inconsistent with a claim on his part that the plaintiff is barred by laches from making a similar demand, see, e.g., Steenberg v. Kaysen, 1949, 229 Minn. 300, 39 N.W.2d 18; Charleston Library Society v. Citizens & Southern Nat. Bank, 1942, 201 S.Ct. 447, 23 S.E.2d 362, although even in such a case it would seem that the effect was merely evidentiary and that a defendant ought *497 not be precluded from taking alternative positions, F.R.Civ.Proc. 8(e)(2), 28 U.S.C.A. Moreover, here the circumstances as to the two parties are not parallel. Plaintiff seeks to prevent defendant's use of Polaroid in the areas of optics, and photography which, so far as defendant knew until the Patent Office interference in 1955, were the only fields where plaintiff employed it. So far as our research has disclosed, the statement in Southern Pine has not been applied by Federal courts in trademark and unfair competition cases; on the contrary, where both sides failed to press their claims after knowledge of the facts, this Court has reached the conclusion, seemingly far more sensible, that both were barred, rather than that defendant had waived the defense by seeking cross-relief to which it was not entitled, Landers, Frary & Clark v. Universal Cooler Corp., 2 Cir., 1936, 85 F.2d 46. Of the state cases cited by appellant only Bagby v. Blackwell, 1948, 240 Mo.App. 574, 211 S.W.2d 69, lies in the trademark and unfair competition field; we do not find it persuasive. The statement in Southern Pine seems to us to have been undermined even on its own facts by the provision in F.R.Civ.Proc. 8(e)(2) that 'A party may also state as many separate claims or defenses as he has regardless of consistency * * *' A fortiori do we deem the statement inapplicable where, as here, the plaintiff had long known the circumstance underlying its demand for relief but defendant had not known those relating to its more limited counterclaim.

[3] (2) For its second ground appellant relies on the statement in Menendez v. Holt, 1888, 128 U.S. 514, 523, 9 S.Ct. 143, 145, 32 L.Ed. 526, that Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the
right itself.' It contends that such defeat can come only from conduct, such as in Landers, Frary & Clark v. Universal Cooler Corp., supra, 85 F.2d at page 49, giving a defendant justification for concluding that plaintiff had no objection to defendant's using its name. See McLean v. Fleming, 1877, 96 U.S. 245, 24 L.Ed. 828. However, the portion of the opinion in Saxlehner v. Eisner & Mendelson Co., 1900, 179 U.S. 19, 21 S.Ct. 7, 45 L.Ed. 60, also relied on by appellant, which upheld the defense of laches with respect to the word 'Hunyadi,' indicated that Menendez v. Holt does not go so far as appellant claims, even when a portion of the marks and the products are identical. We need not explore just where the boundaries lie in such a case, for the Landers, Frary & Clark opinion itself and, even more clearly, Emerson Electric Manufacturing Co. v. Emerson Radio & Phonograph Corp., 2 Cir., 1939, 105 F.2d 908, and Dwinell-Wright Co. v. White House Milk Co., 2 Cir., 1943, 132 F.2d 822, 824-825, show the doctrine has no such reach as claimed when, as here, the goods are different. The distinctions are developed in Judge Learned Hand's classic opinion in Dwinell-Wright, where he explained that the Menendez rule applies only when 'a newcomer invades another's market by the use of the other's mark,' since then 'every sale is a separate wrong.' 'If however the question comes up, not when the newcomer is actually competing in the owner's market, but * * * is selling goods which the owner has never sold, though they are like enough to make people think him their source, the determining considerations are different. The owner's only interest in preventing such a use of his mark is because he may wish to preempt the market for later exploitation, or not to expose his reputation to the hazard of the newcomer's business practices, or both * * * Here, as often, equity does not seek for general principles, but weighs the opposed interests in the scales of conscience and fair dealing * * * The owner's rights in such appendant markets are easily lost; they must be asserted early, lest *498 they be made the means of reaping a harvest which others have sown.'

[4] (3) The previous summary of the facts shows how far plaintiff came from meeting this rigorous test. Plaintiff seeks to excuse its early inactivity on the ground that defendant's sales were small. But that is the very time when the owner of a mark ought forcefully to claim protection; 'the scales of conscience and fair dealing' will tip far more readily for a plaintiff when a defendant will suffer little disadvantage by changing to another name. See Valvoline Oil Co. v. Havoline Oil Co., D.C.S.D.N.Y.1913, 211 F. 189, 195. Moreover, even if plaintiff's inaction in 1945 and 1946 could be excused on the basis that defendant's activities were de minimis and that plaintiff might reasonably have expected defendant to fall by the wayside, an issue which we do not decide, the situation had surely changed by the year ended June 30, 1951, when defendant made $192,000 in catalog sales and $356,000 in sales under military contracts. Plaintiff would have us disregard the latter on the issue of its laches—just why we are not told—although it relies heavily on confusion by Federal purchasing agencies as part of its case on the merits. Plaintiff concedes that by 1952 defendant 'had expanded its business from the design and construction of special apparatus on order, to include the manufacture and sale of television and other devices operable throughout the entire radio frequency band'; but plaintiff waited another four years before bringing suit. We find nothing to support plaintiff's assertion that defendant has further encroached on plaintiff's field since 1953; to be sure, defendant has trebled its business but not by moving away from its traditional area and into plaintiff's. As said in Valvoline Oil Co. v. Havoline Oil Co., supra, at page 195, 'it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question.' True, what the court regarded as debatable there was the confusing qualities of the names rather than, as here, the identity of the product; but the principle applies with at least the same force. If defendant should move into new territory more closely related to optics and photography, different considerations as to laches as well as on the merits will, of course, apply.

Judgment affirmed.

All Citations

287 F.2d 492, 4 Fed.R.Serv.2d 81, 128 U.S.P.Q. 411

Footnotes
Even the high figure, in 1955, amounted to little more than 1% of plaintiff's business. Plaintiff also cites defendant's sale of bicycle headlights and other consumer products and defendant's patents for a radio automatic vehicle guidance system and an electronic auto headlight dimmer. However, the former business, conducted through a separate division, has been abandoned, and exploitation of the patents has not been instituted. Our decision is not to be understood as dealing with plaintiff's rights if defendant should resume, or begin, activity along any of these lines.

'Besides, the contention as to laches disregards the considerations which in the nature of things must arise, when it is borne in mind that the defendants, who claimed title under the attachment proceedings, did not rest content with defending their alleged title, but made that title the base of an assertion of right to affirmative relief, since they substantially, by cross-petition, invoked such relief to maintain the validity of their title, and to obtain a cancellation of the trust deed upon which Ward relied.'
QUALITEX CO. v. JACOBSON PRODUCTS CO., INC.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT


Petitioner Qualitex Company has for years colored the dry cleaning press pads it manufactures with a special shade of green gold. After respondent Jacobson Products (a Qualitex rival) began to use a similar shade on its own press pads, Qualitex registered its color as a trademark and added a trademark infringement count to the suit it had previously filed challenging Jacobson's use of the green-gold color. Qualitex won in the District Court, but the Ninth Circuit set aside the judgment on the infringement claim because, in its view, the Trademark Act of 1946 (Lanham Act) does not permit registration of color alone as a trademark.


(a) That color alone can meet the basic legal requirements for use as a trademark is demonstrated both by the language of the Act, which describes the universe of things that can qualify as a trademark in the broadest of terms, 15 U. S. C. § 1127, and by the underlying principles of trademark law, including the requirements that the mark "identify and distinguish [the seller's] goods ... from those manufactured or sold by others and to indicate [their] source," ibid., and that it not be "functional," see, e. g., Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U. S. 844, 850, n. 10. The District Court's findings (accepted by the Ninth Circuit and here undisputed) show Qualitex's green-gold color has met these requirements. It acts as a symbol. Because customers identify the color as Qualitex's, it has developed secondary meaning, see, e. g., id., at 851, n. 11, and thereby identifies the press pads' source. And, the color serves no other function. (Although it is important to use some color on press pads to avoid noticeable stains, the court found no competitive need in the industry for the green-gold color, since other colors are equally usable.) Accordingly, unless there is some special reason that convincingly militates against the use of color alone as a trademark, trademark law protects Qualitex's use of its green-gold color. Pp. 162–166.

(b) Jacobson's various special reasons why the law should forbid the use of color alone as a trademark—that a contrary holding (1) will produce uncertainty and unresolvable court disputes about what shades of a color a competitor may lawfully use; (2) is unworkable in light of
the limited supply of colors that will soon be depleted by competitors; (3) is contradicted by many older cases, including decisions of this Court interpreting pre-Lanham Act trademark law; and (4) is unnecessary because firms already may use color as part of a trademark and may rely on “trade dress” protection—are unpersuasive. Pp. 166–174.

Breyer, J., delivered the opinion for a unanimous Court.

Donald G. Mulack argued the cause for petitioner. With him on the briefs were Christopher A. Bloom, Edward J. Chalfie, Heather C. Steinmeyer, and Ava B. Campagna.


Laurence D. Strick argued the cause and filed a brief for respondent.*

Justice Breyer delivered the opinion of the Court.

The question in this case is whether the Trademark Act of 1946 (Lanham Act), 15 U. S. C. §§ 1051–1127 (1988 ed. and Supp. V), permits the registration of a trademark that con-

*Briefs of amici curiae urging reversal were filed for the Bar Association of the District of Columbia by Bruce T. Wieder, Sheldon H. Klein, and Linda S. Paine-Powell; for B. F. Goodrich Co. by Lawrence S. Robbins and Mary Ann Tucker; for the Crosby Group, Inc., by Robert D. Yeager; for Dr Pepper/Seven-Up Corp. by David C. Gryce; for the Hand Tools Institute et al. by James E. Siegel, Witold A. Ziarno, and Rosemarie Biondi-Tofano; for Intellectual Property Owners by George R. Powers, Neil A. Smith, and Herbert C. Wamsley; for the International Trademark Association by Christopher C. Larkin, Joan L. Dillon, and Morton David Goldberg; and for Owens-Corning Fiberglas Corp. by Michael W. Schwartz and Marc Wolinsky.

Arthur M. Handler filed a brief for the Private Label Manufacturers Association as amicus curiae urging affirmance.
The case before us grows out of petitioner Qualitex Company’s use (since the 1950’s) of a special shade of green-gold color on the pads that it makes and sells to dry cleaning firms for use on dry cleaning presses. In 1989, respondent Jacobson Products (a Qualitex rival) began to sell its own press pads to dry cleaning firms; and it colored those pads a similar green gold. In 1991, Qualitex registered the special green-gold color on press pads with the Patent and Trademark Office as a trademark. Registration No. 1,633,711 (Feb. 5, 1991). Qualitex subsequently added a trademark infringement count, 15 U. S. C. § 1114(1), to an unfair competition claim, § 1125(a), in a lawsuit it had already filed challenging Jacobson’s use of the green-gold color.

Qualitex won the lawsuit in the District Court. 21 U. S. P. Q. 2d 1457 (CD Cal. 1991). But, the Court of Appeals for the Ninth Circuit set aside the judgment in Qualitex’s favor on the trademark infringement claim because, in that Circuit’s view, the Lanham Act does not permit Qualitex, or anyone else, to register “color alone” as a trademark. 13 F. 3d 1297, 1300, 1302 (1994).

The Courts of Appeals have differed as to whether or not the law recognizes the use of color alone as a trademark. Compare NutraSweet Co. v. Stadt Corp., 917 F. 2d 1024, 1028 (CA7 1990) (absolute prohibition against protection of color alone), with In re Owens-Corning Fiberglas Corp., 774 F. 2d 1116, 1128 (CA Fed. 1985) (allowing registration of color pink for fiberglass insulation), and Master Distributors, Inc. v. Pako Corp., 986 F. 2d 219, 224 (CA8 1993) (declining to establish per se prohibition against protecting color alone as a trademark). Therefore, this Court granted certiorari.
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U. S. 1287 (1994). We now hold that there is no rule absolutely barring the use of color alone, and we reverse the judgment of the Ninth Circuit.

II

The Lanham Act gives a seller or producer the exclusive right to “register” a trademark, 15 U. S. C. §1052 (1988 ed. and Supp. V), and to prevent his or her competitors from using that trademark, §1114(1). Both the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark. The language of the Lanham Act describes that universe in the broadest of terms. It says that trademarks “includ[e] any word, name, symbol, or device, or any combination thereof.” §1127. Since human beings might use as a “symbol” or “device” almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC’s three chimes), and even a particular scent (of plumeria blossoms on sewing thread). See, e.g., Registration No. 696,147 (Apr. 12, 1960); Registration Nos. 523,616 (Apr. 4, 1950) and 916,522 (July 13, 1971); In re Clarke, 17 U. S. P. Q. 2d 1238, 1240 (TTAB 1990). If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?

A color is also capable of satisfying the more important part of the statutory definition of a trademark, which requires that a person “us[e]” or “inten[d] to use” the mark “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” 15 U. S. C. §1127.

True, a product’s color is unlike “fanciful,” “arbitrary,” or “suggestive” words or designs, which almost automatically
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tell a customer that they refer to a brand. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9–10 (CA2 1976) (Friendly, J.); see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U. S. 763, 768 (1992). The imaginary word “Suntost,” or the words “Suntost Marmalade,” on a jar of orange jam immediately would signal a brand or a product “source”; the jam’s orange color does not do so. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm’s insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—i. e., “to indicate” their “source”—much in the way that descriptive words on a product (say, “Trim” on nail clippers or “Car-Freshner” on deodorizer) can come to indicate a product’s origin. See, e. g., *J. Wiss & Sons Co. v. W. E. Bassett Co.*, 59 C. C. P. A. 1269, 1271 (Pat.), 462 F. 2d 567, 569 (1972); *Car-Freshner Corp. v. Turtle Wax, Inc.*, 268 F. Supp. 162, 164 (SDNY 1967). In this circumstance, trademark law says that the word (e. g., “Trim”), although not inherently distinctive, has developed “secondary meaning.” See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 851, n. 11 (1982) (“[S]econdary meaning” is acquired when “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself”). Again, one might ask, if trademark law permits a descriptive word with secondary meaning to act as a mark, why would it not permit a color, under similar circumstances, to do the same?

We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained “secondary meaning” and therefore identifies and distinguishes a particular brand (and thus indicates its “source”). In principle, trademark law, by preventing others from copying a source-identifying mark, “reduce[s] the customer’s costs of shopping
and making purchasing decisions,” 1 J. McCarthy, McCarthy on Trademarks and Unfair Competition § 2.01[2], p. 2–3 (3d ed. 1994) (hereinafter McCarthy), for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby “encourage[s] the production of quality products,” ibid., and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale. See, e. g., 3 L. Altman, Callmann on Unfair Competition, Trademarks and Monopolies § 17.03 (4th ed. 1983); Landes & Posner, The Economics of Trademark Law, 78 T. M. Rep. 267, 271–272 (1988); Park ’N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U. S. 189, 198 (1985); S. Rep. No. 100–515, p. 4 (1988). It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes. See Landes & Posner, Trademark Law: An Economic Perspective, 30 J. Law & Econ. 265, 290 (1987). And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.

Neither can we find a principled objection to the use of color as a mark in the important “functionality” doctrine of trademark law. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U. S. C. §§154, 173, after which competitors are free to use the innovation. If a product’s functional features could be
used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). See *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 119–120 (1938) (Brandeis, J); *Inwood Laboratories, Inc.*, supra, at 863 (White, J., concurring in result) (“A functional characteristic is ‘an important ingredient in the commercial success of the product,’ and, after expiration of a patent, it is no more the property of the originator than the product itself”) (citation omitted). Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition—not by protecting the reputation of the original bulb maker, but by frustrating competitors’ legitimate efforts to produce an equivalent illumination-enhancing bulb. See, e. g., *Kellogg Co.*, supra, at 119–120 (trademark law cannot be used to extend monopoly over “pillow” shape of shredded wheat biscuit after the patent for that shape had expired). This Court consequently has explained that, “[i]n general terms, a product feature is functional,” and cannot serve as a trademark, “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Inwood Laboratories, Inc.*, supra, at 850, n. 10. Although sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality—indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark. See *Owens-Corning*, 774 F. 2d, at 1123 (pink color of insulation in wall “performs no non-trademark function”).
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It would seem, then, that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function. See U.S. Dept. of Commerce, Patent and Trademark Office, Trademark Manual of Examining Procedure § 1202.04(e), p. 1202–13 (2d ed. May, 1993) (hereinafter PTO Manual) (approving trademark registration of color alone where it “has become distinctive of the applicant's goods in commerce,” provided that “there is [no] competitive need for colors to remain available in the industry” and the color is not “functional”); see also 1 McCarthy §§ 3.01[1], 7.26, pp. 3–2, 7–113 (“requirements for qualification of a word or symbol as a trademark” are that it be (1) a “symbol,” (2) “use[d] . . . as a mark,” (3) “to identify and distinguish the seller's goods from goods made or sold by others,” but that it not be “functional”). Indeed, the District Court, in this case, entered findings (accepted by the Ninth Circuit) that show Qualitex's green-gold press pad color has met these requirements. The green-gold color acts as a symbol. Having developed secondary meaning (for customers identified the green-gold color as Qualitex's), it identifies the press pads' source. And, the green-gold color serves no other function. (Although it is important to use some color on press pads to avoid noticeable stains, the court found “no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.” 21 U.S. P. Q. 2d, at 1460.) Accordingly, unless there is some special reason that convincingly militates against the use of color alone as a trademark, trademark law would protect Qualitex's use of the green-gold color on its press pads.

III

Respondent Jacobson Products says that there are four special reasons why the law should forbid the use of color
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alone as a trademark. We shall explain, in turn, why we, ultimately, find them unpersuasive.

First, Jacobson says that, if the law permits the use of color as a trademark, it will produce uncertainty and unsolvable court disputes about what shades of a color a competitor may lawfully use. Because lighting (morning sun, twilight mist) will affect perceptions of protected color, competitors and courts will suffer from “shade confusion” as they try to decide whether use of a similar color on a similar product does, or does not, confuse customers and thereby infringe a trademark. Jacobson adds that the “shade confusion” problem is “more difficult” and “far different from” the “determination of the similarity of words or symbols.” Brief for Respondent 22.

We do not believe, however, that color, in this respect, is special. Courts traditionally decide quite difficult questions about whether two words or phrases or symbols are sufficiently similar, in context, to confuse buyers. They have had to compare, for example, such words as “Bonamine” and “Dramamine” (motion-sickness remedies); “Huggies” and “Dougies” (diapers); “Cheracol” and “Syrocol” (cough syrup); “Cyclone” and “Tornado” (wire fences); and “Mattres” and “1–800–Mattres” (mattress franchisor telephone numbers).


We do not see why courts could not apply those standards to a color, replicating, if necessary, lighting conditions under
which a colored product is normally sold. See Ebert, Trademark Protection in Color: Do It By the Numbers!, 84 T. M. Rep. 379, 405 (1994). Indeed, courts already have done so in cases where a trademark consists of a color plus a design, i. e., a colored symbol such as a gold stripe (around a sewer pipe), a yellow strand of wire rope, or a “brilliant yellow” band (on ampules). See, e. g., Youngstown Sheet & Tube Co. v. Tallman Conduit Co., 149 U. S. P. Q. 656, 657 (TTAB 1966); Amstead Industries, Inc. v. West Coast Wire Rope & Rigging Inc., 2 U. S. P. Q. 2d 1755, 1760 (TTAB 1987); In re Hodes-Lange Corp., 167 U. S. P. Q. 255, 256 (TTAB 1970).

Second, Jacobson argues, as have others, that colors are in limited supply. See, e. g., NutraSweet Co., 917 F. 2d, at 1028; Campbell Soup Co. v. Armour & Co., 175 F. 2d 795, 798 (CA3 1949). Jacobson claims that, if one of many competitors can appropriate a particular color for use as a trademark, and each competitor then tries to do the same, the supply of colors will soon be depleted. Put in its strongest form, this argument would concede that “[h]undreds of color pigments are manufactured and thousands of colors can be obtained by mixing.” L. Cheskin, Colors: What They Can Do For You 47 (1947). But, it would add that, in the context of a particular product, only some colors are usable. By the time one discards colors that, say, for reasons of customer appeal, are not usable, and adds the shades that competitors cannot use lest they risk infringing a similar, registered shade, then one is left with only a handful of possible colors. And, under these circumstances, to permit one, or a few, producers to use colors as trademarks will “deplete” the supply of usable colors to the point where a competitor’s inability to find a suitable color will put that competitor at a significant disadvantage.

This argument is unpersuasive, however, largely because it relies on an occasional problem to justify a blanket prohibition. When a color serves as a mark, normally alternative colors will likely be available for similar use by others. See, e. g., Owens-Corning, 774 F. 2d, at 1121 (pink insulation).
Moreover, if that is not so—if a "color depletion" or "color scarcity" problem does arise—the trademark doctrine of "functionality" normally would seem available to prevent the anticompetitive consequences that Jacobson's argument posits, thereby minimizing that argument's practical force.

The functionality doctrine, as we have said, forbids the use of a product's feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is "essential to the use or purpose of the article" or "affects [its] cost or quality." *Inwood Laboratories, Inc.*, 456 U. S., at 850, n. 10. The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (e. g., a type of blood medicine) in addition to its source. See *id.*, at 853, 858, n. 20 ("[S]ome patients commingle medications in a container and rely on color to differentiate one from another"); see also J. Ginsburg, D. Goldberg, & A. Greenbaum, Trademark and Unfair Competition Law 194–195 (1991) (noting that drug color cases "have more to do with public health policy" regarding generic drug substitution "than with trademark law"). And, the federal courts have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors). See *Deere & Co. v. Farmhand, Inc.*, 560
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F. Supp. 85, 98 (SD Iowa 1982), aff’d, 721 F. 2d 253 (CA8 1983); Brunswick Corp. v. British Seagull Ltd., 35 F. 3d 1527, 1532 (CA Fed. 1994), cert. pending, No. 94–1075; see also Nor-Am Chemical v. O. M. Scott & Sons Co., 4 U. S. P. Q. 2d 1316, 1320 (ED Pa. 1987) (blue color of fertilizer held functional because it indicated the presence of nitrogen). The Restatement (Third) of Unfair Competition adds that, if a design’s “aesthetic value” lies in its ability to “confer[r] a significant benefit that cannot practically be duplicated by the use of alternative designs,” then the design is “functional.” Restatement (Third) of Unfair Competition § 17, Comment c, pp. 175–176 (1993). The “ultimate test of aesthetic functionality,” it explains, “is whether the recognition of trademark rights would significantly hinder competition.” Id., at 176.

The upshot is that, where a color serves a significant non–trademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the “noble instinct for giving the right touch of beauty to common and necessary things,” G. Chesterton, Simplicity and Tolstoy 61 (1912)—courts will examine whether its use as a mark would permit one competitor (or a group) to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient. That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same. See, e. g., W. T. Rogers Co. v. Keene, 778 F. 2d 334, 343 (CA7 1985) (Posner, J.). But, ordinarily, it should prevent the anticompetitive consequences of Jacobson’s hypothetical “color depletion” argument, when, and if, the circumstances of a particular case threaten “color depletion.”

Third, Jacobson points to many older cases—including Supreme Court cases—in support of its position. In 1878, this Court described the common-law definition of trademark rather broadly to “consist of a name, symbol, figure, letter, form, or device, if adopted and used by a manufacturer or
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merchant in order to designate the goods he manufactures or sells to distinguish the same from those manufactured or sold by another.” *McLean v. Fleming*, 96 U.S. 245, 254. Yet, in interpreting the Trademark Acts of 1881 and 1905, 21 Stat. 502, 33 Stat. 724, which retained that common-law definition, the Court questioned “[w]hether mere color can constitute a valid trade-mark,” *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166, 171 (1906), and suggested that the “product including the coloring matter is free to all who make it,” *Coca-Cola Co. v. Koke Co. of America*, 254 U.S. 143, 147 (1920). Even though these statements amounted to dicta, lower courts interpreted them as forbidding protection for color alone. See, e.g., *Campbell Soup Co.*, 175 F. 2d, at 798, and n. 9; *Life Savers Corp. v. Curtiss Candy Co.*, 182 F. 2d 4, 9 (CA7 1950) (quoting *Campbell Soup*, supra, at 798).

These Supreme Court cases, however, interpreted trademark law as it existed before 1946, when Congress enacted the Lanham Act. The Lanham Act significantly changed and liberalized the common law to “dispense with mere technical prohibitions,” S. Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946), most notably, by permitting trademark registration of descriptive words (say, “U-Build-It” model airplanes) where they had acquired “secondary meaning.” See *Abercrombie & Fitch Co.*, 537 F. 2d, at 9 (Friendly, J.). The Lanham Act extended protection to descriptive marks by making clear that (with certain explicit exceptions not relevant here)


This language permits an ordinary word, normally used for a nontrademark purpose (e.g., description), to act as a trademark where it has gained “secondary meaning.” Its logic
would appear to apply to color as well. Indeed, in 1985, the Federal Circuit considered the significance of the Lanham Act's changes as they related to color and held that trademark protection for color was consistent with the

"jurisprudence under the Lanham Act developed in accordance with the statutory principle that if a mark is capable of being or becoming distinctive of [the] applicant's goods in commerce, then it is capable of serving as a trademark." *Owens-Corning*, 774 F. 2d, at 1120.

In 1988, Congress amended the Lanham Act, revising portions of the definitional language, but left unchanged the language here relevant. § 134, 102 Stat. 3946, 15 U. S. C. § 1127. It enacted these amendments against the following background: (1) the Federal Circuit had decided *Owens-Corning*; (2) the Patent and Trademark Office had adopted a clear policy (which it still maintains) permitting registration of color as a trademark, see PTO Manual § 1202.04(e) (at p. 1200–12 of the January 1986 edition and p. 1202–13 of the May 1993 edition); and (3) the Trademark Commission had written a report, which recommended that "the terms 'symbol, or device' . . . not be deleted or narrowed to preclude registration of such things as a color, shape, smell, sound, or configuration which functions as a mark," The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 T. M. Rep. 375, 421 (1987); see also 133 Cong. Rec. 32812 (1987) (statement of Sen. DeConcini) ("The bill I am introducing today is based on the Commission's report and recommendations"). This background strongly suggests that the language "any word, name, symbol, or device," 15 U. S. C. § 1127, had come to include color. And, when it amended the statute, Congress retained these terms. Indeed, the Senate Report accompanying the Lanham Act revision explicitly referred to this background understanding, in saying that the "revised definition intentionally retains . . .
the words ‘symbol or device’ so as not to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks.” S. Rep. No. 100–515, at 44. (In addition, the statute retained language providing that “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration . . . on account of its nature” (except for certain specified reasons not relevant here). 15 U. S. C. § 1052 (1988 ed., Supp. V).

This history undercuts the authority of the precedent on which Jacobson relies. Much of the pre-1985 case law rested on statements in Supreme Court opinions that interpreted pre-Lanham Act trademark law and were not directly related to the holdings in those cases. Moreover, we believe the Federal Circuit was right in 1985 when it found that the 1946 Lanham Act embodied crucial legal changes that liberalized the law to permit the use of color alone as a trademark (under appropriate circumstances). At a minimum, the Lanham Act’s changes left the courts free to reevaluate the preexisting legal precedent which had absolutely forbidden the use of color alone as a trademark. Finally, when Congress reenacted the terms “word, name, symbol, or device” in 1988, it did so against a legal background in which those terms had come to include color, and its statutory revision embraced that understanding.

Fourth, Jacobson argues that there is no need to permit color alone to function as a trademark because a firm already may use color as part of a trademark, say, as a colored circle or colored letter or colored word, and may rely upon “trade dress” protection, under § 43(a) of the Lanham Act, if a competitor copies its color and thereby causes consumer confusion regarding the overall appearance of the competing products or their packaging, see 15 U. S. C. § 1125(a) (1988 ed., Supp. V). The first part of this argument begs the question. One can understand why a firm might find it difficult to place a usable symbol or word on a product (say, a large industrial
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bolt that customers normally see from a distance); and, in such instances, a firm might want to use color, pure and simple, instead of color as part of a design. Neither is the second portion of the argument convincing. Trademark law helps the holder of a mark in many ways that "trade dress" protection does not. See 15 U. S. C. §1124 (ability to prevent importation of confusingly similar goods); §1072 (constructive notice of ownership); §1065 (incontestible status); §1057(b) (prima facie evidence of validity and ownership). Thus, one can easily find reasons why the law might provide trademark protection in addition to trade dress protection.

IV

Having determined that a color may sometimes meet the basic legal requirements for use as a trademark and that respondent Jacobson's arguments do not justify a special legal rule preventing color alone from serving as a trademark (and, in light of the District Court's here undisputed findings that Qualitex's use of the green-gold color on its press pads meets the basic trademark requirements), we conclude that the Ninth Circuit erred in barring Qualitex's use of color as a trademark. For these reasons, the judgment of the Ninth Circuit is

Reversed.
Synopsis

**Background:** Jewelry seller brought action against online auction site proprietor through which counterfeit seller-branded merchandise was sold, alleging trademark infringement, false advertising, or trademark dilution. The United States District Court for the Southern District of New York, Richard J. Sullivan, J., 576 F.Supp.2d 463, entered judgment in favor of proprietor with respect to claims of trademark infringement and dilution, and seller appealed.

**Holdings:** The Court of Appeals, Sack, Circuit Judge, held that:

1. Proprietor's use of jewelry seller's mark on its website and in sponsored links did not constitute direct trademark infringement, and

2. Proprietor's generalized knowledge of infringement of seller's trademark on its website was not sufficient to impose upon proprietor an affirmative duty to remedy the problem, and therefore proprietor was not liable for contributory trademark infringement for facilitating the infringing conduct of counterfeiting vendors.

Affirmed in part, and remanded in part.

West Headnotes (16)

[1] **Trademarks**

- **Infringement**

  Test for direct trademark infringement looks first to whether the plaintiff's mark is entitled to protection, and second to whether the defendant's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods. Lanham Act, § 32, 15 U.S.C.A. § 1114.

  24 Cases that cite this headnote

[2] **Trademarks**

- **Of another's product; nominative and comparative use**

  Doctrine of nominative fair use allows a defendant to use a plaintiff's trademark to identify the plaintiff's goods so long as there is no likelihood of confusion about the source of the defendant's product or the mark-holder's sponsorship or affiliation.

  24 Cases that cite this headnote

[3] **Trademarks**

- **Identification or Description**

  While a trademark conveys an exclusive right to the use of a mark in commerce in the area reserved, that right generally does not prevent one who trades a branded product from accurately describing it by its brand name, so long as the trader does not create confusion by implying an affiliation with the owner of the product.

  6 Cases that cite this headnote

[4] **Trademarks**

- **Of one's own product; fair use**

  Online auction site proprietor's use of jewelry seller's mark on its website and in sponsored links did not constitute direct trademark infringement under Lanham Act; proprietor used the mark to describe accurately the
genuine seller's goods offered for resale on its website, and none of proprietor's uses of the mark suggested that seller affiliated itself with proprietor or endorsed the sale of its products through proprietor's website. Lanham Act, § 32, 15 U.S.C.A. § 1114.

5 Cases that cite this headnote

[5] Trademarks

Contributory liability

There are two ways in which a service provider may become contributorily liable for trademark infringement of another: (1) if the service provider intentionally induces another to infringe a trademark, and (2) if the service provider continues to supply its service to one whom it knows or has reason to know is engaging in trademark infringement.

53 Cases that cite this headnote


Contributory liability

Online auction site proprietor's generalized knowledge of infringement of seller's trademark on its website was not sufficient to impose upon proprietor an affirmative duty to remedy the problem, and therefore proprietor was not liable for contributory trademark infringement for facilitating the infringing conduct of counterfeiting vendors; proprietor could not be held contributorily liable without evidence that it had specific contemporary knowledge of which particular listings were infringing or would infringe in the future.

43 Cases that cite this headnote

[7] Trademarks

Contributory liability

Service provider is not contributorily liable for trademark infringement of another merely for failing to anticipate that others would use its service to infringe a protected mark.

37 Cases that cite this headnote

[8] Trademarks

Contributory liability

When service provider has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from liability for trademark infringement by willful blindness.

24 Cases that cite this headnote

[9] Trademarks

Reduction of Mark's Capacity to Identify; Blurring

“Dilution by blurring” can occur regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. Lanham Act, § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

8 Cases that cite this headnote

[10] Trademarks

Reduction of Mark's Capacity to Identify; Blurring

“Dilution by tarnishment” generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product. Lanham Act, § 43(c)(2)(C), 15 U.S.C.A. § 1125(c)(2)(C).

8 Cases that cite this headnote


Nature and extent of harm; similarity, competition, and confusion

New York does not require a mark to be 'famous' for protection against dilution to apply, and does not permit a dilution claim unless the marks are substantially similar. N.Y. McKinney's General Business Law § 360–l.
Online auction site proprietor did not engage in dilution of jewelry seller's protected mark in violation of federal or New York law by permitting resale of counterfeit seller-branded merchandise through its website. Lanham Act, § 43(c), 15 U.S.C.A. § 1125(c); N.Y.McKinney's General Business Law § 360-1.

Lanham Act prohibits an advertisement that implies that all of the goods offered on a defendant's website are genuine when in fact a sizeable proportion of them are not. Lanham Act, § 43(a)(1)(B), 15 U.S.C.A. § 1125(a)(1)(B).

To succeed in a likelihood-of-confusion false advertising case where the statement at issue is not literally false, a plaintiff must demonstrate, by extrinsic evidence, that the challenged commercials tend to mislead or confuse consumers, and must demonstrate that a statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement. Lanham Act, § 43(a)(1)(B), 15 U.S.C.A. § 1125(a)(1)(B).

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Before: SACK and B.D. PARKER, Circuit Judges, and GOLDBERG, Judge.

Opinion

SACK, Circuit Judge:

eBay, Inc. (“eBay”), through its eponymous online marketplace, has revolutionized the online sale of goods, especially used goods. It has facilitated the buying and selling by hundreds of millions of people and entities, to their benefit and eBay's profit. But that marketplace is sometimes employed by users as a means to perpetrate fraud by selling counterfeit goods.

Plaintiffs Tiffany (NJ) Inc. and Tiffany and Company (together, “Tiffany”) have created and cultivated a brand of jewelry bespeaking high-end quality and style. Based on Tiffany’s concern that some use eBay’s website to sell counterfeit Tiffany merchandise, Tiffany has instituted this action against eBay, asserting various causes of action—sounding in trademark infringement, trademark dilution and false advertising—arising from eBay’s advertising and listing practices. For the reasons set forth below, we affirm the district court's judgment with respect to Tiffany's claims of trademark infringement and dilution but remand for further proceedings with respect to Tiffany's false advertising claim.

BACKGROUND

By opinion dated July 14, 2008, following a week-long bench trial, the United States District Court for the Southern District of New York (Richard J. Sullivan, Judge) set forth its findings of fact and conclusions of law. Tiffany (NJ) Inc. v. eBay, Inc., 576 F.Supp.2d 463 (S.D.N.Y.2008) (“Tiffany”). When reviewing a judgment following a bench trial in the district court, we review the court's findings of fact for clear error and its conclusions of law de novo. Giordano v. Thomson, 564 F.3d 163, 168 (2d Cir.2009). Except where noted otherwise, we conclude that the district court's findings of fact are not clearly erroneous. We therefore rely upon those non-erroneous findings in setting forth the facts of, and considering, this dispute.

eBay

eBay is the proprietor of www.ebay.com, an Internet-based marketplace that *97 allows those who register with it to purchase goods from and sell goods to one another. It “connect[s] buyers and sellers and [ ] enable[s] transactions, which are carried out directly between eBay members.” Tiffany, 576 F.Supp.2d at 475. 2 In its auction and listing services, it “provides the venue for the sale [of goods] and support for the transaction[s], [but] it does not itself sell the items” listed for sale on the site, id. at 475, nor does it ever take physical possession of them, id. Thus, “eBay generally does not know whether or when an item is delivered to the buyer.” Id.

eBay has been enormously successful. More than six million new listings are posted on its site daily. Id. At any given time it contains some 100 million listings. Id.

eBay generates revenue by charging sellers to use its listing services. For any listing, it charges an “insertion fee” based on the auction's starting price for the goods being sold and ranges from $0.20 to $4.80. Id. For any completed sale, it charges a “final value fee” that ranges from 5.25% to 10% of the final sale price of the item. Id. Sellers have the option of purchasing, at additional cost, features “to differentiate their listings, such as a border or bold-faced type.” Id.

eBay also generates revenue through a company named PayPal, which it owns and which allows users to process their purchases. PayPal deducts, as a fee for each transaction that it processes, 1.9% to 2.9% of the transaction amount, plus $0.30. Id. This gives eBay an added incentive to increase both the volume and the price of the goods sold on its website. Id.

Tiffany
Tiffany is a world-famous purveyor of, among other things, branded jewelry. *Id.* at 471–72. Since 2000, all new Tiffany jewelry sold in the United States has been available exclusively through Tiffany's retail stores, catalogs, and website, and through its Corporate Sales Department. *Id.* at 472–73. It does not use liquidators, sell overstock merchandise, or put its goods on sale at discounted prices. *Id.* at 473. It does not—not nor can it, for that matter—control the “legitimate secondary market in authentic Tiffany silvery jewelry,” i.e., the market for second-hand Tiffany wares. *Id.* at 473. The record developed at trial “offere[d] little basis from which to discern the actual availability of authentic Tiffany silver jewelry in the secondary market.” *Id.* at 474.

Sometime before 2004, Tiffany became aware that counterfeit Tiffany merchandise was being sold on eBay's site. Prior to and during the course of this litigation, Tiffany conducted two surveys known as “Buying Programs,” one in 2004 and another in 2005, in an attempt to assess the extent of this practice. Under those programs, Tiffany bought various items on eBay and then inspected and evaluated them to determine how many were counterfeit. *Id.* at 485. Tiffany found that 73.1% of the purported Tiffany goods purchased in the 2004 Buying Program and 75.5% of those purchased in the 2005 Buying Program were counterfeit. *Id.* The district court concluded, however, that the Buying Programs were “methodologically flawed and of questionable value,” *id.* at 512, and “provide[d] limited evidence as to the total percentage of counterfeit goods available on eBay at any given time,” *id.* at 486. The court nonetheless decided that during the period in which the Buying Programs were in effect, a “significant portion of the ‘Tiffany’ sterling silver jewelry listed on the eBay website ... was counterfeit,” *id.*, and that eBay knew “that some portion of the Tiffany goods sold on its website might be counterfeit,” *id.* at 507. The court found, however, that “a substantial number of authentic Tiffany goods are [also] sold on eBay.” *Id.* at 509.

Reducing or eliminating the sale of all second-hand Tiffany goods, including genuine Tiffany pieces, through eBay's website would benefit Tiffany in at least one sense: It would diminish the competition in the market for genuine Tiffany merchandise. *See id.* at 510 n. 36 (noting that “there is at least some basis in the record for eBay's assertion that one of Tiffany's goals in pursuing this litigation is to shut down the legitimate secondary market in authentic Tiffany goods”). The immediate effect would be loss of revenue to eBay, even though there might be a countervailing gain by eBay resulting from increased consumer confidence about the bona fides of other goods sold through its website.

**Anti–Counterfeiting Measures**

Because eBay facilitates many sales of Tiffany goods, genuine and otherwise, and obtains revenue on every transaction, it generates substantial revenues from the sale of purported Tiffany goods, some of which are counterfeit. “eBay's Jewelry & Watches category manager estimated that, between April 2000 and June 2004, eBay earned $4.1 million in revenue from completed listings with ‘Tiffany’ in the listing title in the Jewelry & Watches category.” *Id.* at 481. Although eBay was generating revenue from all sales of goods on its site, including counterfeit goods, the district court found eBay to have “an interest in eliminating counterfeit Tiffany merchandise from eBay ... to preserve the reputation of its website as a safe place to do business.” *Id.* at 469. The buyer of fake Tiffany goods might, if and when the forgery was detected, fault eBay. Indeed, the district court found that “buyers ... complain[ed] to eBay” about the sale of counterfeit Tiffany goods. *Id.* at 487. “[D]uring the last six weeks of 2004, 125 consumers complained to eBay about purchasing ‘Tiffany’ items through the eBay website that they believed to be counterfeit.” *Id.*

Because eBay “never saw or inspected the merchandise in the listings,” its ability to determine whether a particular listing was for counterfeit goods was limited. *Id.* at 477–78. Even had it been able to inspect the goods, moreover, in many instances it likely would not have had the expertise to determine whether they were counterfeit. *Id.* at 472 n. 7 (“[I]n many instances, determining whether an item is counterfeit will require a physical inspection of the item, and some degree of expertise on the part of the examiner.”).

Notwithstanding these limitations, eBay spent “as much as $20 million each year on tools to promote trust and safety on its website.” *Id.* at 476. For example, eBay and PayPal set up “buyer protection programs,” under which, in certain circumstances, the buyer would be reimbursed for the cost of items purchased on eBay that were discovered not to be genuine. *Id.* at 479. eBay also established a “Trust and Safety” department, with some 4,000 employees “devoted to trust and safety” issues,
including over 200 who “focus exclusively on combating infringement” and 70 who “work exclusively with law enforcement.” *Id.* at 476.

By May 2002, eBay had implemented a “fraud engine,” “which is principally dedicated to ferreting out illegal listings, including counterfeit listings.” *Id.* at 477. eBay had theretofore employed manual searches for keywords in listings in an effort to “identify blatant instances of potentially infringing ... activity.” *Id.* “The fraud engine uses rules and complex models that automatically search for activity that violates eBay policies.” *Id.* In addition to identifying items actually advertised as counterfeit, the engine also incorporates various filters designed to screen out less-obvious instances of counterfeiting using “data elements designed to evaluate listings based on, for example, the seller's Internet protocol address, any issues associated with the seller's account on eBay, and the feedback the seller has received from other eBay users.” *Id.* In addition to general filters, the fraud engine incorporates “Tiffany-specific filters,” including “approximately 90 different keywords” designed to help distinguish between genuine and counterfeit Tiffany goods. *Id.* at 491. During the period in dispute, eBay also “periodically conducted [manual] reviews of listings in an effort to remove those that might be selling counterfeit goods, including Tiffany goods.” *Id.*

For nearly a decade, including the period at issue, eBay has also maintained and administered the “Verified Rights Owner (VeRO) Program”—a “notice-and-takedown” system allowing owners of intellectual property rights, including Tiffany, to “report to eBay any listing offering potentially infringing items, so that eBay could remove such reported listings.” *Id.* at 478. Any such rights-holder with a “good-faith belief that [a particular listed] item infringed on a copyright or a trademark” could report the item to eBay, using a “Notice Of Claimed Infringement form or NOCI form.” *Id.* During the period under consideration, eBay's practice was to remove reported listings within twenty-four hours of receiving a NOCI, but eBay in fact deleted seventy to eighty percent of them within twelve hours of notification. *Id.*

On receipt of a NOCI, if the auction or sale had not ended, eBay would, in addition to removing the listing, cancel the bids and inform the seller of the reason for the cancellation. If bidding had ended, eBay would retroactively cancel the transaction. *Id.* In the event of a cancelled auction, eBay would refund the fees it had been paid in connection with the auction. *Id.* at 478–79.

In some circumstances, eBay would reimburse the buyer for the cost of a purchased item, provided the buyer presented evidence that the purchased item was counterfeit. *Id.* at 479. During the relevant time period, the district court found, eBay “never refused to remove a reported Tiffany listing, acted in good faith in responding to Tiffany's NOCIs, and always provided Tiffany with the seller's contact information.” *Id.* at 488.

In addition, eBay has allowed rights owners such as Tiffany to create an “About Me” webpage on eBay's website “to inform eBay users about their products, intellectual property rights, and legal positions.” *Id.* at 479. eBay does not exercise control over the content of those pages in a manner material to the issues before us.

Tiffany, not eBay, maintains the Tiffany “About Me” page. With the headline “BUYER BEWARE,” the page begins: “Most of the purported TIFFANY & CO. silver jewelry and packaging available on eBay is counterfeit.” Pl.'s Ex. 290 (bold face type in original). It also says, inter alia:

The only way you can be certain that you are purchasing a genuine TIFFANY & CO. product is to purchase it from a Tiffany & Co. retail store, via our website (www.tiffany.com) or through a Tiffany & Co. catalogue. Tiffany & Co. stores do not authenticate merchandise. A good jeweler or appraiser may be able to do this for you.

*Id.*

In 2003 or early 2004, eBay began to use “special warning messages when a seller attempted to list a Tiffany item.” *Tiffany*, 576 F.Supp.2d at 491. These messages “instructed the seller to make sure that the item was authentic Tiffany merchandise and informed the seller that eBay ‘does not tolerate the listing of replica, counterfeit, or otherwise unauthorized items' and that violation of this policy ‘could result in suspension of [the seller's] account.'” *Id.*
(alteration in original). The messages also provided a link to Tiffany’s “About Me” page with its “buyer beware” disclaimer. *Id.* If the seller “continued to list an item despite the warning, the listing was flagged for review.” *Id.*

In addition to cancelling particular suspicious transactions, eBay has also suspended from its website “hundreds of thousands of sellers every year,” tens of thousands of whom were suspected [of] having engaged in infringing conduct.” *Id.* at 489. eBay primarily employed a “three strikes rule” for suspensions, but would suspend sellers after the first violation if it was clear that “the seller ‘listed a number of infringing items,’ and [selling counterfeit merchandise] appears to be the only thing they’ve come to eBay to do.” *Id.* But if “a seller listed a potentially infringing item but appeared overall to be a legitimate seller, the ‘infringing items [were] taken down, and the seller [would] be sent a warning on the first offense and given the educational information, [and] told that ... if they do this again, they will be suspended from eBay.’” *Id.* (alterations in original). 5

By late 2006, eBay had implemented additional anti-fraud measures: delaying the ability of buyers to view listings of certain brand names, including Tiffany’s, for 6 to 12 hours so as to give rights-holders such as Tiffany more time to review those listings; developing the ability to assess the number of items listed in a given listing; and restricting one-day and three-day auctions and cross-border trading for some brand-name items. *Id.* at 492.

The district court concluded that “eBay consistently took steps to improve its technology and develop anti-fraud measures as such measures became technologically feasible and reasonably available.” *Id.* at 493.

*eBay’s Advertising*

At the same time that eBay was attempting to reduce the sale of counterfeit items on its website, it actively sought to promote sales of premium and branded jewelry, including Tiffany merchandise, on its site. *Id.* at 479–80. Among other things, eBay “advised its sellers to take advantage of the demand for Tiffany merchandise as part of a broader effort to grow the Jewelry & Watches category.” *Id.* at 479.


These advertisements provided the reader with hyperlinks, at least one of each of which was related to Tiffany merchandise—“Tiffany,” “Tiffany & Co. under $150,” “Tiffany & Co.,” “Tiffany Rings,” or “Tiffany & Co. under $50.” Pl.’s Exs. 392, 1064.

eBay also purchased sponsored-link advertisements on various search engines to promote the availability of Tiffany items on its website. *Tiffany,* 576 F.Supp.2d at 480. In one such case, in the form of a printout of the results list from a search on Yahoo! for “tiffany,” the second sponsored link read “Tiffany on eBay. Find tiffany items at low prices. With over 5 million items for sale every day, you'll find all kinds of unique [unreadable] Marketplace. www.ebay.com.” Pl.’s Ex. 1065 (bold face type in original). Tiffany complained to eBay of the practice in 2003, and eBay told Tiffany that it had ceased buying sponsored links. *Tiffany,* 576 F.Supp.2d at 480.

The district court found, however, that eBay continued to do so indirectly through a third party. *Id.*

**Procedural History**

By amended complaint dated July 15, 2004, Tiffany initiated this action. It alleged, *inter alia,* that eBay’s conduct—i.e., facilitating and advertising the sale of “Tiffany” goods that turned out to be counterfeit—constituted direct and contributory trademark infringement, trademark dilution, and false advertising. On July 14, 2008, following a bench trial, the district court, in a thorough and thoughtful opinion, set forth its findings of fact and conclusions of law, deciding in favor of eBay on all claims.

Tiffany appeals from the district court’s judgment for eBay.

**DISCUSSION**

We review the district court’s findings of fact for clear error and its conclusions of law *de novo.* *Giordano v. Thomson,* 564 F.3d 163, 168 (2d Cir.2009).
I. Direct Trademark Infringement

[Tiffany alleges that eBay infringed its trademark in violation of section 32 of the Lanham Act. 6 The district court described this as a claim of “direct trademark infringement,” Tiffany, 576 F.Supp.2d at 493, and we adopt that terminology. Under section 32, “the owner of a mark registered with the Patent and Trademark Office can bring a civil action against a person alleged to have used the mark without the owner's consent.” ITC Ltd. v. Punchgini, Inc., 482 F.3d 135, 145-46 (2d Cir.), cert. denied, 552 U.S. 827, 128 S.Ct. 288, 169 L.Ed.2d 38 (2007). We analyze such a claim “under a familiar two-prong test. The test looks first to whether the plaintiff's mark is entitled to protection, and second to whether the defendant's use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods.” Savin Corp. v. Savin Group, 391 F.3d 439, 456 (2d Cir.2004) (alterations incorporated and ellipses omitted), cert. denied, 546 U.S. 822, 126 S.Ct. 116, 163 L.Ed.2d 64 (2005).

In the district court, Tiffany argued that eBay had directly infringed its mark by using it on eBay's website and by purchasing sponsored links containing the mark on Google and Yahoo! Tiffany, 576 F.Supp.2d at 494. Tiffany also argued that eBay and the sellers of the counterfeit goods using its site were jointly and severally liable. Id. The district court rejected these arguments on the ground that eBay's use of Tiffany's mark was protected by the doctrine of nominative fair use. Id. at 494–95.

[2] The doctrine of nominative fair use allows “[a] defendant [to] use a plaintiff's trademark to identify the plaintiff's goods so long as there is no likelihood of confusion about the source of [the] defendant's product or the mark-holder's sponsorship or affiliation.” Merck & Co. v. Mediplan Health Consulting, Inc., 425 F.Supp.2d 402, 413 (S.D.N.Y.2006). The doctrine apparently originated in the Court of Appeals for the Ninth Circuit. See New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302 (9th Cir.1992). To fall within the protection, according to that court: “First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” Id. at 308.

The Court of Appeals for the Third Circuit has endorsed these principles. See Century 21 Real Estate Corp. v. Lendingtree, Inc., 425 F.3d 211, 222 (3d Cir.2005). 7 We have referred to the doctrine, albeit without adopting or rejecting it. See, e.g., Chambers v. Time Warner, Inc., 282 F.3d 147, 156 (2d Cir.2002) (noting that the district court had “[a]pply [ied] the standard for non-trademark or 'nominative' fair use set forth by the Ninth Circuit”). Other circuits have done similarly. See, e.g., Univ. Commc'n Sys., Inc. v. Lycos, Inc., 478 F.3d 413, 424 (1st Cir.2007); Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 547 (5th Cir.1998), abrogated on other grounds by TraffIX Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001).

[3] We need not address the viability of the doctrine to resolve Tiffany's claim, however. We have recognized that a defendant may lawfully use a plaintiff's trademark where doing so is necessary to describe the plaintiff's product and does not imply a false affiliation or endorsement *103 by the plaintiff of the defendant. “While a trademark conveys an exclusive right to the use of a mark in commerce in the area reserved, that right generally does not prevent one who trades a branded product from accurately describing it by its brand name, so long as the trader does not create confusion by implying an affiliation with the owner of the product.” Dow Jones & Co. v. Int'l Sec. Exch., Inc., 451 F.3d 295, 308 (2d Cir.2006); see also Polymer Tech. Corp. v. Mimran, 975 F.2d 58, 61–62 (2d Cir.1992) (“As a general rule, trademark law does not reach the sale of genuine goods bearing a true mark even though the sale is not authorized by the mark owner” (footnote omitted)); cf. Prestonettes, Inc. v. Coty, 264 U.S. 359, 368, 44 S.Ct. 350, 68 L.Ed. 731 (1924) (when a “mark is used in a way that does not deceive the public,” there is “no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.”).

[4] We agree with the district court that eBay's use of Tiffany's mark on its website and in sponsored links was lawful. eBay used the mark to describe accurately the genuine Tiffany goods offered for sale on its website. And none of eBay's uses of the mark suggested that Tiffany affiliated itself with eBay or endorsed the sale of its products through eBay's website.
Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93 (2010)

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In addition, the “About Me” page that Tiffany has maintained on eBay’s website since 2004 states that “[m]ost of the purported ‘TIFFANY & CO.’ silver jewelry and packaging available on eBay is counterfeit.” Tiffany, 576 F.Supp.2d at 479 (internal quotation marks omitted). The page further explained that Tiffany itself sells its products only through its own stores, catalogues, and website. Id.

Tiffany argues, however, that even if eBay had the right to use its mark with respect to the resale of genuine Tiffany merchandise, eBay infringed the mark because it knew or had reason to know that there was “a substantial problem with the sale of counterfeit [Tiffany] silver jewelry” on the eBay website. Appellants’ Br. 45. As we discuss below, eBay’s knowledge vel non that counterfeit Tiffany wares were offered through its website is relevant to the issue of whether eBay contributed to the direct infringement of Tiffany’s mark by the counterfeiting vendors themselves, or whether eBay bears liability for false advertising. But it is not a basis for a claim of direct trademark infringement against eBay, especially inasmuch as it is undisputed that eBay promptly removed all listings that Tiffany challenged as counterfeit and took affirmative steps to identify and remove illegitimate Tiffany goods. To impose liability because eBay cannot guarantee the genuineness of all of the purported Tiffany products offered on its website would unduly inhibit the lawful resale of genuine Tiffany goods.

We conclude that eBay’s use of Tiffany’s mark in the described manner did not constitute direct trademark infringement.

II. Contributory Trademark Infringement

The more difficult issue, and the one that the parties have properly focused our attention on, is whether eBay is liable for contributory trademark infringement—i.e., for culpably facilitating the infringing conduct of the counterfeiting vendors. Acknowledging the paucity of case law to guide us, we conclude that the district court correctly granted judgment on this issue in favor of eBay.

A. Principles

Contributory trademark infringement is a judicially created doctrine that derives from the common law of torts. See, e.g., *104 Hard Rock Café Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1148 (7th Cir.1992); cf. Metro–Goldwyn–Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 930, 125 S.Ct. 2764, 162 L.Ed.2d 781 (2005) (“[T]hese doctrines of secondary liability emerged from common law principles and are well established in the law.”) (citations omitted). The Supreme Court most recently dealt with the subject in Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U.S. 844, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982). There, the plaintiff, Ives, asserted that several drug manufacturers had induced pharmacists to mislabel a drug the defendants produced to pass it off as Ives’. See id. at 847–50, 102 S.Ct. 2182. According to the Court, “if a manufacturer or distributor intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, the manufacturer or distributor is contributorily responsible for any harm done as a result of the deceit.” Id. at 854, 102 S.Ct. 2182. The Court ultimately decided to remand the case to the Court of Appeals after concluding it had improperly rejected factual findings of the district court favoring the defendant manufacturers. Id. at 857–59, 102 S.Ct. 2182.

Inwood’s test for contributory trademark infringement applies on its face to manufacturers and distributors of goods. Courts have, however, extended the test to providers of services.

The Seventh Circuit applied Inwood to a lawsuit against the owner of a swap meet, or “flea market,” whose vendors were alleged to have sold infringing Hard Rock Café T-shirts. See Hard Rock Café, 955 F.2d at 1148–49. The court “treated trademark infringement as a species of tort,” id. at 1148, and analogized the swap meet owner to a landlord or licensor, on whom the common law “imposes the same duty ... [as Inwood] impose[s] on manufacturers and distributors,” id. at 1149; see also Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259 (9th Cir.1996) (adopting Hard Rock Café’s reasoning and applying Inwood to a swap meet owner).

Speaking more generally, the Ninth Circuit concluded that Inwood’s test for contributory trademark infringement applies to a service provider if he or she exercises sufficient control over the infringing conduct. *105 Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 984 (9th Cir.1999); see also id. (“Direct control and monitoring of the instrumentality used by a third party to infringe the plaintiff’s mark permits the expansion of Inwood
We have apparently addressed contributory trademark infringement in only two related decisions, see Polymer Tech. Corp. v. Mimran, 975 F.2d 58, 64 (2d Cir.1992) (“Polymer I”); Polymer Tech. Corp. v. Mimran, 37 F.3d 74, 81 (2d Cir.1994) (“Polymer II”), and even then in little detail. Citing Inwood, we said that “[a] distributor who intentionally induces another to infringe a trademark, or continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement, is contributorily liable for any injury.” Polymer I, 975 F.2d at 64.

The limited case law leaves the law of contributory trademark infringement ill-defined. Although we are not the first court to consider the application of Inwood to the Internet, see, e.g., Lockheed, 194 F.3d 980, supra (Internet domain name registrar), we are apparently the first to consider its application to an online marketplace. 9

B. Discussion

1. Does Inwood Apply?

In the district court, the parties disputed whether eBay was subject to the Inwood test. See Tiffany, 576 F.Supp.2d at 504. eBay argued that it was not because it supplies a service while Inwood governs only manufacturers and distributors of products. Id. The district court rejected that distinction. It adopted instead the reasoning of the Ninth Circuit in Lockheed to conclude that Inwood applies to a service provider who exercises sufficient control over the means of the infringing conduct. Id. at 505–06. Looking “to the extent of the control exercised by eBay over its sellers' means of infringement,” the district court concluded that Inwood applied in light of the “significant control” eBay retained over the transactions and listings facilitated by and conducted through its website. Id. at 505–07.

On appeal, eBay no longer maintains that it is not subject to Inwood. 10 We *106 therefore assume without deciding that Inwood's test for contributory trademark infringement governs.

2. Is eBay Liable Under Inwood?

[5] The question that remains, then, is whether eBay is liable under the Inwood test on the basis of the services it provided to those who used its website to sell counterfeit Tiffany products. As noted, when applying Inwood to service providers, there are two ways in which a defendant may become contributorily liable for the infringing conduct of another: first, if the service provider “intentionally induces another to infringe a trademark,” and second, if the service provider “continues to supply its [service] to one whom it knows or has reason to know is engaging in trademark infringement.” Inwood, 456 U.S. at 854, 102 S.Ct. 2182. Tiffany does not argue that eBay induced the sale of counterfeit Tiffany goods on its website—the circumstances addressed by the first part of the Inwood test. It argues instead, under the second part of the Inwood test, that eBay continued to supply its services to the sellers of counterfeit Tiffany goods while knowing or having reason to know that such sellers were infringing Tiffany's mark.

The district court rejected this argument. First, it concluded that to the extent the NOCIs that Tiffany submitted gave eBay reason to know that particular listings were for counterfeit goods, eBay did not continue to carry those listings once it learned that they were spurious. Tiffany, 576 F.Supp.2d at 515–16. The court found that eBay's practice was promptly to remove the challenged listing from its website, warn sellers and buyers, cancel fees it earned from that listing, and direct buyers not to consummate the sale of the disputed item. Id. at 516. The court therefore declined to hold eBay contributorily liable for the infringing conduct of those sellers. Id. at 518. On appeal, Tiffany does not appear to challenge this conclusion. In any event, we agree with the district court that no liability arises with respect to those terminated listings.

[6] Tiffany disagrees vigorously, however, with the district court's further determination that eBay lacked sufficient knowledge of trademark infringement by sellers behind other, non-terminated listings to provide a basis for Inwood liability. Tiffany argued in the district court that eBay knew, or at least had reason to know, that counterfeit Tiffany goods were being sold ubiquitously on its website. Id. at 507–08. As evidence, it pointed to, inter alia, the demand letters it sent to eBay in 2003 and 2004, the results of its Buying Programs that it shared with eBay, the thousands of NOCIs it filed with eBay alleging its good faith belief that certain listings were
counterfeit, and the various complaints eBay received from buyers claiming that they had purchased one or more counterfeit Tiffany items through eBay’s website. *Id.* at 507. Tiffany argued that taken together, this evidence established eBay’s knowledge of the widespread sale of counterfeit Tiffany products on its website. Tiffany urged that eBay be held contributorily liable on the basis that despite that knowledge, it continued to make its services available to infringing sellers. *Id.* at 507–08.

The district court rejected this argument. It acknowledged that “[t]he evidence produced at trial demonstrated that eBay had generalized notice that some portion of the Tiffany goods sold on its website might be counterfeit.” *Id.* at 507 (emphasis in original). The court characterized *107* the issue before it as “whether eBay's generalized knowledge of trademark infringement on its website was sufficient to meet the ‘knowledge or reason to know' prong of the Inwood test.” *Id.* at 508 (emphasis in original). eBay had argued that “such generalized knowledge is insufficient and that the law demands more specific knowledge of individual instances of infringement and infringing sellers before imposing a burden upon eBay to remedy the problem.” *Id.*

The district court concluded that “while eBay clearly possessed general knowledge as to counterfeiting on its website, such generalized knowledge is insufficient under the Inwood test to impose upon eBay an affirmative duty to remedy the problem.” *Id.* at 508. The court reasoned that *Inwood*’s language explicitly imposes contributory liability on a defendant who “continues to supply its product [—in eBay's case, its service—] to one whom it knows or has reason to know is engaging in trademark infringement.” *Id.* at 508 (emphasis in original). The court also noted that plaintiffs “bear a high burden in establishing ‘knowledge’ of contributory infringement,” and that courts have been reluctant to extend contributory trademark liability to defendants where there is some uncertainty as to the extent or the nature of the infringement. In *Inwood*, Justice White emphasized in his concurring opinion that a defendant is not “require[d] ... to refuse to sell to dealers who merely might pass off its goods.”

*Id.* at 508–09 (quoting *Inwood*, 456 U.S. at 861, 102 S.Ct. 2182) (White, J., concurring) (emphasis and alteration in original). *11*

Accordingly, the district court concluded that for Tiffany to establish eBay’s contributory liability, Tiffany would have to show that eBay “knew or had reason to know of specific instances of actual infringement” beyond those that it addressed upon learning of them. *Id.* at 510. Tiffany failed to make such a showing.

On appeal, Tiffany argues that the distinction drawn by the district court between eBay’s general knowledge of the sale of counterfeit Tiffany goods through its website, and its specific knowledge as to which particular sellers were making such sales, is a “false” one not required by the law. Appellants’ Br. 28. Tiffany posits that the only relevant question is “whether all of the knowledge, when taken together, puts [eBay] on notice that there is a substantial problem of trademark infringement. If so and if it fails to act, [eBay] is liable for contributory trademark infringement.” *Id.* at 29.

We agree with the district court. For contributory trademark infringement liability to lie, a service provider must have more than a general knowledge or reason to know that its service is being used to sell counterfeit goods. Some contemporary knowledge of which particular listings are infringing or will infringe in the future is necessary.

We are not persuaded by Tiffany’s proposed interpretation of *Inwood.* Tiffany understands the “lesson of *Inwood*” to be that an action for contributory trademark infringement lies where “the evidence [of infringing activity]—direct or circumstantial, taken as a whole—... provide[s] a basis for finding that the defendant knew or should have known that its product or service was being used to further illegal counterfeiting activity.” Appellants’ Br. 30. We think that Tiffany reads *Inwood* too broadly. Although the *Inwood* Court articulated a “knows or has reason to *108* know” prong in setting out its contributory liability test, the Court explicitly declined to apply that prong to the facts then before it. See *Inwood*, 456 U.S. at 852 n. 12, 102 S.Ct. 2182 (“The District Court also found that the petitioners did not continue to provide drugs to retailers whom they knew or should have known were engaging in trademark infringement. The Court of Appeals did not discuss that finding, and we do not address it.”) (internal citation omitted). The Court applied only the inducement prong of the test. See *id.* at 852–59, 102 S.Ct. 2182.
We therefore do not think that Inwood establishes the contours of the “knows or has reason to know” prong. Insofar as it speaks to the issue, though, the particular phrasing that the Court used—that a defendant will be liable if it “continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement,” id. at 854, 102 S.Ct. 2182 (emphasis added) —supports the district court's interpretation of Inwood, not Tiffany's.

We find helpful the Supreme Court's discussion of Inwood in a subsequent copyright case, Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984). There, defendant Sony manufactured and sold home video tape recorders. Id. at 419, 104 S.Ct. 774. Plaintiffs Universal Studios and Walt Disney Productions held copyrights on various television programs that individual television-viewers had taped using the defendant's recorders. Id. at 419-20, 104 S.Ct. 774. The plaintiffs contended that this use of the recorders constituted copyright infringement for which the defendants should be held contributorily liable. Id. In ruling for the defendants, the Court discussed Inwood and the differences between contributory liability in trademark versus copyright law.

If Inwood's narrow standard for contributory trademark infringement governed here, [the plaintiffs'] claim of contributory infringement would merit little discussion. Sony certainly does not ‘intentionally induce[ ] its customers to make infringing uses of [the plaintiffs'] copyrights, nor does it supply its products to identified individuals known by it to be engaging in continuing infringement of [the plaintiffs'] copyrights.

*109 Applying Sony's interpretation of Inwood, we agree with the district court that “Tiffany's general allegations of counterfeiting failed to provide eBay with the knowledge required under Inwood.” Tiffany, 576 F.Supp.2d at 511; Tiffany's demand letters and Buying Programs did not identify particular sellers who Tiffany thought were then offering or would offer counterfeit goods. Id. at 511–13. And although the NOCIs and buyer complaints gave eBay reason to know that certain sellers had been selling counterfeits, those sellers' listings were removed and repeat offenders were suspended from the eBay site. Thus Tiffany failed to demonstrate that eBay was supplying its service to individuals who it knew or had reason to know were selling counterfeit Tiffany goods.

Accordingly, we affirm the judgment of the district court insofar as it holds that eBay is not contributorily liable for trademark infringement.

3. Willful Blindness.

Tiffany and its amici express their concern that if eBay is not held liable except when specific counterfeit listings are brought to its attention, eBay will have no incentive to root out such listings from its website. They argue that this will effectively require Tiffany and similarly situated retailers to police eBay's website—and many others like it—“24 hours a day, and 365 days a year.” Council of Fashion Designers of America, Inc. Amicus Br. 5. They urge that this is a burden that most mark holders cannot afford to bear.

First, and most obviously, we are interpreting the law and applying it to the facts of this case. We could not, even if we thought it wise, revise the existing law in order to better serve one party's interests at the expense of the other's.
But we are also disposed to think, and the record suggests, that private market forces give eBay and those operating similar businesses a strong incentive to minimize the counterfeit goods sold on their websites. eBay received many complaints from users claiming to have been duped into buying counterfeit Tiffany products sold on eBay. *Tiffany*, 576 F.Supp.2d at 487. The risk of alienating these users gives eBay a reason to identify and remove counterfeit listings. Indeed, it has spent millions of dollars in that effort.

Moreover, we agree with the district court that if eBay had reason to suspect that counterfeit Tiffany goods were being sold through its website, and intentionally shielded itself from discovering the offending listings or the identity of the sellers behind them, eBay might very well have been charged with knowledge of those sales sufficient to satisfy *Inwood*’s “knows or has reason to know” prong. *Tiffany*, 576 F.Supp.2d at 513–14. A service provider is not, we think, permitted willful blindness. When it has reason to suspect that users of its service are infringing a protected mark, it may not shield itself from learning of the particular infringing transactions by looking the other way. *See, e.g., Hard Rock Café*, 955 F.2d at 1149 (“To be willfully blind, a person must suspect wrongdoing and deliberately fail to investigate.”); *Fonovisa*, 76 F.3d at 265 (applying *Hard Rock Café*’s reasoning to conclude that “a swap meet can not disregard its vendors’ blatant trademark infringements with impunity”). In the words of the Seventh Circuit, “willful blindness is equivalent to actual knowledge for purposes of the Lanham Act.” *Hard Rock Café*, 955 F.2d at 1149.

eBay appears to concede that it knew as a general matter that counterfeit Tiffany products were listed and sold through its website. *Tiffany*, 576 F.Supp.2d at 514. Without more, however, this knowledge is insufficient to trigger liability under *Inwood*. The district court found, after careful consideration, that eBay was not willfully blind to the counterfeit sales. *Id.* at 513. That finding is not clearly erroneous. eBay did not ignore the information it was given about counterfeit sales on its website.

### III. Trademark Dilution

#### A. Principles

Federal law allows the owner of a “famous mark” to enjoin a person from using “a mark or trade name in commerce that is likely to cause dilution by blurring or dilution *111* by tarnishment of the famous mark.” 15 U.S.C. § 1125(c)(1).

*9* “Dilution by blurring” is an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” *Id.* § 1125(c)(2)(B). It can occur “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” *Id.* § 1125(c)(1). “Some classic examples of blurring include ‘hypothetical anomalies as Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth.’ ” *Starbucks Corp.* v. *Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 105 (2d Cir.2009) (quoting *Mead Data Cent.*, Inc. v. *Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir.1989)). It is not a question of confusion; few consumers would likely confuse the source of a Kodak camera with the source of a “Kodak” piano. Dilution by blurring refers instead to “‘the whittling away of [the] established trademark’s selling power and value through its unauthorized use by others.’ ” *Id.* (quoting *Mead Data Cent.*, 875 F.2d at 1031).

Federal law identifies a non-exhaustive list of six factors that courts “may consider” when determining whether a mark is likely to cause dilution by blurring. These are: (1) “[t]he degree of similarity between the mark or trade name and the famous mark”; (2) “[t]he degree of inherent or acquired distinctiveness of the famous mark”; (3) “[t]he extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark”; (4) “[t]he degree of recognition of the famous mark”; (5) “[w]hether the user of the mark or trade name intended to create an association with the famous mark”; and (6) “[a]ny actual association between the mark or trade name and the famous mark.” 15 U.S.C. § 1125(c)(2)(B)(i-vi).

*10* In contrast to dilution by blurring, “dilution by tarnishment” is an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 15 U.S.C. § 1125(c)(2)(C). This “generally arises when the plaintiff’s trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner’s
product.” *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir.1994).

[11] New York State law also “provide[s] for protection against both dilution by blurring and tarnishment.” *Starbucks Corp.*, 588 F.3d at 114; see *N.Y. Gen. Bus. Law § 360–l*. The state law is not identical to the federal one, however. New York “does not[, for example,] require a mark to be ‘famous’ for protection against dilution to apply.” *Starbucks Corp.*, 588 F.3d at 114. Nor are the factors used to determine whether blurring has occurred the same. “Most important to the distinction here, New York law does not permit a dilution claim unless the marks are ‘substantially’ similar.” *Id.*

B. Discussion

[12] The district court rejected Tiffany's dilution by blurring claim on the *112* ground that “eBay never used the TIFFANY Marks in an effort to create an association with its own product, but instead, used the marks directly to advertise and identify the availability of authentic Tiffany merchandise on the eBay website.” *Tiffany*, 576 F.Supp.2d at 524. The court concluded that “just as the dilution by blurring claim fails because eBay has never used the [Tiffany] Marks to refer to eBay's own product, the dilution by tarnishment claim also fails.” *Id.* at 525.

We agree. There is no second mark or product at issue here to blur with or to tarnish “Tiffany.”

Tiffany argues that counterfeiting dilutes the value of its product. Perhaps. But insofar as eBay did not itself sell the goods at issue, it did not itself engage in dilution.

Tiffany argued unsuccessfully to the district court that eBay was liable for contributory dilution. *Id.* at 526. Assuming without deciding that such a cause of action exists, the court concluded that the claim would fail for the same reasons Tiffany's contributory trademark infringement claim failed. *Id.* Tiffany does not contest this conclusion on appeal. We therefore do not address it. *See Palmieri v. Allstate Ins. Co.*, 445 F.3d 179 (2d Cir.2006) (issues not raised on appeal are treated as waived).

IV. False Advertising

Finally, Tiffany claims that eBay engaged in false advertising in violation of federal law.

A. Principles

[13] Section 43(a) of the Lanham Act prohibits any person from, “in commercial advertising or promotion, misrepresent[ing] the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.” 15 U.S.C. § 1125(a)(1) (B). A claim of false advertising may be based on at least one of two theories: “that the challenged advertisement is literally false, *i.e.*, false on its face,” or “that the advertisement, while not literally false, is nevertheless likely to mislead or confuse consumers.” *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 153 (2d Cir.2007).

In either case, the “injuries redressed in false advertising cases are the result of public deception.” *Johnson & Johnson * Merck Consumer Pharm. Co. v. Smithkline Beecham Corp.*, 960 F.2d 294, 298 (2d Cir.1992) (“Merck”). And “[u]nder either theory, the plaintiff must also demonstrate that the false or misleading representation involved an inherent or material quality of the product.” *Time Warner Cable*, 497 F.3d at 153 n. 3. 19

[14] [15] Where an advertising claim is literally false, “the court may enjoin the use of the claim without reference to the advertisement's impact on the buying public.” *McNeil–P.C.C., Inc. v. Bristol–Myers Squibb Co.*, 938 F.2d 1544, 1549 (2d Cir.1991) (internal quotation marks omitted). To succeed in a likelihood-of-confusion case where the statement at issue is not literally false, however, a plaintiff “must demonstrate, by extrinsic evidence, that the challenged *113* commercials tend to mislead or confuse consumers,” and must “demonstrate that a statistically significant part of the commercial audience holds the false belief allegedly communicated by the challenged advertisement.” *Merck*, 960 F.2d at 297, 298; *Time Warner Cable*, 497 F.3d at 153 (“[W]hereas plaintiffs seeking to establish a literal falsehood must generally show the substance of what is conveyed, ... a district court must rely on extrinsic evidence [of consumer deception or confusion] to support a finding of an implicitly false message.” (internal quotation marks omitted and emphasis and alterations in original)).

B. Discussion
eBay advertised the sale of Tiffany goods on its website in various ways. Among other things, eBay provided
The district court rejected this argument. Id. at 519–21. The court first concluded that the advertisements at issue were not literally false “[b]ecause authentic Tiffany merchandise is sold on eBay's website,” even if counterfeit Tiffany products are sold there, too. Id. at 520.

The court then considered whether the advertisements, though not literally false, were nonetheless misleading. It concluded they were not for three reasons. First, the court found that eBay's use of Tiffany's mark in its advertising was “protected, nominative fair use.” Id. Second, the court found that “Tiffany has not proven that eBay had specific knowledge as to the illicit nature of individual listings,” implying that such knowledge would be necessary to sustain a false advertising claim. Id. at 521. Finally, the court reasoned that “to the extent that the advertising was false, the falsity was the responsibility of third party sellers, not eBay.” Id.

We agree with the district court that eBay's advertisements were not literally false inasmuch as genuine Tiffany merchandise was offered for sale through eBay's website. But we are unable to affirm on the record before us the district court's further conclusion that eBay's advertisements were not “likely to mislead or confuse consumers.” Time Warner Cable, 497 F.3d at 153.

As noted, to evaluate Tiffany's claim that eBay's advertisements misled consumers, a court must determine whether extrinsic evidence indicates that the challenged advertisements were misleading or confusing. The reasons the district court gave for rejecting Tiffany's claim do not seem to reflect this determination, though. The court's first rationale was that eBay's advertisements were nominative fair use of Tiffany's mark.

But, even if that is so, it does not follow that eBay did not use the mark in a misleading advertisement. It may, after all, constitute fair use for Brand X Coffee to use the trademark of its competitor, Brand Y Coffee, in an advertisement stating that “In a blind taste test, 9 out of 10 New Yorkers said they preferred Brand X Coffee to Brand Y Coffee.” But if 9 out of 10 New Yorkers in a statistically significant sample did not say they preferred X to Y, or if they were paid to say that they did, then the advertisement would nonetheless be literally false in the first example, or misleading in the second.

There is a similar difficulty with the district court's reliance on the fact that eBay did not know which particular listings on its website offered counterfeit Tiffany goods. That is relevant, as we have said, to whether eBay committed contributory trademark infringement. But it sheds little light on whether the advertisements were misleading insofar as they implied the genuineness of Tiffany goods on eBay's site.

Finally, the district court reasoned that if eBay's advertisements were misleading, that was only because the sellers of counterfeits made them so by offering inauthentic Tiffany goods. Again, this consideration is relevant to Tiffany's direct infringement claim, but less relevant, if relevant at all, here. It is true that eBay did not itself sell counterfeit Tiffany goods; only the fraudulent vendors did, and that is in part why we conclude that eBay did not infringe Tiffany's mark. But eBay did affirmatively advertise the goods sold through its site as Tiffany merchandise. The law requires us to hold eBay accountable for the words that it chose insofar as they misled or confused consumers.

[16] eBay and its amici warn of the deterrent effect that will grip online advertisers who are unable to confirm the authenticity of all of the goods they advertise for sale. See, e.g., Yahoo! Inc. Amicus Br. 15; Electronic Frontier Foundation et al. Amicus Br. 18–19. We rather doubt that the consequences will be so dire. An online advertiser such as eBay need not cease its advertisements for a kind of goods only because it knows that not all of those goods are authentic. A disclaimer might suffice. But the law prohibits an advertisement that implies that all of the
goods offered on a defendant's website are genuine when in fact, as here, a sizeable proportion of them are not.

Rather than vacate the judgment of the district court as to Tiffany's false advertising claim, we think it prudent to remand the cause so that the district court, with its greater familiarity with the evidence, can reconsider the claim in light of what we have said. The case is therefore remanded pursuant to United States v. Jacobson, 15 F.3d 19 (2d Cir. 1994), for further proceedings for the limited purpose of the district court's re-examination of the false advertising claim in accordance with this opinion. We retain jurisdiction so that any of the parties may seek appellate review by notifying the Clerk of the Court within thirty days of entry of the district court's judgment on remand. See, e.g., Galviz Zapata v. United States, 431 F.3d 395, 399 (2d Cir. 2005). Such notification will not require the filing of a new notice of appeal. Id. If notification occurs, the matter will be referred automatically to this panel for disposition.

CONCLUSION

For the foregoing reasons, we affirm the judgment of the district court with respect to the claims of trademark infringement and dilution. Employing a Jacobson remand, we return the cause to the district court for further proceedings with respect to Tiffany's false advertising claim.

All Citations

600 F.3d 93, 2010-1 Trade Cases P 77,013, 94 U.S.P.Q.2d 1188

Footnotes

1. eBay appears to be short for Echo Bay—the name of eBay's founder's consulting firm was Echo Bay Technology Group. The name “EchoBay” was already in use, so eBay was employed as the name for the website. See http://en.wikipedia.org/wiki/EBay#Origins_and_history (last visited Feb. 26, 2010); http://news.softpedia.com/news/eBay–Turns–Ten–Happy–Birthday–7502.shtml (last visited Feb. 26, 2010).

2. In addition to providing auction-style and fixed-priced listings, eBay is also the proprietor of a traditional classified service. Id. at 474.

3. In its findings, the district court often used the past tense to describe eBay's anticounterfeiting efforts. We do not take this usage to suggest that eBay has discontinued these efforts, but only to emphasize that its findings are issued with respect to a particular period of time prior to the completion of trial and issuance of its decision.

4. We note, however, that, Tiffany's “About Me” page on the eBay website states that Tiffany does not authenticate merchandise. Pl.'s Ex. 290. Thus, it may be difficult for a purchaser to proffer evidence to eBay supporting a suspicion that the “Tiffany” merchandise he or she bought is counterfeit.

5. According to the district court, “eBay took appropriate steps to warn and then to suspend sellers when eBay learned of potential trademark infringement under that seller's account.” Tiffany, 576 F.Supp.2d at 489. The district court concluded that it was understandable that eBay did not have a “hard-and-fast, one-strike rule” of suspending sellers because a NOCI “did not constitute a definitive finding that the listed item was counterfeit” and because “suspension was a very serious matter, particularly to those sellers who relied on eBay for their livelihoods.” Id. The district court ultimately found eBay's policy to be “appropriate and effective in preventing sellers from returning to eBay and re-listing potentially counterfeit merchandise.” Id.

6. That section states in pertinent part:

Any person who shall, without the consent of the registrant—(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; ... shall be liable in a civil action by the registrant for the remedies hereinafter provided.
The district court found the cases Tiffany relied on for the proposition that general knowledge of counterfeiting suffices to trigger liability to be inapposite. See Inwood, Eli Lilly & Co. v. Eli Lilly & Co., 265 U.S. 526, 44 S.Ct. 1161 (1924), and Coca–Cola Co. v. Snow Crest Beverages, Inc., 64 F.Supp. 980 (D.Mass.1946) (Wyzanski, J.) aff’d, 162 F.2d 280 (1st Cir.), cert. denied, 332 U.S. 809, 68 S.Ct. 110, 92 L.Ed. 386 (1947).

Like Inwood, Eli Lilly involved an allegation by a plaintiff drug manufacturer that a defendant drug manufacturer had intentionally induced distributors to pass off the defendant’s drug to purchasers as the plaintiff’s. 265 U.S. at 529–30, 44 S.Ct. 615. The Supreme Court granted the plaintiff’s request for an injunction, stating that “[w]ho induces another to commit a fraud and furnishes the means of consummating it is equally guilty and liable for the injury.” Id. at 530–31, 44 S.Ct. 615.

In Snow Crest, the Coca–Cola Company claimed that a rival soft drink maker had infringed Coca–Cola’s mark because bars purchasing the rival soft drink had substituted it for Coca–Cola when patrons requested a “rum (or whiskey) and Coca–Cola.” 64 F.Supp. at 982, 987. Judge Wyzanski entered judgment in favor of the defendant primarily because there was insufficient evidence of such illicit substitutions taking place. Id. at 990. In doing so, the court stated that “[b]efore he can himself be held as a wrongdoer of contributory infringer one who supplies another with the instruments by which that other commits a tort, must be shown to have knowledge that the other will or can reasonably be expected to commit a tort with the supplied instrument.” Id. at 989.

European courts have done so. A Belgian court declined to hold eBay liable for counterfeit cosmetic products sold through its website. See Lancôme v. eBay, Brussels Commercial Court (Aug. 12, 2008), Docket No. A/07/06032. French courts, by contrast, have concluded that eBay violated applicable trademark laws. See, e.g., S.A. Louis Vuitton Malletier v. eBay, Inc., Tribunal de Commerce de Paris, Premiere Chambre B. (Paris Commercial Court), Case No. 200677799 (June 30, 2008); Hermes v. eBay, Troyes High Court (June 4, 2008), Docket No. 06/0264; see also Max Colchester, “EBay to Pay Damages To Unit of LVMH,” The Wall Street Journal, Feb. 12, 2010, http://online.wsj.com/article_email/SB10001424052748704337004575059523018541764-/MyOjAxMTAwMDEwMjExNDIyWj.html (last visited Mar. 1, 2010) (“A Paris court Thursday ordered eBay to pay Louis Vuitton Q200,000 ($275,000) in damages and to stop paying search engines to direct certain key words to the eBay site.”); see generally, Valerie Walsh Johnson & Laura P. Merritt, TIFFANY v. EBAY: A Case of Genuine Disparity in International Court Rulings on Counterfeit Products, 1 No. 2 Landslide 22 (2008) (surveying decisions by European courts in trademark infringement cases brought against eBay).

Amici do so claim. See Electronic Frontier Foundation et al. Amici Br. 6 (arguing that Inwood should “not govern where, as here, the alleged contributory infringer has no direct means to establish whether there is any act of direct infringement in the first place”). We decline to consider this argument. “Although an amicus brief can be helpful in elaborating issues properly presented by the parties, it is normally not a method for injecting new issues into an appeal, at least in cases where the parties are competently represented by counsel.” Universal City Studios, Inc. v. Corley, 273 F.3d 429, 445 (2d Cir.2001).

The district court found the cases Tiffany relied on for the proposition that general knowledge of counterfeiting suffices to trigger liability to be inapposite. Id. at 510.

In discussing Inwood’s “knows or has reason to know” prong of the contributory infringement test, Sony refers to a defendant’s knowledge, but not to its constructive knowledge, of a third party’s infringing conduct. Sony, 464 U.S. at 439 n. 19, 104 S.Ct. 774. We do not take the omission as altering the test Inwood articulates.

The demand letters did say that eBay should presume that sellers offering five or more Tiffany goods were selling counterfeits, id. at 511, but we agree with the district court that this presumption was factually unfounded, id. at 511–12.

At the same time, we appreciate the argument that insofar as eBay receives revenue from undetected counterfeit listings and sales through the fees it charges, it has an incentive to permit such listings and sales to continue.

To be clear, a service provider is not contributorily liable under Inwood merely for failing to anticipate that others would use its service to infringe a protected mark. Inwood, 456 U.S. at 854 n. 13, 102 S.Ct. 2182 (stating that for contributory liability to lie, a defendant must do more than “reasonably anticipate” a third party’s infringing conduct (internal quotation marks omitted)). But contributory liability may arise where a defendant is (as was eBay here) made aware that there was infringement on its site but (unlike eBay here) ignored that fact.
The principle that willful blindness is tantamount to knowledge is hardly novel. See, e.g. Harte–Hanks Commc'ns, Inc. v. Connaughton, 491 U.S. 657, 659, 692, 109 S.Ct. 2678, 105 L.Ed.2d 562 (1989) (concluding in public-official libel case that "purposeful avoidance of the truth" is equivalent to "knowledge that [a statement] was false or [was made] with reckless disregard of whether it was false" (internal quotation marks omitted)); United States v. Khorozian, 333 F.3d 498, 504 (3d Cir.2003) (acting with willful blindness satisfies the intent requirement of the federal bank fraud statute); Friedman v. Comm'r, 53 F.3d 523, 525 (2d Cir.1995) ("The 'innocent spouse' exemption [from the rule that married couples who file a joint tax return are jointly and severally liable for any tax liability found] was not designed to protect willful blindness or to encourage the deliberate cultivation of ignorance."); Mattingly v. United States, 924 F.2d 785, 792 (8th Cir.1991) (concluding in civil tax fraud case that "the element of knowledge may be inferred from deliberate acts amounting to willful blindness to the existence of fact or acts constituting conscious purpose to avoid enlightenment."); Morrow Shoe Mfg. Co. v. New England Shoe Co., 57 F. 685, 694 (7th Cir.1893) ("The mind cannot well avoid the conclusion that if they did not know of the fraudulent purposes of Davis it was because they were willfully blind. Such facility of belief, it has been well said, invites fraud, and may justly be suspected of being its accomplice."); State Street Trust Co. v. Ernst, 278 N.Y. 104, 112, 15 N.E.2d 416, 419 (1938) ("[H]eaddlessness and reckless disregard of consequence [by an accountant] may take the place of deliberate intention.").

Tiffany's reliance on the "flea market" cases, Hard Rock Café and Fonovisa, is unavailing. eBay's efforts to combat counterfeiting far exceeded the efforts made by the defendants in those cases. See Hard Rock Café, 955 F.2d at 1146 (defendant did not investigate any of the seizures of counterfeit products at its swap meet, even though it knew they had occurred); Fonovisa, 76 F.3d at 265 (concluding that plaintiff stated a claim for contributory trademark infringement based on allegation that swap meet "disregard[ed] its vendors' blatant trademark infringements with impunity"). Moreover, neither case concluded that the defendant was willfully blind. The court in Hard Rock Café remanded so that the district court could apply the correct definition of "willful blindness," 955 F.2d at 1149, and the court in Fonovisa merely sustained the plaintiff's complaint against a motion to dismiss, 76 F.3d at 260–61, 265.

We have recently explained that under the Trademark Dilution Revision Act of 2006 ("TDRA"), Pub.L. No. 109–312, 120 Stat. 1730, 1731 (Oct. 6, 2006), the similarity between the famous mark and the allegedly blurring mark need not be "substantial" in order for the dilution by blurring claim to succeed. See Starbucks Corp., 588 F.3d at 107–09. The district court concluded that the TDRA governs Tiffany's claim. See Tiffany, 576 F.Supp.2d at 522–23. We agree and note that Tiffany does not dispute this conclusion on appeal.

We recently adopted "the 'false by necessary implication' doctrine," under which "a district court evaluating whether an advertisement is literally false 'must analyze the message conveyed in full context.' " Time Warner Cable, 497 F.3d at 158; cf. S.C. Johnson & Son, Inc. v. Clorox Co., 241 F.3d 232, 238 (2d Cir.2001) ("In considering a false-advertising claim, [f]undamental to any task of interpretation is the principle that text must yield to context.") (quoting Avis Rent A Car Sys., Inc. v. Hertz Corp., 782 F.2d 381, 385 (2d Cir.1986) (internal quotation marks omitted)).
TWO PESOS, INC. v. TACO CABANA, INC.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

No. 91-971. Argued April 21, 1992—Decided June 26, 1992

Respondent, the operator of a chain of Mexican restaurants, sued petitioner, a similar chain, for trade dress infringement under § 43(a) of the Trademark Act of 1946 (Lanham Act), which provides that “[a]ny person who . . . use[s] in connection with any goods or services . . . any false description or representation . . . shall be liable to . . . any person . . . damaged by [such] use.” The District Court instructed the jury, inter alia, that respondent’s trade dress was protected if it either was inherently distinctive—i.e., was not merely descriptive—or had acquired a secondary meaning—i.e., had come through use to be uniquely associated with a specific source. The court entered judgment for respondent after the jury found, among other things, that respondent’s trade dress is inherently distinctive but has not acquired a secondary meaning. In affirming, the Court of Appeals ruled that the instructions adequately stated the applicable law, held that the evidence supported the jury’s findings, and rejected petitioner’s argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.

Held: Trade that is inherently distinctive is protectable under § 43(a) without a showing that it has acquired secondary meaning, since such trade dress itself is capable of identifying products or services as coming from a specific source. This is the rule generally applicable to trademarks, see, e.g., Restatement (Third) of Unfair Competition § 13, pp. 37–38, and the protection of trademarks and of trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no textual basis for applying different analysis to the two. Section 43(a) mentions neither and does not contain the concept of secondary meaning, and that concept, where it does appear in the Lanham Act, is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. Engrafting a secondary meaning requirement onto § 43(a) also would make more difficult the identification of a producer with its product and thereby undermine the Lanham Act’s purposes of securing to a mark’s owner the goodwill of his business and protecting consumers’ ability to distinguish among competing producers. Moreover, it could have anticompetitive effects by creating burdens on the startup of small businesses. Petitioner’s suggestion that such businesses be protected by briefly dispensing with the
secondary meaning requirement at the outset of the trade dress’ use is rejected, since there is no basis for such requirement in §43(a).


932 F. 2d 1113, affirmed.


Kimball J. Corson argued the cause and filed the briefs for petitioner.

Richard G. Taranto argued the cause for respondent. With him on the brief were H. Bartow Farr III and James Eliasberg.*

Justice White delivered the opinion of the Court.

The issue in this case is whether the trade dress1 of a restaurant may be protected under §43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, 15 U. S. C. §1125(a)

*Arthur M. Handler and Ronald S. Katz filed a brief for the Private Label Manufacturers Association as amicus curiae urging reversal.

Bruce P. Keller filed a brief for the United States Trademark Association as amicus curiae.

1The District Court instructed the jury: “‘Trade dress’ is the total image of the business. Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers’ uniforms and other features reflecting on the total image of the restaurant.” 1 App. 83–84. The Court of Appeals accepted this definition and quoted from Blue Bell Bio-Medical v. Cinn-Bad, Inc., 864 F. 2d 1253, 1256 (CA5 1989): “The ‘trade dress’ of a product is essentially its total image and overall appearance.” See 932 F. 2d 1113, 1118 (CA5 1991). It “involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” John H. Harland Co. v. Clarke Checks, Inc., 711 F. 2d 966, 980 (CA11 1983). Restatement (Third) of Unfair Competition §16, Comment a (Tent. Draft No. 2, Mar. 23, 1990).
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(1982 ed.), based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.

I

Respondent Taco Cabana, Inc., operates a chain of fast-food restaurants in Texas. The restaurants serve Mexican food. The first Taco Cabana restaurant was opened in San Antonio in September 1978, and five more restaurants had been opened in San Antonio by 1985. Taco Cabana describes its Mexican trade dress as

“a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.” 932 F. 2d 1113, 1117 (CA5 1991).

In December 1985, a Two Pesos, Inc., restaurant was opened in Houston. Two Pesos adopted a motif very similar to the foregoing description of Taco Cabana's trade dress. Two Pesos restaurants expanded rapidly in Houston and other markets, but did not enter San Antonio. In 1986, Taco Cabana entered the Houston and Austin markets and expanded into other Texas cities, including Dallas and El Paso where Two Pesos was also doing business.


2 Section 43(a) provides: “Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to de-
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under Texas common law. The case was tried to a jury, which was instructed to return its verdict in the form of answers to five questions propounded by the trial judge. The jury's answers were: Taco Cabana has a trade dress; taken as a whole, the trade dress is nonfunctional; the trade dress is inherently distinctive; the trade dress has not acquired a secondary meaning in the Texas market; and the alleged infringement creates a likelihood of confusion on the part of ordinary customers as to the source or association of the restaurant's goods or services. Because, as the jury was told, Taco Cabana's trade dress was protected if it either was inherently distinctive or had acquired a secondary meaning, judgment was entered awarding damages to Taco Cabana. In the course of calculating damages, the trial court held that Two Pesos had intentionally and deliberately infringed Taco Cabana's trade dress.5

The instructions were that, to be found inherently distinctive, the trade dress must not be descriptive.

Secondary meaning is used generally to indicate that a mark or dress "has come through use to be uniquely associated with a specific source." Restatement (Third) of Unfair Competition § 13, Comment e (Tent. Draft No. 2, Mar. 23, 1990). "To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U. S. 844, 851, n. 11 (1982).

The Court of Appeals agreed: "The weight of the evidence persuades us, as it did Judge Singleton, that Two Pesos brazenly copied Taco Cabana's successful trade dress, and proceeded to expand in a manner that
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The Court of Appeals ruled that the instructions adequately stated the applicable law and that the evidence supported the jury's findings. In particular, the Court of Appeals rejected petitioner's argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.

In so holding, the court below followed precedent in the Fifth Circuit. In *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F. 2d 695, 702 (CA5 1981), the court noted that trademark law requires a demonstration of secondary meaning only when the claimed trademark is not sufficiently distinctive of itself to identify the producer; the court held that the same principles should apply to protection of trade dresses. The Court of Appeals noted that this approach conflicts with decisions of other courts, particularly the holding of the Court of Appeals for the Second Circuit in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), cert. denied, 455 U. S. 909 (1982), that § 43(a) protects unregistered trademarks or designs only where secondary meaning is shown. *Chevron, supra*, at 702. We granted certiorari to resolve the conflict among the Courts of Appeals on the question whether trade dress that is inherently distinctive is protectible under § 43(a) without a showing that it has acquired secondary meaning.6 502 U. S. 1071 (1992). We find that it is, and we therefore affirm.

II

The Lanham Act7 was intended to make “actionable the deceptive and misleading use of marks” and “to protect per-

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6 We limited our grant of certiorari to the above question on which there  is a conflict. We did not grant certiorari on the second question presented by the petition, which challenged the Court of Appeals’ acceptance of the jury’s finding that Taco Cabana’s trade dress was not functional.

7 The Lanham Act, including the provisions at issue here, has been substantially amended since the present suit was brought. See Trademark Law Revision Act of 1988, 102 Stat. 3946, 15 U. S. C. § 1121.
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sons engaged in . . . commerce against unfair competition.” §45, 15 U. S. C. § 1127. Section 43(a) “prohibits a broader range of practices than does §32,” which applies to registered marks, *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 858 (1982), but it is common ground that §43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under §2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under §43(a). See *A. J. Canfield Co. v. Honickman*, 808 F. 2d 291, 299, n. 9 (CA3 1986); *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208, 215–216 (CA2 1985).

A trademark is defined in 15 U. S. C. § 1127 as including “any word, name, symbol, or device or any combination thereof” used by any person “to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” In order to be registered, a mark must be capable of distinguishing the applicant’s goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9 (CA2 1976). The Court of Appeals followed this classification and petitioner accepts it. Brief for Petitioner 11–15. The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks—those that “re[f]er to the genus of which the particular product is a species,” *Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U. S. 189, 194 (1985), citing *Abercrombie & Fitch*, supra, at 9—are not registrable as trademarks. *Park ’N Fly, supra*, at 194.
Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it “has become distinctive of the applicant’s goods in commerce.” §§2(e), (f), 15 U.S.C. §§1052(e), (f). See Park ’N Fly, supra, at 194, 196. This acquired distinctiveness is generally called “secondary meaning.” See ibid.; Inwood Laboratories, supra, at 851, n. 11; Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118 (1938). The concept of secondary meaning has been applied to actions under §43(a). See, e.g., University of Georgia Athletic Assn. v. Laite, 756 F. 2d 1535 (CA11 1985); Thompson Medical Co. v. Pfizer Inc., supra.

The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning. Restatement (Third) of Unfair Competition §13, pp. 37–38, and Comment a (Tent. Draft No. 2, Mar. 23, 1990). Cf. Park ’N Fly, supra, at 194. It is also clear that eligibility for protection under §43(a) depends on nonfunctionality. See, e.g., Inwood Laboratories, supra, at 863 (WHITE, J., concurring in result); see also, e.g., Brunswick Corp. v. Spinit Reel Co., 832 F. 2d 513, 517 (CA10 1987); First Brands Corp. v. Fred Meyers, Inc., 809 F. 2d 1378, 1381 (CA9 1987); Stormy Clime Ltd. v. Pro-Group, Inc., 809 F. 2d 971, 974 (CA2 1987); Ambrit, Inc. v. Kraft, Inc., 812 F. 2d 1531, 1535 (CA11 1986); American Greetings Corp. v. Dan-Dee Imports, Inc., 807 F. 2d 1136, 1141 (CA3 1986). It is, of course, also undisputed that liability under §43(a) requires proof of the likelihood of confusion. See, e.g., Brunswick Corp., supra, at 516–517; AmBrit,
The Court of Appeals determined that the District Court's instructions were consistent with the foregoing principles and that the evidence supported the jury's verdict. Both courts thus ruled that Taco Cabana's trade dress was not descriptive but rather inherently distinctive, and that it was not functional. None of these rulings is before us in this case, and for present purposes we assume, without deciding, that each of them is correct. In going on to affirm the judgment for respondent, the Court of Appeals, following its prior decision in *Chevron*, held that Taco Cabana's inherently distinctive trade dress was entitled to protection despite the lack of proof of secondary meaning. It is this issue that is before us for decision, and we agree with its resolution by the Court of Appeals. There is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a). Petitioner devotes much of its briefing to arguing issues that are not before us, and we address only its arguments relevant to whether proof of secondary meaning is essential to qualify an inherently distinctive trade dress for protection under § 43(a).

Petitioner argues that the jury's finding that the trade dress has not acquired a secondary meaning shows conclusively that the trade dress is not inherently distinctive. Brief for Petitioner 9. The Court of Appeals' disposition of this issue was sound:

"Two Pesos' argument—that the jury finding of inherent distinctiveness contradicts its finding of no secondary meaning in the Texas market—ignores the law in this circuit. While the necessarily imperfect (and often prohibitively difficult) methods for assessing secondary meaning address the empirical question of current consumer association, the legal recognition of an inherently distinctive trademark or trade dress acknowledges the
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The owner’s legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning.” 932 F. 2d, at 1120, n. 7.

Although petitioner makes the above argument, it appears to concede elsewhere in its brief that it is possible for a trade dress, even a restaurant trade dress, to be inherently distinctive and thus eligible for protection under § 43(a). Brief for Petitioner 10–11, 17–18; Reply Brief for Petitioner 10–14. Recognizing that a general requirement of secondary meaning imposes “an unfair prospect of theft [or] financial loss” on the developer of fanciful or arbitrary trade dress at the outset of its use, petitioner suggests that such trade dress should receive limited protection without proof of secondary meaning. Id., at 10. Petitioner argues that such protection should be only temporary and subject to defeasance when over time the dress has failed to acquire a secondary meaning. This approach is also vulnerable for the reasons given by the Court of Appeals. If temporary protection is available from the earliest use of the trade dress, it must be because it is neither functional nor descriptive, but an inherently distinctive dress that is capable of identifying a particular source of the product. Such a trade dress, or mark, is not subject to copying by concerns that have an equal opportunity to choose their own inherently distinctive trade dress. To terminate protection for failure to gain secondary meaning over some unspecified time could not be based on the failure of the dress to retain its fanciful, arbitrary, or suggestive nature, but on the failure of the user of the dress to be successful enough in the marketplace. This is not a valid basis to find a dress or mark ineligible for protection. The user of such a trade dress should be able to maintain what competitive position it has and continue to seek wider identification among potential customers.
This brings us to the line of decisions by the Court of Appeals for the Second Circuit that would find protection for trade dress unavailable absent proof of secondary meaning, a position that petitioner concedes would have to be modified if the temporary protection that it suggests is to be recognized. Brief for Petitioner 10–14. In *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), the plaintiff claimed protection under § 43(a) for a product whose features the defendant had allegedly copied. The Court of Appeals held that unregistered marks did not enjoy the “presumptive source association” enjoyed by registered marks and hence could not qualify for protection under § 43(a) without proof of secondary meaning. *Id.*, at 303, 304. The court’s rationale seemingly denied protection for unregistered, but inherently distinctive, marks of all kinds, whether the claimed mark used distinctive words or symbols or distinctive product design. The court thus did not accept the arguments that an unregistered mark was capable of identifying a source and that copying such a mark could be making any kind of a false statement or representation under § 43(a).

Some years after *Vibrant*, the Second Circuit announced in *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208 (1985),
that in deciding whether an unregistered mark is eligible for protection under § 43(a), it would follow the classification of marks set out by Judge Friendly in Abercrombie & Fitch, 537 F. 2d, at 9. Hence, if an unregistered mark is deemed merely descriptive, which the verbal mark before the court proved to be, proof of secondary meaning is required; however, "[s]uggestive marks are eligible for protection without any proof of secondary meaning, since the connection between the mark and the source is presumed." 753 F. 2d, at 216. The Second Circuit has nevertheless continued to deny protection for trade dress under § 43(a) absent proof of secondary meaning, despite the fact that § 43(a) provides no basis for distinguishing between trademark and trade dress. See, e. g., Stormy Clime Ltd. v. ProGroup, Inc., 809 F. 2d, at 974; Union Mfg. Co. v. Han Baek Trading Co., 763 F. 2d 42, 48 (1985); LeSportsac, Inc. v. Kmart Corp., 754 F. 2d 71, 75 (1985).

The Fifth Circuit was quite right in Chevron, and in this case, to follow the Abercrombie classifications consistently and to inquire whether trade dress for which protection is claimed under § 43(a) is inherently distinctive. If it is, it is capable of identifying products or services as coming from a specific source and secondary meaning is not required. This is the rule generally applicable to trademarks, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two. The "proposition that secondary meaning must be shown even if the trade dress is a distinctive, identifying mark, [is] wrong, for the reasons explained by Judge Rubin for the Fifth Circuit in Chevron." Blau Plumbing, Inc. v. S. O. S. Fix-It, Inc., 781 F. 2d 604, 608 (CA7 1986). The Court of Appeals for the Eleventh Circuit also follows Chevron, Ambrit, Inc. v. Kraft, Inc., 805 F. 2d 974, 979 (1986), and the Court of Appeals for the Ninth Circuit appears to think that proof of secondary meaning is super-

It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress. But there is none. The section does not mention trademarks or trade dress, whether they be called generic, descriptive, suggestive, arbitrary, fanciful, or functional. Nor does the concept of secondary meaning appear in the text of § 43(a). Where secondary meaning does appear in the statute, 15 U. S. C. § 1052 (1982 ed.), it is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer's product.

Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act. Protection of trade dress, no less than of trademarks, serves the Act's purpose to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U. S., at 198, citing S. Rep. No. 1333, 79th Cong., 2d Sess., 3–5 (1946) (citations omitted). By making more difficult the identification of a producer with its product, a secondary meaning requirement for a nondescriptive trade dress would hinder improving or maintaining the producer's competitive position.

Suggestions that under the Fifth Circuit's law, the initial user of any shape or design would cut off competition from
products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under § 43(a). The Fifth Circuit holds that a design is legally functional, and thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. See Sicilia Di R. Biebow & Co. v. Cox, 732 F. 2d 417, 426 (1984). This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.

On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator's dress in other markets and to deter the originator from expanding into and competing in these areas.

As noted above, petitioner concedes that protecting an inherently distinctive trade dress from its inception may be critical to new entrants to the market and that withholding protection until secondary meaning has been established would be contrary to the goals of the Lanham Act. Petitioner specifically suggests, however, that the solution is to dispense with the requirement of secondary meaning for a reasonable, but brief, period at the outset of the use of a trade dress. Reply Brief for Petitioner 11–12. If § 43(a) does not require secondary meaning at the outset of a business' adoption of trade dress, there is no basis in the statute to support the suggestion that such a requirement comes into being after some unspecified time.
We agree with the Court of Appeals that proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive, and accordingly the judgment of that court is affirmed.

It is so ordered.

Justice Scalia, concurring.

I write separately to note my complete agreement with Justice Thomas's explanation as to how the language of § 43(a) and its common-law derivation are broad enough to embrace inherently distinctive trade dress. Nevertheless, because I find that analysis to be complementary to (and not inconsistent with) the Court's opinion, I concur in the latter.

Justice Stevens, concurring in the judgment.

As the Court notes in its opinion, the text of § 43(a) of the Lanham Act, 15 U. S. C. § 1125(a) (1982 ed.), "does not mention trademarks or trade dress." Ante, at 774. Nevertheless, the Court interprets this section as having created a federal cause of action for infringement of an unregistered trademark or trade dress and concludes that such a mark or dress should receive essentially the same protection as those that are registered. Although I agree with the Court's conclusion, I think it is important to recognize that the meaning of the text has been transformed by the federal courts over the past few decades. I agree with this transformation, even though it marks a departure from the original text, because it is consistent with the purposes of the statute and has recently been endorsed by Congress.
It is appropriate to begin with the relevant text of § 43(a).\(^1\) See, e.g., *Moskal v. United States*, 498 U. S. 103 (1990); *K mart Corp. v. Cartier, Inc.*, 486 U. S. 281, 291 (1988); *United States v. Turkette*, 452 U. S. 576, 580 (1981). Section 43(a)\(^2\) provides a federal remedy for using either “a false designation of origin” or a “false description or representation” in connection with any goods or services. The full text of the section makes it clear that the word “origin” refers to the geographic location in which the goods originated, and in fact, the phrase “false designation of origin” was understood to be limited to false advertising of geographic origin. For example, the “false designation of origin” language con-

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\(^1\) The text that we consider today is § 43(a) of the Lanham Act prior to the 1988 amendments; it provides:

> “Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.” 15 U. S. C. § 1125(a) (1982 ed.).

\(^2\) Section 43(a) replaced and extended the coverage of § 3 of the Trademark Act of 1920, 41 Stat. 534, as amended. Section 3 was destined for oblivion largely because it referred only to false designation of origin, was limited to articles of merchandise, thus excluding services, and required a showing that the use of the false designation of origin occurred “willfully and with intent to deceive.” *Ibid.* As a result, “[a]lmost no reported decision can be found in which relief was granted to either a United States or foreign party based on this newly created remedy.” Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N. Y. U. L. Rev. 1029, 1034 (1957).
tained in the statute makes it unlawful to represent that California oranges came from Florida, or vice versa. 3

For a number of years after the 1946 enactment of the Lanham Act, a “false description or representation,” like “a false designation of origin,” was construed narrowly. The phrase encompassed two kinds of wrongs: false advertising 4 and the common-law tort of “passing off.” 5 False advertising meant representing that goods or services possessed characteristics that they did not actually have and passing off meant representing one’s goods as those of another. Neither “secondary meaning” nor “inherent distinctiveness” had anything to do with false advertising, but proof of secondary meaning was an element of the common-law

3 This is clear from the fact that the cause of action created by this section is available only to a person doing business in the locality falsely indicated as that of origin. See n. 1, supra.

4 The deleterious effects of false advertising were described by one commentator as follows: “[A] campaign of false advertising may completely discredit the product of an industry, destroy the confidence of consumers and impair a communal or trade good will. Less tangible but nevertheless real is the injury suffered by the honest dealer who finds it necessary to meet the price competition of inferior goods, glamorously misdescribed by the unscrupulous merchant. The competition of a liar is always dangerous even though the exact injury may not be susceptible of precise proof.” Handler, Unfair Competition, 21 Iowa L. Rev. 175, 193 (1936).

5 The common-law tort of passing off has been described as follows:

“Beginning in about 1803, English and American common law slowly developed an offshoot of the tort of fraud and deceit and called it ‘passing off’ or ‘palming off.’ Simply stated, passing off as a tort consists of one passing off his goods as the goods of another. In 1842 Lord Langdale wrote:

“I think that the principle on which both the courts of law and equity proceed is very well understood. A man is not to sell his own goods under the pretence that they are the goods of another man. . . .”

“In 19th century cases, trademark infringement embodied much of the elements of fraud and deceit from which trademark protection developed. That is, the element of fraudulent intent was emphasized over the objective facts of consumer confusion.” 1 J. McCarthy, Trademarks and Unfair Competition § 5.2, p. 133 (2d ed. 1984) (McCarthy) (footnotes omitted).
passing-off cause of action. See, e.g., G. & C. Merriam Co. v. Saalfield, 198 F. 369, 372 (CA6 1912) (“The ultimate offense always is that defendant has passed off his goods as and for those of the complainant”).

II

Over time, the Circuits have expanded the categories of “false designation of origin” and “false description or representation.” One treatise identified the Court of Appeals for the Sixth Circuit as the first to broaden the meaning of “origin” to include “origin of source or manufacture” in addition to geographic origin. Another early case, described as unique among the Circuit cases because it was so “forward-looking,” interpreted the “false description or representation” language to mean more than mere “palming off.” L’Aiglon Apparel, Inc. v. Lana Lobell, Inc., 214 F. 2d 649 (CA3 1954). The court explained: “We find nothing in the legislative history of the Lanham Act to justify the view that [§ 43(a)] is merely declarative of existing law. . . . It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts.” Id., at 651. Judge Clark, writing a concurrence in 1956, presciently observed: “Indeed, there is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision [§ 43(a)].” Maternally Yours, Inc. v. Your Maternity Shop, Inc., 234 F. 2d 538, 546 (CA2). Although some have criticized the expansion as unwise, it is now “a firmly

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6 2 id., § 273, p. 345.
9 See, e.g., Germain, Unfair Trade Practices Under § 43(a) of the Lanham Act: You’ve Come a Long Way Baby—Too Far, Maybe?, 64 Trademark Rep. 193, 194 (1974) (“It is submitted that the cases have applied Section
embedded reality.” 10 The United States Trade Association Trademark Review Commission noted this transformation with approval: “Section 43(a) is an enigma, but a very popular one. Narrowly drawn and intended to reach false designations or representations as to the geographical origin of products, the section has been widely interpreted to create, in essence, a federal law of unfair competition. . . . It has definitely eliminated a gap in unfair competition law, and its vitality is showing no signs of age.” 11

Today, it is less significant whether the infringement falls under “false designation of origin” or “false description or representation” 12 because in either case §43(a) may be invoked. The federal courts are in agreement that §43(a) creates a federal cause of action for trademark and trade dress infringement claims. 1 J. Gilson, Trademark Protection and Practice §2.13, p. 2–178 (1991). They are also in agreement that the test for liability is likelihood of confusion: “[U]nder the Lanham Act [§43(a)], the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks . . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical—is there a ‘likelihood of confusion?’” New West Corp. v. NYM Co. of California, Inc., 595 F. 2d 1194, 1201 (CA9 1979) (footnote omitted). And the Circuits are in

43(a) to situations it was not intended to cover and have used it in ways that it was not designed to function”).

10 2 McCarthy §27.3, p. 345.


12 Indeed, in count one of the complaint, respondent alleged that petitioner “is continuing to affix, apply, or use in connection with its restaurants, goods and services a false designation of origin, or a false description and representation, tending to falsely describe or represent the same,” and that petitioner “has falsely designated the origin of its restaurants, goods and services and has falsely described and represented the same . . . .” App. 44–45; see Tr. of Oral Arg. 37.
general agreement, with perhaps the exception of the Second Circuit, that secondary meaning need not be established once there is a finding of inherent distinctiveness in order to establish a trade dress violation under § 43(a).

III

Even though the lower courts’ expansion of the categories contained in § 43(a) is unsupported by the text of the Act, I am persuaded that it is consistent with the general purposes of the Act. For example, Congressman Lanham, the bill’s sponsor, stated: “The purpose of [the Act] is to protect le-


14 Consistent with the common-law background of § 43(a), the Second Circuit has said that proof of secondary meaning is required to establish a claim that the defendant has traded on the plaintiff’s good will by falsely representing that his goods are those of the plaintiff. See, e.g., Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299 (1917). To my knowledge, however, the Second Circuit has not explained why “inherent distinctiveness” is not an appropriate substitute for proof of secondary meaning in a trade dress case. Most of the cases in which the Second Circuit has said that secondary meaning is required did not involve findings of inherent distinctiveness. For example, in Vibrant Sales, Inc. v. New Body Boutique, Inc., 652 F. 2d 299 (1981), cert. denied, 455 U. S. 909 (1982), the product at issue—a velcro belt—was functional and lacked “any distinctive, unique or non-functional mark or feature.” 652 F. 2d, at 305. Similarly, in Stormy Cline Ltd. v. ProGroup, Inc., 809 F. 2d 971, 977 (1987), the court described functionality as a continuum, and placed the contested rainjacket closer to the functional end than to the distinctive end. Although the court described the lightweight bag in LeSportsac, Inc. v. Kmart Corp., 754 F. 2d 71 (1985), as having a distinctive appearance and concluded that the District Court’s finding of nonfunctionality was not clearly erroneous, id., at 74, it did not explain why secondary meaning was also required in such a case.
gitimate business and the consumers of the country.”15 92 Cong. Rec. 7524 (1946). One way of accomplishing these dual goals was by creating uniform legal rights and remedies that were appropriate for a national economy. Although the protection of trademarks had once been “entirely a State matter,” the result of such a piecemeal approach was that there were almost “as many different varieties of common law as there are States” so that a person’s right to a trademark “in one State may differ widely from the rights which [that person] enjoys in another.” H. R. Rep. No. 944, 76th Cong., 1st Sess., 4 (1939). The House Committee on Trademarks and Patents, recognizing that “trade is no longer local, but...national,” saw the need for “national legislation along national lines [to] secure to the owners of trademarks in interstate commerce definite rights.” Ibid.16

15 The Senate Report elaborated on these two goals:
“The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.” S. Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946).

By protecting trademarks, Congress hoped “to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed.” Id., at 4.

16 Forty years later, the USTA Trademark Review Commission assessed the state of trademark law. The conclusion that it reached serves as a testimonial to the success of the Act in achieving its goal of uniformity: “The federal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever. Today the Lanham Act is the paramount source of trademark law in the United States, as interpreted almost exclusively by the federal courts.” Trademark Review Commission, 77 Trademark Rep., at 377.
Congress has revisited this statute from time to time, and has accepted the “judicial legislation” that has created this federal cause of action. Recently, for example, in the Trademark Law Revision Act of 1988, 102 Stat. 3935, Congress codified the judicial interpretation of § 43(a), giving its imprimatur to a growing body of case law from the Circuits that had expanded the section beyond its original language.

Although Congress has not specifically addressed the question whether secondary meaning is required under § 43(a), the steps it has taken in this subsequent legislation suggest that secondary meaning is not required if inherent distinctiveness has been established. First, Congress broadened the language of § 43(a) to make explicit that the provision prohibits “any word, term, name, symbol, or device, or any combination thereof” that is “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U. S. C. § 1125(a). That language makes clear that a confusingly similar trade dress is actionable under § 43(a), without necessary reference to “falsity.” Second, Congress approved and confirmed the extensive judicial development under the provision, including its application to trade dress that the federal courts had come to apply. Third, the legis-

17“When several acts of Congress are passed touching the same subject-matter, subsequent legislation may be considered to assist in the interpretation of prior legislation upon the same subject.” Tiger v. Western Investment Co., 221 U. S. 286, 309 (1911); see NLRB v. Bell Aerospace Co. of Textron, Inc., 416 U. S. 267, 275 (1974); Red Lion Broadcasting Co. v. FCC, 395 U. S. 367, 380–381 (1969); United States v. Stafoff, 260 U. S. 477, 480 (1923) (opinion of Holmes, J).

18As the Senate Report explained, revision of § 43(a) is designed “to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair compe-
The legislative history of the 1988 amendments reaffirms Congress’ goals of protecting both businesses and consumers with the Lanham Act. And fourth, Congress explicitly extended to any violation of §43(a) the basic Lanham Act remedial provisions whose text previously covered only registered trademarks. The aim of the amendments was to apply the same protections to unregistered marks as were already afforded to registered marks. See S. Rep. No. 100–515, p. 40 (1988). These steps buttress the conclusion that §43(a) is properly understood to provide protection in accordance with the standards for registration in §2. These aspects of the 1988 legislation bolster the claim that an inherently distinctive trade dress may be protected under §43(a) without proof of secondary meaning.

IV

In light of the consensus among the Courts of Appeals that have actually addressed the question, and the steps on the part of Congress to codify that consensus, stare decisis concerns persuade me to join the Court’s conclusion that secondary meaning is not required to establish a trade dress violation under §43(a) once inherent distinctiveness.

“Trademark protection is important to both consumers and producers. Trademark law protects the public by making consumers confident that they can identify brands they prefer and can purchase those brands without being confused or misled. Trademark laws also protect[the] trademark owners. When the owner of a trademark has spent considerable time and money bringing a product to the marketplace, trademark law protects the producer from pirates and counterfeiters.” Id., at 4.

Thomas, J., concurring in judgment

has been established. Accordingly, I concur in the judgment, but not in the opinion, of the Court.

Justice Thomas, concurring in the judgment.

Both the Court and Justice Stevens decide today that the principles that qualify a mark for registration under §2 of the Lanham Act apply as well to determining whether an unregistered mark is entitled to protection under §43(a). The Court terms that view “common ground,” though it fails to explain why that might be so, and Justice Stevens decides that the view among the Courts of Appeals is textually insupportable, but worthy nonetheless of adherence. See ante, at 768 (opinion of the Court); ante, at 781–782 (Stevens, J., concurring in judgment). I see no need in answering the question presented either to move back and forth among the different sections of the Lanham Act or to adopt what may or may not be a misconstruction of the statute for reasons akin to stare decisis. I would rely, instead, on the language of §43(a).

Section 43(a) made actionable (before being amended) “any false description or representation, including words or other symbols tending falsely to describe or represent,” when “use[d] in connection with any goods or services.” 15 U. S. C. §1125(a) (1982 ed.). This language codified, among other things, the related common-law torts of technical trademark infringement and passing off, see Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U. S. 844, 861, n. 2 (1982) (White, J., concurring in result); Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc., 659 F. 2d 695, 701 (CA5 1981), cert. denied, 457 U. S. 1126 (1982), which were causes of action for false descriptions or representations concerning a good’s or service’s source of production, see, e. g., Yale Electric Corp. v. Robertson, 26 F. 2d 972, 973 (CA2 1928); American Washboard Co. v. Saginaw Mfg. Co., 103 F. 281, 284–286 (CA6 1900).
At common law, words or symbols that were arbitrary, fanciful, or suggestive (called “inherently distinctive” words or symbols, or “trademarks”) were presumed to represent the source of a product, and the first user of a trademark could sue to protect it without having to show that the word or symbol represented the product’s source in fact. See, e.g., Heublein v. Adams, 125 F. 782, 784 (CC Mass. 1903). That presumption did not attach to personal or geographic names or to words or symbols that only described a product (called “trade names”), and the user of a personal or geographic name or of a descriptive word or symbol could obtain relief only if he first showed that his trade name did in fact represent not just the product, but a producer (that the good or service had developed “secondary meaning”). See, e.g., Florence Mfg. Co. v. J. C. Dowd & Co., 178 F. 73, 74–75 (CA2 1910). Trade dress, which consists not of words or symbols, but of a product’s packaging (or “image,” more broadly), seems at common law to have been thought incapable ever of being inherently distinctive, perhaps on the theory that the number of ways to package a product is finite. Thus, a user of trade dress would always have had to show secondary meaning in order to obtain protection. See, e.g., Crescent Tool Co. v. Kilborn & Bishop Co., 247 F. 299, 300–301 (CA2 1917); Flagg Mfg. Co. v. Holway, 178 Mass. 83, 91, 59 N. E. 667 (1901); Philadelphia Novelty Mfg. Co. v. Rouss, 40 F. 585, 587 (CC SDNY 1889); see also J. Hopkins, Law of Trademarks, Tradenames and Unfair Competition § 54, pp. 140–141 (3d ed. 1917); W. Browne, Law of Trade-Marks §§ 89b, 89c, pp. 106–110 (2d ed. 1885); Restatement (Third) of the Law of Unfair Competition § 16, Comment b (Tent. Draft No. 2, Mar. 23, 1990) (hereinafter Third Restatement).

Over time, judges have come to conclude that packages or images may be as arbitrary, fanciful, or suggestive as words or symbols, their numbers limited only by the human imagination. See, e.g., AmBrit, Inc. v. Kraft, Inc., 812 F. 2d 1531, 1536 (CA11 1986) (“square size, bright coloring, pebbled tex-
ture, polar bear and sunburst images” of the package of the “Klondike” ice cream bar held inherently distinctive), cert. denied, 481 U.S. 1041 (1987); see also Third Restatement §§13, 16. A particular trade dress, then, is now considered as fully capable as a particular trademark of serving as a “representation or designation” of source under §43(a). As a result, the first user of an arbitrary package, like the first user of an arbitrary word, should be entitled to the presumption that his package represents him without having to show that it does so in fact. This rule follows, in my view, from the language of §43(a), and this rule applies under that section without regard to the rules that apply under the sections of the Lanham Act that deal with registration.

Because the Court reaches the same conclusion for different reasons, I join its judgment.
JUSTICE SCALIA delivered the opinion of the Court.

In this case, we decide under what circumstances a product’s design is distinctive, and therefore protectible, in an action for infringement of unregistered trade dress under §43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, as amended, 15 U. S. C. §1125(a).

I

Respondent Samara Brothers, Inc., designs and manufactures children’s clothing. Its primary product is a line of spring/summer one-piece seersucker outfits decorated with appliqués of hearts, flowers, fruits, and the like. A number of chain stores, including JCPenney, sell this line of clothing under contract with Samara.

Petitioner Wal-Mart Stores, Inc., is one of the nation’s best known retailers, selling among other things children’s clothing. In 1995, Wal-Mart contracted with one of its suppliers, Judy-Philippine, Inc., to manufacture a line of children’s outfits for sale in the 1996 spring/summer season. Wal-Mart sent Judy-Philippine photographs of a number of garments from Samara’s line, on which Judy-Philippine’s garments were to be based; Judy-Philippine
duly copied, with only minor modifications, 16 of Samara’s garments, many of which contained copyrighted elements. In 1996, Wal-Mart briskly sold the so-called knockoffs, generating more than $1.15 million in gross profits.

In June 1996, a buyer for JCPenney called a representative at Samara to complain that she had seen Samara garments on sale at Wal-Mart for a lower price than JCPenney was allowed to charge under its contract with Samara. The Samara representative told the buyer that Samara did not supply its clothing to Wal-Mart. Their suspicions aroused, however, Samara officials launched an investigation, which disclosed that Wal-Mart and several other major retailers—Kmart, Caldor, Hills, and Goody’s—were selling the knockoffs of Samara’s outfits produced by Judy-Philippine.

After sending cease-and-desist letters, Samara brought this action in the United States District Court for the Southern District of New York against Wal-Mart, Judy-Philippine, Kmart, Caldor, Hills, and Goody’s for copyright infringement under federal law, consumer fraud and unfair competition under New York law, and—most relevant for our purposes—infringement of unregistered trade dress under §43(a) of the Lanham Act, 15 U. S. C. §1125(a). All of the defendants except Wal-Mart settled before trial.

After a weeklong trial, the jury found in favor of Samara on all of its claims. Wal-Mart then renewed a motion for judgment as a matter of law, claiming, *inter alia*, that there was insufficient evidence to support a conclusion that Samara’s clothing designs could be legally protected as distinctive trade dress for purposes of §43(a). The District Court denied the motion, 969 F. Supp. 895 (SDNY 1997), and awarded Samara damages, interest, costs, and fees totaling almost $1.6 million, together with injunctive relief, see App. to Pet. for Cert. 56–58. The Second Circuit affirmed the denial of the motion for judgment as a matter
II

The Lanham Act provides for the registration of trademarks, which it defines in §45 to include “any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer’s] goods . . . from those manufactured or sold by others and to indicate the source of the goods . . . .” 15 U. S. C. §1127. Registration of a mark under §2 of the Act, 15 U. S. C. §1052, enables the owner to sue an infringer under §32, 15 U. S. C. §1114; it also entitles the owner to a presumption that its mark is valid, see §7(b), 15 U. S. C. §1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, see §15, 15 U. S. C. §1065. In addition to protecting registered marks, the Lanham Act, in §43(a), gives a producer a cause of action for the use by any person of “any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods . . . .” 15 U. S. C. §1125(a). It is the latter provision that is at issue in this case.

The breadth of the definition of marks registrable under §2, and of the confusion-producing elements recited as actionable by §43(a), has been held to embrace not just word marks, such as “Nike,” and symbol marks, such as Nike’s “swoosh” symbol, but also “trade dress”—a category that originally included only the packaging, or “dressing,” of a product, but in recent years has been expanded by many courts of appeals to encompass the design of a product. See, e.g., Ashley Furniture Industries, Inc. v. Sangiacomo N. A., Ltd., 187 F. 3d 363 (CA4 1999) (bedroom furniture); Knitwaves, Inc. v. Lollytogs, Ltd., 71 F. 3d 996 (CA2 1995) (sweaters); Stuart Hall Co., Inc. v. Ampad
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_Corp._, 51 F. 3d 780 (CA8 1995) (notebooks). These courts have assumed, often without discussion, that trade dress constitutes a “symbol” or “device” for purposes of the relevant sections, and we conclude likewise. “Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.” _Qualitex Co._ v. _Jacobson Products Co._, 514 U. S. 159, 162 (1995). This reading of §2 and §43(a) is buttressed by a recently added subsection of §43(a), §43(a)(3), which refers specifically to “civil action[s] for trade dress infringement under this chapter for trade dress not registered on the principal register.” 15 U. S. C. A. §1125(a)(3) (Oct. 1999 Supp.).

The text of §43(a) provides little guidance as to the circumstances under which unregistered trade dress may be protected. It does require that a producer show that the allegedly infringing feature is not “functional,” see §43(a)(3), and is likely to cause confusion with the product for which protection is sought, see §43(a)(1)(A), 15 U. S. C.. §1125(a)(1)(A). Nothing in §43(a) explicitly requires a producer to show that its trade dress is distinctive, but courts have universally imposed that requirement, since without distinctiveness the trade dress would not “cause confusion . . . as to the origin, sponsorship, or approval of [the] goods,” as the section requires. Distinctiveness is, moreover, an explicit prerequisite for registration of trade dress under §2, and “the general principles qualifying a mark for registration under §2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under §43(a).” _Two Pesos, Inc._ v. _Taco Cabana, Inc._, 505 U. S. 763, 768 (1992) (citations omitted).

In evaluating the distinctiveness of a mark under §2 (and therefore, by analogy, under §43(a)), courts have held that a mark can be distinctive in one of two ways. First, a mark is inherently distinctive if “[its] intrinsic nature
serves to identify a particular source.” *Ibid.* In the context of word marks, courts have applied the now-classic test originally formulated by Judge Friendly, in which word marks that are “arbitrary” (“Camel” cigarettes), “fanciful” (“Kodak” film), or “suggestive” (“Tide” laundry detergent) are held to be inherently distinctive. See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F. 2d 4, 10–11 (CA2 1976). Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” Inwood Laboratories, Inc. v. Ives Laboratories, Inc., 456 U. S. 844, 851, n. 11 (1982).*

The judicial differentiation between marks that are inherently distinctive and those that have developed secondary meaning has solid foundation in the statute itself. Section 2 requires that registration be granted to any trademark “by which the goods of the applicant may be distinguished from the goods of others”—subject to various limited exceptions. 15 U. S. C. §1052. It also provides, again with limited exceptions, that “nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce”—that is, which is not inherently distinctive but has become so only through second-

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*The phrase “secondary meaning” originally arose in the context of word marks, where it served to distinguish the source-identifying meaning from the ordinary, or “primary,” meaning of the word. “Secondary meaning” has since come to refer to the acquired, source-identifying meaning of a non-word mark as well. It is often a misnomer in that context, since non-word marks ordinarily have no “primary” meaning. Clarity might well be served by using the term “acquired meaning” in both the word-mark and the non-word-mark contexts—but in this opinion we follow what has become the conventional terminology.*
dary meaning. §2(f), 15 U. S. C. §1052(f). Nothing in §2, however, demands the conclusion that every category of mark necessarily includes some marks “by which the goods of the applicant may be distinguished from the goods of others” without secondary meaning—that in every category some marks are inherently distinctive.

Indeed, with respect to at least one category of marks—colors—we have held that no mark can ever be inherently distinctive. See Qualitex, 514 U. S., at 162–163. In Qualitex, petitioner manufactured and sold green-gold dry-cleaning press pads. After respondent began selling pads of a similar color, petitioner brought suit under §43(a), then added a claim under §32 after obtaining registration for the color of its pads. We held that a color could be protected as a trademark, but only upon a showing of secondary meaning. Reasoning by analogy to the Abercrombie & Fitch test developed for word marks, we noted that a product’s color is unlike a “fanciful,” “arbitrary,” or “suggestive” mark, since it does not “almost automatically tell a customer that [it] refer[s] to a brand,” ibid., and does not “immediately . . . signal a brand or a product ‘source,’” id., at 163. However, we noted that, “over time, customers may come to treat a particular color on a product or its packaging . . . as signifying a brand.” Id., at 162–163. Because a color, like a “descriptive” word mark, could eventually “come to indicate a product’s origin,” we concluded that it could be protected upon a showing of secondary meaning. Ibid.

It seems to us that design, like color, is not inherently distinctive. The attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product. Although the words and packaging can serve subsidiary functions—a suggestive word mark (such as “Tide” for
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laundry detergent), for instance, may invoke positive connotations in the consumer’s mind, and a garish form of packaging (such as Tide’s squat, brightly decorated plastic bottles for its liquid laundry detergent) may attract an otherwise indifferent consumer’s attention on a crowded store shelf—their predominant function remains source identification. Consumers are therefore predisposed to regard those symbols as indication of the producer, which is why such symbols “almost automatically tell a customer that they refer to a brand,” id., at 162-163, and “immediately . . . signal a brand or a product ‘source,’” id., at 163. And where it is not reasonable to assume consumer predisposition to take an affixed word or packaging as indication of source—where, for example, the affixed word is descriptive of the product (“Tasty” bread) or of a geographic origin (“Georgia” peaches)—inherent distinctiveness will not be found. That is why the statute generally excludes, from those word marks that can be registered as inherently distinctive, words that are “merely descriptive” of the goods, §2(e)(1), 15 U. S. C. §1052(e)(1), or “primarily geographically descriptive of them,” see §2(e)(2), 15 U. S. C. §1052(e)(2). In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.

The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design
ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness, and where product design is concerned we have little confidence that a reasonably clear test can be devised. Respondent and the United States as amicus curiae urge us to adopt for product design relevant portions of the test formulated by the Court of Customs and Patent Appeals for product packaging in Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F. 2d 1342 (1977). That opinion, in determining the inherent distinctiveness of a product’s packaging, considered, among other things, “whether it was a ‘common’ basic shape or design, whether it was unique or unusual in a particular field, [and] whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.” Id., at 1344 (footnotes omitted). Such a test would rarely provide the basis for summary disposition of an anticompetitive strike suit. Indeed, at oral argument, counsel for the United States quite understandably would not give a definitive answer as to whether the test was met in this very case, saying only that “[t]his is a very difficult case for that purpose.” Tr. of Oral Arg. 19.

It is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature, see §43(a)(3), 15 U. S. C. A. §1125(a)(3) (Oct. 1999 Supp.)—a showing that may involve consideration of its esthetic appeal, see Qualitex, 514 U.S., at 170. Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not
worth the candle. That is especially so since the producer can ordinarily obtain protection for a design that is inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design—as, indeed, respondent did for certain elements of the designs in this case. The availability of these other protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under §43(a) without a showing of secondary meaning.

Respondent contends that our decision in Two Pesos forecloses a conclusion that product-design trade dress can never be inherently distinctive. In that case, we held that the trade dress of a chain of Mexican restaurants, which the plaintiff described as “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals,” 505 U. S., at 765 (internal quotation marks and citation omitted), could be protected under §43(a) without a showing of secondary meaning, see id., at 776. Two Pesos unquestionably establishes the legal principle that trade dress can be inherently distinctive, see, e.g., id., at 773, but it does not establish that product-design trade dress can be. Two Pesos is inapposite to our holding here because the trade dress at issue, the décor of a restaurant, seems to us not to constitute product design. It was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some tertium quid that is akin to product packaging and has no bearing on the present case.

Respondent replies that this manner of distinguishing Two Pesos will force courts to draw difficult lines between product-design and product-packaging trade dress. There will indeed be some hard cases at the margin: a classic glass Coca-Cola bottle, for instance, may constitute packaging for those consumers who drink the Coke and then
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discard the bottle, but may constitute the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle, rather than a can, because they think it more stylish to drink from the former. We believe, however, that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive. To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.

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We hold that, in an action for infringement of unregistered trade dress under §43(a) of the Lanham Act, a product's design is distinctive, and therefore protectible, only upon a showing of secondary meaning. The judgment of the Second Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.
ETHICS OF TAX LAWYERING

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Introducing Legal Ethics for Tax Lawyers

Introducing Legal Ethics for Tax Lawyers

In order to appreciate the ethical complications in which tax lawyers often find themselves, it is essential to appreciate and understand the greater contexts of legal ethics and the tax system. While it is important to begin with this more general discussion of ethics and tax lawyers, it may also be useful to re-read this section after finishing this chapter – to get a view of the forest after inspecting some of the trees!

1.1. Ethics for Lawyers

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Ethics is practical reasoning. It is thinking through the implications of behavior. For lawyers, ethical reflection involves considering not only the lawyer's personal values but also the roles lawyers have as officers in the legal system and as agents and advisors for clients. Organizing and clarifying the layers of obligations and duties implicated in lawyer behavior is the subject matter of legal ethics. The objective is to define what a lawyer's professional responsibilities are. It is not an abstract or idealistic exercise. A lawyer with a misunderstanding of her professional responsibilities may find herself disbarred from the practice of law, sued by her former clients, fined and jailed – or personally miserable even if she escapes discipline, suit, or criminal punishment.

Many ethical considerations reflect a lawyer's personal values, such as the choice of practice area or choice of clients. However, legal ethics is not simply the domain of personal values. A great many duties are imposed on lawyers by fiduciary and contract laws, and, of course, each state has its own ethics rules and means of enforcement. Most states have adopted some version of the American Bar Association's Model Rules of Professional Conduct, and many have followed the ABA's subsequent amendments (as amended, the "Model Rules."). While the popular image of a lawyer may be as a courtroom strategist and dramatist focused on winning at any cost, the Model Rules reflect the complex realities of lawyering, prescribing different standards for a lawyer working as an advisor, neutral third party, and advocate, as well as unavoidable duties to third parties, opposing counsel, and the tribunal.

Unfortunately for the practicing lawyer burdened with thinking through the consequences of her professional behavior, complying with the state ethics rules does not necessarily mean she escapes liability under malpractice standards. Lawyers may be sued by former clients – and even third parties who were never clients – on either tort or contractual grounds, and compliance with the state ethics rules may not provide a sufficient defense. Although the different standards used in disciplinary and malpractice claims may appear to be confusing, a prudent lawyer should never close her eyes, rely on untutored intuition, and hope for the best.
1) Under the ABA Model Rules, what are the differences between a lawyer acting as an advisor and a lawyer acting as an advocate? Has the state in which you intend to be admitted adopted the ABA Model Rules? The Tax Court has adopted the ABA Model Rules – both their “letter and spirit.” United States Tax Court Rules of Practice Rule 202(a)(3). What does “spirit” mean? How does one comply with the “spirit” when it is not described in the “letter?” We may speak in these terms in casual conversation, but if you are the lawyer needing to know how to proceed in court, how do you determine if “letter” and “spirit” have different requirements? If the requirements are the same, why mention both? If the requirements are not the same, how do you know? Is your client’s interest relevant in determining the “spirit” of the ABA Model Rules?

2) Due to the cost of legal advice, tax advice from a lawyer is rarely justified unless a substantial amount is involved. What does that mean about the amount of damages likely to be sought in a tax malpractice suit?

1.2. The Duty to the Tax System

Tax lawyers may be disciplined by the authorities where they are admitted to practice, and they risk malpractice suits for negligence and failing to fulfill fiduciary or contractual duties to clients or others. They are also subject to discipline by the Internal Revenue Service (the “IRS”) under extensive written regulations (usually referenced as “Circular 230”). Under these regulations, the minimum standard for most tax advice—


on the merits.”[2] This standard has no counterpart in the ABA Model Rules. It is a high standard for advice. (Imagine if a criminal defense lawyer could only give advice that had a 40% chance of success on the merits?)

Such higher standards for tax lawyers are often described as the tax lawyer’s “duty to the system.”[3] This duty reflects the self-assessment nature of our tax system in which only 1-2% of tax returns are audited; and requires that lawyers advising clients ignore the low audit rate. Tax advice must be given on the presumption that the issue will be litigated in court rather than gambling that the issue will never be examined by the IRS (playing “audit roulette,” as it is often called.)[4] After all, with a 2% audit rate, even the worst tax advice has a 98% chance of “succeeding” (as 98% of tax returns are not audited).

Notes and Questions

3. If 100% of tax returns were thoroughly audited, would it be relevant in terms of tax lawyers’ duty to the system? What would be the duty to the system if returns were never audited?

1.3. Sharing the Profession with Non-Lawyers

Tax lawyers share the tax field with Certified Public Accountants (“CPAs”). Federal law authorizes both lawyers and CPAs to represent clients before the IRS.[5] Both practice before the IRS, and both are regulated by the Secretary of the Treasury.[6] Further, so long as they pass an examination, Rule 200(6)(3) of the United State Tax Court Rules of Practice authorizes CPAs to represent clients before the Tax Court.
Grace v. Allen


BATEMAN, Justice. This is a suit to recover the value of accountants' services performed. The appellees, residents of New York, rendered the services in New York to the appellants, who were then residents of New York but who subsequently moved to Dallas, Texas, where they were sued. Appellants pled, Inter alia, that appellees were not entitled to recover because their alleged services constituted the unauthorized practice of law. The jury fixed the value of the services at $8,400 and found that appellees were also entitled to a reasonable attorney's fee in the sum of $4,200. The trial court rendered judgment for appellees for the total of $12,600, and appellants appeal on two points of error.

The first of these is that the court erred in holding as a matter of law that the services rendered by appellees did not constitute the practice of law. Appellants assert that under the circumstances New York law should control in the determination of that question. Appellees contend that their services in question did not constitute the practice of law, even under the New York law, and that in any event such services were within the purview of the federal law and Treasury Department regulations; that although not members of the Bar, they were licensed to practice before the Treasury Department, that everything they did was pursuant to and in accordance with that license, and that if their services were proscribed under New York law they were fully authorized by the federal law and Treasury regulations and, therefore, lawful. The defense in question was on motion kept from the jury, and the court resolved it in favor of appellees as a matter of law.
accountants, one of them being certified, and both were admitted to practice before the Treasury Department, although neither of them was a lawyer. Both of them had been employed by the Internal Revenue Service for a number of years before entering private practice. Although the appellees had not prepared the appellants’ income tax returns for the years 1955, 1956, 1957 and 1958, when the Internal Revenue Service assessed additional taxes for those years they were employed to work with appellants’ attorneys in New York City in the preparation and presentation of a protest of such assessment. They did so, and it is these services which appellants say constituted the unauthorized practice of law, pointing out that one of the appellees testified that ‘complicated issues’ were involved, that the protest cited numerous cases as authority for the position they were taking, some of which cases had been discussed with the lawyers but some of which had been found as a result of research by the appellee Brown. Appellees had prepared in their office several Forms 872, ‘Consent to Extension of the Statute of Limitations,’ also memoranda used and presented in various conferences, with representatives of the Internal Revenue Service. Appellees conferred frequently with appellants’ attorneys and kept them advised by telephone and mail as to audits by the Internal Revenue Service and the preparation of the protest. The attorneys participated and cooperated in the preparation of the protest and in conferences with the Internal Revenue Service examining agent and conference coordinator. Appellees also prepared a power of attorney authorizing the attorneys to act for appellees in connection with audits of appellants’ tax returns. Appellants employed appellees to prepare and file their Federal and New York State income tax returns for 1960 and their declarations of estimated income tax (Federal and State) for 1961; also to maintain appellants’ proper books and records therefor.

To support their position that under New York law the work done by appellees constituted unauthorized law practice, appellants rely wholly on the case of In the Matter of New York County Lawyers Association (Bernard Bercu, Respondent), 273 App. Div. 524, 78 N.Y.S.2d 209, 9 A.L.R.2d 787. In that case the Association sought to punish Bercu, an accountant, for contemp and to enjoin him from practicing law. It was shown that Craft Steel Products, Inc. had sought and obtained his advice in connection with its liability from a New York City arbitrary and8 justice. Bercu provided a

auditor for the company, nor did he prepare its tax returns or do any work of any kind on its books; all he did was render a written opinion on the legal question of tax liability. He admitted that this was not an isolated instance of its kind and that he often gave advice of the same character without examining books or preparing tax returns. The court pointed out that the decision was made difficult because of the overlapping of law and accounting, that an accountant must be familiar to a considerable extent with tax law and must employ his knowledge of the law in his accounting practice, and that a tax lawyer must have an understanding of accounting. The court recognized that an accountant employed to keep a taxpayer’s books or prepare his tax return would be expected and permitted to answer legal questions arising out of and incidental to the accounting work. The court also recognized that the matter of taxation, ‘which permeates almost every phase of modern life, is so inextricably interwoven with nearly every branch of law that one could hardly pick any tax problem and say this is a question of pure taxation or pure tax law wholly unconnected with other legal principles, incidents or ramifications.’ Recognizing the necessity of drawing a line of demarcation between the work of the tax lawyer and that of the tax accountant, the court said, ‘the point at which it must be drawn, at very least, is where the accountant or non-lawyer undertakes to pass upon a legal question apart from the regular pursuit of his calling.’ Since Bercu’s advice concerning the law was not incidental to any accounting work done by him for Croft Steel Products, Inc., it was held that he was unlawfully practicing law.

However, in the case at bar it is not shown that appellants consulted appellees or sought or obtained their opinion on any legal subject that was not incidental to their accounting work. Appellees were preparing the appellants’ 1960 income tax returns and were the regular accountants for appellants. They were also doing accounting work in reviewing and classifying the great volume of papers and records of appellants necessary to the preparation of the protest of the tax assessment and to enable them to discuss with the Revenue Agents the asserted tax liability. It is true that in the preparation of the protest appellees cited numerous cases in support of their position, but this was necessary and incidental to the preparation and presentation of the protest. Moreover, appellees consulted the appellants’ attorneys concerning these authorities and other aspects of the
Both parties agree that the *Bercu* case correctly announces the New York law on the subject. A careful reading of that opinion demonstrates the dissimilarity between it and the case at bar. It is clear from the record before us that the work performed by appellees, which appellants assert constituted the unauthorized practice of law, was only incidental to their accounting work and was therefore permissible and not unlawful under New York law.

Appellees assert, and appellants do not deny, that the work done by appellees was all within the purview of their licenses to practice before the Treasury Department. It was agreed on the trial that the court might take judicial notice of the federal law and Treasury regulations on the subject. One of those regulations, in part, provides:

Practice before the Internal Revenue Service comprehends all matters connected with presentations to the Internal Revenue Service or any of its officers or employees relating to a client’s rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. Such presentations include the preparation and filing of necessary documents, correspondence with, and communications to the Internal Revenue Service, and the representation of a client at conferences, hearings, and meetings.

Appellees take the position that if there is a conflict between the state law and the federal law, the former must yield, and that, since the regulations referred to were promulgated under sanction of the federal law, they have the force and effect of law. We agree with appellees. The rights conferred by the admission to practice before the Treasury Department are federal rights which cannot be impinged upon by the states in their praiseworthy efforts to protect their citizens from unskilled and unethical practitioners of the law. *Sperry v. State of Florida ex rel. Florida Bar*, 373 U.S. 379, 83 S. Ct. 1322, 10 L. Ed. 2d 428.
This is not to say that the states have surrendered their right to regulate and control the practice of law within their respective boundaries, as was done in the Bercau case. See also Hexter Title & Abstract Co. v. Grievance Committee, 142 Tex. 506, 179 S.W.2d 946, 157 A.L.R. 268. In fact, one of the Treasury regulations referred to (§ 10.39) contains this proviso: “And provided further: That nothing in the regulations in this part shall be construed as authorizing persons not members of the Bar to practice law.” See also Free v. Bland, 369 U.S. 663, 82 S. Ct. 1089, 8 L. Ed.2d 180; Hatfried, Inc. v. Commissioner of Internal Revenue, 3 Cir., 162 F.2d 628; Haywood Lumber & Mining Co. v. Commissioner of Internal Revenue, 2 Cir., 178 F.2d 769; Burton Swartz Land Corp. v. Commissioner of Internal Revenue, 5 Cir., 198 F.2d 558. Appellants’ first point is overruled....

Finding no error requiring reversal, we affirm the judgment of the trial court.

Notes and Questions

4. The Grace court cites Sperry v. State of Florida ex rel. Florida Bar, 373 U.S. 379, 83 S. Ct. 1322, 10 L. Ed.2d 428 (1963). The Sperry case involved a practitioner authorized to practice before the U.S. Patent Office but not authorized to practice law in Florida, which is where he maintained his office. Similarly to the tax law situation, federal law authorized non-lawyers to practice before the U.S. Patent Office. May someone who is not admitted to practice law in the state in which he has offices engage in the practice of tax law? How can federal tax issues and state law issues, such as corporate, creditor, and property issues, be separated in any practical sense? For example, if a tax issue requires determination of the nature of an underlying property right under state law, is someone authorized to practice tax entitled to opine as to the underlying state law issue? Or is it that someone authorized to practice tax...
authorized to practice state law, has opined on the state law issue? What does Circular 230 § 10.39 mean? As to Circular 230, see below.

5. What do CPAs do? The National Conference of Lawyers and Certified Public Accountants issued a study on the relationship between lawyers and CPAs. Like lawyers, CPAs are licensed to practice by state professional boards. CPAs engage in accounting and auditing, tax and management consulting, and especially in expert examination of financial statements. They develop and analyze data, especially data expressed in monetary or other quantitative forms.[7]

6. What do lawyers do? Trying to define the “practice of law” in order to prohibit the unauthorized practice of law has consumed many courts, and few generalizations are useful.

7. If CPAs and tax lawyers share the tax field, how is the work divided? Both may prepare tax returns, though, in practice, few tax lawyers specialize in routinely preparing income tax returns for clients. With respect to ascertaining the “probable tax effects of transactions,” the National Conference of Lawyers and Certified Public Accountants recognize that both lawyers and CPAs are qualified but urge CPAs to consult lawyers when there are uncertainties as to the interpretation or application of laws, and urge lawyers to consult CPAs when there are uncertainties as to describing the transaction in money terms or interpreting financial results.[8] The Conference identifies preparing legal documents as part of the special training of lawyers, and the preparation of financial statements and similar reports as part of the special training of accountants.[9] The Conference recognizes the opportunity for CPAs to represent clients before the Tax Court, but, noting that the client may also pursue remedies in a District Court or the Court of Claims, suggests that a lawyer be consulted when the IRS issues a notice of deficiency.[10]
8. The Conference concludes that all matters involving criminal investigations should be referred to lawyers.[11] Why? Of course, initially, the criminal aspects of the investigation may not be known.

9. Usually we think of lawyers as having a monopoly on advising clients on legal issues and representing clients in court. However, CPAs are authorized to advise clients on the tax law, and CPAs are authorized to represent clients in the Tax Court. We also usually think of lawyers as an independent profession — one that regulates itself. However, tax lawyers, like CPAs, are regulated by the Treasury Department. What is the essence of being a lawyer? Would it make more sense to classify tax lawyers as part of a “tax profession” shared with CPAs? Are tax lawyers and medical malpractice lawyers or criminal defense lawyers members of a shared profession in any meaningful sense?

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Ethical Problems for Tax Lawyers

3. Ethical Problems for Tax Lawyers

While tax lawyers face many of the professional responsibility problems other lawyers do, such as conflicts of interest and handling confidential information, there are several distinctive situations that pose ethical problems for tax lawyers. First are those situations in which a tax lawyer provides advice to a client in a manner expected to protect the client from certain penalties, even if the advice turns out to be wrong. Second are situations involving mistakes, such as discovering that a prior year’s tax return is incorrect or catching the IRS making a mistake in the client’s favor. Finally are situations that involve how private tax lawyers interact with lawyers and other employees at the IRS.
3.1. Tax Opinions and Tax Shelters

A taxpayer who makes an "honest mistake" still owes the taxes due (and interest on the amount due), and an audit may reveal this. Yet the taxpayer must pay additional penalties only in certain situations. For example, IRC § 6662 imposes a 20% penalty, if the taxpayer underpaid tax due to "negligence or disregard of the rules or regulations," or, regardless of negligence or disregard, if the underpayment was "substantial" (i.e., more than the greater of $5,000 or 10% of the tax owed) IRC § 6662(b)(1), (b)(2), (d)(1).[15] It is in seeking protection from penalties that many clients turn to tax lawyers. Thus, clients will often seek assurances from a tax lawyer as to a favorable position on the return since such assurances may protect them from the penalties, even if the position fails to be sustained on audit or in litigation. Tax lawyers earn significant fees in providing such assurances (i.e., providing opinions as to the proper tax treatment).

In general, a taxpayer will not be subject to a § 6662 penalty if she acted reasonably and in good faith with respect to the return position that resulted in the underpayment of tax. § 6664(c)(1). A taxpayer who relies on a tax lawyer's professional advice may cite doing so as evidence of acting reasonably and in good faith. Treasury Regulations § 1.6664-4(b)(1). However, the taxpayer must have disclosed all relevant facts to the lawyer; and the lawyer must base the advice on all relevant law taking the facts into consideration, and making no unreasonable assumptions. Treasury Regulations § 1.6664-4(b)(1). In short, the tax lawyer’s advice must be reasonable and in good faith and the taxpayer’s reliance itself must be reasonable and in good faith.

While the taxpayer penalty regime is complex, it is important to note that there are specific protections provided for different levels of confidence in tax advice. Similar to the requirements on a tax return preparer under § 6694, there will be no penalty premised on a tax position for which there is "substantial authority" or a tax position that is disclosed on Form 8275 and for which there is a "reasonable basis." IRC § 6664(d)(2)
of “substantial authority” and “reasonable basis.” Remember that a position with substantial authority is one for which there is about a 40% chance of success, if litigated, and a position for which there is a reasonable basis is one for which there is about a 10-20% chance of success, if litigated.

The substantial authority and reasonable basis standards are objective standards. However, in some instances, in order to avoid a penalty, the taxpayer must also reasonably believe that the position is “more likely than not” to be sustained on its merits in litigation. The “more likely than not” standard is greater than 50%. A taxpayer is considered to “reasonably believe” if the taxpayer reasonably relies in good faith on the opinion of a professional tax advisor, if the opinion is based on the tax advisor’s analysis of the pertinent facts and authorities ... and unambiguously states that the tax advisor concludes that there is a greater than 50-percent likelihood that the tax treatment of the item will be upheld if challenged by the Internal Revenue Service. Treasury Regulations § 1.6662-4(g)(4)(i)(B) [non-corporate taxpayer]; § 1.6664-4(f)(2)(B)(2) [corporate taxpayer].

This special requirement applies to “tax shelters.” In common usage, a “tax shelter” is a complicated tax scheme intended to generate substantial tax benefits that do not correspond to the underlying economic realities of the scheme. In other words, it is a complicated and abusive tax plan. Tax shelters tend to be marketed as investments, and those who are marketing the shelters hire tax lawyers to provide written tax opinions designed to protect the investors from penalties. Thus, these opinions are extremely valuable to tax shelter promoters – and providing these opinions on law firm letterhead can be an extremely lucrative business for tax lawyers. Over a five year period, one large firm tax partner “personally netted $93 million” – and hundreds of millions for his firm — by providing about six hundred tax shelter opinions. However, when the tax shelters began to unravel under IRS scrutiny, the lawyer and his firm were sued in a class action suit brought by the tax shelter investors, which resulted in the dissolution of the law firm, payments to the investors, and criminal penalties. Of course, many
other tax lawyers have engaged in the same practice, even if many of them have not (yet) suffered similar consequences.

Congress and the American Bar Association have long been concerned with regulating tax opinions as a means of combating tax shelters, which generate illegal tax "savings" on a broad scale. Circular 230 addresses the issue as follows:

§ 10.35 Requirements for covered opinions.

(a) A practitioner who provides a covered opinion shall comply with the standards of practice in this section.

(b) Definitions. For purposes of this subpart—…

2) Covered opinion—(i) In general. A covered opinion is written advice (including electronic communications) by a practitioner concerning one or more Federal tax issues arising from—

(A) A transaction that is the same as or substantially similar to a transaction that, at the time the advice is rendered, the Internal Revenue Service has determined to be a tax avoidance transaction and identified by published guidance as a listed transaction under 26 CFR 1.6011-4(b)(2);
(B) Any partnership or other entity, any investment plan or arrangement, or any other plan or arrangement, the principal purpose of which is the avoidance or evasion of any tax imposed by the Internal Revenue Code; or

(C) Any partnership or other entity, any investment plan or arrangement, or any other plan or arrangement, a significant purpose of which is the avoidance or evasion of any tax imposed by the Internal Revenue Code if the written advice—

(1) Is a reliance opinion;

***

(3) A Federal tax issue is a question concerning the Federal tax treatment of an item of income, gain, loss, deduction, or credit, the existence or absence of a taxable transfer of property, or the value of property for Federal tax purposes. For purposes of this subpart, a Federal tax issue is significant if the Internal Revenue Service has a reasonable basis for a successful challenge and its resolution could have a significant impact, whether beneficial or adverse and under any reasonably foreseeable circumstance, on the overall Federal tax treatment of the transaction(s) or matter(s) addressed in the opinion.
if the advice concludes at a confidence level of at least more likely than not (a greater than 50 percent likelihood) that one or more significant Federal tax issues would be resolved in the taxpayer’s favor. (ii) For purposes of this section, written advice, other than advice described in paragraph (b)(2)(i)(A) of this section (concerning listed transactions) or paragraph (b)(2)(i)(B) of this section (concerning the principal purpose of avoidance or evasion), is not treated as a reliance opinion if the practitioner prominently discloses in the written advice that it was not intended or written by the practitioner to be used, and that it cannot be used by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.

* * *

(8) Prominently disclosed. An item is prominently disclosed if it is readily apparent to a reader of the written advice. Whether an item is readily apparent will depend on the facts and circumstances surrounding the written advice including, but not limited to, the sophistication of the taxpayer and the length of the written advice. At a minimum, to be prominently disclosed an item must be set forth in a separate section (and not in a footnote) in a typeface that is the same size or larger than the typeface of any discussion of the facts or law in the written advice.

* * *
(10) The principal purpose. For purposes of this section, the principal purpose of a partnership or other entity, investment plan or arrangement, or other plan or arrangement is the avoidance or evasion of any tax imposed by the Internal Revenue Code if that purpose exceeds any other purpose. The principal purpose of a partnership or other entity, investment plan or arrangement, or other plan or arrangement is not to avoid or evade Federal tax if that partnership, entity, plan or arrangement has as its purpose the claiming of tax benefits in a manner consistent with the statute and Congressional purpose. A partnership, entity, plan or arrangement may have a significant purpose of avoidance or evasion even though it does not have the principal purpose of avoidance or evasion under this paragraph (b)(10).

(c) Requirements for covered opinions. A practitioner providing a covered opinion must comply with each of the following requirements.

(1) Factual matters.

(i) The practitioner must use reasonable efforts to identify and ascertain the facts, which may relate to future events if a transaction is prospective or proposed, and to determine which facts are relevant. The opinion must identify and consider all facts that the practitioner determines to be relevant.
unreasonable factual assumptions (including assumptions as to future events). An unreasonable factual assumption includes a factual assumption that the practitioner knows or should know is incorrect or incomplete. For example, it is unreasonable to assume that a transaction has a business purpose or that a transaction is potentially profitable apart from tax benefits . . . . The opinion must identify in a separate section all factual assumptions relied upon by the practitioner.

(iii) The practitioner must not base the opinion on any unreasonable factual representations, statements or findings of the taxpayer or any other person. An unreasonable factual representation includes a factual representation that the practitioner knows or should know is incorrect or incomplete. For example, a practitioner may not rely on a factual representation that a transaction has a business purpose if the representation does not include a specific description of the business purpose or the practitioner knows or should know that the representation is incorrect or incomplete. The opinion must identify in a separate section all factual representations, statements or findings of the taxpayer relied upon by the practitioner.

(2) Relate law to facts.

(i) The opinion must relate the applicable law (including potentially applicable judicial doctrines) to the relevant facts.
(ii) The practitioner must not assume the favorable resolution of any significant Federal tax issue..., or otherwise base an opinion on any unreasonable legal assumptions, representations, or conclusions.

(iii) The opinion must not contain internally inconsistent legal analyses or conclusions.

(3) Evaluation of significant Federal tax issues—

(i) In general. The opinion must consider all significant Federal tax issue. ...

(ii) Conclusion as to each significant Federal tax issue. The opinion must provide the practitioner's conclusion as to the likelihood that the taxpayer will prevail on the merits with respect to each significant Federal tax issue considered in the opinion. If the practitioner is unable to reach a conclusion with respect to one or more of those issues, the opinion must state that the practitioner is unable to reach a conclusion with respect to those issues. The opinion must describe the reasons for the conclusions, including the facts and analysis supporting the conclusions, or describe the reasons that the practitioner is unable to reach a conclusion as to one or more issues. If the practitioner fails to reach a conclusion at a confidence level of at least more likely than not with respect to one or more significant Federal tax issues considered, the opinion must include the appropriate
(iii) Evaluation based on chances of success on the merits. In evaluating the significant Federal tax issues addressed in the opinion, the practitioner must not take into account the possibility that a tax return will not be audited, that an issue will not be raised on audit, or that an issue will be resolved through settlement if raised.

***

(4) Overall conclusion. (i) The opinion must provide the practitioner’s overall conclusion as to the likelihood that the Federal tax treatment of the transaction or matter that is the subject of the opinion is the proper treatment and the reasons for that conclusion. If the practitioner is unable to reach an overall conclusion, the opinion must state that the practitioner is unable to reach an overall conclusion and describe the reasons for the practitioner’s inability to reach a conclusion.

***

(d) Competence to provide opinion; reliance on opinions of others.

(1) The practitioner must be knowledgeable in all of the aspects of Federal tax law relevant to the opinion being rendered, except that the practitioner may rely on the opinion of another practitioner with respect

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knows or should know that the opinion of the other practitioner should not be relied on. If a practitioner relies on the opinion of another practitioner, the relying practitioner's opinion must identify the other opinion and set forth the conclusions reached in the other opinion.

(2) The practitioner must be satisfied that the combined analysis of the opinions, taken as a whole, and the overall conclusion, if any, satisfy the requirements of this section.

***

(f) Effect of opinion that meets these standards-

(1) In general. An opinion that meets the requirements of this section satisfies the practitioner's responsibilities under this section, but the persuasiveness of the opinion with regard to the tax issues in question and the taxpayer's good faith reliance on the opinion will be determined separately under applicable provisions of the law and regulations.

(2) Standards for other written advice. A practitioner who provides written advice that is not a covered opinion for purposes of this section is subject to the requirements of § 10.37.
Notes and Questions

33. "Tax shelters" are commonly thought of as abusive transactions. However, the technical definition of tax shelter includes "any plan or arrangement, if a significant purpose of such ... plan or arrangement is the avoidance ... of Federal income tax." IRC § 6662(d)(2)(C). Section 10.35(b)(2)(i)(B) reflects this definition. While the organized tax bar disapproves of tax lawyers engaged in abusive planning, this definition of "tax shelter" has troubled many tax lawyers because it technically seems to include legitimate tax planning. How might "tax shelter" be re-defined so that it included only abusive transactions?

34. If Laura is a tax lawyer who e-mails a client suggesting that the client contribute to an IRA in order to avoid taxes, has she written a "covered opinion?" If she does not comply with all the requirement of § 10.35(c) in that e-mail, has she failed to satisfy her responsibilities – and thus subjected herself to the risk of discipline? Is e-mail "written advice"? Does § 10.35(b)(10) help? If the arrangement was not a contribution to an IRA, but the use of standard tax planning trusts in wills for a married couple, is § 10.35(b)(10) as helpful? Assume the tax planning is not controversial in any material sense, but not described in a statute or legislative history.

35. Lane goes to work in the tax department of a law firm. He notices that the footer of each of his e-mail contains a disclosure that the e-mail is not intended for use by the recipient in avoiding tax penalties. Why is that footer in the e-mail? What do you think clients think of the footer? What is the effect if the footer is not in a "typeface that is the same size or larger than the typeface of any discussion of the facts or law in the written advice?" Can the sender of e-mail always control the size of the text the reader receives?
36. How is "reasonable basis" used in defining "Federal tax issue" in § 10.35(b)(3)? What if "substantial authority" were used instead? What if "more likely than not" were used?

37. How difficult would it be to comply with the requirements in § 10.35(c)? Do the requirements seem merely like the sorts of acts a good lawyer would take in any event? Why does the tax bar consider these requirements onerous? How do these requirements differ from the requirements for "other" written advice in § 10.37? Which is more burdensome – exercising diligence with respect to the law, or diligence with respect to the facts? If, instead of sending an e-mail in the question above, Laura had called her client on the telephone, what provision in Circular 230 applies?

3.2. Mistakes

To err is human. But there are many kinds of errors, and when the errors involve the administration of the tax law, the tax lawyer may find herself pondering what to do. Tax lawyers routinely ponder what to do when they discover mistakes in a prior year's return.

Circular 230 § 10.21 provides as follows:

A practitioner who, having been retained by a client with respect to a matter administered by the Internal Revenue Service knows that the client has not complied with the revenue laws of the United States or has made an error in or omission from any return, document, affidavit, or other paper which the client submitted or executed under
noncompliance, error, or omission. The practitioner must advise the client of the consequences as provided under the Code and regulations of such noncompliance, error, or omission.

Circular 230 makes it clear that a tax lawyer has the obligation to advise the client of any “noncompliance, error, or omission.” If a tax lawyer discovers a mistake on a prior year’s return, it is clear that the tax lawyer should inform the client of the mistake. Note that there is no requirement that the client be advised to file an amended return, but Circular 230 requires the client be advised of the “consequences” of the mistake. What are the consequences?

It is often said that there is no legal obligation to file an amended tax return correcting a prior year’s return. Some, however, argue that because the tax is legally due and owing, the taxpayer is legally obligated to correct the prior return and pay the tax due.[20] In other words, the argument is that, even if the IRC does not require an amended return, other legal principles do. Others may point to language in the Treasury Regulations that provide that taxpayers “should” file an amended return, but it is hard to miss that the regulations do not use the word “must” or “shall.” See Treasury Regulations § 1.451-1(a) and § 1.461-1(a)(3). The IRS certainly encourages the filing of amended returns; it provides forms for the purposes. Even if filing an amended return is not required by the IRC, filing the return and paying the tax due may be useful for other reasons, such as stopping the accrual of interest – after all, the tax due may be discovered on an audit, even if no amended return is filed.

What if the mistake on the prior year’s return was not an “honest mistake,” but intentional? Choosing to amend the return may disclose a crime, and Fifth Amendment rights may be implicated. If a taxpayer has the right not to incriminate himself, obviously his lawyer is not obligated to advise him to do so.
Tax returns are filed on an annual basis, but a given return may be relevant across many years. If the client chooses not to amend the return to correct one year's mistake, the tax lawyer cannot simply ignore her knowledge of the mistake in continuing to represent the client. She must be diligent in ensuring that she does not incorporate the mistake into future planning or reporting. Review Circular 230 § 10.22; Model Rules 1.2, 1.6, 4.1 and 8.4; IRC §§ 6701 and 7206(2). This may be very difficult in some situations, but not others. In some situations, the most prudent course of action may be withdrawing from the representation (and the client should be advised that withdrawal may be one of the "consequences" implicated by § 10.21.) Of course, as clients’ circumstances and tax planning change, and as the tax law changes, tax positions in prior years may suddenly become more important in later years than anyone would have anticipated.

If the client chooses not to correct the return and the return later becomes the subject of an audit, the tax lawyer’s bind increases and she may need to withdraw. While the return is being reviewed, it may be almost impossible for the lawyer not to make a false or misleading statement about the return, and, of course, she is also generally unable to disclose the error over the objection of the client. Review Circular 230 § 10.22; Model Rules 1.2, 1.6, 4.1, and 8.4.

What if the mistake in question was not made by the client on a prior year’s return but rather by the IRS – and it is a mistake in your client’s favor? The Committee on Standards of Tax Practice of the ABA Tax Section considered this issue in detail in its Standards of Tax Practice 1999-1. The Committee distinguished between computational and conceptual mistakes, generally advising that the tax lawyer notifies the IRS of the mistake if it is computational (i.e., a math mistake) but not if it is conceptual. The Committee considered that, on the one hand, the lawyer may not disclose confidential information without the client’s consent (Model Rule 1.6(a)) but, on the other hand, the lawyer may not engage in dishonest conduct (Model Rule 8.4(c)). If the client objects to disclosing the IRS’s computational mistake to it, the tax lawyer may have the duty to withdraw.
38. ABA Formal Opinion 314 instructs the lawyer who knows of a mistake on a prior return to advise the client to file an amended return. However, Circular 230 only requires advising the client as to the consequences of failing to correct the mistake. Presumably, bar authorities in states that have adopted the Model Rules would consult the ABA Formal Opinions in considering discipline under the rules. Such opinions serve as persuasive authority along with state ethics opinions. But wouldn’t those authorities be likely to consult Circular 230 too?

39. Lanny is a tax lawyer who has been hired by a new client. In reviewing the client’s files in order to provide some tax advice for a possible business deal, Lanny reviews a prior year’s tax return in detail. During this review, he discovers a minor mistake that resulted in very limited tax savings and is extremely unlikely to be relevant in any future years. Lanny believes the mistake was “honest,” and that no negligence or other penalty would be applicable. He believes the client has no legal obligation to amend the return. The client’s CPA prepared the return. Lanny is surprised to discover any mistake on a return prepared by this CPA, as she is well-known for her extraordinary work. Lanny is concerned that if he tells the client of the mistake, the client may fire the CPA. Lanny believes that the client is very hot-tempered and fairly unsophisticated and is unlikely to comprehend that hiring a new CPA will not ensure mistake-free returns in the future, and will involve a great deal of transition costs as the new CPA would have to spend a good deal of time learning about the client’s business and reviewing the files. Lanny believes that it is in the client’s best interests to retain this CPA. Must Lanny tell the client about the mistake? What if Lanny believes that the error was not a “mistake” but intentional? What if Lanny had prepared the return, and then later discovered the error?
3.3. Working with IRS Lawyers and Other Employees

Who would want to be an IRS lawyer? It is a complicated role with considerable regulation. There are, of course, the state ethics rules, but there is also Circular 230, tax code provisions (such as IRC §§ 6103 and 7214), and the general restrictions on all federal government lawyers and employees. As with all government lawyers there are inter-agency issues, intra-agency issues, and bureaucratic realities. There is also the fact that IRS employees, in general, and IRS lawyers in particular, are rarely well-received. Mentioning at a dinner party that one is a tax lawyer may chill conversation, but saying that one is a lawyer for the IRS may have even more dire social consequences. Violence against IRS employees in general is also a real risk: more than 900 threats against IRS employees are investigated each year.[21]

Yet, many tax lawyers choose to work for the IRS. Working for the federal government has its benefits in terms of lifestyle, even if not in terms of cash compensation. But many tax lawyers who choose this line do it for other reasons. Though not as prevalent a professional development choice as it once was, service in the IRS may be good professional training for future private tax lawyers, perhaps much like a stint in the prosecutor’s office serves future defense attorneys. One reason some tax lawyers choose the IRS is in order to defend the interests of the honest taxpayers. These lawyers often think of themselves not as representing “the system” but “all the taxpayers.” When litigating against a taxpayer who crossed the line, these lawyers consider themselves to be representing all of the taxpayers who did not cross the line.

When private tax lawyers believe that their clients did not cross the line in tax planning, and their clients’ reputations and assets are on the line, they too, of course, consider themselves to be carrying on a noble crusade. The conflict between the private tax lawyer and the IRS tax lawyer may occur in an emotional and stressful situation for the client. It is here that professional rules are essential for navigating the high stakes and
high stresses that otherwise might erode the professional barriers and reduce the conflict to a personal level.

These situations may also involve another source of tension: potential sanctions against the tax lawyer. Review the readings above related to “substantial authority” and “reasonable basis” and the penalties to which tax lawyers may be subject as a result of their tax advice (IRC § 6694), as well as the materials above related to the criminal sanctions that may be imposed on tax lawyers in certain situations (IRC § 7206). The tax lawyer may be personally at risk as a result of a review of the client’s tax reporting, and thus the tax lawyer may be defending not only his client but himself. Indeed, it is often prudent, and in some situations necessary, for the tax lawyer who provided the tax planning advice not to be the tax lawyer who defends it.

With these tensions in mind, consider the following from Circular 230:

§ 10.51 Incompetence and disreputable conduct.

(a) Incompetence and disreputable conduct. Incompetence and disreputable conduct for which a practitioner may be sanctioned under § 10.50 includes, but is not limited to—

* * *

(4) Giving false or misleading information, or participating in any way in the giving of false or misleading information to the Department of the Treasury or any officer or employee thereof—knowing the information to
be false or misleading. Facts or other matters contained in testimony, Federal tax returns, financial statements, applications for enrollment, affidavits, declarations, and any other document or statement, written or oral, are included in the term “information.”

(7) Willfully assisting, counseling, encouraging a client or prospective client in violating, or suggesting to a client or prospective client to violate, any Federal tax law, or knowingly counseling or suggesting to a client or prospective client an illegal plan to evade Federal taxes or payment thereof.

(9) Directly or indirectly attempting to influence, or offering or agreeing to attempt to influence, the official action of any officer or employee of the Internal Revenue Service by the use of threats, false accusations, duress or coercion, by the offer of any special inducement or promise of an advantage, or by the bestowing of any gift, favor or thing of value.

(12) Contemptuous conduct in connection with practice before the Internal Revenue Service, including the use of abusive language, making false
accusations or statements, knowing them to be false or circulating or publishing malicious or libelous matter.

(13) Giving a false opinion, knowingly, recklessly, or through gross incompetence, including an opinion which is intentionally or recklessly misleading, or engaging in a pattern of providing incompetent opinions on questions arising under the Federal tax laws. ...

Internal Revenue Manual 4.1.1.7.6.1 – Badges of Practitioner Abuse (05-20-2005)

(1) Practitioners may be subject to discipline under Circular 230 if they exhibit a pattern of attempting to influence the case disposition or a Service employee to obtain the desired results in several collection investigations by:

- Using abusive language

- Threatening claims of misconduct (e.g. Section 1203)

- Making false claims of misconduct

- Making false accusations
- Verbal/Physical threats or assaults

- Making a bribe (e.g. offering gifts or other things of value)

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(2) A second badge of practitioner misconduct is a pattern of delay by the practitioner in performing one or more of the following actions (Circular No. 230 Section 10.20) during the course of several collection cases:

- Missing appointments

- Canceling appointments at the last moment with no good cause provided

- Agreeing to provide requested documentation and/or information and then refusing to do so, thereby hindering the Service’s efforts to continue its investigation

- Providing partial information requiring repeated call backs and correspondence causing delays
From 1991-2 C.B. 1137:

A practitioner’s meeting with IRS representatives concerning a client’s affairs deteriorated into acrimony. As people began to leave the meeting room, the practitioner grasped a revenue officer by the shoulder and urged her to continue the meeting. The revenue officer refused, telling the practitioner to remove his hand. The practitioner again grasped the revenue officer by the shoulder and repeated his request, which was refused.

The matter was referred to the Director of Practice. The Director notified the practitioner of his possible violation of Treasury Department Circular No. 230, section 10.51(i), which states that a practitioner may be discharged or suspended for contemptuous conduct in connection with practice before the IRS.

The physical contact, the Director found, was akin to contemptuous conduct as defined in section 10.51(i). The practitioner consented to a short suspension from practice before the IRS. The Director deemed suspension appropriate due to the seriousness of physically accosting an IRS employee engaged in the performance of his duties. However, the Director’s finding that the practitioner made no attempt to threaten or coerce was a mitigating circumstance.

Notes and Questions

40. If a tax lawyer is disciplined under Circular 230, how likely is it that she will also be disciplined by state bar authorities? What is the difference?
41. IRS lawyers may be motivated by the idea that they represent "all the (other) taxpayers." But, of course, this is an insufficient conception of their client's identity. It is important for a lawyer to know who the client is, for example, in order to determine with whom confidential information may be shared. If Leo is an IRS lawyer, who is his client? The U.S. government? The President? The Treasury Department? The IRS? The Secretary of the Treasury? The Commissioner of the IRS? If Leo is asked by Congress to provide certain information, may he? Must he? In what circumstances? What if the President requests it? What if the IRS Commissioner requests it? Lawyering for the government raises complex professional responsibility issues.

42. If an IRS lawyer concludes that the taxpayer's argument is very strong and the government's argument is very weak, may she continue to pursue the taxpayer? What if she concludes that the law is squarely on the taxpayer's side rather than the government's side? What if the government's position is not frivolous, but close to it? In Rev. Proc. 64-22, 1964-1 C.B. 689, the IRS announces that it will not assert a "strained construction" of the law. What does that mean?

43. Lacey is a tax lawyer. She is representing Cory before the IRS. Lacey discusses the return with both Cory and the CPA who prepared the return. One of the transactions reflected on Cory's return relates to the sale of real property to Cory's sister-in-law in exchange for a promissory note. Lacy learns that, initially, the transaction "was not documented exactly right," as the CPA put it, but that, after first being contacted by the IRS, the CPA advise Cory to contact a lawyer, Abe, who "fixed the problem" by providing documentation back-dated to the date of sale and containing the terms that the CPA advised should be contained in order to qualify for the position taken on the return. The CPA has provided Lacy with an envelope of supporting documents, most of which are not related to this transaction but rather were specifically requested by the IRS. If Lacy simply forwards the envelope to the IRS with a cover letter stating only "enclosed please find the requested materials," is she subject to discipline? Has
44. Larry is a tax lawyer. He is representing Casey before the IRS. The IRS employee has asked Larry for copies of a sales contract, the minutes of a corporation Casey owns, and a lease agreement. Larry agrees to send these documents during the first week of July. When he fails to do so, the IRS employee calls and asks him for the information. He sends the sales contract in the last week of July. He then sends several pages of the lease agreement in mid August, and then, two weeks later, after receiving another call from the IRS employee, he sends the remainder of the lease agreement with a cover letter apologizing for failing to send the entire agreement earlier. In September, he sends the corporation’s minutes for its annual meeting, and then in October, after the IRS employee calls to ask if there are other minutes, Larry provides the minutes for the corporation’s special meetings. Is this misconduct? Does it matter if Larry is intending to delay the matter, or if, instead, he is simply disorganized?


Treasury Department
Circular No. 230
(Rev. 6-2014)
Catalog Number 16586R
www.irs.gov

Title 31 Code of Federal Regulations,
Subtitle A, Part 10,
published (June 12, 2014)
31 U.S.C. §330. Practice before the Department

(a) Subject to section 500 of title 5, the Secretary of the Treasury may —
   (1) regulate the practice of representatives of persons before the Department of the Treasury; and
   (2) before admitting a representative to practice, require that the representative demonstrate —
      (A) good character;
      (B) good reputation;
      (C) necessary qualifications to enable the representative to provide to persons valuable service; and
      (D) competency to advise and assist persons in presenting their cases.

(b) After notice and opportunity for a proceeding, the Secretary may suspend or disbar from practice before the Department, or censure, a representative who —
   (1) is incompetent;
   (2) is disreputable;
   (3) violates regulations prescribed under this section; or
   (4) with intent to defraud, willfully and knowingly misleads or threatens the person being represented or a prospective person to be represented.

The Secretary may impose a monetary penalty on any representative described in the preceding sentence. If the representative was acting on behalf of an employer or any firm or other entity in connection with the conduct giving rise to such penalty, the Secretary may impose a monetary penalty on such employer, firm, or entity if it knew, or reasonably should have known, of such conduct. Such penalty shall not exceed the gross income derived (or to be derived) from the conduct giving rise to the penalty and may be in addition to, or in lieu of, any suspension, disbarment, or censure of the representative.

(c) After notice and opportunity for a hearing to any appraiser, the Secretary may —
   (1) provide that appraisals by such appraiser shall not have any probative effect in any administrative proceeding before the Department of the Treasury or the Internal Revenue Service, and
   (2) bar such appraiser from presenting evidence or testimony in any such proceeding.

(d) Nothing in this section or in any other provision of law shall be construed to limit the authority of the Secretary of the Treasury to impose standards applicable to the rendering of written advice with respect to any entity, transaction plan or arrangement, or other plan or arrangement, which is of a type which the Secretary determines as having a potential for tax avoidance or evasion.

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Paragraph 1. The authority citation for 31 CFR, part 10 continues to read as follows:

§ 10.0 Scope of part.

(a) This part contains rules governing the recognition of attorneys, certified public accountants, enrolled agents, enrolled retirement plan agents, registered tax return preparers, and other persons representing taxpayers before the Internal Revenue Service. Subpart A of this part sets forth rules relating to the authority to practice before the Internal Revenue Service; subpart B of this part prescribes the duties and restrictions relating to such practice; subpart C of this part prescribes the sanctions for violating the regulations; subpart D of this part contains the rules applicable to disciplinary proceedings; and subpart E of this part contains general provisions relating to the availability of official records.

(b) Effective/applicability date. This section is applicable beginning August 2, 2011.

Subpart A — Rules Governing Authority to Practice

§ 10.1 Offices.

(a) Establishment of office(s). The Commissioner shall establish the Office of Professional Responsibility and any other office(s) within the Internal Revenue Service necessary to administer and enforce this part. The Commissioner shall appoint the Director of the Office of Professional Responsibility and any other Internal Revenue official(s) to manage and direct any office(s) established to administer or enforce this part. Offices established under this part include, but are not limited to:

(1) The Office of Professional Responsibility, which shall generally have responsibility for matters related to practitioner conduct and shall have exclusive responsibility for discipline, including disciplinary proceedings and sanctions; and

(2) An office with responsibility for matters related to authority to practice before the Internal Revenue Service, including acting on applications for enrollment to practice before the Internal Revenue Service and administering competency testing and continuing education.

(b) Officers and employees within any office established under this part may perform acts necessary or appropriate to carry out the responsibilities of their office(s) under this part or as otherwise prescribed by the Commissioner.

(c) Acting. The Commissioner will designate an officer or employee of the Internal Revenue Service to perform the duties of an individual appointed under paragraph (a) of this section in the absence of that officer or employee or during a vacancy in that office.

(d) Effective/applicability date. This section is applicable beginning August 2, 2011, except that paragraph (a)(1) is applicable beginning June 12, 2014.
§ 10.2 Definitions.

(a) As used in this part, except where the text provides otherwise —

(1) Attorney means any person who is a member in good standing of the bar of the highest court of any state, territory, or possession of the United States, including a Commonwealth, or the District of Columbia.

(2) Certified public accountant means any person who is duly qualified to practice as a certified public accountant in any state, territory, or possession of the United States, including a Commonwealth, or the District of Columbia.

(3) Commissioner refers to the Commissioner of Internal Revenue.

(4) Practice before the Internal Revenue Service comprehends all matters connected with a presentation to the Internal Revenue Service or any of its officers or employees relating to a taxpayer’s rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. Such presentations include, but are not limited to, preparing documents; filing documents; corresponding and communicating with the Internal Revenue Service; rendering written advice with respect to any entity, transaction, plan or arrangement, or other plan or arrangement having a potential for tax avoidance or evasion; and representing a client at conferences, hearings, and meetings.

(5) Practitioner means any individual described in paragraphs (a), (b), (c), (d), (e), or (f) of §10.3.

(6) A tax return includes an amended tax return and a claim for refund.

(7) Service means the Internal Revenue Service.

(8) Tax return preparer means any individual within the meaning of section 7701(a)(36) and 26 CFR 301.7701-15.

(b) Effective/applicability date. This section is applicable on August 2, 2011.

§ 10.3 Who may practice.

(a) Attorneys. Any attorney who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service by filing with the Internal Revenue Service a written declaration that the attorney is currently qualified as an attorney and is authorized to represent the party or parties. Notwithstanding the preceding sentence, attorneys who are not currently under suspension or disbarment from practice before the Internal Revenue Service are not required to file a written declaration with the IRS before rendering written advice covered under §10.37, but their rendering of this advice is practice before the Internal Revenue Service.

(b) Certified public accountants. Any certified public accountant who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service by filing with the Internal Revenue Service a written declaration that the certified public accountant is currently qualified as a certified public accountant and is authorized to represent the party or parties. Notwithstanding the preceding sentence, certified public accountants who are not currently under suspension or disbarment from practice before the Internal Revenue Service are not required to file a written declaration with the IRS before rendering written advice covered under §10.37, but their rendering of this advice is practice before the Internal Revenue Service.

(c) Enrolled agents. Any individual enrolled as an agent pursuant to this part who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service.

(d) Enrolled actuaries.

(1) Any individual who is enrolled as an actuary by the Joint Board for the Enrollment of Actuaries pursuant to 29 U.S.C. 1242 who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service by filing with the Internal Revenue Service a written declaration stating that he or she is currently qualified as an enrolled actuary and is authorized to represent the party or parties on whose behalf he or she acts.

(2) Practice as an enrolled actuary is limited
to representation with respect to issues involving the following statutory provisions in title 26 of the United States Code: sections 401 (relating to qualification of employee plans), 403(a) (relating to whether an annuity plan meets the requirements of section 404(a)(2)), 404 (relating to deductibility of employer contributions), 405 (relating to qualification of bond purchase plans), 412 (relating to funding requirements for certain employee plans), 413 (relating to application of qualification requirements to collectively bargained plans and to plans maintained by more than one employer), 414 (relating to definitions and special rules with respect to the employee plan area), 419 (relating to treatment of funded welfare benefits), 419A (relating to qualified asset accounts), 420 (relating to transfers of excess pension assets to retiree health accounts), 4971 (relating to excise taxes payable as a result of an accumulated funding deficiency under section 412), 4972 (relating to tax on nondeductible contributions to qualified employer plans), 4976 (relating to taxes with respect to funded welfare benefit plans), 4980 (relating to tax on reversion of qualified plan assets to employer), 6057 (relating to annual registration of plans), 6058 (relating to information required in connection with certain plans of deferred compensation), 6059 (relating to periodic report of actuary), 6652(e) (relating to the failure to file annual registration and other notifications by pension plan), 6652(f) (relating to the failure to file information required in connection with certain plans of deferred compensation), 6692 (relating to the failure to file actuarial report), 7805(b) (relating to the extent to which an Internal Revenue Service ruling or determination letter coming under the statutory provisions listed here will be applied without retroactive effect); and 29 U.S.C. § 1083 (relating to the waiver of funding for nonqualified plans).

(3) An individual who practices before the Internal Revenue Service pursuant to paragraph (d) (1) of this section is subject to the provisions of this part in the same manner as attorneys, certified public accountants, enrolled agents, enrolled retirement plan agents, and registered tax return preparers.

(e) Enrolled retirement plan agents —

Treasury Department Circular No. 230

(1) Any individual enrolled as a retirement plan agent pursuant to this part who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service.

(2) Practice as an enrolled retirement plan agent is limited to representation with respect to issues involving the following programs: Employee Plans Determination Letter program; Employee Plans Compliance Resolution System; and Employee Plans Master and Prototype and Volume Submitter program. In addition, enrolled retirement plan agents are generally permitted to represent taxpayers with respect to IRS forms under the 5300 and 5500 series which are filed by retirement plans and plan sponsors, but not with respect to actuarial forms or schedules.

(3) An individual who practices before the Internal Revenue Service pursuant to paragraph (e) (1) of this section is subject to the provisions of this part in the same manner as attorneys, certified public accountants, enrolled agents, enrolled actuaries, and registered tax return preparers.

(f) Registered tax return preparers.

(1) Any individual who is designated as a registered tax return preparer pursuant to §10.4(c) of this part who is not currently under suspension or disbarment from practice before the Internal Revenue Service may practice before the Internal Revenue Service.

(2) Practice as a registered tax return preparer is limited to preparing and signing tax returns and claims for refund, and other documents for submission to the Internal Revenue Service. A registered tax return preparer may prepare all or substantially all of a tax return or claim for refund of tax. The Internal Revenue Service will prescribe by forms, instructions, or other appropriate guidance the tax returns and claims for refund that a registered tax return preparer may prepare and sign.

(3) A registered tax return preparer may represent taxpayers before revenue agents, customer service representatives, or similar officers and employees of the Internal Revenue Service (including the Taxpayer Advocate Service) during an examination if the registered tax return preparer signed the tax return.
or claim for refund for the taxable year or period under examination. Unless otherwise prescribed by regulation or notice, this right does not permit such individual to represent the taxpayer, regardless of the circumstances requiring representation, before appeals officers, revenue officers, Counsel or similar officers or employees of the Internal Revenue Service or the Treasury Department. A registered tax return preparer’s authorization to practice under this part also does not include the authority to provide tax advice to a client or another person except as necessary to prepare a tax return, claim for refund, or other document intended to be submitted to the Internal Revenue Service.

(4) An individual who practices before the Internal Revenue Service pursuant to paragraph (f) (1) of this section is subject to the provisions of this part in the same manner as attorneys, certified public accountants, enrolled agents, enrolled retirement plan agents, and enrolled actuaries.

(g) Others. Any individual qualifying under paragraph §10.5(e) or §10.7 is eligible to practice before the Internal Revenue Service to the extent provided in those sections.

(h) Government officers and employees, and others. An individual, who is an officer or employee of the executive, legislative, or judicial branch of the United States Government; an officer or employee of the District of Columbia; a Member of Congress; or a Resident Commissioner may not practice before the Internal Revenue Service if such practice violates 18 U.S.C. §§ 203 or 205.

(i) State officers and employees. No officer or employee of any State, or subdivision of any State, whose duties require him or her to pass upon, investigate, or deal with tax matters for such State or subdivision, may practice before the Internal Revenue Service, if such employment may disclose facts or information applicable to Federal tax matters.

(j) Effective/applicability date. Paragraphs (a), (b), and (g) of this section are applicable beginning June 12, 2014. Paragraphs (c) through (f), (h), and (i) of this section are applicable beginning August 2, 2011.

§ 10.4 Eligibility to become an enrolled agent, enrolled retirement plan agent, or registered tax return preparer.

(a) Enrollment as an enrolled agent upon examination. The Commissioner, or delegate, will grant enrollment as an enrolled agent to an applicant eighteen years of age or older who demonstrates special competence in tax matters, by written examination administered by, or administered under the oversight of, the Internal Revenue Service, who possesses a current or otherwise valid preparer tax identification number or other prescribed identifying number, and who has not engaged in any conduct that would justify the suspension or disbarment of any practitioner under the provisions of this part.

(b) Enrollment as a retirement plan agent upon examination. The Commissioner, or delegate, will grant enrollment as an enrolled retirement plan agent to an applicant eighteen years of age or older who demonstrates special competence in qualified retirement plan matters by written examination administered by, or administered under the oversight of, the Internal Revenue Service, who possesses a current or otherwise valid preparer tax identification number or other prescribed identifying number, and who has not engaged in any conduct that would justify the suspension or disbarment of any practitioner under the provisions of this part.

(c) Designation as a registered tax return preparer. The Commissioner, or delegate, may designate an individual eighteen years of age or older as a registered tax return preparer provided an applicant demonstrates competence in Federal tax return preparation matters by written examination administered by, or administered under the oversight of, the Internal Revenue Service, or otherwise meets the requisite standards prescribed by the Internal Revenue Service, possesses a current or otherwise valid preparer tax identification number or other prescribed identifying number, and has not engaged in any conduct that would justify the suspension or disbarment of any practitioner under the provisions of this part.

(d) Enrollment of former Internal Revenue Service employees. The Commissioner, or delegate, may
grant enrollment as an enrolled agent or enrolled retirement plan agent to an applicant who, by virtue of past service and technical experience in the Internal Revenue Service, has qualified for such enrollment and who has not engaged in any conduct that would justify the suspension or disbarment of any practitioner under the provisions of this part, under the following circumstances:

(1) The former employee applies for enrollment on an Internal Revenue Service form and supplies the information requested on the form and such other information regarding the experience and training of the applicant as may be relevant.

(2) The appropriate office of the Internal Revenue Service provides a detailed report of the nature and rating of the applicant’s work while employed by the Internal Revenue Service and a recommendation whether such employment qualifies the applicant technically or otherwise for the desired authorization.

(3) Enrollment as an enrolled agent based on an applicant’s former employment with the Internal Revenue Service may be of unlimited scope or it may be limited to permit the presentation of matters only of the particular specialty or only before the particular unit or division of the Internal Revenue Service for which the applicant’s former employment has qualified the applicant. Enrollment as an enrolled retirement plan agent based on an applicant’s former employment with the Internal Revenue Service will be limited to permit the presentation of matters only with respect to qualified retirement plan matters.

(4) Application for enrollment as an enrolled agent or enrolled retirement plan agent based on an applicant’s former employment with the Internal Revenue Service must be made within three years from the date of separation from such employment.

(5) An applicant for enrollment as an enrolled agent who is requesting such enrollment based on former employment with the Internal Revenue Service must have had a minimum of five years continuous employment with the Internal Revenue Service during which the applicant must have been regularly engaged in applying and interpreting the provisions of the Internal Revenue Code and the regulations relating to income, estate, gift, employment, or excise taxes.

(6) An applicant for enrollment as an enrolled retirement plan agent who is requesting such enrollment based on former employment with the Internal Revenue Service must have had a minimum of five years continuous employment with the Internal Revenue Service during which the applicant must have been regularly engaged in applying and interpreting the provisions of the Internal Revenue Code and the regulations relating to qualified retirement plan matters.

(7) For the purposes of paragraphs (d)(5) and (6) of this section, an aggregate of 10 or more years of employment in positions involving the application and interpretation of the provisions of the Internal Revenue Code, at least three of which occurred within the five years preceding the date of application, is the equivalent of five years continuous employment.

(e) Natural persons. Enrollment to practice may be granted only to natural persons.

(f) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.5 Application to become an enrolled agent, enrolled retirement plan agent, or registered tax return preparer.

(a) Form: address. An applicant to, become an enrolled agent, enrolled retirement plan agent, or registered tax return preparer must apply as required by forms or procedures established and published by the Internal Revenue Service, including proper execution of required forms under oath or affirmation. The address on the application will be the address under which a successful applicant is enrolled or registered and is the address to which all correspondence concerning enrollment or registration will be sent.

(b) Fee. A reasonable nonrefundable fee may be charged for each application to become an enrolled agent, enrolled retirement plan agent, or registered tax return preparer. See 26 CFR part 300.

(c) Additional information; examination. The Internal Revenue Service may require the applicant, as a condition to consideration of an application, to file
additional information and to submit to any written or oral examination under oath or otherwise. Upon the applicant's written request, the Internal Revenue Service will afford the applicant the opportunity to be heard with respect to the application.

(d) **Compliance and suitability checks.**

(1) As a condition to consideration of an application, the Internal Revenue Service may conduct a Federal tax compliance check and suitability check. The tax compliance check will be limited to an inquiry regarding whether an applicant has filed all required individual or business tax returns and whether the applicant has failed to pay, or make proper arrangements with the Internal Revenue Service for payment of, any Federal tax debts. The suitability check will be limited to an inquiry regarding whether an applicant has engaged in any conduct that would justify suspension or disbarment of any practitioner under the provisions of this part on the date the application is submitted, including whether the applicant has engaged in disreputable conduct as defined in §10.51. The application will be denied only if the results of the compliance or suitability check are sufficient to establish that the practitioner engaged in conduct subject to sanctions under §§10.51 and 10.52.

(2) If the applicant does not pass the tax compliance or suitability check, the applicant will not be issued an enrollment or registration card or certificate pursuant to §10.6(b) of this part. An applicant who is initially denied enrollment or registration for failure to pass a tax compliance check may reapply after the initial denial if the applicant becomes current with respect to the applicant's tax liabilities.

(e) **Temporary recognition.** On receipt of a properly executed application, the Commissioner, or delegate, may grant the applicant temporary recognition to practice pending a determination as to whether status as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer should be granted. Temporary recognition will be granted only in unusual circumstances and it will not be granted, in any circumstance, if the application is not regular on its face, if the information stated in the application, if true, is not sufficient to warrant granting the application to practice, or the Commissioner, or delegate, has information indicating that the statements in the application are untrue or that the applicant would not otherwise qualify to become an enrolled agent, enrolled retirement plan agent, or registered tax return preparer. Issuance of temporary recognition does not constitute either a designation or a finding of eligibility as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer, and the temporary recognition may be withdrawn at any time.

(f) **Protest of application denial.** The applicant will be informed in writing as to the reason(s) for any denial of an application. The applicant may, within 30 days after receipt of the notice of denial of the application, file a written protest of the denial as prescribed by the Internal Revenue Service in forms, guidance, or other appropriate guidance. A protest under this section is not governed by subpart D of this part.

(f) **Effective/applicability date.** This section is applicable to applications received on or after August 2, 2011.

§ 10.6 **Term and renewal of status as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer.**

(a) **Term.** Each individual authorized to practice before the Internal Revenue Service as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer will be accorded active enrollment or registration status subject to renewal of enrollment or registration as provided in this part.

(b) **Enrollment or registration card or certificate.** The Internal Revenue Service will issue an enrollment or registration card or certificate to each individual whose application to practice before the Internal Revenue Service is approved. Each card or certificate will be valid for the period stated on the card or certificate. An enrolled agent, enrolled retirement plan agent, or registered tax return preparer may not practice before the Internal Revenue Service if the card or certificate is not current or otherwise
valid. The card or certificate is in addition to any notification that may be provided to each individual who obtains a preparer tax identification number.

(c) Change of address. An enrolled agent, enrolled retirement plan agent, or registered tax return preparer must send notification of any change of address to the address specified by the Internal Revenue Service within 60 days of the change of address. This notification must include the enrolled agent’s, enrolled retirement plan agent’s, or registered tax return preparer’s name, prior address, new address, tax identification number(s) (including preparer tax identification number), and the date the change of address is effective. Unless this notification is sent, the address for purposes of any correspondence from the appropriate Internal Revenue Service office responsible for administering this part shall be the address reflected on the practitioner’s most recent application for enrollment or registration, or application for renewal of enrollment or registration. A practitioner’s change of address notification under this part will not constitute a change of the practitioner’s last known address for purposes of section 6212 of the Internal Revenue Code and regulations thereunder.

(d) Renewal.

(1) In general. Enrolled agents, enrolled retirement plan agents, and registered tax return preparers must renew their status with the Internal Revenue Service to maintain eligibility to practice before the Internal Revenue Service. Failure to receive notification from the Internal Revenue Service of the renewal requirement will not be justification for the individual’s failure to satisfy this requirement.

(2) Renewal period for enrolled agents.

(i) All enrolled agents must renew their preparer tax identification number as prescribed by forms, instructions, or other appropriate guidance.

(ii) Enrolled agents who have a social security number or tax identification number that ends with the numbers 4, 5, or 6, except for those individuals who received their initial enrollment after November 1, 2004, must apply for renewal between November 1, 2004, and January 31, 2005. The renewal will be effective April 1, 2005.

(iii) Enrolled agents who have a social security number or tax identification number that ends with the numbers 7, 8, or 9, except for those individuals who received their initial enrollment after November 1, 2005, must apply for renewal between November 1, 2005, and January 31, 2006. The renewal will be effective April 1, 2006.

(v) Thereafter, applications for renewal as an enrolled agent will be required between November 1 and January 31 of every subsequent third year as specified in paragraph (d)(2)(i), (d)(2)(ii), or (d)(2)(iii) of this section according to the last number of the individual’s social security number or tax identification number. Those individuals who receive initial enrollment as an enrolled agent after November 1 and before April 2 of the applicable renewal period will not be required to renew their enrollment before the first full renewal period following the receipt of their initial enrollment.

(3) Renewal period for enrolled retirement plan agents.

(i) All enrolled retirement plan agents must renew their preparer tax identification number as prescribed by the Internal Revenue Service in forms, instructions, or other appropriate guidance.

(ii) Enrolled retirement plan agents will be required to renew their status as enrolled retirement plan agents between April 1 and June 30 of every third year subsequent to their initial enrollment.

(4) Renewal period for registered tax return preparers. Registered tax return preparers must renew their preparer tax identification number and their status as a registered tax return preparer as prescribed by the Internal Revenue Service in forms, instructions, or other appropriate guidance.

(5) Notification of renewal. After review and approval, the Internal Revenue Service will notify
the individual of the renewal and will issue the individual a card or certificate evidencing current status as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer.

(6) Fee. A reasonable nonrefundable fee may be charged for each application for renewal filed. See 26 CFR part 300.

(7) Forms. Forms required for renewal may be obtained by sending a written request to the address specified by the Internal Revenue Service or from such other source as the Internal Revenue Service will publish in the Internal Revenue Bulletin (see 26 CFR 601.601(d)(2)(ii)(b)) and on the Internal Revenue Service webpage (www.irs.gov).

(e) Condition for renewal: continuing education. In order to qualify for renewal as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer, an individual must certify, in the manner prescribed by the Internal Revenue Service, that the individual has satisfied the requisite number of continuing education hours.

(1) Definitions. For purposes of this section —

(i) Enrollment year means January 1 to December 31 of each year of an enrollment cycle.

(ii) Enrollment cycle means the three successive enrollment years preceding the effective date of renewal.

(iii) Registration year means each 12-month period the registered tax return preparer is authorized to practice before the Internal Revenue Service.

(iv) The effective date of renewal is the first day of the fourth month following the close of the period for renewal described in paragraph (d) of this section.

(2) For renewed enrollment as an enrolled agent or enrolled retirement plan agent —

(i) Requirements for enrollment cycle. A minimum of 72 hours of continuing education credit, including six hours of ethics or professional conduct, must be completed during each enrollment cycle.

(ii) Requirements for enrollment year. A minimum of 16 hours of continuing education credit, including two hours of ethics or professional conduct, must be completed during each enrollment year of an enrollment cycle.

(iii) Enrollment during enrollment cycle —

(A) General. Subject to paragraph (e)(2)(iii) (B) of this section, an individual who receives initial enrollment during an enrollment cycle must complete two hours of qualifying continuing education credit for each month enrolled during the enrollment cycle. Enrollment for any part of a month is considered enrollment for the entire month.

(B) Ethics. An individual who receives initial enrollment during an enrollment cycle must complete two hours of ethics or professional conduct for each enrollment year during the enrollment cycle. Enrollment for any part of an enrollment year is considered enrollment for the entire year.

(3) Requirements for renewal as a registered tax return preparer. A minimum of 15 hours of continuing education credit, including two hours of ethics or professional conduct, three hours of Federal tax law updates, and 10 hours of Federal tax law topics, must be completed during each registration year.

(f) Qualifying continuing education —

(1) General —

(i) Enrolled agents. To qualify for continuing education credit for an enrolled agent, a course of learning must —

(A) Be a qualifying continuing education program designed to enhance professional knowledge in Federal taxation or Federal tax related matters (programs comprised of current subject matter in Federal taxation or Federal tax related matters, including accounting, tax return preparation software, taxation, or ethics); and

(B) Be a qualifying continuing education program consistent with the Internal Revenue Code and effective tax administration.

(ii) Enrolled retirement plan agents. To qualify for continuing education credit for an enrolled retirement plan agent, a course of learning must —

(A) Be a qualifying continuing education program designed to enhance professional knowledge in qualified retirement plan matters; and

(B) Be a qualifying continuing education program consistent with the Internal Revenue Code and effective tax administration.

(iii) Registered tax return preparers. To

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qualify for continuing education credit for a registered tax return preparer, a course of learning must —

(A) Be a qualifying continuing education program designed to enhance professional knowledge in Federal taxation or Federal tax related matters (programs comprised of current subject matter in Federal taxation or Federal tax related matters, including accounting, tax return preparation software, taxation, or ethics); and

(B) Be a qualifying continuing education program consistent with the Internal Revenue Code and effective tax administration.

(2) Qualifying programs —

(i) Formal programs. A formal program qualifies as a continuing education program if it —

(A) Requires attendance and provides each attendee with a certificate of attendance;

(B) Is conducted by a qualified instructor, discussion leader, or speaker (in other words, a person whose background, training, education, and experience is appropriate for instructing or leading a discussion on the subject matter of the particular program);

(C) Provides or requires a written outline, textbook, or suitable electronic educational materials; and

(D) Satisfies the requirements established for a qualified continuing education program pursuant to §10.9.

(ii) Correspondence or individual study programs (including taped programs). Qualifying continuing education programs include correspondence or individual study programs that are conducted by continuing education providers and completed on an individual basis by the enrolled individual. The allowable credit hours for such programs will be measured on a basis comparable to the measurement of a seminar or course for credit in an accredited educational institution. Such programs qualify as continuing education programs only if they —

(A) Require registration of the participants by the continuing education provider;

(B) Provide a means for measuring successful completion by the participants (for example, a written examination), including the issuance of a certificate of completion by the continuing education provider;

(C) Provide a written outline, textbook, or suitable electronic educational materials; and

(D) Satisfy the requirements established for a qualified continuing education program pursuant to §10.9.

(iii) Serving as an instructor, discussion leader or speaker.

(A) One hour of continuing education credit will be awarded for each contact hour completed as an instructor, discussion leader, or speaker at an educational program that meets the continuing education requirements of paragraph (f) of this section.

(B) A maximum of two hours of continuing education credit will be awarded for actual subject preparation time for each contact hour completed as an instructor, discussion leader, or speaker at such programs. It is the responsibility of the individual claiming such credit to maintain records to verify preparation time.

(C) The maximum continuing education credit for instruction and preparation may not exceed four hours annually for registered tax return preparers and six hours annually for enrolled agents and enrolled retirement plan agents.

(D) An instructor, discussion leader, or speaker who makes more than one presentation on the same subject matter during an enrollment cycle or registration year will receive continuing education credit for only one such presentation for the enrollment cycle or registration year.

(3) Periodic examination. Enrolled Agents and Enrolled Retirement Plan Agents may establish eligibility for renewal of enrollment for any enrollment cycle by —

(i) Achieving a passing score on each part of the Special Enrollment Examination administered under this part during the three year period prior to renewal; and

(ii) Completing a minimum of 16 hours of qualifying continuing education during the last year of an enrollment cycle.

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(g) Measurement of continuing education coursework.

(1) All continuing education programs will be measured in terms of contact hours. The shortest recognized program will be one contact hour.

(2) A contact hour is 50 minutes of continuous participation in a program. Credit is granted only for a full contact hour, which is 50 minutes or multiples thereof. For example, a program lasting more than 50 minutes but less than 100 minutes will count as only one contact hour.

(3) Individual segments at continuous conferences, conventions and the like will be considered one total program. For example, two 90-minute segments (180 minutes) at a continuous conference will count as three contact hours.

(4) For university or college courses, each semester hour credit will equal 15 contact hours and a quarter hour credit will equal 10 contact hours.

(h) Recordkeeping requirements.

(1) Each individual applying for renewal must retain for a period of four years following the date of renewal the information required with regard to qualifying continuing education credit hours. Such information includes —
   (i) The name of the sponsoring organization;
   (ii) The location of the program;
   (iii) The title of the program, qualified program number, and description of its content;
   (iv) Written outlines, course syllabi, textbook, and/or electronic materials provided or required for the course;
   (v) The dates attended;
   (vi) The credit hours claimed;
   (vii) The name(s) of the instructor(s), discussion leader(s), or speaker(s), if appropriate; and
   (viii) The certificate of completion and/or signed statement of the hours of attendance obtained from the continuing education provider.

(2) To receive continuing education credit for service completed as an instructor, discussion leader, or speaker, the following information must be maintained for a period of four years following the date of renewal —
   (i) The name of the sponsoring organization;
   (ii) The location of the program;
   (iii) The title of the program and copy of its content;
   (iv) The dates of the program; and
   (v) The credit hours claimed.

(i) Waivers.

(1) Waiver from the continuing education requirements for a given period may be granted for the following reasons —
   (i) Health, which prevented compliance with the continuing education requirements;
   (ii) Extended active military duty;
   (iii) Absence from the United States for an extended period of time due to employment or other reasons, provided the individual does not practice before the Internal Revenue Service during such absence; and
   (iv) Other compelling reasons, which will be considered on a case-by-case basis.

(2) A request for waiver must be accompanied by appropriate documentation. The individual is required to furnish any additional documentation or explanation deemed necessary. Examples of appropriate documentation could be a medical certificate or military orders.

(3) A request for waiver must be filed no later than the last day of the renewal application period.

(4) If a request for waiver is not approved, the individual will be placed in inactive status. The individual will be notified that the waiver was not approved and that the individual has been placed on a roster of inactive enrolled agents, enrolled retirement plan agents, or registered tax return preparers.

(5) If the request for waiver is not approved, the individual may file a protest as prescribed by the Internal Revenue Service in forms, instructions, or other appropriate guidance. A protest filed under this section is not governed by subpart D of this part.

(6) If a request for waiver is approved, the individual will be notified and issued a card or certificate evidencing renewal.

(7) Those who are granted waivers are required to file timely applications for renewal of enrollment or registration.

(j) Failure to comply.
(1) Compliance by an individual with the requirements of this part is determined by the Internal Revenue Service. The Internal Revenue Service will provide notice to any individual who fails to meet the continuing education and fee requirements of eligibility for renewal. The notice will state the basis for the determination of noncompliance and will provide the individual an opportunity to furnish the requested information in writing relating to the matter within 60 days of the date of the notice. Such information will be considered in making a final determination as to eligibility for renewal. The individual must be informed of the reason(s) for any denial of a renewal. The individual may, within 30 days after receipt of the notice of denial of renewal, file a written protest of the denial as prescribed by the Internal Revenue Service in forms, instructions, or other appropriate guidance. A protest under this section is not governed by subpart D of this part.

(2) The continuing education records of an enrolled agent, enrolled retirement plan agent, or registered tax return preparer may be reviewed to determine compliance with the requirements and standards for renewal as provided in paragraph (f) of this section. As part of this review, the enrolled agent, enrolled retirement plan agent or registered tax return preparer may be required to provide the Internal Revenue Service with copies of any continuing education records required to be maintained under this part. If the enrolled agent, enrolled retirement plan agent or registered tax return preparer fails to comply with this requirement, any continuing education hours claimed may be disallowed.

(3) An individual who has not filed a timely application for renewal, who has not made a timely response to the notice of noncompliance with the renewal requirements, or who has not satisfied the requirements of eligibility for renewal will be placed on a roster of inactive enrolled individuals or inactive registered individuals. During this time, the individual will be ineligible to practice before the Internal Revenue Service.

(4) Individuals placed in inactive status and individuals ineligible to practice before the Internal Revenue Service may not state or imply that they are eligible to practice before the Internal Revenue Service, or use the terms enrolled agent, enrolled retirement plan agent, or registered tax return preparer, the designations “EA” or “ERPA” or other form of reference to eligibility to practice before the Internal Revenue Service.

(5) An individual placed in inactive status may be reinstated to an active status by filing an application for renewal and providing evidence of the completion of all required continuing education hours for the enrollment cycle or registration year. Continuing education credit under this paragraph (k) may not be used to satisfy the requirements of the enrollment cycle or registration year in which the individual has been placed back on the active roster.

(6) An individual placed in inactive status must file an application for renewal and satisfy the requirements for renewal as set forth in this section within three years of being placed in inactive status. Otherwise, the name of such individual will be removed from the inactive status roster and the individual’s status as an enrolled agent, enrolled retirement plan agent, or registered tax return preparer will terminate. Future eligibility for active status must then be reestablished by the individual as provided in this section.

(7) Inactive status is not available to an individual who is the subject of a pending disciplinary matter before the Internal Revenue Service.

(k) Inactive retirement status. An individual who no longer practices before the Internal Revenue Service may request to be placed in an inactive retirement status at any time and such individual will be placed in an inactive retirement status. The individual will be ineligible to practice before the Internal Revenue Service. An individual who is placed in an inactive retirement status may be reinstated to an active status by filing an application for renewal and providing evidence of the completion of the required continuing education hours for the enrollment cycle or registration year. Inactive retirement status is not available to an individual who is ineligible to practice before the Internal Revenue Service or an individual who is the subject of a pending disciplinary matter under this part.
(l) Renewal while under suspension or disbarment. An individual who is ineligible to practice before the Internal Revenue Service by virtue of disciplinary action under this part is required to conform to the requirements for renewal of enrollment or registration before the individual’s eligibility is restored.

(m) Enrolled actuaries. The enrollment and renewal of enrollment of actuaries authorized to practice under paragraph (d) of §10.3 are governed by the regulations of the Joint Board for the Enrollment of Actuaries at 20 CFR 901.1 through 901.72.

(n) Effective/applicability date. This section is applicable to enrollment or registration effective beginning August 2, 2011.

§ 10.7 Representing oneself; participating in rulemaking; limited practice; and special appearances.

(a) Representing oneself. Individuals may appear on their own behalf before the Internal Revenue Service provided they present satisfactory identification.

(b) Participating in rulemaking. Individuals may participate in rulemaking as provided by the Administrative Procedure Act. See 5 U.S.C. § 553.

(c) Limited practice —

(1) In general. Subject to the limitations in paragraph (c)(2) of this section, an individual who is not a practitioner may represent a taxpayer before the Internal Revenue Service in the circumstances described in this paragraph (c)(1), even if the taxpayer is not present, provided the individual presents satisfactory identification and proof of his or her authority to represent the taxpayer. The circumstances described in this paragraph (c)(1) are as follows:

(i) An individual may represent a member of his or her immediate family.

(ii) A regular full-time employee of an individual employer may represent the employer.

(iii) A general partner or a regular full-time employee of a partnership may represent the partnership.

(iv) A bona fide officer or a regular full-time employee of a corporation (including a parent, subsidiary, or other affiliated corporation), association, or organized group may represent the corporation, association, or organized group.

(v) A regular full-time employee of a trust, receivership, guardianship, or estate may represent the trust, receivership, guardianship, or estate.

(vi) An officer or a regular employee of a governmental unit, agency, or authority may represent the governmental unit, agency, or authority in the course of his or her official duties.

(vii) An individual may represent any individual or entity, who is outside the United States, before personnel of the Internal Revenue Service when such representation takes place outside the United States.

(2) Limitations.

(i) An individual who is under suspension or disbarment from practice before the Internal Revenue Service may not engage in limited practice before the Internal Revenue Service under paragraph (c)(1) of this section.

(ii) The Commissioner, or delegate, may, after notice and opportunity for a conference, deny eligibility to engage in limited practice before the Internal Revenue Service under paragraph (c)(1) of this section to any individual who has engaged in conduct that would justify a sanction under §10.50.

(iii) An individual who represents a taxpayer under the authority of paragraph (c)(1) of this section is subject, to the extent of his or her authority, to such rules of general applicability regarding standards of conduct and other matters as prescribed by the Internal Revenue Service.

(d) Special appearances. The Commissioner, or delegate, may, subject to conditions deemed appropriate, authorize an individual who is not otherwise eligible to practice before the Internal Revenue Service to represent another person in a particular matter.

(e) Fiduciaries. For purposes of this part, a fiduciary (for example, a trustee, receiver, guardian, personal representative, administrator, or executor) is considered to be the taxpayer and not a representative of the taxpayer.

(f) Effective/applicability date. This section is applicable beginning August 2, 2011.
§ 10.8 Return preparation and application of rules to other individuals.

(a) Preparing all or substantially all of a tax return. Any individual who for compensation prepares or assists with the preparation of all or substantially all of a tax return or claim for refund must have a preparer tax identification number. Except as otherwise prescribed in forms, instructions, or other appropriate guidance, an individual must be an attorney, certified public accountant, enrolled agent, or registered tax return preparer to obtain a preparer tax identification number. Any individual who for compensation prepares or assists with the preparation of all or substantially all of a tax return or claim for refund is subject to the duties and restrictions relating to practice in subpart B, as well as subject to the sanctions for violation of the regulations in subpart C.

(b) Preparing a tax return and furnishing information. Any individual may for compensation prepare or assist with the preparation of a tax return or claim for refund (provided the individual prepares less than substantially all of the tax return or claim for refund), appear as a witness for the taxpayer before the Internal Revenue Service, or furnish information at the request of the Internal Revenue Service or any of its officers or employees.

(c) Application of rules to other individuals. Any individual who for compensation prepares, or assists in the preparation of, all or a substantial portion of a document pertaining to any taxpayer’s tax liability for submission to the Internal Revenue Service is subject to the duties and restrictions relating to practice in subpart B, as well as subject to the sanctions for violation of the regulations in subpart C. Unless otherwise a practitioner, however, an individual may not for compensation prepare, or assist in the preparation of, all or substantially all of a tax return or claim for refund, or sign tax returns and claims for refund. For purposes of this paragraph, an individual described in 26 CFR 301.7701-15(f) is not treated as having prepared all or a substantial portion of the document by reason of such assistance.

(d) Effective/applicability date. This section is applicable beginning August 2, 2011.

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§ 10.9 Continuing education providers and continuing education programs.

(a) Continuing education providers —

(1) In general. Continuing education providers are those responsible for presenting continuing education programs. A continuing education provider must —

(i) Be an accredited educational institution;

(ii) Be recognized for continuing education purposes by the licensing body of any state, territory, or possession of the United States, including a Commonwealth, or the District of Columbia;

(iii) Be recognized and approved by a qualifying organization as a provider of continuing education on subject matters within §10.6(f) of this part. The Internal Revenue Service may, at its discretion, identify a professional organization, society or business entity that maintains minimum education standards comparable to those set forth in this part as a qualifying organization for purposes of this part in appropriate forms, instructions, and other appropriate guidance; or

(iv) Be recognized by the Internal Revenue Service as a professional organization, society, or business whose programs include offering continuing professional education opportunities in subject matters within §10.6(f) of this part. The Internal Revenue Service, at its discretion, may require such professional organizations, societies, or businesses to file an agreement and/or obtain Internal Revenue Service approval of each program as a qualified continuing education program in appropriate forms, instructions or other appropriate guidance.

(2) Continuing education provider numbers —

(i) In general. A continuing education provider is required to obtain a continuing education provider number and pay any applicable user fee.

(ii) Renewal. A continuing education provider maintains its status as a continuing education provider during the continuing education provider cycle by renewing its continuing education provider number as prescribed by forms, instructions or other appropriate guidance and paying any applicable user fee.

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(3) Requirements for qualified continuing education programs. A continuing education provider must ensure the qualified continuing education program complies with all the following requirements —

(i) Programs must be developed by individual(s) qualified in the subject matter;

(ii) Program subject matter must be current;

(iii) Instructors, discussion leaders, and speakers must be qualified with respect to program content;

(iv) Programs must include some means for evaluation of the technical content and presentation to be evaluated;

(v) Certificates of completion bearing a current qualified continuing education program number issued by the Internal Revenue Service must be provided to the participants who successfully complete the program; and

(vi) Records must be maintained by the continuing education provider to verify the participants who attended and completed the program for a period of four years following completion of the program. In the case of continuous conferences, conventions, and the like, records must be maintained to verify completion of the program and attendance by each participant at each segment of the program.

(4) Program numbers —

(i) In general. Every continuing education provider is required to obtain a continuing education provider program number and pay any applicable user fee for each program offered. Program numbers shall be obtained as prescribed by forms, instructions or other appropriate guidance. Although, at the discretion of the Internal Revenue Service, a continuing education provider may be required to demonstrate that the program is designed to enhance professional knowledge in Federal taxation or Federal tax related matters (programs comprised of current subject matter in Federal taxation or Federal tax related matters, including accounting, tax return preparation software, taxation, or ethics) and complies with the requirements in paragraph (a)(2) of this section before a program number is issued.

(ii) Update programs. Update programs may use the same number as the program subject to update. An update program is a program that instructs on a change of existing law occurring within one year of the update program offering. The qualifying education program subject to update must have been offered within the two year time period prior to the change in existing law.

(iii) Change in existing law. A change in existing law means the effective date of the statute or regulation, or date of entry of judicial decision, that is the subject of the update.

(b) Failure to comply. Compliance by a continuing education provider with the requirements of this part is determined by the Internal Revenue Service. A continuing education provider who fails to meet the requirements of this part will be notified by the Internal Revenue Service. The notice will state the basis for the determination of noncompliance and will provide the continuing education provider an opportunity to furnish the requested information in writing relating to the matter within 60 days of the date of the notice. The continuing education provider may, within 30 days after receipt of the notice of denial, file a written protest as prescribed by the Internal Revenue Service in forms, instructions, or other appropriate guidance. A protest under this section is not governed by subpart D of this part.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.
Subpart B — Duties and Restrictions Relating to Practice Before the Internal Revenue Service

§ 10.20 Information to be furnished.

(a) To the Internal Revenue Service.

(1) A practitioner must, on a proper and lawful request by a duly authorized officer or employee of the Internal Revenue Service, promptly submit records or information in any matter before the Internal Revenue Service unless the practitioner believes in good faith and on reasonable grounds that the records or information are privileged.

(2) Where the requested records or information are not in the possession of, or subject to the control of, the practitioner or the practitioner's client, the practitioner must promptly notify the requesting Internal Revenue Service officer or employee and the practitioner must provide any information that the practitioner has regarding the identity of any person who the practitioner believes may have possession or control of the requested records or information. The practitioner must make reasonable inquiry of his or her client regarding the identity of any person who may have possession or control of the requested records or information, but the practitioner is not required to make inquiry of any other person or independently verify any information provided by the practitioner's client regarding the identity of such persons.

(3) When a proper and lawful request is made by a duly authorized officer or employee of the Internal Revenue Service, concerning an inquiry into an alleged violation of the regulations in this part, a practitioner must provide any information the practitioner has concerning the alleged violation and testify regarding this information in any proceeding instituted under this part, unless the practitioner believes in good faith and on reasonable grounds that the information is privileged.

(b) Interference with a proper and lawful request for records or information. A practitioner may not interfere, or attempt to interfere, with any proper and lawful effort by the Internal Revenue Service, its officers or employees, to obtain any record or information unless the practitioner believes in good faith and on reasonable grounds that the record or information is privileged.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.21 Knowledge of client's omission.

A practitioner who, having been retained by a client with respect to a matter administered by the Internal Revenue Service, knows that the client has not complied with the revenue laws of the United States or has made an error in or omission from any return, document, affidavit, or other paper which the client submitted or executed under the revenue laws of the United States, must advise the client promptly of the fact of such noncompliance, error, or omission. The practitioner must advise the client of the consequences as provided under the Code and regulations of such noncompliance, error, or omission.

§ 10.22 Diligence as to accuracy.

(a) In general. A practitioner must exercise due diligence —

(1) In preparing or assisting in the preparation of, approving, and filing tax returns, documents, affidavits, and other papers relating to Internal Revenue Service matters;

(2) In determining the correctness of oral or written representations made by the practitioner to the Department of the Treasury; and

(3) In determining the correctness of oral or written representations made by the practitioner to clients with reference to any matter administered by the Internal Revenue Service.

(b) Reliance on others. Except as modified by §§10.34 and 10.37, a practitioner will be presumed to have exercised due diligence for purposes of this section if the practitioner relies on the work product of another person and the practitioner used reasonable care in engaging, supervising, training, and evaluating the person, taking proper account of the nature of the relationship between the practitioner and the person.

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(c) Effective/applicability date. Paragraph (a) of this section is applicable on September 26, 2007. Paragraph (b) of this section is applicable beginning June 12, 2014.

§ 10.23 Prompt disposition of pending matters.

A practitioner may not unreasonably delay the prompt disposition of any matter before the Internal Revenue Service.

§ 10.24 Assistance from or to disbarred or suspended persons and former Internal Revenue Service employees.

A practitioner may not, knowingly and directly or indirectly:

(a) Accept assistance from or assist any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter or matters constituting practice before the Internal Revenue Service.

(b) Accept assistance from any former government employee where the provisions of §10.25 or any Federal law would be violated.

§ 10.25 Practice by former government employees, their partners and their associates.

(a) Definitions. For purposes of this section —

(1) Assist means to act in such a way as to advise, furnish information to, or otherwise aid another person, directly, or indirectly.

(2) Government employee is an officer or employee of the United States or any agency of the United States, including a special Government employee as defined in 18 U.S.C. 202(a), or of the District of Columbia, or of any State, or a member of Congress or of any State legislature.

(3) Member of a firm is a sole practitioner or an employee or associate thereof, or a partner, stockholder, associate, affiliate or employee of a partnership, joint venture, corporation, professional association or other affiliation of two or more practitioners who represent nongovernmental parties.

(4) Particular matter involving specific parties is defined at 5 CFR 2637.201(c), or superseding post-employment regulations issued by the U.S. Office of Government Ethics.

(5) Rule includes Treasury regulations, whether issued or under preparation for issuance as notices of proposed rulemaking or as Treasury decisions, revenue rulings, and revenue procedures published in the Internal Revenue Bulletin (see 26 CFR 601.601(d)(2)(ii)(b)).

(b) General rules —

(1) No former Government employee may, subsequent to Government employment, represent anyone in any matter administered by the Internal Revenue Service if the representation would violate 18 U.S.C. 207 or any other laws of the United States.

(2) No former Government employee who personally and substantially participated in a particular matter involving specific parties may, subsequent to Government employment, represent or knowingly assist, in that particular matter, any person who is or was a specific party to that particular matter.

(3) A former Government employee who within a period of one year prior to the termination of Government employment had official responsibility for a particular matter involving specific parties may not, within two years after Government employment is ended, represent in that particular matter any person who is or was a specific party to that particular matter.

(4) No former Government employee may, within one year after Government employment is ended, communicate with or appear before, with the intent to influence, any employee of the Treasury Department in connection with the publication, withdrawal, amendment, modification, or interpretation of a rule the development of which the former Government employee participated in, or for which, within a period of one year prior to the termination of Government employment, the former government employee had official responsibility. This paragraph (b)(4) does not, however, preclude any former employee from appearing on one's own behalf or from representing a taxpayer before the Internal Revenue Service in connection with a particular matter involving specific
parties involving the application or interpretation of a rule with respect to that particular matter, provided that the representation is otherwise consistent with the other provisions of this section and the former employee does not utilize or disclose any confidential information acquired by the former employee in the development of the rule.

(c) **Firm representation** —

(1) No member of a firm of which a former Government employee is a member may represent or knowingly assist a person who was or is a specific party in any particular matter with respect to which the restrictions of paragraph (b)(2) of this section apply to the former Government employee, in that particular matter, unless the firm isolates the former Government employee in such a way to ensure that the former Government employee cannot assist in the representation.

(2) When isolation of a former Government employee is required under paragraph (c)(1) of this section, a statement affirming the fact of such isolation must be executed under oath by the former Government employee and by another member of the firm acting on behalf of the firm. The statement must clearly identify the firm, the former Government employee, and the particular matter(s) requiring isolation. The statement must be retained by the firm and, upon request, provided to the office(s) of the Internal Revenue Service administering or enforcing this part.

(d) **Pending representation.** The provisions of this regulation will govern practice by former Government employees, their partners and associates with respect to representation in particular matters involving specific parties where actual representation commenced before the effective date of this regulation.

(e) **Effective/applicability date.** This section is applicable beginning August 2, 2011.

§ 10.26 **Notaries.**

A practitioner may not take acknowledgments, administer oaths, certify papers, or perform any official act as a notary public with respect to any Treasury Department Circular No. 230 matter administered by the Internal Revenue Service and for which he or she is employed as counsel, attorney, or agent, or in which he or she may be in any way interested.

§ 10.27 **Fees.**

(a) **In general.** A practitioner may not charge an unconscionable fee in connection with any matter before the Internal Revenue Service.

(b) **Contingent fees** —

(1) Except as provided in paragraphs (b)(2), (3), and (4) of this section, a practitioner may not charge a contingent fee for services rendered in connection with any matter before the Internal Revenue Service.

(2) A practitioner may charge a contingent fee for services rendered in connection with the Service's examination of, or challenge to —

   (i) An original tax return; or

   (ii) An amended return or claim for refund or credit where the amended return or claim for refund or credit was filed within 120 days of the taxpayer receiving a written notice of the examination of, or a written challenge to the original tax return.

(3) A practitioner may charge a contingent fee for services rendered in connection with a claim for credit or refund filed solely in connection with the determination of statutory interest or penalties assessed by the Internal Revenue Service.

(4) A practitioner may charge a contingent fee for services rendered in connection with any judicial proceeding arising under the Internal Revenue Code.

(c) **Definitions.** For purposes of this section —

(1) **Contingent fee** is any fee that is based, in whole or in part, on whether or not a position taken on a tax return or other filing avoids challenge by the Internal Revenue Service or is sustained either by the Internal Revenue Service or in litigation. A contingent fee includes a fee that is based on a percentage of the refund reported on a return, that is based on a percentage of the taxes saved, or that otherwise depends on the specific result attained. A contingent fee also includes any fee arrangement in which the practitioner will reimburse the client for all or a portion of the client's fee in the event
that a position taken on a tax return or other filing is challenged by the Internal Revenue Service or is not sustained, whether pursuant to an indemnity agreement, a guarantee, rescission rights, or any other arrangement with a similar effect.

(2) Matter before the Internal Revenue Service includes tax planning and advice, preparing or filing or assisting in preparing or filing returns or claims for refund or credit, and all matters connected with a presentation to the Internal Revenue Service or any of its officers or employees relating to a taxpayer’s rights, privileges, or liabilities under laws or regulations administered by the Internal Revenue Service. Such presentations include, but are not limited to, preparing and filing documents, corresponding and communicating with the Internal Revenue Service, rendering written advice with respect to any entity, transaction, plan or arrangement, and representing a client at conferences, hearings, and meetings.

(d) Effective/applicability date. This section is applicable for fee arrangements entered into after March 26, 2008.

§ 10.28 Return of client’s records.

(a) In general, a practitioner must, at the request of a client, promptly return any and all records of the client that are necessary for the client to comply with his or her Federal tax obligations. The practitioner may retain copies of the records returned to a client. The existence of a dispute over fees generally does not relieve the practitioner of his or her responsibility under this section. Nevertheless, if applicable state law allows or permits the retention of a client’s records by a practitioner in the case of a dispute over fees for services rendered, the practitioner need only return those records that must be attached to the taxpayer’s return. The practitioner, however, must provide the client with reasonable access to review and copy any additional records of the client retained by the practitioner under state law that are necessary for the client to comply with his or her Federal tax obligations.

(b) For purposes of this section — Records of the client include all documents or written or electronic materials provided to the practitioner, or obtained by the practitioner in the course of the practitioner’s representation of the client, that preexisted the retention of the practitioner by the client. The term also includes materials that were prepared by the client or a third party (not including an employee or agent of the practitioner) at any time and provided to the practitioner with respect to the subject matter of the representation. The term also includes any return, claim for refund, schedule, affidavit, appraisal or any other document prepared by the practitioner, or his or her employee or agent, that was presented to the client with respect to a prior representation if such document is necessary for the taxpayer to comply with his or her current Federal tax obligations. The term does not include any return, claim for refund, schedule, affidavit, appraisal or any other document prepared by the practitioner or the practitioner’s firm, employees or agents if the practitioner is withholding such document pending the client’s performance of its contractual obligation to pay fees with respect to such document.

§ 10.29 Conflicting interests.

(a) Except as provided by paragraph (b) of this section, a practitioner shall not represent a client before the Internal Revenue Service if the representation involves a conflict of interest. A conflict of interest exists if —

1. The representation of one client will be directly adverse to another client; or
2. There is a significant risk that the representation of one or more clients will be materially limited by the practitioner’s responsibilities to another client, a former client or a third person, or by a personal interest of the practitioner.

(b) Notwithstanding the existence of a conflict of interest under paragraph (a) of this section, the practitioner may represent a client if —

1. The practitioner reasonably believes that the practitioner will be able to provide competent and diligent representation to each affected client;
2. The representation is not prohibited by law; and
3. Each affected client waives the conflict of

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interest and gives informed consent, confirmed in writing by each affected client, at the time the existence of the conflict of interest is known by the practitioner. The confirmation may be made within a reasonable period of time after the informed consent, but in no event later than 30 days.

(c) Copies of the written consents must be retained by the practitioner for at least 36 months from the date of the conclusion of the representation of the affected clients, and the written consents must be provided to any officer or employee of the Internal Revenue Service on request.

(d) Effective/applicability date. This section is applicable on September 26, 2007.

§ 10.30 Solicitation.

(a) Advertising and solicitation restrictions.

(1) A practitioner may not, with respect to any Internal Revenue Service matter, in any way use or participate in the use of any form of public communication or private solicitation containing a false, fraudulent, or coercive statement or claim; or a misleading or deceptive statement or claim. Enrolled agents, enrolled retirement plan agents, or registered tax return preparers, in describing their professional designation, may not utilize the term “certified” or imply an employer/employee relationship with the Internal Revenue Service. Examples of acceptable descriptions for enrolled agents are “enrolled to represent taxpayers before the Internal Revenue Service,” “enrolled to practice before the Internal Revenue Service,” and “admitted to practice before the Internal Revenue Service.” Similarly, examples of acceptable descriptions for enrolled retirement plan agents are “enrolled to represent taxpayers before the Internal Revenue Service as a retirement plan agent” and “enrolled to practice before the Internal Revenue Service as a retirement plan agent.” An example of an acceptable description for registered tax return preparers is “designated as a registered tax return preparer by the Internal Revenue Service.”

(2) A practitioner may not make, directly or indirectly, an uninvited written or oral solicitation of employment in matters related to the Internal Revenue Service if the solicitation violates Federal or State law or other applicable rule, e.g., attorneys are precluded from making a solicitation that is prohibited by conduct rules applicable to all attorneys in their State(s) of licensure. Any lawful solicitation made by or on behalf of a practitioner eligible to practice before the Internal Revenue Service must, nevertheless, clearly identify the solicitation as such and, if applicable, identify the source of the information used in choosing the recipient.

(b) Fee information.

(1)(i) A practitioner may publish the availability of a written schedule of fees and disseminate the following fee information —

(A) Fixed fees for specific routine services.
(B) Hourly rates.
(C) Range of fees for particular services.
(D) Fee charged for an initial consultation.

(ii) Any statement of fee information concerning matters in which costs may be incurred must include a statement disclosing whether clients will be responsible for such costs.

(2) A practitioner may charge no more than the rate(s) published under paragraph (b)(1) of this section for at least 30 calendar days after the last date on which the schedule of fees was published.

(c) Communication of fee information. Fee information may be communicated in professional lists, telephone directories, print media, mailings, and electronic mail, facsimile, hand delivered flyers, radio, television, and any other method. The method chosen, however, must not cause the communication to become untruthful, deceptive, or otherwise in violation of this part. A practitioner may not persist in attempting to contact a prospective client if the prospective client has made it known to the practitioner that he or she does not desire to be solicited. In the case of radio and television broadcasting, the broadcast must be recorded and the practitioner must retain a recording of the actual transmission. In the case of direct mail and e-commerce communications, the practitioner must retain a copy of the actual communication, along with a list or other description of persons to whom the

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communication was mailed or otherwise distributed. The copy must be retained by the practitioner for a period of at least 36 months from the date of the last transmission or use.

(d) Improper associations. A practitioner may not, in matters related to the Internal Revenue Service, assist, or accept assistance from, any person or entity who, to the knowledge of the practitioner, obtains clients or otherwise practices in a manner forbidden under this section.

(e) Effective/applicability date. This section is applicable beginning August 2, 2011.

(Approved by the Office of Management and Budget under Control No. 1545-1726)

§ 10.31 Negotiation of taxpayer checks.

(a) A practitioner may not endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the practitioner or any firm or other entity with whom the practitioner is associated) issued to a client by the government in respect of a Federal tax liability.

(b) Effective/applicability date. This section is applicable beginning June 12, 2014.

§ 10.32 Practice of law.

Nothing in the regulations in this part may be construed as authorizing persons not members of the bar to practice law.

§ 10.33 Best practices for tax advisors.

(a) Best practices. Tax advisors should provide clients with the highest quality representation concerning Federal tax issues by adhering to best practices in providing advice and in preparing or assisting in the preparation of a submission to the Internal Revenue Service. In addition to compliance with the standards of practice provided elsewhere in this part, best practices include the following:

1. Communicating clearly with the client regarding the terms of the engagement. For example, the advisor should determine the client’s expected purpose for and use of the advice and should have a clear understanding with the client regarding the form and scope of the advice or assistance to be rendered.

2. Establishing the facts, determining which facts are relevant, evaluating the reasonableness of any assumptions or representations, relating the applicable law (including potentially applicable judicial doctrines) to the relevant facts, and arriving at a conclusion supported by the law and the facts.

3. Advising the client regarding the import of the conclusions reached, including, for example, whether a taxpayer may avoid accuracy-related penalties under the Internal Revenue Code if a taxpayer acts in reliance on the advice.

4. Acting fairly and with integrity in practice before the Internal Revenue Service.

(b) Procedures to ensure best practices for tax advisors. Tax advisors with responsibility for overseeing a firm’s practice of providing advice concerning Federal tax issues or of preparing or assisting in the preparation of submissions to the Internal Revenue Service should take reasonable steps to ensure that the firm’s procedures for all members, associates, and employees are consistent with the best practices set forth in paragraph (a) of this section.

(c) Applicability date. This section is effective after June 20, 2005.

§ 10.34 Standards with respect to tax returns and documents, affidavits and other papers.

(a) Tax returns.

1. A practitioner may not willfully, recklessly, or through gross incompetence —

   (i) Sign a tax return or claim for refund that the practitioner knows or reasonably should know contains a position that —

       (A) Lacks a reasonable basis;

       (B) Is an unreasonable position as described in section 6694(a)(2) of the Internal Revenue Code (Code) (including the related regulations and other published guidance); or

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(C) Is a willful attempt by the practitioner to understate the liability for tax or a reckless or intentional disregard of rules or regulations by the practitioner as described in section 6694(b)(2) of the Code (including the related regulations and other published guidance).

(ii) Advise a client to take a position on a tax return or claim for refund, or prepare a portion of a tax return or claim for refund containing a position, that —

(A) Lacks a reasonable basis;

(B) Is an unreasonable position as described in section 6694(a)(2) of the Code (including the related regulations and other published guidance); or

(C) Is a willful attempt by the practitioner to understate the liability for tax or a reckless or intentional disregard of rules or regulations by the practitioner as described in section 6694(b)(2) of the Code (including the related regulations and other published guidance).

(2) A pattern of conduct is a factor that will be taken into account in determining whether a practitioner acted willfully, recklessly, or through gross incompetence.

(b) Documents, affidavits and other papers —

(1) A practitioner may not advise a client to take a position on a document, affidavit or other paper submitted to the Internal Revenue Service unless the position is not frivolous.

(2) A practitioner may not advise a client to submit a document, affidavit or other paper to the Internal Revenue Service —

(i) The purpose of which is to delay or impede the administration of the Federal tax laws;

(ii) That is frivolous; or

(iii) That contains or omits information in a manner that demonstrates an intentional disregard of a rule or regulation unless the practitioner also advises the client to submit a document that evidences a good faith challenge to the rule or regulation.

(c) Advising clients on potential penalties —

(1) A practitioner must inform a client of any penalties that are reasonably likely to apply to the client with respect to —

(i) A position taken on a tax return if —

(A) The practitioner advised the client with respect to the position; or

(B) The practitioner prepared or signed the tax return; and

(ii) Any document, affidavit or other paper submitted to the Internal Revenue Service.

(2) The practitioner also must inform the client of any opportunity to avoid any such penalties by disclosure, if relevant, and of the requirements for adequate disclosure.

(3) This paragraph (c) applies even if the practitioner is not subject to a penalty under the Internal Revenue Code with respect to the position or with respect to the document, affidavit or other paper submitted.

(d) Relying on information furnished by clients. A practitioner advising a client to take a position on a tax return, document, affidavit or other paper submitted to the Internal Revenue Service, or preparing or signing a tax return as a preparer, generally may rely in good faith without verification upon information furnished by the client. The practitioner may not, however, ignore the implications of information furnished to, or actually known by, the practitioner, and must make reasonable inquiries if the information as furnished appears to be incorrect, inconsistent with an important fact or another factual assumption, or incomplete.

(c) Effective/applicability date. Paragraph (a) of this section is applicable for returns or claims for refund filed, or advice provided, beginning August 2, 2011. Paragraphs (b) through (d) of this section are applicable to tax returns, documents, affidavits, and other papers filed on or after September 26, 2007.

§ 10.35 Competence.

(a) A practitioner must possess the necessary competence to engage in practice before the Internal Revenue Service. Competent practice requires the appropriate level of knowledge, skill, thoroughness, and preparation necessary for the matter for which the practitioner is engaged. A practitioner may become competent for the matter for which the practitioner has been engaged through various methods, such
as consulting with experts in the relevant area or studying the relevant law.

(b) **Effective/applicability date.** This section is applicable beginning June 12, 2014.

§ 10.36 Procedures to ensure compliance.

(a) Any individual subject to the provisions of this part who has (or individuals who have or share) principal authority and responsibility for overseeing a firm’s practice governed by this part, including the provision of advice concerning Federal tax matters and preparation of tax returns, claims for refund, or other documents for submission to the Internal Revenue Service, must take reasonable steps to ensure that the firm has adequate procedures in effect for all members, associates, and employees for purposes of complying with subparts A, B, and C of this part, as applicable. In the absence of a person or persons identified by the firm as having the principal authority and responsibility described in this paragraph, the Internal Revenue Service may identify one or more individuals subject to the provisions of this part responsible for compliance with the requirements of this section.

(b) Any such individual who has (or such individuals who have or share) principal authority as described in paragraph (a) of this section will be subject to discipline for failing to comply with the requirements of this section if—

(1) The individual through willfulness, recklessness, or gross incompetence does not take reasonable steps to ensure that the firm has adequate procedures to comply with this part, as applicable, and one or more individuals who are members of, associated with, or employed by, the firm are, or have, engaged in a pattern or practice, in connection with their practice with the firm, of failing to comply with this part, as applicable; or

(3) The individual knows or should know that one or more individuals who are members of, associated with, or employed by, the firm are, or have, engaged in a pattern or practice, in connection with their practice with the firm, that does not comply with this part, as applicable, and the individual, through willfulness, recklessness, or gross incompetence fails to take prompt action to correct the noncompliance.

(c) **Effective/applicability date.** This section is applicable beginning June 12, 2014.

§ 10.37 Requirements for written advice.

(a) **Requirements.**

(1) A practitioner may give written advice (including by means of electronic communication) concerning one or more Federal tax matters subject to the requirements in paragraph (a)(2) of this section. Government submissions on matters of general policy are not considered written advice on a Federal tax matter for purposes of this section. Continuing education presentations provided to an audience solely for the purpose of enhancing practitioners’ professional knowledge on Federal tax matters are not considered written advice on a Federal tax matter for purposes of this section. The preceding sentence does not apply to presentations marketing or promoting transactions.

(2) The practitioner must—

(i) Base the written advice on reasonable factual and legal assumptions (including assumptions as to future events);

(ii) Reasonably consider all relevant facts and circumstances that the practitioner knows or reasonably should know;

(iii) Use reasonable efforts to identify and ascertain the facts relevant to written advice on each Federal tax matter;

(iv) Not rely upon representations, statements, findings, or agreements (including projections, financial forecasts, or appraisals) of the taxpayer or any other person if reliance on them would be unreasonable;

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(v) Relate applicable law and authorities to facts; and

(vi) Not, in evaluating a Federal tax matter, take into account the possibility that a tax return will not be audited or that a matter will not be raised on audit.

(3) Reliance on representations, statements, findings, or agreements is unreasonable if the practitioner knows or reasonably should know that one or more representations or assumptions on which any representation is based are incorrect, incomplete, or inconsistent.

(b) Reliance on advice of others. A practitioner may only rely on the advice of another person if the advice was reasonable and the reliance is in good faith considering all the facts and circumstances. Reliance is not reasonable when—

(1) The practitioner knows or reasonably should know that the opinion of the other person should not be relied on;

(2) The practitioner knows or reasonably should know that the other person is not competent or lacks the necessary qualifications to provide the advice; or

(3) The practitioner knows or reasonably should know that the other person has a conflict of interest in violation of the rules described in this part.

(c) Standard of review.

(1) In evaluating whether a practitioner giving written advice concerning one or more Federal tax matters complied with the requirements of this section, the Commissioner, or delegate, will apply a reasonable practitioner standard, considering all facts and circumstances, including, but not limited to, the scope of the engagement and the type and specificity of the advice sought by the client.

(2) In the case of an opinion the practitioner knows or has reason to know will be used or referred to by a person other than the practitioner (or a person who is a member of, associated with, or employed by the practitioner’s firm) in promoting, marketing, or recommending to one or more taxpayers a partnership or other entity, investment plan or arrangement a significant purpose of which is the avoidance or evasion of any tax imposed by the Internal Revenue Code, the Commissioner, or delegate, will apply a reasonable practitioner standard, considering all facts and circumstances, with emphasis given to the additional risk caused by the practitioner’s lack of knowledge of the taxpayer’s particular circumstances, when determining whether a practitioner has failed to comply with this section.

(d) Federal tax matter. A Federal tax matter, as used in this section, is any matter concerning the application or interpretation of—

(1) A revenue provision as defined in section 6110(i)(1)(B) of the Internal Revenue Code;

(2) Any provision of law impacting a person’s obligations under the internal revenue laws and regulations, including but not limited to the person’s liability to pay tax or obligation to file returns; or

(3) Any other law or regulation administered by the Internal Revenue Service.

(e) Effective/applicability date. This section is applicable to written advice rendered after June 12, 2014.

§ 10.38 Establishment of advisory committees.

(a) Advisory committees. To promote and maintain the public’s confidence in tax advisors, the Internal Revenue Service is authorized to establish one or more advisory committees composed of at least six individuals authorized to practice before the Internal Revenue Service. Membership of an advisory committee must be balanced among those who practice as attorneys, accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and registered tax return preparers. Under procedures prescribed by the Internal Revenue Service, an advisory committee may review and make general recommendations regarding the practices, procedures, and policies of the offices described in §10.1.

(b) Effective date. This section is applicable beginning August 2, 2011.
Subpart C — Sanctions for Violation of the Regulations

§ 10.50 Sanctions.

(a) Authority to censure, suspend, or disbar. The Secretary of the Treasury, or delegate, after notice and an opportunity for a proceeding, may censure, suspend, or disbar any practitioner from practice before the Internal Revenue Service if the practitioner is shown to be incompetent or disreputable (within the meaning of § 10.51), fails to comply with any regulation in this part (under the prohibited conduct standards of § 10.52), or with intent to defraud, willfully and knowingly misleads or threatens a client or prospective client. Censure is a public reprimand.

(b) Authority to disqualify. The Secretary of the Treasury, or delegate, after due notice and opportunity for hearing, may disqualify any appraiser for a violation of these rules as applicable to appraisers.

(1) If any appraiser is disqualified pursuant to this subpart C, the appraiser is barred from presenting evidence or testimony in any administrative proceeding before the Department of Treasury or the Internal Revenue Service, unless and until authorized to do so by the Internal Revenue Service pursuant to § 10.81, regardless of whether the evidence or testimony would pertain to an appraisal made prior to or after the effective date of disqualification.

(2) Any appraisal made by a disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Department of Treasury or the Internal Revenue Service. An appraisal otherwise barred from admission into evidence pursuant to this section may be admitted into evidence solely for the purpose of determining the taxpayer’s reliance in good faith on such appraisal.

(c) Authority to impose monetary penalty —

(1) In general.

(i) The Secretary of the Treasury, or delegate, after notice and an opportunity for a proceeding, may impose a monetary penalty on any practitioner who engages in conduct subject to sanction under paragraph (a) of this section.

(ii) If the practitioner described in paragraph (c)(1)(i) of this section was acting on behalf of an employer or any firm or other entity in connection with the conduct giving rise to the penalty, the Secretary of the Treasury, or delegate, may impose a monetary penalty on the employer, firm, or entity if it knew, or reasonably should have known of such conduct.

(2) Amount of penalty. The amount of the penalty shall not exceed the gross income derived (or to be derived) from the conduct giving rise to the penalty.

(3) Coordination with other sanctions. Subject to paragraph (c)(2) of this section —

(i) Any monetary penalty imposed on a practitioner under this paragraph (c) may be in addition to or in lieu of any suspension, disbarment or censure and may be in addition to a penalty imposed on an employer, firm or other entity under paragraph (c)(1)(ii) of this section.

(ii) Any monetary penalty imposed on an employer, firm or other entity may be in addition to or in lieu of penalties imposed under paragraph (c) (1)(i) of this section.

(d) Authority to accept a practitioner’s consent to sanction. The Internal Revenue Service may accept a practitioner’s offer of consent to be sanctioned under § 10.50 in lieu of instituting or continuing a proceeding under § 10.60(a).

(e) Sanctions to be imposed. The sanctions imposed by this section shall take into account all relevant facts and circumstances.

(f) Effective/applicability date. This section is applicable to conduct occurring on or after August 2, 2011, except that paragraphs (a), (b)(2), and (e) apply to conduct occurring on or after September 26, 2007, and paragraph (c) applies to prohibited conduct that occurs after October 22, 2004.

§ 10.51 Incompetence and disreputable conduct.

(a) Incompetence and disreputable conduct. Incompetence and disreputable conduct for which a practitioner may be sanctioned under § 10.50 includes, but is not limited to —
(1) Conviction of any criminal offense under the Federal tax laws.

(2) Conviction of any criminal offense involving dishonesty or breach of trust.

(3) Conviction of any felony under Federal or State law for which the conduct involved renders the practitioner unfit to practice before the Internal Revenue Service.

(4) Giving false or misleading information, or participating in any way in the giving of false or misleading information to the Department of the Treasury or any officer or employee thereof, or to any tribunal authorized to pass upon Federal tax matters, in connection with any matter pending or likely to be pending before them, knowing the information to be false or misleading. Facts or other matters contained in testimony, Federal tax returns, financial statements, applications for enrollment, affidavits, declarations, and any other document or statement, written or oral, are included in the term “information.”

(5) Solicitation of employment as prohibited under §10.30, the use of false or misleading representations with intent to deceive a client or prospective client in order to procure employment, or intimating that the practitioner is able improperly to obtain special consideration or action from the Internal Revenue Service or any officer or employee thereof.

(6) Willfully failing to make a Federal tax return in violation of the Federal tax laws, or willfully evading, attempting to evade, or participating in any way in evading or attempting to evade any assessment or payment of any Federal tax.

(7) Willfully assisting, counseling, encouraging a client or prospective client in violating, or suggesting to a client or prospective client to violate, any Federal tax law, or knowingly counseling or suggesting to a client or prospective client an illegal plan to evade Federal taxes or payment thereof.

(8) Misappropriation of, or failure properly or promptly to remit, funds received from a client for the purpose of payment of taxes or other obligations due the United States.

(9) Directly or indirectly attempting to influence, or offering or agreeing to attempt to influence, the official action of any officer or employee of the Internal Revenue Service by the use of threats, false accusations, duress or coercion, by the offer of any special inducement or promise of an advantage or by the bestowing of any gift, favor or thing of value.

(10) Disbarment or suspension from practice as an attorney, certified public accountant, public accountant, or actuary by any duly constituted authority of any State, territory, or possession of the United States, including a Commonwealth, or the District of Columbia, any Federal court of record or any Federal agency, body or board.

(11) Knowingly aiding and abetting another person to practice before the Internal Revenue Service during a period of suspension, disbarment or ineligibility of such other person.

(12) Contemptuous conduct in connection with practice before the Internal Revenue Service, including the use of abusive language, making false accusations or statements, knowing them to be false, or circulating or publishing malicious or libelous matter.

(13) Giving a false opinion, knowingly, recklessly, or through gross incompetence, including an opinion which is intentionally or recklessly misleading, or engaging in a pattern of providing incompetent opinions on questions arising under the Federal tax laws. False opinions described in this paragraph (a)(13) include those which reflect or result from a knowing misstatement of fact or law, from an assertion of a position known to be unwarranted under existing law, from counseling or assisting in conduct known to be illegal or fraudulent, from concealing matters required by law to be revealed, or from consciously disregarding information indicating that material facts expressed in the opinion or offering material are false or misleading. For purposes of this paragraph (a)(13), reckless conduct is a highly unreasonable omission or misrepresentation involving an extreme departure from the standards of ordinary care that a practitioner should observe under the circumstances. A pattern of conduct is a factor that will be taken into account in determining whether a practitioner acted knowingly, recklessly, or through gross incompetence. Gross incompetence
includes conduct that reflects gross indifference, preparation which is grossly inadequate under the circumstances, and a consistent failure to perform obligations to the client.

(14) Willfully failing to sign a tax return prepared by the practitioner when the practitioner’s signature is required by Federal tax laws unless the failure is due to reasonable cause and not due to willful neglect.

(15) Willfully disclosing or otherwise using a tax return or tax return information in a manner not authorized by the Internal Revenue Code, contrary to the order of a court of competent jurisdiction, or contrary to the order of an administrative law judge in a proceeding instituted under §10.60.

(16) Willfully failing to file on magnetic or other electronic media a tax return prepared by the practitioner when the practitioner is required to do so by the Federal tax laws unless the failure is due to reasonable cause and not due to willful neglect.

(17) Willfully preparing all or substantially all of, or signing, a tax return or claim for refund when the practitioner does not possess a current or otherwise valid preparer tax identification number or other prescribed identifying number.

(18) Willfully representing a taxpayer before an officer or employee of the Internal Revenue Service unless the practitioner is authorized to do so pursuant to this part.

(b) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.52 Violations subject to sanction.

(a) A practitioner may be sanctioned under §10.50 if the practitioner —

(1) Willfully violates any of the regulations (other than §10.33) contained in this part; or

(2) Recklessly or through gross incompetence (within the meaning of §10.51(a)(13)) violates §§ 10.34, 10.35, 10.36 or 10.37.

(b) Effective/applicability date. This section is applicable to conduct occurring on or after September 26, 2007.

§ 10.53 Receipt of information concerning practitioner.

(a) Officer or employee of the Internal Revenue Service. If an officer or employee of the Internal Revenue Service has reason to believe a practitioner has violated any provision of this part, the officer or employee will promptly make a written report of the suspected violation. The report will explain the facts and reasons upon which the officer’s or employee’s belief rests and must be submitted to the office(s) of the Internal Revenue Service responsible for administering or enforcing this part.

(b) Other persons. Any person other than an officer or employee of the Internal Revenue Service having information of a violation of any provision of this part may make an oral or written report of the alleged violation to the office(s) of the Internal Revenue Service responsible for administering or enforcing this part or any officer or employee of the Internal Revenue Service. If the report is made to an officer or employee of the Internal Revenue Service, the officer or employee will make a written report of the suspected violation and submit the report to the office(s) of the Internal Revenue Service responsible for administering or enforcing this part.

(c) Destruction of report. No report made under paragraph (a) or (b) of this section shall be maintained unless retention of the report is permissible under the applicable records control schedule as approved by the National Archives and Records Administration and designated in the Internal Revenue Manual. Reports must be destroyed as soon as permissible under the applicable records control schedule.

(d) Effect on proceedings under subpart D. The destruction of any report will not bar any proceeding under subpart D of this part, but will preclude the use of a copy of the report in a proceeding under subpart D of this part.

(e) Effective/applicability date. This section is applicable beginning August 2, 2011.
Subpart D — Rules Applicable to Disciplinary Proceedings

§ 10.60 Institution of proceeding.

(a) Whenever it is determined that a practitioner (or employer, firm or other entity, if applicable) violated any provision of the laws governing practice before the Internal Revenue Service or the regulations in this part, the practitioner may be reprimanded or, in accordance with §10.62, subject to a proceeding for sanctions described in §10.50.

(b) Voluntary sanction —

(1) In general. In lieu of a proceeding being instituted or continued under §10.60(a), a practitioner or appraiser (or employer, firm or other entity, if applicable) may offer a consent to be sanctioned under §10.50.

(2) Discretion; acceptance or declination. The Commissioner, or delegate, may accept or decline the offer described in paragraph (b)(1) of this section. When the decision is to decline the offer, the written notice of declination may state that the offer described in paragraph (b)(1) of this section would be accepted if it contained different terms. The Commissioner, or delegate, has the discretion to accept or reject a revised offer submitted in response to the declination or may counteroffer and act upon any accepted counteroffer.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.62 Contents of complaint.

(a) Charges. A complaint must name the respondent, provide a clear and concise description of the facts and law that constitute the basis for the proceeding, and be signed by an authorized representative of the Internal Revenue Service under §10.69(a)(1). A complaint is sufficient if it fairly informs the respondent of the charges brought so that the respondent is able to prepare a defense.

(b) Specification of sanction. The complaint must specify the sanction sought against the practitioner or appraiser. If the sanction sought is a suspension, the duration of the suspension sought must be specified.

(c) Demand for answer. The respondent must be notified in the complaint or in a separate paper attached to the complaint of the time for answering the complaint, which may not be less than 30 days from the date of service of the complaint, the name and address of the Administrative Law Judge with whom the answer must be filed, the name and address of the person representing the Internal Revenue Service to whom a copy of the answer must be served, and

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that a decision by default may be rendered against the respondent in the event an answer is not filed as required.

(d) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.63 Service of complaint; service of other papers; service of evidence in support of complaint; filing of papers.

(a) Service of complaint.

(1) In general. The complaint or a copy of the complaint must be served on the respondent by any manner described in paragraphs (a) (2) or (3) of this section.

(2) Service by certified or first class mail.

(i) Service of the complaint may be made on the respondent by mailing the complaint by certified mail to the last known address (as determined under section 6212 of the Internal Revenue Code and the regulations thereunder) of the respondent. Where service is by certified mail, the returned post office receipt duly signed by the respondent will be proof of service.

(ii) If the certified mail is not claimed or accepted by the respondent, or is returned undelivered, service may be made on the respondent, by mailing the complaint to the respondent by first class mail. Service by this method will be considered complete upon mailing, provided the complaint is addressed to the respondent at the respondent's last known address as determined under section 6212 of the Internal Revenue Code and the regulations thereunder.

(3) Service by other than certified or first class mail.

(i) Service of the complaint may be made on the respondent by delivery by a private delivery service designated pursuant to section 7502(f) of the Internal Revenue Code to the last known address (as determined under section 6212 of the Internal Revenue Code and the regulations thereunder) of the respondent. Service by this method will be considered complete, provided the complaint is addressed to the respondent at the respondent's last known address as determined under section 6212 of the Internal Revenue Code and the regulations thereunder.

(ii) Service of the complaint may be made in person on, or by leaving the complaint at the office or place of business of, the respondent. Service by this method will be considered complete and proof of service will be a written statement, sworn or affirmed by the person who served the complaint, identifying the manner of service, including the recipient, relationship of recipient to respondent, place, date and time of service.

(iii) Service may be made by any other means agreed to by the respondent. Proof of service will be a written statement, sworn or affirmed by the person who served the complaint, identifying the manner of service, including the recipient, relationship of recipient to respondent, place, date and time of service.

(4) For purposes of this section, respondent means the practitioner, employer, firm or other entity, or appraiser named in the complaint, or any other person having the authority to accept mail on behalf of the practitioner, employer, firm or other entity or appraiser.

(b) Service of papers other than complaint. Any paper other than the complaint may be served on the respondent, or his or her authorized representative under §10.69(a)(2) by:

(1) mailing the paper by first class mail to the last known address (as determined under section 6212 of the Internal Revenue Code and the regulations thereunder) of the respondent or the respondent's authorized representative,

(2) delivery by a private delivery service designated pursuant to section 7502(f) of the Internal Revenue Code to the last known address (as determined under section 6212 of the Internal Revenue Code and the regulations thereunder) of the respondent or the respondent's authorized representative, or

(3) as provided in paragraphs (a)(3)(i) and (a)(3)(ii) of this section.

(c) Service of papers on the Internal Revenue Service. Whenever a paper is required or permitted to be served on the Internal Revenue Service in

Treasury Department Circular No. 230
connection with a proceeding under this part, the paper will be served on the Internal Revenue Service's authorized representative under §10.69(a)(1) at the address designated in the complaint, or at an address provided in a notice of appearance. If no address is designated in the complaint or provided in a notice of appearance, service will be made on the office(s) established to enforce this part under the authority of §10.1, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224.

(d) Service of evidence in support of complaint. Within 10 days of serving the complaint, copies of the evidence in support of the complaint must be served on the respondent in any manner described in paragraphs (a)(2) and (3) of this section.

(e) Filing of papers. Whenever the filing of a paper is required or permitted in connection with a proceeding under this part, the original paper, plus one additional copy, must be filed with the Administrative Law Judge at the address specified in the complaint or at an address otherwise specified by the Administrative Law Judge. All papers filed in connection with a proceeding under this part must be served on the other party, unless the Administrative Law Judge directs otherwise. A certificate evidencing such must be attached to the original paper filed with the Administrative Law Judge.

(f) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.64 Answer; default.

(a) Filing. The respondent's answer must be filed with the Administrative Law Judge, and served on the Internal Revenue Service, within the time specified in the complaint unless, on request or application of the respondent, the time is extended by the Administrative Law Judge.

(b) Contents. The answer must be written and contain a statement of facts that constitute the respondent's grounds of defense. General denials are not permitted. The respondent must specifically admit or deny each allegation set forth in the complaint, except that the respondent may state that the respondent is without sufficient information to admit or deny a specific allegation. The respondent, nevertheless, may not deny a material allegation in the complaint that the respondent knows to be true, or state that the respondent is without sufficient information to form a belief, when the respondent possesses the required information. The respondent also must state affirmatively any special matters of defense on which he or she relies.

(c) Failure to deny or answer allegations in the complaint. Every allegation in the complaint that is not denied in the answer is deemed admitted and will be considered proved; no further evidence in respect of such allegation need be adduced at a hearing.

(d) Default. Failure to file an answer within the time prescribed (or within the time for answer as extended by the Administrative Law Judge), constitutes an admission of the allegations of the complaint and a waiver of hearing, and the Administrative Law Judge may make the decision by default without a hearing or further procedure. A decision by default constitutes a decision under §10.76.

(e) Signature. The answer must be signed by the respondent or the respondent's authorized representative under §10.69(a)(2) and must include a statement directly above the signature acknowledging that the statements made in the answer are true and correct and that knowingly and willful false statements may be punishable under 18 U.S.C. §1001.

(f) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.65 Supplemental charges.

(a) In general. Supplemental charges may be filed against the respondent by amending the complaint with the permission of the Administrative Law Judge if, for example —

(1) It appears that the respondent, in the answer, falsely and in bad faith, denies a material allegation of fact in the complaint or states that the respondent has insufficient knowledge to form a belief, when the respondent possesses such information; or

(2) It appears that the respondent has knowingly
introduced false testimony during the proceedings against the respondent.

(b) Hearing. The supplemental charges may be heard with other charges in the case, provided the respondent is given due notice of the charges and is afforded a reasonable opportunity to prepare a defense to the supplemental charges.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.66 Reply to answer.

(a) The Internal Revenue Service may file a reply to the respondent’s answer, but unless otherwise ordered by the Administrative Law Judge, no reply to the respondent’s answer is required. If a reply is not filed, new matter in the answer is deemed denied.

(b) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.67 Proof; variance; amendment of pleadings.

In the case of a variance between the allegations in pleadings and the evidence adduced in support of the pleadings, the Administrative Law Judge, at any time before decision, may order or authorize amendment of the pleadings to conform to the evidence. The party who would otherwise be prejudiced by the amendment must be given a reasonable opportunity to address the allegations of the pleadings as amended and the Administrative Law Judge must make findings on any issue presented by the pleadings as amended.

§ 10.68 Motions and requests.

(a) Motions —

(1) In general. At any time after the filing of the complaint, any party may file a motion with the Administrative Law Judge. Unless otherwise ordered by the Administrative Law Judge, motions must be in writing and must be served on the opposing party as provided in §10.63(b). A motion must concisely specify its grounds and the relief sought, and, if appropriate, must contain a memorandum of facts and law in support.

§ 10.69 Representation; ex parte communication.

(a) Representation.

(1) The Internal Revenue Service may be represented in proceedings under this part by an attorney or other employee of the Internal Revenue Service. An attorney or an employee of the Internal Treasury Department Circular No. 230
Revenue Service representing the Internal Revenue Service in a proceeding under this part may sign the complaint or any document required to be filed in the proceeding on behalf of the Internal Revenue Service.

(2) A respondent may appear in person, be represented by a practitioner, or be represented by an attorney who has not filed a declaration with the Internal Revenue Service pursuant to §10.3. A practitioner or an attorney representing a respondent or proposed respondent may sign the answer or any document required to be filed in the proceeding on behalf of the respondent.

(b) Ex parte communication. The Internal Revenue Service, the respondent, and any representatives of either party, may not attempt to initiate or participate in ex parte discussions concerning a proceeding or potential proceeding with the Administrative Law Judge (or any person who is likely to advise the Administrative Law Judge on a ruling or decision) in the proceeding before or during the pendency of the proceeding. Any memorandum, letter or other communication concerning the merits of the proceeding, addressed to the Administrative Law Judge, by or on behalf of any party shall be regarded as an argument in the proceeding and shall be served on the other party.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.70 Administrative Law Judge.

(a) Appointment. Proceedings on complaints for the sanction (as described in §10.50) of a practitioner, employer, firm or other entity, or appraiser will be conducted by an Administrative Law Judge appointed as provided by 5 U.S.C. 3105.

(b) Powers of the Administrative Law Judge. The Administrative Law Judge, among other powers, has the authority, in connection with any proceeding under §10.60 assigned or referred to him or her, to do the following:

(1) Administer oaths and affirmations;

(2) Make rulings on motions and requests, which rulings may not be appealed prior to the close of a hearing except in extraordinary circumstances and at the discretion of the Administrative Law Judge;

(3) Determine the time and place of hearing and regulate its course and conduct;

(4) Adopt rules of procedure and modify the same from time to time as needed for the orderly disposition of proceedings;

(5) Rule on offers of proof, receive relevant evidence, and examine witnesses;

(6) Take or authorize the taking of depositions or answers to requests for admission;

(7) Receive and consider oral or written argument on facts or law;

(8) Hold or provide for the holding of conferences for the settlement or simplification of the issues with the consent of the parties;

(9) Perform such acts and take such measures as are necessary or appropriate to the efficient conduct of any proceeding; and

(10) Make decisions.

(c) Effective/applicability date. This section is applicable on September 26, 2007.

§ 10.71 Discovery.

(a) In general. Discovery may be permitted, at the discretion of the Administrative Law Judge, only upon written motion demonstrating the relevance, materiality and reasonableness of the requested discovery and subject to the requirements of §10.72(d)(2) and (3). Within 10 days of receipt of the answer, the Administrative Law Judge will notify the parties of the right to request discovery and the timeframe for filing a request. A request for discovery, and objections, must be filed in accordance with §10.68. In response to a request for discovery, the Administrative Law Judge may order —

(1) Depositions upon oral examination; or

(2) Answers to requests for admission.

(b) Depositions upon oral examination —

(1) A deposition must be taken before an officer duly authorized to administer an oath for general purposes or before an officer or employee of the Internal Revenue Service who is authorized to administer an oath in Federal tax law matters.

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(2) In ordering a deposition, the Administrative Law Judge will require reasonable notice to the opposing party as to the time and place of the deposition. The opposing party, if attending, will be provided the opportunity for full examination and cross-examination of any witness.

(3) Expenses in the reporting of depositions shall be borne by the party at whose instance the deposition is taken. Travel expenses of the deponent shall be borne by the party requesting the deposition, unless otherwise authorized by Federal law or regulation.

(c) Requests for admission. Any party may serve on any other party a written request for admission of the truth of any matters which are not privileged and are relevant to the subject matter of this proceeding. Requests for admission shall not exceed a total of 30 (including any subparts within a specific request) without the approval from the Administrative Law Judge.

(d) Limitations. Discovery shall not be authorized if —

(1) The request fails to meet any requirement set forth in paragraph (a) of this section;
(2) It will unduly delay the proceeding;
(3) It will place an undue burden on the party required to produce the discovery sought;
(4) It is frivolous or abusive;
(5) It is cumulative or duplicative;
(6) The material sought is privileged or otherwise protected from disclosure by law;
(7) The material sought relates to mental impressions, conclusions, of legal theories of any party, attorney, or other representative, or a party prepared in the anticipation of a proceeding; or
(8) The material sought is available generally to the public, equally to the parties, or to the party seeking the discovery through another source.

(e) Failure to comply. Where a party fails to comply with an order of the Administrative Law Judge under this section, the Administrative Law Judge may, among other things, infer that the information would be adverse to the party failing to provide it, exclude the information from evidence or issue a decision by default.

(f) Other discovery. No discovery other than that specifically provided for in this section is permitted.

(g) Effective/applicability date. This section is applicable to proceedings initiated on or after September 26, 2007.

§ 10.72 Hearings.

(a) In general —

(1) Presiding officer. An Administrative Law Judge will preside at the hearing on a complaint filed under §10.60 for the sanction of a practitioner, employer, firm or other entity, or appraiser.

(2) Time for hearing. Absent a determination by the Administrative Law Judge that, in the interest of justice, a hearing must be held at a later time, the Administrative Law Judge should, on notice sufficient to allow proper preparation, schedule the hearing to occur no later than 180 days after the time for filing the answer.

(3) Procedural requirements.

(i) Hearings will be stenographically recorded and transcribed and the testimony of witnesses will be taken under oath or affirmation.

(ii) Hearings will be conducted pursuant to 5 U.S.C. 556.

(iii) A hearing in a proceeding requested under §10.82(g) will be conducted de novo.

(iv) An evidentiary hearing must be held in all proceedings prior to the issuance of a decision by the Administrative Law Judge unless —

(A) The Internal Revenue Service withdraws the complaint;
(B) A decision is issued by default pursuant to §10.64(d);
(C) A decision is issued under §10.82(e);
(D) The respondent requests a decision on the written record without a hearing; or

(E) The Administrative Law Judge issues a decision under §10.68(d) or rules on another motion that disposes of the case prior to the hearing.

(b) Cross-examination. A party is entitled to present his or her case or defense by oral or documentary evidence, to submit rebuttal evidence, and to conduct cross-examination, in the presence of the Administrative Law Judge, as may be required for a full and true disclosure of the facts. This
paragraph (b) does not limit a party from presenting evidence contained within a deposition when the Administrative Law Judge determines that the deposition has been obtained in compliance with the rules of this subpart D.

(c) Prehearing memorandum. Unless otherwise ordered by the Administrative Law Judge, each party shall file, and serve on the opposing party or the opposing party's representative, prior to any hearing, a prehearing memorandum containing —

(1) A list (together with a copy) of all proposed exhibits to be used in the party's case in chief;

(2) A list of proposed witnesses, including a synopsis of their expected testimony, or a statement that no witnesses will be called;

(3) Identification of any proposed expert witnesses, including a synopsis of their expected testimony and a copy of any report prepared by the expert or at his or her direction; and

(4) A list of undisputed facts.

(d) Publicity —

(1) In general. All reports and decisions of the Secretary of the Treasury, or delegate, including any reports and decisions of the Administrative Law Judge, under this subpart D are, subject to the protective measures in paragraph (d)(4) of this section, public and open to inspection within 30 days after the agency's decision becomes final.

(2) Request for additional publicity. The Administrative Law Judge may grant a request by a practitioner or appraiser that all the pleadings and evidence of the disciplinary proceeding be made available for inspection where the parties stipulate in advance to adopt the protective measures in paragraph (d)(4) of this section.

(3) Returns and return information —

(i) Disclosure to practitioner or appraiser. Pursuant to section 6103(l)(4) of the Internal Revenue Code, the Secretary of the Treasury, or delegate, may disclose returns and return information to any practitioner or appraiser, or to the authorized representative of the practitioner or appraiser, whose rights are or may be affected by an administrative action or proceeding under this subpart D, but solely for use in the action or proceeding and only to the extent that the Secretary of the Treasury, or delegate, determines that the returns or return information are or may be relevant and material to the action or proceeding.

(ii) Disclosure to officers and employees of the Department of the Treasury. Pursuant to section 6103(l)(4)(B) of the Internal Revenue Code, the Secretary of the Treasury, or delegate, may disclose returns and return information to officers and employees of the Department of the Treasury for use in any action or proceeding under this subpart D, to the extent necessary to advance or protect the interests of the United States.

(iii) Use of returns and return information. Recipients of returns and return information under this paragraph (d)(3) may use the returns or return information solely in the action or proceeding, or in preparation for the action or proceeding, with respect to which the disclosure was made.

(iv) Procedures for disclosure of returns and return information. When providing returns or return information to the practitioner or appraiser, or authorized representative, the Secretary of the Treasury, or delegate, will —

(A) Redact identifying information of any third party taxpayers and replace it with a code;

(B) Provide a key to the coded information; and

(C) Notify the practitioner or appraiser, or authorized representative, of the restrictions on the use and disclosure of the return's return information, the applicable damages remedy under section 7431 of the Internal Revenue Code, and that unauthorized disclosure of information provided by the Internal Revenue Service under this paragraph (d)(3) is also a violation of this part.

(4) Protective measures —

(i) Mandatory protection order. If redaction of names, addresses, and other identifying information of third party taxpayers may still permit indirect identification of any third party taxpayer, the Administrative Law Judge will issue a protective order to ensure that the identifying information is available to the parties and the Administrative Law Judge for purposes of the proceeding, but is not
disclosed to, or open to inspection by, the public.

(ii) Authorized orders.

(A) Upon motion by a party or any other affected person, and for good cause shown, the Administrative Law Judge may make any order which justice requires to protect any person in the event disclosure of information is prohibited by law, privileged, confidential, or sensitive in some other way, including, but not limited to, one or more of the following —

(1) That disclosure of information be made only on specified terms and conditions, including a designation of the time or place;

(2) That a trade secret or other information not be disclosed, or be disclosed only in a designated way.

(iii) Denials. If a motion for a protective order is denied in whole or in part, the Administrative Law Judge may, on such terms or conditions as the Administrative Law Judge deems just, order any party or person to comply with, or respond in accordance with, the procedure involved.

(iv) Public inspection of documents. The Secretary of the Treasury, or delegate, shall ensure that all names, addresses or other identifying details of third party taxpayers are redacted and replaced with the code assigned to the corresponding taxpayer in all documents prior to public inspection of such documents.

(e) Location. The location of the hearing will be determined by the agreement of the parties with the approval of the Administrative Law Judge, but, in the absence of such agreement and approval, the hearing will be held in Washington, D.C.

(f) Failure to appear. If either party to the proceeding fails to appear at the hearing, after notice of the proceeding has been sent to him or her, the party will be deemed to have waived the right to a hearing and the Administrative Law Judge may make his or her decision against the absent party by default.

(g) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.73 Evidence.

(a) In general. The rules of evidence prevailing in courts of law and equity are not controlling in hearings or proceedings conducted under this part. The Administrative Law Judge may, however, exclude evidence that is irrelevant, immaterial, or unduly repetitious.

(b) Depositions. The deposition of any witness taken pursuant to §10.71 may be admitted into evidence in any proceeding instituted under §10.60.

(c) Requests for admission. Any matter admitted in response to a request for admission under §10.71 is conclusively established unless the Administrative Law Judge on motion permits withdrawal or modification of the admission. Any admission made by a party is for the purposes of the pending action only and is not an admission by a party for any other purpose, nor may it be used against a party in any other proceeding.

(d) Proof of documents. Official documents, records, and papers of the Internal Revenue Service and the Office of Professional Responsibility are admissible in evidence without the production of an officer or employee to authenticate them. Any documents, records, and papers may be evidenced by a copy attested to or identified by an officer or employee of the Internal Revenue Service or the Treasury Department, as the case may be.

(e) Withdrawal of exhibits. If any document, record, or other paper is introduced in evidence as an exhibit, the Administrative Law Judge may authorize the withdrawal of the exhibit subject to any conditions that he or she deems proper.

(f) Objections. Objections to evidence are to be made in short form, stating the grounds for the objection. Except as ordered by the Administrative Law Judge, argument on objections will not be recorded or transcribed. Rulings on objections are to be a part of the record, but no exception to a ruling is necessary to preserve the rights of the parties.

(g) Effective/applicability date. This section is applicable on September 26, 2007.
§ 10.74 Transcript.

In cases where the hearing is stenographically reported by a Government contract reporter, copies of the transcript may be obtained from the reporter at rates not to exceed the maximum rates fixed by contract between the Government and the reporter. Where the hearing is stenographically reported by a regular employee of the Internal Revenue Service, a copy will be supplied to the respondent either without charge or upon the payment of a reasonable fee. Copies of exhibits introduced at the hearing or at the taking of depositions will be supplied to the parties upon the payment of a reasonable fee (Sec. 501, Public Law 82-137) (65 Stat. 290) (31 U.S.C. § 483a).

§ 10.75 Proposed findings and conclusions.

Except in cases where the respondent has failed to answer the complaint or where a party has failed to appear at the hearing, the parties must be afforded a reasonable opportunity to submit proposed findings and conclusions and their supporting reasons to the Administrative Law Judge.

§ 10.76 Decision of Administrative Law Judge.

(a) In general —

(1) Hearings. Within 180 days after the conclusion of a hearing and the receipt of any proposed findings and conclusions timely submitted by the parties, the Administrative Law Judge should enter a decision in the case. The decision must include a statement of findings and conclusions, as well as the reasons or basis for making such findings and conclusions, and an order of censure, suspension, disbarment, monetary penalty, disqualification, or dismissal of the complaint.

(2) Summary adjudication. In the event that a motion for summary adjudication is filed, the Administrative Law Judge should rule on the motion for summary adjudication within 60 days after the party in opposition files a written response, or if no written response is filed, within 90 days after the motion for summary adjudication is filed. A decision shall thereafter be rendered if the pleadings, depositions, admissions, and any other admissible evidence show that there is no genuine issue of material fact and that a decision may be rendered as a matter of law. The decision must include a statement of conclusions, as well as the reasons or basis for making such conclusions, and an order of censure, suspension, disbarment, monetary penalty, disqualification, or dismissal of the complaint.

(3) Returns and return information. In the decision, the Administrative Law Judge should use the code assigned to third party taxpayers (described in §10.72(d)).

(b) Standard of proof. If the sanction is censure or a suspension of less than six months' duration, the Administrative Law Judge, in rendering findings and conclusions, will consider an allegation of fact to be proven if it is established by the party who is alleging the fact by a preponderance of the evidence in the record. If the sanction is a monetary penalty, disbarment or a suspension of six months or longer duration, an allegation of fact that is necessary for a finding against the practitioner must be proven by clear and convincing evidence in the record. An allegation of fact that is necessary for a finding of disqualification against an appraiser must be proved by clear and convincing evidence in the record.

(c) Copy of decision. The Administrative Law Judge will provide the decision to the Internal Revenue Service's authorized representative, and a copy of the decision to the respondent or the respondent's authorized representative.

(d) When final. In the absence of an appeal to the Secretary of the Treasury or delegate, the decision of the Administrative Law Judge will, without further proceedings, become the decision of the agency 30 days after the date of the Administrative Law Judge's decision.

(e) Effective/applicability date. This section is applicable beginning August 2, 2011.
§ 10.77 Appeal of decision of Administrative Law Judge.

(a) Appeal. Any party to the proceeding under this subpart D may appeal the decision of the Administrative Law Judge by filing a notice of appeal with the Secretary of the Treasury, or delegate deciding appeals. The notice of appeal must include a brief that states exceptions to the decision of Administrative Law Judge and supporting reasons for such exceptions.

(b) Time and place for filing of appeal. The notice of appeal and brief must be filed, in duplicate, with the Secretary of the Treasury, or delegate deciding appeals, at an address for appeals that is identified to the parties with the decision of the Administrative Law Judge. The notice of appeal and brief must be filed within 30 days of the date that the decision of the Administrative Law Judge is served on the parties. The appealing party must serve a copy of the notice of appeal and the brief to any nonappealing party or, if the party is represented, the non-appealing party’s representative.

(c) Response. Within 30 days of receiving the copy of the appellant’s brief, the other party may file a response brief with the Secretary of the Treasury, or delegate deciding appeals, using the address identified for appeals. A copy of the response brief must be served at the same time on the opposing party or, if the party is represented, the opposing party’s representative.

(d) No other briefs, responses or motions as of right. Other than the appeal brief and response brief, the parties are not permitted to file any other briefs, responses or motions, except on a grant of leave to do so after a motion demonstrating sufficient cause, or unless otherwise ordered by the Secretary of the Treasury, or delegate deciding appeals.

(e) Additional time for briefs and responses. Notwithstanding the time for filing briefs and responses provided in paragraphs (b) and (c) of this section, the Secretary of the Treasury, or delegate deciding appeals, may, for good cause, authorize additional time for filing briefs and responses upon a motion of a party or upon the initiative of

§ 10.78 Decision on review.

(a) Decision on review. On appeal from or review of the decision of the Administrative Law Judge, the Secretary of the Treasury, or delegate, will make the agency decision. The Secretary of the Treasury, or delegate, should make the agency decision within 180 days after receipt of the appeal.

(b) Standard of review. The decision of the Administrative Law Judge will not be reversed unless the appellant establishes that the decision is clearly erroneous in light of the evidence in the record and applicable law. Issues that are exclusively matters of law will be reviewed de novo. In the event that the Secretary of the Treasury, or delegate, determines that there are unresolved issues raised by the record, the case may be remanded to the Administrative Law Judge to elicit additional testimony or evidence.

(c) Copy of decision on review. The Secretary of the Treasury, or delegate, will provide copies of the agency decision to the authorized representative of the Internal Revenue Service and the respondent or the respondent’s authorized representative.

(d) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.79 Effect of disbarment, suspension, or censure.

(a) Disbarment. When the final decision in a case is against the respondent (or the respondent has offered his or her consent and such consent has been accepted by the Internal Revenue Service) and such decision is for disbarment, the respondent will not be permitted to practice before the Internal Revenue Service unless and until authorized to do so by the Internal Revenue Service pursuant to §10.81.

(b) Suspension. When the final decision in a case is against the respondent (or the respondent has offered his or her consent and such consent has been accepted by the Internal Revenue Service)
and such decision is for suspension, the respondent will not be permitted to practice before the Internal Revenue Service during the period of suspension. For periods after the suspension, the practitioner’s future representations may be subject to conditions as authorized by paragraph (d) of this section.

(c) **Censure.** When the final decision in the case is against the respondent (or the Internal Revenue Service has accepted the respondent’s offer to consent, if such offer was made) and such decision is for censure, the respondent will be permitted to practice before the Internal Revenue Service, but the respondent’s future representations may be subject to conditions as authorized by paragraph (d) of this section.

(d) **Conditions.** After being subject to the sanction of either suspension or censure, the future representations of a practitioner so sanctioned shall be subject to specified conditions designed to promote high standards of conduct. These conditions can be imposed for a reasonable period in light of the gravity of the practitioner’s violations. For example, where a practitioner is censured because the practitioner failed to advise the practitioner’s clients about a potential conflict of interest or failed to obtain the clients’ written consents, the practitioner may be required to provide the Internal Revenue Service with a copy of all consents obtained by the practitioner for an appropriate period following censure, whether or not such consents are specifically requested.

(e) **Effective/applicability date.** This section is applicable beginning August 2, 2011.

§ 10.80 **Notice of disbarment, suspension, censure, or disqualification.**

(a) **In general.** On the issuance of a final order censuring, suspending, or disbarring a practitioner or a final order disqualifying an appraiser, notification of the censure, suspension, disbarment or disqualification will be given to appropriate officers and employees of the Internal Revenue Service and interested departments and agencies of the Federal government. The Internal Revenue Service may Treasury Department Circular No. 230 determine the manner of giving notice to the proper authorities of the State by which the censured, suspended, or disbarred person was licensed to practice.

(b) **Effective/applicability date.** This section is applicable beginning August 2, 2011.

§ 10.81 **Petition for reinstatement.**

(a) **In general.** A practitioner disbarred or suspended under §10.60, or suspended under §10.82, or a disqualified appraiser may petition for reinstatement before the Internal Revenue Service after the expiration of 5 years following such disbarment, suspension, or disqualification (or immediately following the expiration of the suspension or disqualification period, if shorter than 5 years). Reinstatement will not be granted unless the Internal Revenue Service is satisfied that the petitioner is not likely to engage thereafter in conduct contrary to the regulations in this part, and that granting such reinstatement would not be contrary to the public interest.

(b) **Effective/applicability date.** This section is applicable beginning June 12, 2014.

§ 10.82 **Expedited suspension.**

(a) **When applicable.** Whenever the Commissioner, or delegate, determines that a practitioner is described in paragraph (b) of this section, the expedited procedures described in this section may be used to suspend the practitioner from practice before the Internal Revenue Service.

(b) **To whom applicable.** This section applies to any practitioner who, within 5 years prior to the date that a show cause order under this section’s expedited suspension procedures is served:

(1) Has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause (not including a failure to pay a professional licensing fee) by any authority or court, agency, body, or board described in §10.51(a)(10).

(2) Has, irrespective of whether an appeal has been taken, been convicted of any crime under title
26 of the United States Code, any crime involving dishonesty or breach of trust, or any felony for which the conduct involved renders the practitioner unfit to practice before the Internal Revenue Service.

(3) Has violated conditions imposed on the practitioner pursuant to §10.79(d).

(4) Has been sanctioned by a court of competent jurisdiction, whether in a civil or criminal proceeding (including suits for injunctive relief), relating to any taxpayer’s tax liability or relating to the practitioner’s own tax liability, for —

(i) Instituting or maintaining proceedings primarily for delay;

(ii) Advancing frivolous or groundless arguments; or

(iii) Failing to pursue available administrative remedies.

(5) Has demonstrated a pattern of willful disreputable conduct by —

(i) Failing to make an annual Federal tax return, in violation of the Federal tax laws, during 4 of the 5 tax years immediately preceding the institution of a proceeding under paragraph (c) of this section and remains noncompliant with any of the practitioner’s Federal tax filing obligations at the time the notice of suspension is issued under paragraph (f) of this section; or

(ii) Failing to make a return required more frequently than annually, in violation of the Federal tax laws, during 5 of the 7 tax periods immediately preceding the institution of a proceeding under paragraph (c) of this section and remains noncompliant with any of the practitioner’s Federal tax filing obligations at the time the notice of suspension is issued under paragraph (f) of this section.

(c) Expedited suspension procedures. A suspension under this section will be proposed by a show cause order that names the respondent, is signed by an authorized representative of the Internal Revenue Service under §10.69(a)(1), and served according to the rules set forth in §10.63(a). The show cause order must give a plain and concise description of the allegations that constitute the basis for the proposed suspension. The show cause order must notify the respondent —

(1) Of the place and due date for filing a response;

(2) That an expedited suspension decision by default may be rendered if the respondent fails to file a response as required;

(3) That the respondent may request a conference to address the merits of the show cause order and that any such request must be made in the response; and

(4) That the respondent may be suspended either immediately following the expiration of the period within which a response must be filed or, if a conference is requested, immediately following the conference.

(d) Response. The response to the show cause order described in this section must be filed no later than 30 calendar days following the date the show cause order is served, unless the time for filing is extended. The response must be filed in accordance with the rules set forth for answers to a complaint in §10.64, except as otherwise provided in this section. The response must include a request for a conference, if a conference is desired. The respondent is entitled to the conference only if the request is made in a timely filed response.

(e) Conference. An authorized representative of the Internal Revenue Service will preside at a conference described in this section. The conference will be held at a place and time selected by the Internal Revenue Service, but no sooner than 14 calendar days after the date by which the response must be filed with the Internal Revenue Service, unless the respondent agrees to an earlier date. An authorized representative may represent the respondent at the conference.

(f) Suspension —

(1) In general. The Commissioner, or delegate, may suspend the respondent from practice before the Internal Revenue Service by a written notice of expedited suspension immediately following:

(i) The expiration of the period within which a response to a show cause order must be filed if the respondent does not file a response as required by paragraph (d) of this section;
(ii) The conference described in paragraph (e) of this section if the Internal Revenue Service finds that the respondent is described in paragraph (b) of this section; or

(iii) The respondent’s failure to appear, either personally or through an authorized representative, at a conference scheduled by the Internal Revenue Service under paragraph (e) of this section.

(2) Duration of suspension. A suspension under this section will commence on the date that the written notice of expedited suspension is served on the practitioner, either personally or through an authorized representative. The suspension will remain effective until the earlier of:

(i) The date the Internal Revenue Service lifts the suspension after determining that the practitioner is no longer described in paragraph (b) of this section or for any other reason; or

(ii) The date the suspension is lifted or otherwise modified by an Administrative Law Judge or the Secretary of the Treasury, or delegate deciding appeals, in a proceeding referred to in paragraph (g) of this section and instituted under §10.60.

(g) Practitioner demand for §10.60 proceeding. If the Internal Revenue Service suspends a practitioner under the expedited suspension procedures described in this section, the practitioner may demand that the Internal Revenue Service institute a proceeding under §10.60 and issue the complaint described in §10.62. The demand must be in writing, specifically reference the suspension action under §10.82, and be made within 2 years from the date on which the practitioner’s suspension commenced. The Internal Revenue Service must issue a complaint demanded under this paragraph (g) within 60 calendar days of receiving the demand. If the Internal Revenue Service does not issue such complaint within 60 days of receiving the demand, the suspension is lifted automatically. The preceding sentence does not, however, preclude the Commissioner, or delegate, from instituting a regular proceeding under §10.60 of this part.

(h) Effective/applicability date. This section is generally applicable beginning June 12, 2014, except that paragraphs (b)(1) through (4) of this section are applicable beginning August 2, 2011.

Subpart E — General Provisions

§ 10.90 Records.

(a) Roster. The Internal Revenue Service will maintain and make available for public inspection in the time and manner prescribed by the Secretary, or delegate, the following rosters —

(1) Individuals (and employers, firms, or other entities, if applicable) censured, suspended, or disbarred from practice before the Internal Revenue Service or upon whom a monetary penalty was imposed.

(2) Enrolled agents, including individuals —

(i) Granted active enrollment to practice;

(ii) Whose enrollment has been placed in inactive status for failure to meet the requirements for renewal of enrollment;

(iii) Whose enrollment has been placed in inactive retirement status; and

(iv) Whose offer of consent to resign from enrollment has been accepted by the Internal Revenue Service under §10.61.

(3) Enrolled retirement plan agents, including individuals —

(i) Granted active enrollment to practice;

(ii) Whose enrollment has been placed in inactive status for failure to meet the requirements for renewal of enrollment;

(iii) Whose enrollment has been placed in inactive retirement status; and

(iv) Whose offer of consent to resign from enrollment has been accepted under §10.61.

(4) Registered tax return preparers, including individuals —

(i) Authorized to prepare all or substantially all of a tax return or claim for refund;

(ii) Who have been placed in inactive status for failure to meet the requirements for renewal;

(iii) Who have been placed in inactive retirement status; and

(iv) Whose offer of consent to resign from their status as a registered tax return preparer has been accepted by the Internal Revenue Service under §10.61.

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(5) Disqualified appraisers. 

(6) Qualified continuing education providers, including providers —

(i) Who have obtained a qualifying continuing education provider number; and 

(ii) Whose qualifying continuing education number has been revoked for failure to comply with the requirements of this part.

(b) Other records. Other records of the Director of the Office of Professional Responsibility may be disclosed upon specific request, in accordance with the applicable law.

(c) Effective/applicability date. This section is applicable beginning August 2, 2011.

§ 10.91 Saving provision.

Any proceeding instituted under this part prior to June 12, 2014, for which a final decision has not been reached or for which judicial review is still available is not affected by these revisions. Any proceeding under this part based on conduct engaged in prior to June 12, 2014, which is instituted after that date, will apply subpart D and E of this part as revised, but the conduct engaged in prior to the effective date of these revisions will be judged by the regulations in effect at the time the conduct occurred.

§ 10.92 Special orders.

The Secretary of the Treasury reserves the power to issue such special orders as he or she deems proper in any cases within the purview of this part.

§ 10.93 Effective date.

Except as otherwise provided in each section and Subject to §10.91, Part 10 is applicable on July 26, 2002.

John Dalrymple,
Deputy Commissioner for Services and Enforcement

Approved: June 3, 2014
Christopher J. Meade,
General Counsel

[FR Doc. 2014-13739 Filed 06/09/2014 at 4:15 pm;
Publication Date: 06/12/2014]
The Office of Professional Responsibility (OPR) At-A-Glance

VISION:
To be the standard-bearer for integrity in tax practice

MISSION:
Interpret and apply the standards of practice for tax professionals in a fair and equitable manner

Headquarters:

Internal Revenue Service
Office of Professional Responsibility
SE:OPR, Room 7238/IR
1111 Constitution Avenue NW
Washington, DC 20224
EEFax 855-814-1722

Management Team:

Stephen Whitlock - Director
Stuart Murray - Special Counsel to the Director
Garrett Gluth - Chief, Legal Analysis Branch
Elizabeth Kastenberg - Acting Section Manager, Legal Analysis Branch - Team 1
Elizabeth Kastenberg - Section Manager, Legal Analysis Branch - Team 2

Objectives:

OPR's vision, mission, strategic goals and objectives support effective tax administration by ensuring all tax practitioners, tax preparers, and other third parties in the tax system adhere to professional standards and follow the law.
OPR’s goals include the following: (1) Increase awareness and understanding of Circular 230 and OPR through outreach activities, (2) Apply the principles of due process to the investigation, analysis, enforcement and litigation of Circular 230 cases and (3) Build, train and motivate a cohesive OPR team.

OPR’s organizational structure includes three major segments: Office of the Director, Legal Analysis Branch, and Operations and Management Branch.

**OPR is committed to:**

- Independent, fair and equitable treatment of all tax practitioners consistent with our Title 31 authority and principles of due process.
- Rendering fair and independent determinations regarding alleged misconduct in violation of Circular 230, Regulations Governing Practice before the Internal Revenue Service.
- Educating/maintaining tax professionals’ knowledge of relevant Circular 230 provisions.
- Providing guidance and feedback to field/agency sources regarding essential referral criteria for each relevant Circular 230 provision.
- Strengthening partnerships with other parts of the IRS and with external practitioner organizations.
- Developing procedures that ensure timely case resolution.
- Developing policies and regulations that ensure fair and equitable disposition of Circular 230 cases.
- Developing and implementing proactive strategies for identifying violations of Circular 230.

**OPR Administrative Decisions:**
Disciplinary Decisions are published in the Internal Revenue Bulletin at Disciplinary Sanctions - IRB.

**OPR Accomplishment Report:**

2017
2016

Circular 230 Tax Professionals

OPR and Other IRS Related Issues

*Page Last Reviewed or Updated: 12-Apr-2018*
2017 Erwin N. Griswold Lecture Before the American College of Tax Counsel: A (Not So) Modest Proposal

KAREN L. HAWKINS

Reviewing the list of honorees and previous Griswold Lectures is a truly humbling and intimidating exercise. I am honored, albeit stunned, to be speaking to you all this evening. This quote seems apropos: "A successful tax lawyer, along with a good memory, needs to be able to speak well and write well, carefully avoiding verbosity and pomposity." I'll try for the next 50 or so minutes to keep that advice in mind.

Unlike many of you, I am not a "natural." I come from a blue collar New England family. No professionals, and certainly no tax lawyers. I was not particularly academic or intellectual—more of an intuitive "street fighter," actually. I've been reasonably successful in several career paths—not unusual for women of my generation: among them telecommunications marketing and higher education administration—with a short dalliance in what I'll refer to as the "hospitality sector."

I came to the law late, and to tax law even later, having entered my first year of law school one month before my 31st birthday. My first elective class as a 2L was advanced income tax. The professor was fabulous and I left that class pronouncing tax the "last creative area of the law left."

I still believe that.

After taking the only other tax class offered in law school, corporate taxation, I decided to pursue a joint JD MBA-Tax degree. And so, finally, at the ripe old age of 36, I embarked on my third career path: as a lawyer practicing (mostly) tax. I was heartened to read Dean Griswold's personal explication of his late-in-life encounter with the tax law since I suspect we are "age contemporaries" in that respect.

As you have probably anticipated, my remarks will be grounded in my experiences and observations made during my third career path as Director of the Office of Professional Responsibility and as a result will be somewhat personal and anecdotal in nature.

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1 Hawkins Law, Yachats OR; former Director of the IRS Office of Professional Responsibility (Apr. 2009–July 2015). This lecture was delivered on January 21, 2017 at the annual meeting of the American College of Tax Counsel in Orlando, Florida.


There are many of you who are far more knowledgeable than I about Circular 230's historical and technical underpinnings and evolution. However, I will boldly assert, as one of the longest (if not the longest) serving Directors of OPR, that I am the most knowledgeable about the practicalities of administering an imperfect, sometimes vague or ambiguous, set of rules intended to impose identical ethical standards on a wide range of tax professionals (not just lawyers), and which seem to have morphed over time into an impotent subset of the Internal Revenue Code.

In doing some additional reading for historical context, I rediscovered professor Michael Hatfield's two helpful law review articles: "Legal Ethics and Federal Taxes, 1945–1965: Patriotism, Duties and Advice," and "Committee Opinions and Treasury Regulation: Tax Lawyer Ethics, 1965–1985." In his first article, Professor Hatfield reviews the writings and speakings of a generation of what he calls "tax heavyweights," including Dean Griswold, expressing their concern for the widespread ethical failures of tax lawyers during that era. Circular 230 and its application to tax lawyers, specifically, were on the periphery of that dialogue—most notable by their absence.

One aspect of the dialogue during that period stressed the tax lawyer's civic and moral duty to ensure the integrity and fairness of the tax system, and to curb the excesses of their entrepreneurial clients. Another part of the debate involved whether tax lawyers were so different from other lawyers that they required a separate and different set of ethical standards to apply in tax practice. At the center of that discussion was the necessity or wisdom of using Circular 230 to customize for tax lawyers the general ethical standards imposed on all lawyers.

In his second article, Professor Hatfield explores how this focus on moral responsibility and civic duty succumbed to what he refers to as the "law of lawyering" and how we tax lawyers jumped on that "band wagon" along with Treasury and the IRS.

By the 1960s, the leading tax lawyers had concluded that the practice of tax law was different enough to warrant special guidance beyond the ABA Model Rules, and that the instrument for that guidance should be Circular 230, helped along by the constant participation and guidance of the ABA Tax Section membership.

It's not my intention to criticize that focus, but apparently, not everyone got that "memo." In Jim Holden's 1999 Griswold lecture "Dealing With the

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4See Hatfield I, supra note 3, at 27.
5Hatfield II, supra note 4, at 731.
Aggressive Corporate Tax Shelter Problem," he advocated for a new version of what became section 10.35 because the advice-givers apparently needed more explicit guidance to curb the excesses of the tax strategies they were devising for their eager clients.

A year later, Carr Ferguson lamented that the “heat of competition to burn down the corporate income tax has led to practices virtually unheard of” ten years earlier.5

I believe, as Jim and Carr expressed, that there is a place in the practice of tax law for a moral compass to be used to test the clever technical strategies we devise for our entrepreneurial clients. I also believe that just because the language can “get you there,” does not mean ethical considerations can be thrown to the wind. In today’s hyper competitive legal and tax planning environment there is still a place for “rules” and “consequences.”

However, after more than six years in the OPR Director position, I am less convinced that Circular 230 can serve as the guidance needed for the entire tax professional community. The disparities in education and sophistication levels among the practice groups are huge.

Consider the only statistics we have publicly available:

PTIN holders at the end of 2016.
Total: 733,834
Attorneys – 4% (31,700)
Unlicensed/unenrolled – (nearly 60%) 429,209

Of the 60% unlicensed PTIN holders, only 15% (62,509) have opted in to the IRS’ Voluntary Annual Filing Season program through calendar 2016 (the second full year in operation). That means that over 365,000 tax return preparers are still preparing tax returns even though they cannot represent their taxpayer clients before the IRS at any level.

I realize that the PTIN statistics understate the numbers of lawyers who may be engaging, or dabbling in, tax practice. I also realize that except for a few, the issue of regulating tax return preparers is a low priority for most lawyers. My point in reciting these statistics is not to launch into yet another call for the much-needed legislation from Congress. Plenty of others have done, and continue to do that. Rather it is to set the stage for the conclusions I’m going to share.

After administering Circular 230 for six plus years, I have concluded:

1) That Circular 230 is no longer a viable document for communicating or administering standards of conduct for all tax professionals;

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2) That Circular 230 is “broken” to a degree that perfunctory amendments to reflect recent case law or earlier drafting oversights will be insufficient to restore its viability;

3) That the Office of Professional Responsibility is currently, and will remain, invisible and is in danger of slipping deeper into irrelevancy if something is not done to keep Circular 230 principles in the forefront of tax professionals’ thinking; and,

4) The Office of Professional Responsibility cannot maintain any meaningful level of independence so long as it remains under the thumb, politically, administratively and financially, of the Internal Revenue Service.

I do not claim to have all the answers for responding to what I see as this current state of affairs. I certainly understand the political realities that are involved.

The rest of my remarks will attempt to explain some of my reasons for reaching these conclusions and to offer some suggestions as to what might be done. I hope by doing this to start a productive dialogue.

1. Circular 230 Is Not Viable in Its Current Iteration

I gave little thought to the other types of practitioners who are subject to Circular 230, their technical training, sophistication levels or attitudes toward Circular 230—until I became OPR Director.

What I learned about these non-lawyer practitioners is that the education and training they receive to become tax practitioners (assuming there has been any education and training) is insufficient to give many of them the depth of understanding required for Circular 230 to have any impact on their behavior, except to the extent they fear the consequences of a violation, even if they don’t recognize the behavior that constitutes a violation.

At one end of the spectrum are those who are unlicensed, but who, under the IRS Annual Filing Season program, can obtain some practice rights by agreeing to educate themselves at a very minimal level and to be bound by Circular 230, whatever that might mean to them.

At the other end of the spectrum are the tax lawyers, who in their efforts to assist the IRS in its various campaigns to discourage the audit lottery conduct, have caused the promulgation of regulations, some of which were written, clearly, with sophisticated lawyers in mind.

The conflict of interest, solicitation and fee provisions all mirror the ABA Model Rules. While the former covered opinion rule had no ABA model rule equivalent, we all know that dense provision was squarely aimed at the writers of sophisticated tax shelter opinions—predominantly lawyers.

Sprinkling Circular 230 with these “laws for lawyering” has caused at least two unintended results. First, non-lawyers are being asked to adhere to ethical constructs without the benefit of a law school education. Second, many of the non-lawyers have come to believe they are in fact authorized to practice
as pseudo-lawyers, and are competent to give legal advice so long as an issue has something to do with tax.

Since my retirement from OPR, I have been monitoring a few listservs for tax return preparers, both licensed and unlicensed. I have been amazed at the sophisticated level of the questions being raised, and, more frighteningly, answered, in these chat rooms. Despite the complexity of some of the questions, whether they involve estate planning, corporate formations, partnership dissolutions, or employee benefits, I have not observed to date a single thread where anyone suggested the involvement of a lawyer or another expert might be appropriate. Granted, the Enrolled Agent group is better equipped to handle some level of sophisticated tax planning, and many are very conscientious. But there are only 54,000 of them.

The question I was most frequently asked after new section 10.35 on competency was placed in Circular 230 in 2014, was: “how will I know when I’m not competent?” I tried, but found it very difficult to articulate in any meaningful way an answer to someone who had to ask the question.

As Director, it was my philosophy that OPR’s primary mission was outreach and education both to licensed and unlicensed tax practitioners; with its secondary mission being to pursue discipline, only when necessary to protect the taxpaying public and/or the tax administration system from incompetent or unscrupulous conduct.

How can OPR discipline someone who is unaware of the rules, what they mean, or how they work? So, the bulk of my extensive public speaking for six years was an effort to put practitioners “on notice” of their obligations to tax administration and to their tax clients. This was a considerable challenge considering the broad spectrum of sophistication levels in the tax professional community. In pursuit of that mission, I gave approximately 100 presentations a year, reaching approximately 50-60,000 people annually.

When I began speaking, my first questions to any audience (outside of tax section meetings) were 1) how many have heard of Circular 230; 2) how many have read Circular 230; and 3) how many have heard of OPR. Unless the room was filled with EAs, only one or two hands would go up.

Conferences I attended, including those sponsored by the ABA Tax Section, contained panel after panel of substantive tax planning discussions without a single minute devoted to the practitioners’ obligations under Circular 230 in those contexts.

I believe my efforts over the six years to make Circular 230 a “household” word in tax practice (even if poorly understood in some circles), and to enhance the stature and visibility of OPR at every level were reasonably successful. My concern now is that the momentum is being lost.

In addition to the unmanageability of a single set of rules applicable to such a disparate population, huge swaths of Circular 230 regulations have been swept from relevance either because of failures to draft regulations which conform to statutory revisions or clarifying notices; or by recent case law which I’ll discuss in a minute.

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2. Circular 230 Is “Broken”

I'm not telling anyone in this room anything surprising when I say Circular 230 is “broken.” The surprise may be that I think it was broken well before the Loving\textsuperscript{10} and Ridgely\textsuperscript{11} decisions in 2014, although those cases certainly brought many of the issues to the forefront.

The Loving case told us that mere tax return preparation was not “practice” that could be regulated by Circular 230. Not only could the IRS not regulate unlicensed return preparers, since return preparation was not “practice” before the IRS, the legitimacy and authority of Circular 230 and OPR were immediately called into question with respect to anything done under the guise of tax return preparation.

The Ridgely case told us in the ordinary refund context, that even a CPA was doing the equivalent of mere tax return preparation, again, outside the scope of Circular 230 and OPR jurisdiction, notwithstanding that CPAs are automatically authorized to practice before the IRS. Ridgely called into question the very definition of who is a practitioner, and when is someone subject to Circular 230 and OPR jurisdiction, further eviscerating Circular 230's status and influence on ethical conduct in tax practice.

The combination of these two cases has caused the clever among us to find great sport in identifying other sections in Circular 230 that are jeopardized by these recent case developments—10.34 and 10.37 being the most notable—and have resulted in the absurdity that individuals convicted of felonies, including tax crimes, can continue to prepare tax returns with impunity, unless and until, the justice department successfully brings an injunctive or criminal action.

The worst may be yet to come in a case which has received little public attention to date: Sexton v. Hawkins\textsuperscript{12} which is pending in a Nevada district court. When the judge finally gets around to issuing his written opinion based on his oral grant of summary judgment in the case to plaintiff, it is likely to tell us that if you have already been suspended or disbarred under Circular 230, you are immune from having to answer to OPR inquiries regarding any conduct alleged in violation of your suspension/disbarment.

Sure, OPR can investigate, but it may not require the disciplined practitioner to participate in that investigation because in the eyes of the court, he's no longer a practitioner subject to section 10.20.\textsuperscript{13}

Because the Circular has been amended so many times in direct reaction (perhaps overreaction) to the tax “maladie du jour”; because it has not been amended to reflect current case law, legislation or clarifications issued

\textsuperscript{10} Loving v. IRS, 742 F.3d 1013 (D.C. Cir. 2014).
\textsuperscript{13} Reg. § 10.20 (requiring a “practitioner” to provide information to OPR during its investigation into alleged violations of Circular 230, unless there is a good faith belief that the information is privileged).
in obscure notices; because multiple sections were drafted for, and can be understood (if at all), only by lawyers; and, because the IRS has tried to define ethical behavior in black and white with Internal Revenue Code penalty provisions in mind, the regulations in their current form have become vague, ambiguous, outdated and, in some instances unadministrable.

By way of examples:

1) There are multiple sections in the regulations (10.2, 10.3, 10.4, 10.5, 10.6, 10.8, 10.9) which still reference "Registered Tax Return Preparers," a status the IRS was forced to discontinue in the wake of Loving.

2) In the 2011 amendments, all references to "the Director, OPR" were replaced by "Internal Revenue Service" thereby obliterating even the appearance of independence for OPR and creating a false impression for IRS field personnel that they had authority to discipline practitioners without the bothersome and time consuming requirement to make a referral to OPR.

3) Section 10.27, as printed in the current iteration of Circular 230, fails to reflect clarifications made to the contingent fee provision for refund claims and for whistleblower representation. These clarifications were issued in a 2008 notice which contained a commitment to insert the clarifying language into the section the next time the Circular was amended. Despite two subsequent amendments to the Circular in 2011 and 2014, this has not happened.

Of course, some of this may be irrelevant in light of Ridgley which has triggered an even greater need for clarification of OPR's current position on contingent fees.

4) Section 10.34(a)'s application to anyone but enrolled agents and the annual filing season opt-ins is in serious question because of the Loving/Ridgley combination. When, if ever, is a non-EA/AFS tax return preparer subject to Circular 230?

5) In 2007, the statute was amended to authorize Treasury to regulate appraisers engaged in tax-related valuations. The regulations were amended at that time in obscure ways which did not identify appraisers as practitioners but authorized their disqualification to produce reports or testimony in tax disputes. The vagueness and ambiguity of the regulatory language has made it very difficult, if not impossible, for OPR to address the valuation transgressions occurring in the appraisal community.

6) In 2004, Congress added a monetary penalty to the statute and a corresponding regulation was inserted into Circular 230. While the provision has been invoked only once in thirteen years, it has had the unwanted effect of further intertwining Circular 230 with the Internal Revenue Code civil penalty regime.

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7) In 2011, amendments to Circular 230 included the addition of subsections 10.51(a)(14)-(18). These were nothing more than iterations of pre-existing IRC penalties for failing to sign a tax return, failing to file electronically, failing to get a PTIN, and representing a taxpayer without authorization; contributing further to the dilution of Circular 230 as legitimate ethics, and reinforcing both internally and externally the perspective that Circular 230 was just another tax enforcement tool. I will confess that I was so opposed to those additions, that I insisted they be enforced by the Return Preparer Office—an administrative function within the IRS.

8) More than a year ago, Congress amended the statute to add a new subsection (b) stating that any properly Enrolled Agent can use the identifying credentials EA or E.A., in addition to “Enrolled Agent.”15 This is not earth shattering to say the least but anyone who goes to the IRS website for a copy of the Circular the statute will not find any reference to the new statutory subsection.

In its current iteration Circular 230 encourages practitioners to focus on the minuiae (Who’s covered? How can I get into trouble? To which provisions should I pay the most attention? If I give oral, rather than written, advice, or attach a disclaimer to all my written communications, can I avoid the covered opinion rule?) rather than to focus on broad foundational principles of ethical conduct which could be considered and utilized to analyze fact-specific behavior in daily practice.

Just as with the tax law generally, there is a greater focus on out-witting the rules in Circular 230 than in thinking about their overall purpose and the potential benefits of adhering to them. The more rules that have been added to Circular 230, the more it has become part of the “catch me if you can” mentality that also drives the audit lottery game.

I have come to believe that Circular 230 cannot continue as a one-size-fits-all set of ethical rules. Nearly all the provisions governing enrollment matters, continuing education, and tax penalty look-alikes would be far better off as guidance apart from any practice standards.

On my second day as Director, I met with then-Commissioner Shulman. He asked me what the “plan” was. I told him I would like to scrap Circular 230 and start over.

He thought I was kidding.

I have great empathy for the efforts of any Director of OPR who tries to administer the office in the current environment.

3. OPR Is Currently “Invisible”

The proliferation of outlandish tax shelters schemes in the late 90’s and early 2000’s was slowed, in my opinion, not because of the insertion of section

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10.35 into Circular 230, but because of a number of highly visible criminal prosecutions and professional firm implosions during that period.

The greater value of Circular 230 is not in how many practitioners are disciplined, but rather the in terrorem effect it has on the behavior of practitioners fearing public professional humiliation or loss of livelihood. This effect is only successful if there is respect for the rules and those who administer them.

The greater value of OPR is not in the publication of annual disciplinary numbers but rather in its outreach and education efforts and the publication of final agency disciplinary decisions: all of which help explain the Circular 230 provisions; provide guidance to practitioners on how to apply the rules to their practice behavior; and describe what kind of conduct is, or is likely to, result in some form of public discipline.

One of my objectives as Director was to get practitioners to think about how Circular 230 might apply to an action to be taken or advice to be given before, not after, the fact. I tried to say something about the rules and OPR's position on their interpretation every chance I got. I used final agency disciplinary decisions to highlight unacceptable behavior and to show that only egregious conduct would be punished to lend credibility to the disciplinary process. Never mind that OPR might not be called upon to act on a specific position—the point, and what created the press (and therefore the visibility of the office)—was the possibility of action. The press reported what I said, or the cases I discussed, or the interpretations I espoused, and practitioner listened and talked about it—sometimes for months. As a result, Circular 230 and OPR became “hot topics” in most professional tax circles. The Circular and OPR had, for many, made it from the back of their minds to their frontal lobes.

I am currently concerned about the lack of transparency and visibility surrounding current OPR activities. In December 2014, while I was still Director, I had the unpleasant task of withdrawing public access to all administrative law judge and appellate authority disciplinary opinions (i.e., Final Agency Decisions). The triggering event for that action was the discovery that sometime around 2004, OPR received erroneous legal advice regarding its authority to make final agency decisions available to the public without violating section 6103.

The technicalities are not important at this moment but the end result has been to shroud OPR disciplinary actions and results, to the extent any are occurring, in complete secrecy. Practitioners can no longer learn from others’ mistakes. Nor can they defend against allegations of misconduct by looking for supporting case precedent before a complaint is filed.

The pendulum has swung so far in the direction of emasculating Circular 230 and OPR, and once again shrouding the disciplinary process in mystery, that I fear both have become meaningless.

In 2017, OPR has regressed to being the “black hole” it was once described as by a former OPR Director.

And today OPR is certainly as invisible as Jim Holden lamented it was in 1999.
4. OPR Is Not “Independent”

Since at least the early 1980s, Circular 230 has been used (I might venture to say “abused”) by the IRS to mitigate taxpayers’ and their advisors’ propensities to play audit lottery. This, despite the plethora of penalty provisions numerous accommodating Congresses have inserted into the Internal Revenue Code. Over the years more and more provisions in Circular 230 have become nothing more than iterations of Revenue Code penalty provisions in ethics trappings. The provisions at 10.34 (relating to the due diligence required in preparing, signing, submitting returns and other documents to IRS) and the subsections in 10.51(a) I mentioned earlier are the most obvious examples.

OPR does not, and cannot, generate its own cases—it is dependent on referrals from whatever source. Prolific external referral sources include TIGTA, CI and DOJ-Tax. Internal referrals come primarily from IRS field personnel alleging misconduct during examination, collection and appeals activity.

Even though section 10.53 makes it mandatory for IRS personnel to make referrals of Circular 230 misconduct, only the most committed took the time to refer a practitioner when serious Circular 230 misconduct was observed. This is because the IRS employees get no credit for writing up the documentation necessary to support the referral. In some cases, field personnel are actively discouraged, even ordered, not to make a referral to OPR.

The bulk of IRS referrals ranged from practitioner tax non-compliance, to referrals based on the mistaken belief that OPR would get an aggressive and/or uncooperative practitioner “out of the way” in short order. Circular 230 was a convenient threat to garner practitioner cooperation. This behavior abated considerably while I was Director, but it never completely stopped.

Let me give you a couple of examples:

1) One practitioner was referred for discipline because she had tried to record a meeting with revenue agents without first asking permission.

2) Another practitioner was referred to OPR because he had referred a revenue officer to TIGTA for alleged misconduct under the Section 1203 provisions and because the TIGTA investigation had not resulted in any consequences to the RO, the practitioner’s referral was alleged to be harassment.

Many of the disciplinary investigations done by OPR were focused on the “low-hanging fruit,” with case inventory driven by the encouragement given to IRS field personnel to refer practitioners who were personally not compliant with their own tax obligations.

Literally dozens of practitioners were being referred to OPR for “delay” during examination and collection representation, and others were referred because some field personnel made a practice of checking the tax compliance record of a practitioner who submitted a power of attorney. When I challenged, and rejected, those referrals, some of the IRS field personnel asked for a legal opinion from counsel. The response was tepid to say the least.
Again, most of these practices abated, but did not disappear, during my tenure as Director.

It seemed to me that many IRS personnel were abdicating their responsibility to enforce the filing and payment obligations of tax professionals and the preparer penalty regime in the Internal Revenue Code in favor of letting Circular 230 referrals, or threats of Circular 230 referrals facilitate their tax enforcement efforts. As I mentioned earlier, it was not helpful when the 2011 revised regulations were released replacing "Director, OPR" with "IRS" throughout the regulations.

In addition, many on the OPR staff came from other parts of the IRS bringing with them a tax enforcement mentality. Some of the lawyers would actively look for compliance violations to avoid developing the necessary facts to support discipline based on behavior. In 2009, 85% of the OPR case inventory consisted of practitioner tax non-compliance. In other words, by 2009 OPR had become little more than a specialty division within the IRS' tax compliance enforcement mechanism with the bulk of its inventory being "road-kill."

Public representations from the IRS were to the contrary:

In 1982 in the face of a firestorm of opposition to the standards being proposed for written tax shelter opinions, in response to practitioner concerns that IRS oversight of tax advisors created a conflict of interest with the treasury acting as both prosecutor and judge in the regulation of their conduct, the preamble stated that the Treasury officer who enforces Circular 230 regulations was independent of the service. Of course, in 1982 that would have been the case since the Director of Practice was reporting to the Treasury General Counsel at that time.

In finalizing revisions to section 10.34(a) in 2011, again in response to practitioner comments, the preamble stated that the due diligence standards in that provision differed from the penalty standards in section 6694 in "limited" ways to reflect "the different purposes" of the two regimes, and to reflect the philosophy that the practice standards under Circular 230 should "provide broader guidelines that are more appropriate for professional ethics standards."

Those preambles may have stated the intended philosophical position of the service, but they were not reflective of the day-to-day practice. By 2009, OPR staff seldom questioned allegations of misconduct received from IRS personnel. There was a presumption of correctness, and the motives for a referral were never questioned. The mere imposition of a 6694(b) penalty served as justification for discipline without any consideration of the underlying

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17 The office was reconstituted as OPR in January 2003, along with its delegation to the Commissioner of Internal Revenue. See 71 Fed. Reg. 6421, 6422 (Feb. 8, 2006).
facts and circumstances surrounding the practitioner's conduct. OPR staff embraced their tax enforcement role with enthusiasm.

I have no doubt that, despite my six-year effort to reverse this mentality, there remain those in the IRS and OPR who believe this is the correct role for OPR to play.

This is more than just an optics issue. The Director has enormous power to affect the livelihood and career of a practitioner. There are safeguards, of course, but the pre-hearing disciplinary process conducted by OPR, vests all authority in the Director and, potentially by delegation, OPR staff. Far more cases are settled than are litigated. The moral sensibilities of the Director and OPR staff control many of the outcomes. And without transparency in the process, there can be no checks and balances.

Prior to 2003, when the office was called the "Director of Practice," the Director reported to the Treasury General Counsel.

While it may have made administrative sense in 2003, delegating responsibility for the administration of Circular 230 to the Commissioner of the Internal Revenue Service, in my opinion, lacked foresight. In 1999, Jim Holden lamented the low esteem in which that office was held and its invisibility to the professional tax community. He called for a Director who would be "a highly visible, highly respected figure within the tax community, making substantial contributions to tax administration, proposing new and better standards of practice, and enforcing existing standards." I would add "independence" to Jim's criteria. Placing OPR within the confines of the IRS administration, hindered not helped, attainment of Jim's vision for OPR.

Practitioners were right to express the conflict concerns they had even in 1982. It makes no sense to me to have the function with the potential to destroy careers housed within, and financially and administratively dependent upon, the agency most likely to be adversarial to those being regulated. As Jim succinctly observed "it is anomalous to have one's adversary in control of the disciplinary machinery." I would add that especially in a time of limited resources it takes a very strong personality to fight for budget share, and to resist the internal pressures to ignore OPR's stated missions in favor of contributing to the agency's general tax enforcement mission. Jim felt this conflict could be mitigated by giving OPR a status relative to that afforded the Taxpayer Advocate with "comparable independence from the general workings" of the IRS.

I won't pretend to speak for her, but will observe that even the Taxpayer Advocate Service is not free of institutional pressures, both administrative and economic, requiring strong leadership to stay focused on mission.

My view is that OPR and the practitioner community would be better off if that office was reconstituted in the same manner as was the Treasury Inspector General for Tax Administration, completely outside the machinations and pressures of IRS tax enforcement activity.

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19 See Holden, supra note 8, at 376.
5. Conclusion

To succeed with its missions, OPR needs high visibility; total independence; a clear legislative mandate; a coherent set of regulations that offer high level foundational principles to serve as ethical guidance for practitioners to follow; disciplinary enforcement authority, including subpoena and injunction power, to pursue those who choose to ignore their responsibilities; authority to publicize final disciplinary decisions; support from the tax community for the necessary legislation; and, a more visible public shaming of tax planning devices and those who promote them by hawking outcomes clearly unintended by a statute, regardless of how creatively the words can be manipulated to justify the advice.

To start, my (not so) modest proposal is:

1) There should be the equivalent of a restatement of tax ethics in the form of a complete rewriting of the relevant regulations currently in Circular 230. Existing rules regarding regulation of return preparers, enrollment matters, and penalty issues should either be placed in a separate set of regulations, or reconstituted as Revenue Code provisions;

2) The Office of Professional Responsibility should be reconstituted as a separate agency within the Treasury Department, reportable directly to either the Assistant Secretary for Tax Policy or the Treasury General Counsel; and,

3) Administrative hearings for discipline should be conducted before one or more properly appointed Administrative Law Judges housed within Treasury by lawyers within OPR, not Chief Counsel’s Office.

These are ambitious thoughts to say the least. And some of you may disagree with me on some, or all, of what I’ve suggested but there can be no doubt that since 2014 OPR and Circular 230 have been, and continue to be, eviscerated nearly beyond recognition. I would think we all care about that.

This College is founded on the principles of promoting sound tax policy and engagement in thoughtful discussion with the government about matters affecting the tax system. As part of its mission to improve the tax system, the College provides recommendations to Congress and the Internal Revenue Service for improving the nation’s tax laws and the way that they are interpreted and administered. ACTC is perfectly positioned to take a closer look at the past and current state of standards of practice, and to influence future outcomes.

I hope some of what I have said will inspire you to take a closer look at what level of contribution the College might make to create a viable, visible and effective body of ethical rules for professionals; and a visible, effective, and independent office to administer them.

Thank you, Joan, for giving me this opportunity to speak to the College and thank you all for listening.
Re: Infringement of Copyrights Owned by [COPYRIGHT OWNER]

To [RECIPIENT'S NAME]:

I am an attorney for [COPYRIGHT OWNER], a [GENERAL DESCRIPTION OF COPYRIGHT OWNER'S BUSINESS OR ORGANIZATION]. It has come to our attention that [RECIPIENT] is responsible for infringement of certain [registered] [and] [unregistered] copyrights that are owned or controlled by [COPYRIGHT OWNER]. [COPYRIGHT OWNER] therefore [demands/requests] that [RECIPIENT] immediately ceases such infringing activity, desists from such infringing activity in the future and complies with [COPYRIGHT OWNER]’s other requirements set forth in this letter.

As you [may know/are no doubt aware], [COPYRIGHT OWNER] is the [author/publisher/producer/provider/distributor] of [GENERAL DESCRIPTION OF RELEVANT COPYRIGHTED WORKS], including [TITLE OF WORK/the following works:

1. [TITLE OF WORK].
2. [TITLE OF WORK]].

[COPYRIGHT OWNER] has exclusive rights under US copyrights in these works, which are widely [published/distributed/licensed] by [COPYRIGHT OWNER] [and its licensees] through [DESCRIPTION OF PUBLICATIONS, DISTRIBUTION MEDIA, RETAIL OUTLETS AND/OR ANY OTHER DISTRIBUTION CHANNELS] and are of substantial commercial value to [COPYRIGHT OWNER]. [[COPYRIGHT OWNER] has registered the [copyright in the above work/copyrights in some or all of the above works] with the US Copyright Office. A copy of [the/each] registration certificate is enclosed for your reference.]
Your company [reproduced,] [published,] [provided,] [distributed,] [transmitted,] [displayed] [and] [publicly performed] [exact copies of] [materials that incorporate [verbatim] substantial portions of] [COPYRIGHT OWNER]'s works, including the following:

1. [EXAMPLE OF INFRINGING MATERIAL].

2. [EXAMPLE OF INFRINGING MATERIAL].

There is no question but that these materials are substantially similar to the copyright-protected works of [COPYRIGHT OWNER], and that [RECIPIENT] had access to [COPYRIGHT OWNER]'s works. Furthermore, [COPYRIGHT OWNER] has reserved all of its rights in its works under copyright and has not authorized [RECIPIENT] to reproduce, publish, provide, distribute, transmit, display, publicly perform or otherwise make any use of such works. Therefore, [RECIPIENT]'s use of these works is a clear infringement of [COPYRIGHT OWNER]'s copyrights in violation of Sections 106 and 501 of the federal Copyright Act.

[Moreover, the extent of identical copying from [COPYRIGHT OWNER]'s works plainly establishes that the infringement was knowing and intentional.] [Because [COPYRIGHT OWNER]'s copyrights were registered prior to your infringing activity, [RECIPIENT] may be liable for statutory damages of up to [$30,000/$150,000] for each work that it has [willfully] infringed, in addition to attorneys' fees and other costs incurred by [COPYRIGHT OWNER] to enforce its rights.]

[COPYRIGHT OWNER] treats copyright infringement as a very serious matter and fully enforces its rights against infringers. [However, under the circumstances, [COPYRIGHT OWNER] is prepared to try to resolve this matter amicably provided that [RECIPIENT] cooperates fully with [COPYRIGHT OWNER] and establishes to its satisfaction that this was a one-time error of judgment and not a systematic effort to profit from [COPYRIGHT OWNER]'s intellectual property.]

We therefore [demand/request] that [RECIPIENT]:

1. Immediately cease and desist from all further [production,] [reproduction,] [publishing,] [provision,] [distribution,] [transmission,] [display,] [performance,] [advertising,] [licensing] [and] [sale] of materials that infringe [COPYRIGHT OWNER]'s works.

2. Destroy all such materials in its inventory or otherwise in its possession or control, including all copies in electronic or printed form.
3. Provide [COPYRIGHT OWNER] with a full accounting of all copies sold, licensed or otherwise distributed and all proceeds therefrom.

[RECIPIENT] is specifically advised that any failure or delay in complying with these demands will likely compound the damages for which [RECIPIENT] may be liable.

We ask that [RECIPIENT] or its counsel promptly provide [COPYRIGHT OWNER] with written confirmation that [RECIPIENT] will comply with these demands. If we do not receive a satisfactory response by the close of business on [DATE], [COPYRIGHT OWNER] is prepared to take all steps necessary to protect its valuable intellectual property rights, without further notice to [RECIPIENT].

The above is not an exhaustive statement of all the relevant facts and law, and [COPYRIGHT OWNER] expressly reserves all of its equitable and legal rights and remedies, including the right to seek injunctive relief and recover monetary damages.

Very truly yours,

ATTORNEY FOR [COPYRIGHT OWNER]

By:________________
Name:________________
Title:________________
COPYRIGHT ASSIGNMENT AGREEMENT

This COPYRIGHT ASSIGNMENT AGREEMENT ("Copyright Assignment"), dated as of [DATE], is made by [NAME OF ASSIGNOR] ("Assignor"), a [STATE OF ORGANIZATION] [TYPE OF ENTITY], located at [ADDRESS OF ASSIGNOR], in favor of [NAME OF ASSIGNEE] ("Assignee"), a [STATE OF ORGANIZATION] [TYPE OF ENTITY], located at [ADDRESS OF ASSIGNEE], in connection with [the transfer of certain assets of Assignor to Assignee pursuant to] a [TITLE OF PRINCIPAL AGREEMENT] [between Assignor and Assignee], dated as of [DATE] (the "Principal Agreement").

[Whereas, under the terms of the Principal Agreement, Assignor has conveyed, transferred and assigned to Assignee[, among other assets,] certain copyrights of Assignor, and has agreed to execute and deliver this Copyright Assignment, for recording with national, federal and state government authorities including, but not limited to, the US Copyright Office ("Copyright Office").]

NOW THEREFORE, [Assignor agrees/the parties agree] as follows:

1. Assignment. [In consideration of [AMOUNT OF CONSIDERATION] paid by Assignee upon execution of this Copyright Assignment/For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged], Assignor hereby irrevocably conveys, transfers and assigns to Assignee[, and the Assignee hereby accepts,] all of Assignor's right, title and interest in and to the following (the "Assigned Copyrights"):

   (a) [all (i) copyrights of the Assignor, whether registered, unregistered or arising by any applicable law of any jurisdiction throughout the world and all registrations and applications for registration of such copyrights, (ii) issuances, extensions and renewals of such registrations and applications, and (iii) related proprietary rights, interests and protections, however arising, pursuant to any such law;]

   (b) [without limitation to the generality of the foregoing,] the copyrights, copyright registrations and applications to register copyrights in the works of authorship set forth on Schedule 1 hereto and all issuances, extensions and renewals thereof;

   (c) [all licenses and similar contractual rights with respect to any of the foregoing granted by Assignor to any third party[, including those licenses listed on Schedule 2 hereto] ("Licenses");]
(d) [any and all royalties, fees, income, payments and other proceeds now or hereafter due or payable to Assignor with respect to any and all of the foregoing;]

(e) all rights of any kind whatsoever of Assignor accruing under any of the foregoing provided by any applicable law of any jurisdiction throughout the world; and

(f) any and all claims and causes of action with respect to any of the foregoing, whether accruing before, on or after the date hereof, including all rights to and claims for damages, restitution and injunctive and other legal and equitable relief for past, present and future infringement, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

2. Recordation and Further Actions. Assignor authorizes the Register of Copyrights and any other national, federal and state government officials to record and register this Copyright Assignment upon request by Assignee. Assignor shall execute any and all documents and take all other further actions as reasonably requested by Assignee to transfer ownership of the Assigned Copyrights including, but not limited to, assignments, transfers and related powers of attorney.

3. [Representations and Warranties. Assignor hereby represents and warrants to Assignee as follows, as of the date hereof:

(a) All required filings and fees related to the copyright registrations and applications listed on Schedule 1 hereto have been timely filed with and paid to the Copyright Office and other relevant governmental authorities and authorized registrars, and all such copyright registrations and applications are otherwise in good standing. Assignor has provided Assignee with true and complete copies of all documents, certificates, correspondence and other materials related to all such copyright registrations and applications.

(b) [The/To Assignor's knowledge, the] Assigned Copyrights are validly existing and enforceable by Assignor in all applicable jurisdictions, and are not subject to any threat or claim to the contrary. Assignor owns all right, title and interest in and to the Assigned Copyrights, free and clear of liens, security interests and other encumbrances. Assignor is in full compliance with all legal requirements applicable to the Assigned Copyrights and Assignor's ownership and use thereof.

(c) [Assignor has provided Assignee with true and complete copies of all Licenses related to the Assigned Copyrights. All such Licenses are valid, binding and enforceable between Assignor and the other parties thereto, and Assignor and such other parties are in full compliance with the terms and conditions of such Licenses.]
(d) [No/To Assignor's knowledge, no] person has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating, any of the Assigned Copyrights.

4. **Indemnity.** Assignor shall defend, indemnify and hold Assignee, its affiliates and their respective shareholders, directors, officers and employees harmless from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements arising from or relating to any breach by Assignor of its representations, warranties and other obligations hereunder.

5. **Moral Rights.** Assignor shall provide Assignee, on or before the date of this Copyright Assignment, with a written, absolute, irrevocable waiver, in favor of Assignee, from each individual who is an author (sole or joint) of any of the works of authorship to which the Assigned Copyrights apply ("Works"), in relation to all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" ("Moral Rights") vested in such author in relation to such Works. [Without limitation to the foregoing, to the extent that any Moral Rights are vested in the Assignor as an author (sole or joint) of any of the Works, Assignor hereby absolutely and irrevocably waives, in favor of Assignee, to the extent permitted by applicable law, any and all claims the Assignor may now or hereafter have in any jurisdiction to all such Moral Rights in relation to the Works.]

6. **Disclaimers.** [Except as expressly provided herein,] Assignor makes no representations, warranties, covenants, agreements or indemnities, and hereby disclaims all implied warranties, with respect to the validity of, or Assignor's or Assignee's ability to use, register or enforce the Assigned Copyrights.

[The terms of the Principal Agreement, including, but not limited to, the representations, warranties, covenants, agreements and indemnities relating to the Assigned Copyrights are incorporated herein by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Principal Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Principal Agreement and the terms hereof, the terms of the Principal Agreement shall govern.]

7. **General.**

(a) **Entire Agreement.** This Copyright Assignment, together with [the Principal Agreement, other agreements incorporated therein by reference and] all related exhibits and schedules, constitutes the sole and entire agreement of the parties with respect to the subject matter contained herein [and therein], and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.
(b) **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(c) **Governing Law.** All matters arising out of or relating to this Copyright Assignment shall be governed by and construed in accordance with the laws of the United States and the internal laws of the State of [RELEVANT STATE] without giving effect to any choice or conflict of law provision or rule (whether of the State of [RELEVANT STATE] or any other jurisdiction).

(d) **Counterparts.** This Copyright Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, Assignor [and Assignee] [has/have] duly executed and delivered this Copyright Assignment as of the date first above written.

[NAME OF ASSIGNOR]

By: _____________________

Name: 
Title: 
Address for Notices:

[SWORN TO BEFORE ME THIS [DATE OF AFFIDAVIT]

_____________________
Notary Public

[AGREED TO AND ACCEPTED:]

[NAME OF ASSIGNEE]

By: _____________________

Name: 
Title: 
Address for Notices:

[SWORN CERTIFICATE: I declare under penalty of perjury that the accompanying document is a true and correct copy of the original document. Certificate executed on: [DATE OF CERTIFICATE]

[NAME OF ASSIGNOR OR ASSIGNEE]

By: _____________________

Name: 
Title: 
Address for Notices:]
[SWORN TO BEFORE ME THIS [DATE OF CERTIFICATE]

_____________________
Notary Public]
SCHEDULE 1

ASSIGNED COPYRIGHTS
[SCHEDULE 2
COPYRIGHT LICENSES]
Mutual Confidentiality Agreement

This Mutual Confidentiality Agreement (the "Agreement"), effective as of [DATE] (the "Effective Date"), is entered into by and between [NAME OF PARTY 1], a [PARTY 1 STATE OF ORGANIZATION] [ENTITY TYPE] having its principal place of business at [PARTY 1 BUSINESS ADDRESS] and [NAME OF PARTY 2], a [PARTY 2 STATE OF ORGANIZATION] [ENTITY TYPE] having its principal place of business at [PARTY 2 BUSINESS ADDRESS] (together, the "Parties", and each, a "Party").

WHEREAS, in connection with [DESCRIPTION OF PURPOSE] (the "Purpose"), the Parties desire to share certain information that is non-public, confidential or proprietary in nature.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, the Parties agree as follows:

1. Confidential Information. Except as set forth in Section 2 below, "Confidential Information" means all non-public, confidential or proprietary information disclosed [before,] on or after the Effective Date, by either Party (a "Disclosing Party") to the other Party (a "Recipient") or its affiliates, or to any of such Recipient's or its affiliates' employees, officers, directors, partners, shareholders, agents, attorneys, accountants or advisors (collectively, "Representatives"), [whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential,"] including, without limitation:

   (a) all information concerning the Disclosing Party's and its affiliates', and their customers', suppliers' and other third parties' past, present and future business affairs including, without limitation, finances, customer information, supplier information, products, services, organizational structure and internal practices, forecasts, sales and other financial results, records and budgets, and business, marketing, development, sales and other commercial strategies;

   (b) the Disclosing Party's unpatented inventions, ideas, methods and discoveries, trade secrets, know-how, unpublished patent applications and other confidential intellectual property;

   (c) all designs, specifications, documentation, components, source code, object code, images, icons, audiovisual components and objects, schematics, drawings, protocols, processes, and other visual depictions, in whole or in part, of any of the foregoing;

   (d) any third-party confidential information included with, or incorporated in, any information provided by the Disclosing Party to the Recipient or its Representatives;

   (e) all notes, analyses, compilations, reports, forecasts, studies, samples, data, statistics, summaries, interpretations and other materials (the "Notes") prepared by or for
the Recipient or its Representatives that contain, are based on, or otherwise reflect or are derived from, in whole or in part, any of the foregoing.

2. **Exclusions from Confidential Information.** Except as required by applicable federal, state or local law or regulation, the term "Confidential Information" as used in this Agreement shall not include information that:

   (a) at the time of disclosure is, or thereafter becomes, generally available to and known by the public other than as a result of, directly or indirectly, any violation of this Agreement by the Recipient or any of its Representatives;

   (b) at the time of disclosure is, or thereafter becomes, available to the Recipient on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information to the Recipient by a [legal, fiduciary or] contractual obligation to the Disclosing Party;

   (c) was known by or in the possession of the Recipient or its Representatives, as established by documentary evidence, prior to being disclosed by or on behalf of the Disclosing Party pursuant to this Agreement; or

   (d) was or is independently developed by the Recipient, as established by documentary evidence, without reference to or use of, in whole or in part, any of the Disclosing Party's Confidential Information.

3. **Recipient Obligations.** The Recipient shall:

   (a) protect and safeguard the confidentiality of all such Confidential Information with at least the same degree of care as the Recipient would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care;

   (b) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than the Purpose [or any related transactions between the Parties], or otherwise in any manner to the Disclosing Party's detriment[, including without limitation, to reverse engineer, disassemble, decompile or design around the Disclosing Party's proprietary services, products and/or confidential intellectual property];

   (c) not disclose any such Confidential Information to any person or entity, except to the Recipient's Representatives who:

       (i) need to know the Confidential Information to assist the Recipient, or act on its behalf, in relation to the Purpose or to exercise its rights under the Agreement;
(ii) are informed by the Recipient of the confidential nature of the Confidential Information; and

(iii) are subject to confidentiality duties or obligations to the Recipient that are no less restrictive than the terms and conditions of this Agreement; and

(d) be responsible for any breach of this Agreement caused by any of its Representatives.

4. **Additional Confidentiality Obligations.** Except as required by applicable federal, state or local law or regulation[, or otherwise as mutually agreed in writing by the Parties], neither Party shall itself disclose, nor permit any of its Representatives to disclose to any person:

   (a) that the Confidential Information has been made available to it or its Representatives, or that it has inspected any portion of the Confidential Information;

   (b) that discussions or negotiations may be, or are, underway between the Parties regarding the Confidential Information or the Purpose, including the status thereof; or

   (c) any terms, conditions or other arrangements that are being discussed or negotiated in relation to the Confidential Information or the Purpose.

5. **Required Disclosure.** Any Disclosure by the Recipient or its Representatives of any of the Disclosing Party's Confidential Information pursuant to applicable federal, state or local law, regulation or a valid order issued by a court or governmental agency of competent jurisdiction (a "Legal Order") shall be subject to the terms of this Section. Prior to making any such disclosure, the Recipient shall [make commercially reasonable efforts to] provide the Disclosing Party with:

   (a) prompt written notice of such requirement so that the Disclosing Party may seek, at its sole cost and expense, a protective order or other remedy; and

   (b) reasonable assistance, at the Disclosing Party's sole cost and expense, in opposing such disclosure or seeking a protective order or other limitations on disclosure.

If, after providing such notice and assistance as required herein, the Recipient remains subject to a Legal Order to disclose any Confidential Information, the Recipient (or its Representatives or other persons to whom such Legal Order is directed) shall disclose no more than that portion of the Confidential Information which, on the advice of the Recipient's legal counsel, such Legal Order specifically requires the Recipient to disclose [and, upon the Disclosing Party's request, shall use commercially reasonable efforts to obtain assurances from the applicable court or agency that such Confidential Information will be afforded confidential treatment].
6. **Return or Destruction of Confidential Information.** At any time during or after the term of this Agreement, at the Disclosing Party's written request, the Recipient and its Representatives shall promptly return to the Disclosing Party all copies, whether in written, electronic or other form or media, of the Disclosing Party's Confidential Information, or destroy all such copies and certify in writing to the Disclosing Party that such Confidential Information has been destroyed. In addition, the Recipient shall also destroy all copies of any Notes created by the Recipient or its Representatives and certify in writing to the Disclosing Party that such copies have been destroyed.

7. **Term and Termination.** The term of this Agreement shall commence on the Effective Date and shall expire [NUMBER] year[s] from the Effective Date, provided that either Party may terminate this Agreement at any time by providing written notice to the other Party. Notwithstanding anything to the contrary herein, each Party's rights and obligations under this Agreement shall survive any expiration or termination of this Agreement for a period of [NUMBER] year[s] from the date of such expiration or termination, even after the return or destruction of Confidential Information by the Recipient.

8. **No Representations or Warranties.** Neither the Disclosing Party nor any of its Representatives make any representation or warranty, expressed or implied, as to the accuracy or completeness of the Confidential Information disclosed to the Recipient hereunder. Neither the Disclosing Party nor any of its Representatives shall be liable to the Recipient or any of its Representatives relating to or resulting from the Recipient's use of any of the Confidential Information or any errors therein or omissions therefrom.

9. **No Transfer of Rights, Title or Interest.** Each Party hereby retains its entire right, title and interest, including all intellectual property rights, in and to all of its Confidential Information. Any disclosure of such Confidential Information hereunder shall not be construed as an assignment, grant, option, license or other transfer of any such right, title or interest whatsoever to the Recipient or any of its Representatives.

10. **No Other Obligation.** The Parties agree that neither Party shall be under any legal obligation of any kind whatsoever, or otherwise be obligated to enter into any business or contractual relationship, investment, or transaction, by virtue of this Agreement, except for the matters specifically agreed to herein. Either Party may at any time, at its sole discretion with or without cause, terminate discussions and negotiations with the other Party, in connection with the Purpose or otherwise.

11. **Remedies.** Each Party acknowledges and agrees that money damages might not be a sufficient remedy for any breach or threatened breach of this Agreement by such Party or its Representatives. Therefore, in addition to all other remedies available at law (which neither Party waives by the exercise of any rights hereunder), the non-breaching Party shall be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any such breach or
threatened breach[, and the Parties hereby waive any requirement for the securing or posting of any bond or the showing of actual monetary damages in connection with such claim].

12. **Governing Law, Jurisdiction and Venue.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of [RELEVANT STATE] without giving effect to any choice or conflict of law provision or rule (whether of the State of [RELEVANT STATE] or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of [RELEVANT STATE]. Any legal suit, action or proceeding arising out of [or related to] this Agreement or the matters contemplated hereunder [shall] be instituted [exclusively] in the federal courts of the United States or the courts of the State of [RELEVANT STATE] in each case located in the city of [RELEVANT CITY] and County of [RELEVANT COUNTY], and each Party irrevocably submits to the [exclusive] jurisdiction of such courts in any such suit, action or proceeding and waives any objection based on improper venue or *forum non conveniens*. Service of process, summons, notice or other document by mail to such Party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

13. **Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile [or e-mail] (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the [third] day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by a Party from time to time in accordance with this Section).

14. **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

15. **Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

16. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile[, e-mail or other means of
electronic transmission] shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

17. **Assignment.** Neither Party may assign any of its rights [or delegate any of its obligations] hereunder without the prior written consent of the other Party. Any purported assignment [or delegation] in violation of this Section shall be null and void. No assignment [or delegation] shall relieve the assigning [or delegating] Party of any of its obligations hereunder. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

18. **Waivers.** No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

[PARTY 1 NAME]
By_____________________
Name:_____________________
Title:_____________________

[PARTY 2 NAME]
By_____________________
Name:_____________________
Title:_____________________
Document (1)


**Client/Matter:** Feisty Pets WMC

**Search Terms:** varsity brands

**Search Type:** Natural Language

**Narrowed by:**

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Star Athletica, L.L.C. v. Varsity Brands, Inc.

Supreme Court of the United States

October 31, 2016, Argued; March 22, 2017, Decided

No. 15-866.


designs, separability, graphic, copyright protection, pictorial, cheerleading, sculptural, utilitarian, uniforms, picture, features, surface, lamp, articles, artistic, two-dimensional, medium, work of art, decorations, statuette, conceptually, eligible, imagined, painting, qualify, three-dimensional, reproduced, Appendix, independently, Compendium

Case Summary

Overview

HOLDINGS: [1]-The United States Court of Appeals for the Sixth Circuit did not err when it found that graphics that were used by a company that manufactured cheerleading uniforms were copyrightable under 17 U.S.C.S. § 101 because they could be identified separately and were capable of existing independently of uniforms the company manufactured; [2]-Features incorporated into the design of a useful article were eligible under § 101 for copyright protection if they could be perceived as two- or three-dimensional works of art separate from the useful article and qualified as a protectable pictorial, graphic, or sculptural work—either on their own or fixed in some other tangible medium of expression—if they were imagined separately from the useful article into which they were incorporated.

Outcome

Judgment affirmed. 6-2 Decision; 1 Concurrence; 1 Dissent.

LexisNexis® Headnotes

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Copyrightability of Patentable Works

Copyright Law > ... > Protected Subject Matter > Graphic, Pictorial & Sculptural Works > Works of Art

HN1 Patent & Utility Considerations, Copyrightability of Patentable Works

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design, however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that pictorial, graphic, or sculptural features of the design of a useful article are
eligible for copyright protection as artistic works if those features can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article. 17 U.S.C.S. § 101.

HN2 Graphic, Pictorial & Sculptural Works, Works of Art

A feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article; and (2) would qualify as a protectable pictorial, graphic, or sculptural work, either on its own or fixed in some other tangible medium of expression, if it were imagined separately from the useful article into which it is incorporated.

HN3 Elements, Ownership

The first element of a copyright-infringement claim is ownership of a valid copyright. A valid copyright extends only to copyrightable subject matter. The Copyright Act of 1976 defines copyrightable subject matter as original works of authorship fixed in any tangible medium of expression. 17 U.S.C.S. § 102(a). Works of authorship include pictorial, graphic, and sculptural works, 17 U.S.C.S. § 102(a)(5), which the statute defines to include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. 17 U.S.C.S. § 101. And a work of authorship is fixed in a tangible medium of expression when it is embodied in a material object from which the work can be perceived, reproduced, or otherwise communicated.

Copyright Law > ... > Civil Infringement Actions > Elements > Ownership

HN4 Patent & Utility Considerations, Utility Limitations

The Copyright Act establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a useful article, which is defined as an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. 17 U.S.C.S. § 101. The statute does not protect useful articles as such. Rather, the design of a useful article is considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article. 17 U.S.C.S. § 101.

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Utility Limitations

HN5 Patent & Utility Considerations, Utility Limitations

Courts, the United States Copyright Office, and commentators have described the analysis undertaken to determine whether a feature can be separately identified from, and exist independently of, a useful article as separability.

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Utility Limitations

HN6 Patent & Utility Considerations, Utility Limitations

The Copyright Act requires separability analysis for any pictorial, graphic, or sculptural features incorporated into the design of a useful article. 17 U.S.C.S. § 101. Design
Mary Kate Brennan

refers to the combination of details or features that go to make up the useful article. Furthermore, the words pictorial and graphic include, in this context, two-dimensional features such as pictures, paintings, or drawings. And the statute expressly defines pictorial, graphical, and sculptural works to include two-dimensional works of art. 17 U.S.C.S. § 101. The statute thus provides that the design of a useful article can include two-dimensional pictorial and graphic features, and separability analysis applies to those features just as it does to three-dimensional sculptural features.

Civil Procedure > Appeals > Reviewability of Lower Court Decisions > Preservation for Review

HN7 Reviewability of Lower Court Decisions, Preservation for Review

The United States Supreme Court generally does not entertain arguments that were not raised below and that are not advanced in the Supreme Court by any party because it is not the Court’s usual practice to adjudicate either legal or predicate factual questions in the first instance.

Copyright Law > Scope of Copyright Protection > Subject Matter

Governments > Legislation > Interpretation

HN8 Scope of Copyright Protection, Subject Matter

Courts must give effect to the clear meaning of statutes as written, and the United States Supreme Court begins and ends its analysis of 17 U.S.C.S. § 101 with the text, giving each word its ordinary, contemporary, common meaning. The Court does not, however, limit its inquiry to the text of § 101 in isolation. Interpretation of a phrase of uncertain reach is not confined to a single sentence when the text of the whole statute gives instruction as to its meaning. The Court thus looks to the provisions of the whole law to determine § 101’s meaning.

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Utility Limitations

HN9 Patent & Utility Considerations, Utility Limitations

17 U.S.C.S. § 101 provides that a pictorial, graphic, or sculptural feature incorporated into the design of a useful article is eligible for copyright protection if it (1) can be identified separately from, and (2) is capable of existing independently of, the utilitarian aspects of the article. The first requirement, separate identification, is not onerous. A decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities. The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in § 101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

To qualify as a pictorial, graphic, or sculptural work on its own, a feature cannot itself be a useful article or an article that is normally a part of a useful article (which is itself considered a useful article). 17 U.S.C.S. § 101. Nor can someone claim a copyright in a useful article merely by creating a replica of that article in some other medium, for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.
Copyright Law > Scope of Copyright
Protection > Ownership Rights > Reproductions

Ownership Rights, Reproductions

The Copyright Act provides the owner of a copyright with the exclusive right to reproduce the copyrighted work in copies. 17 U.S.C.S. § 106(1). The statute clarifies that this right includes the right to reproduce the copyrighted work in or on any kind of article, whether useful or otherwise. 17 U.S.C.S. § 113(a). 17 U.S.C.S. § 101 is, in essence, the mirror image of § 113(a). Whereas § 113(a) protects a work of authorship first fixed in some tangible medium other than a useful article and subsequently applied to a useful article, § 101 protects art first fixed in the medium of a useful article. The two provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. The ultimate separability question, then, is whether the feature for which copyright protection is claimed would have been eligible for copyright protection as a pictorial, graphic, or sculptural work had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.

Patent & Utility Considerations, Utility Limitations

As amended, the regulation enacted to implement case law introduced the modern separability test to copyright law: if the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration. 37 C.F.R. § 202.10(c) (1960). Congress essentially lifted the language governing protection for the design of a useful article directly from the post-Mazer regulations and placed it into 17 U.S.C.S. § 101.

Graph, Pictorial & Sculptural Works, Works of Art

A feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar's surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not "replicate" the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The Copyright Act protects that work of art whether it is first drawn on the album cover and then applied to the guitar's surface, or vice versa. Failing to protect that art would create an anomaly: it would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The Copyright Act does not support that distinction.
Utility Considerations > Utility Limitations

Copyright Law > ... > Protected Subject Matter > Graphic, Pictorial & Sculptural Works > Works of Art

**HN15** Patent & Utility Considerations, Utility Limitations

The focus of the separability inquiry under the Copyright Act is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require a decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own. Because the removed feature may not be a useful article—as it would then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article left behind if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one. The statute does not require that we imagine a nonartistic replacement for the removed feature to determine whether that feature is capable of an independent existence.

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Utility Limitations

Copyright Law > ... > Protected Subject Matter > Graphic, Pictorial & Sculptural Works > Works of Art

**HN16** Patent & Utility Considerations, Utility Limitations

The view that the Copyright Act protects only solely artistic features that have no effect whatsoever on a useful article’s utilitarian function is inconsistent with the statutory text. The statute expressly protects two- and three-dimensional applied art. 17 U.S.C.S. § 101. Applied art is art employed in the decoration, design, or execution of useful objects, or those arts or crafts that have a primarily utilitarian function, or the designs and decorations used in those arts. An artistic feature that would be eligible for copyright protection on its own cannot lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful.

Copyright Law > Scope of Copyright Protection > Statutory Copyright & Fixation

**HN17** Graphic, Pictorial & Sculptural Works, Works of Art

Because the United States Supreme Court rejects the view that a useful article must remain after an artistic feature has been imaginatively separated from the article, it necessarily abandons the distinction between physical and conceptual separability, which some courts and commentators adopted based on the Copyright Act’s legislative history. According to that view, a feature is physically separable from the underlying useful article if it can be physically separated from the article by ordinary means while leaving the utilitarian aspects of the article completely intact. Conceptual separability applies if the feature physically could not be removed from the useful article by ordinary means. The text of the Copyright Act indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

Copyright Law > ... > Subject Matter > Statutory Copyright & Fixation

**HN18** Subject Matter, Statutory Copyright & Fixation

The Copyright Act’s text makes clear that a court’s inquiry is limited to how an article and feature are perceived, not how or why they were designed.

Copyright Law > ... > Subject Matter > Statutory Copyright & Fixation > Protected Subject Matter

**HN19** Statutory Copyright & Fixation, Protected Subject Matter

Nothing in the Copyright Act suggests that copyrightability depends on market surveys. Moreover, asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the
Copyright Act.

Governments > Legislation > Interpretation

**HN20** Legislation, Interpretation

Congressional inaction lacks persuasive significance in most circumstances.

Copyright Law > ... > Subject Matter > Patent & Utility Considerations > Copyrightability of Patentable Works

**HN21** Patent & Utility Considerations, Copyrightability of Patentable Works

The United States Supreme Court has long held that design patent and copyright are not mutually exclusive. Congress has provided for limited copyright protection for certain features of industrial design, and approaching the Copyright Act statute with presumptive hostility toward protection for industrial design would undermine Congress's choice.

**Syllabus**

[*1004*] The *Copyright Act of 1976* makes “pictorial, graphic, or sculptural features” of the “design of a useful article” eligible for copyright protection as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” *17 U. S. C. §101.*

Respondents have more than 200 copyright registrations for two-dimensional designs—consisting of various lines, chevrons, and colorful shapes—appearing on the surface of the cheerleading uniforms that they design, make, and sell. They sued petitioner, who also markets cheerleading uniforms, for copyright infringement. The District Court granted petitioner summary judgment, holding that the designs could not be conceptually or physically separated from the uniforms and were therefore ineligible for copyright protection. In reversing, the Sixth Circuit concluded that the graphics could be “identified separately” and were “capable of existing independently” of the uniforms under §101.

*Held:* A feature incorporated into the design of a useful article is eligible for copyright protection only if the feature [****2*] (1) can be perceived as a two- or three-dimensional work of art separate from the useful article, and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article [*1005*] into which it is incorporated. That test is satisfied here. Pp. 3-17.

(a) Separability analysis is necessary in this case. Respondents claim that two-dimensional surface decorations are always separable, even without resorting to a §101 analysis, because they are “on a useful article” rather than “designs of a useful article.” But this argument is inconsistent with §101’s text. “[P]ictorial” and “graphic” denote two-dimensional features such as pictures, paintings, or drawings. Thus, by providing protection for “pictorial, graphical, and sculptural works” incorporated into the “design of a useful article,” §101 necessarily contemplates that such a design can include two-dimensional features. This Court will not adjudicate in the first instance the Government’s distinct argument against applying separability analysis, which was neither raised below nor advanced here by any party. Pp. 4-6.

(b) Whether a feature [****3*] incorporated into a useful article “can be identified separately from,” and is “capable of existing independently of,” the article’s “utilitarian aspects” is a matter of “statutory interpretation.” *Mazer v. Stein, 347 U. S. 201, 214, 74 S. Ct. 460, 98 L. Ed. 630, 1954 Dec. Comm'r Pat. 308.* Pp. 6-10.

(1) Section 101’s separate-identification requirement is met if the decisionmaker is able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities. To satisfy the independent-existence requirement, the feature must be able to exist as its own pictorial, graphic, or sculptural work once it is imagined apart from the useful article. If the feature could [*362*] not exist as a pictorial, graphic, or sculptural work on its own, it is simply one of the article’s utilitarian aspects. And to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot be a useful article or “[a]n article that is normally a part of a useful article,” §101. Neither could one claim a copyright in a useful article by creating a replica of it in another medium. Pp. 7-8.

(2) The statute as a whole confirms this interpretation. *Section 101,* which protects art first fixed in the medium
of a useful article, is essentially the mirror image of [*1006] §113(a), which protects art first fixed in a medium other than a useful article and subsequently applied to a useful article. Together, these provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. P. 8.

(3) This interpretation is also consistent with the Copyright Act’s history. In Mazer, a case decided under the 1909 Copyright Act, the Court held that respondents owned a copyright in a statuette created for use as a lamp base. In so holding, the Court approved a Copyright Office regulation extending protection to works of art that might also serve a useful purpose and held that it was irrelevant to the copyright inquiry whether the statuette was initially created as a freestanding sculpture or as a lamp base. Soon after, the Copyright Office enacted a regulation implementing Mazer’s holding that anticipated the language of §101, thereby introducing the modern separability test to copyright law. Congress essentially lifted the language from those post-Mazer regulations and placed it in §101 of the 1976 Act. Pp. 8-10.

(c) Applying the proper test here, the surface [*1006] decorations on the cheerleading uniforms are separable and therefore eligible for copyright protection. First, the decorations can be identified as features having pictorial, graphic, or sculptural [*1006] qualities. Second, if those decorations were separated from the uniforms and applied in another medium, they would qualify as two-dimensional works of art under §101. Imaginatively removing the decorations from the uniforms and applying them in another medium also would not replicate the uniform itself.

The dissent argues that the decorations are ineligible for copyright protection because, when imaginatively extracted, they form a picture of a cheerleading uniform. Petitioner similarly claims that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform. But this is not a bar to copyright. Just as two-dimensional fine art correlates to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. The only feature of respondents’ cheerleading uniform eligible for a copyright is the two-dimensional applied art on the surface of the [*1006] uniforms. Respondents may prohibit the reproduction only of the surface designs on a uniform or in any other medium of expression. Respondents have no right to prevent anyone from manufacturing a cheerleading uniform that is identical in [*363] shape, cut, or dimensions to the uniforms at issue here. Pp. 10-12.

(d) None of the objections raised by petitioner or the Government is meritorious. Pp. 12-17.

(1) Petitioner and the Government focus on the relative utility of the plain white uniform that would remain if the designs were physically removed from the uniform. But the separability inquiry focuses on the extracted feature and not on any aspects of the useful article remaining after the imaginary extraction. The statute does not require the imagined remainder to be a fully functioning useful article at all. Nor can an artistic feature that would be eligible for copyright protection on its own lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful. This has been the rule since Mazer, and it is consistent with the statute’s explicit protection of “applied art.” In rejecting petitioner’s view, the Court [*1006] necessarily abandons the distinction between “physical” and “conceptual” separability adopted by some courts and commentators. Pp. 12-15.

(2) Petitioner also suggests incorporating two “objective” components into the test—one requiring consideration of evidence of the creator’s design methods, purposes, and reasons, and one looking to the feature’s marketability. The Court declines to incorporate these components because neither is grounded in the statute’s text. Pp. 15-16.

(3) Finally, petitioner claims that protecting surface decorations is inconsistent with Congress’ intent to entirely exclude industrial design from copyright. But Congress has given limited copyright protection to certain features of industrial design. Approaching the statute with presumptive hostility toward protection for industrial design would undermine that choice. In any event, the test adopted here does not render the underlying uniform eligible for copyright protection. Pp. 16-17.

799 F. 3d 468, affirmed.

Counsel: John J. Bursch argued the cause for petitioner.

William M. Jay argued the cause for respondents.
Congress has provided copyright protection for a first element of a copyright-infringement appearing on the surface of their uniforms and other U. S. copyright registrations for two-dimensional designs. Respondents have obtained or acquired more than 200 copyrights from the useful article into which it is incorporated. A valid copyright extends only to copyrightable subject matter. See 17 U. S. C. §101 as aspects of the article.”

We granted certiorari to resolve widespread disagreement over the proper test for implementing §101’s separate identification and independence requirements. 578 U. S. ___, 136 S. Ct. 1823, 194 L. Ed. 2d 829 (2016). We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

Judge McKeague dissented. He would have held that, because “identifying the wearer as a cheerleader” is a utilitarian function of a cheerleading uniform and the surface designs were “integral to” achieving that function, the designs were inseparable from the uniforms. Id., at 495-496.


Opinion

Justice Thomas delivered the opinion of the Court.

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design, however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that “pictorial, graphic, or sculptural features” of the “design of a useful article” are eligible for copyright protection as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U. S. C. §101.

We granted certiorari to resolve widespread disagreement over the proper test for implementing §101’s separate identification and independence requirements. 578 U. S. ___, 136 S. Ct. 1823, 194 L. Ed. 2d 829 (2016). We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

Respondents Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc., design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U. S. copyright registrations for two-dimensional designs appearing on the surface of their uniforms and other garments. These designs are primarily “combinations, positionings, and arrangements of elements” that include “chevrons . . ., lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes.” App. 237. At issue in this case are Designs 299A, 299B, 074, 078, and 0815. See Appendix, infra.

Petitioner Star Athletica, L. L. C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs. The District Court entered summary judgment for petitioner on respondents’ copyright claims on the ground that the designs did not qualify as protectable pictorial, graphic, or sculptural works. It reasoned that the designs served the useful, or “utilitarian,” function of identifying the garments as “cheerleading uniforms” and therefore could not be “physically or conceptually” separated under §101 “from the utilitarian function” of the uniform. 2014 U. S. Dist. LEXIS 26279, 2014 WL 819422, *8-*9 (WD Tenn., Mar. 1, 2014).

The Court of Appeals for the Sixth Circuit reversed. 799 F. 3d 468, 471 (2015). In its view, the “graphic designs” were “separately identifiable” because the designs “and a blank cheerleading uniform can appear ‘side by side’—one as a graphic design, and one as a cheerleading uniform.” Id., at 491 (quoting Compendium of U. S. Copyright Office Practices §924.2(B) (3d ed. 2014) (Compendium)). And it determined that the designs were “capable of existing independently” because they could be incorporated onto the surface of different types of garments, or hung on the wall and framed as art. 799 F. 3d, at 491, 492.

Judge McKeague dissented. He would have held that, because “identifying the wearer as a cheerleader” is a utilitarian function of a cheerleading uniform and the surface designs were “integral to” achieving that function, the designs were inseparable from the uniforms. Id., at 495-496.

Opinion by: THOMAS

Eric J. Feigin argued the cause for the United States as amicus curiae.


Mary Kate Brennan
"Works of authorship" include “pictorial, graphic, and sculptural works,” §102(a)(5), which the statute defines to include “two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans,” §101. And a work of authorship is “fixed” in a tangible medium of expression when it is embodied in a “material object . . . from which the work can be perceived, reproduced, or otherwise communicated.” Ibid. (definitions of “fixed” and “copies”).

The Copyright Act also establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a “useful article,” which is defined as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” Ibid. The statute does not protect useful articles as such. Rather, “the design of a useful article” is “considered inherently separable.” Brief for Respondents 26.

Courts, the Copyright Office, and commentators have described the analysis undertaken to determine whether a feature can be separately identified from, and exist independently of, a useful article as “separability.” In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents’ cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms.

As an initial matter, we must address whether separability analysis is necessary in this case.

Respondents argue that “[s]eparability is only implicated when a [pictorial, graphic, or sculptural] work is the ‘design of a useful article.’” Brief for Respondents 25. They contend that the surface decorations in this case are “two-dimensional graphic designs that appear on useful articles,” but are not themselves designs of useful articles. Id., at 52. Consequently, the surface decorations are protected two-dimensional works of graphic art without regard to any separability analysis under §101. Ibid.; see 2 W. Patry, Copyright §3:151, p. 3-485 (2016) (Patry) (“Courts looking at two-dimensional design claims should not apply the separability analysis regardless of the three-dimensional form that design is embodied in”). Under this theory, two-dimensional artistic features on the surface of useful articles are “inherently separable.” Brief for Respondents 26.

This argument is inconsistent with the text of §101. The statute requires separability analysis for any “pictorial, graphic, or sculptural features” incorporated into the “design of a useful article.” “Design” refers here to “the combination” of “details” or “features” that “go to make up” the useful article. 3 Oxford English Dictionary 244 (def. 7, first listing) (1933) (OED). Furthermore, the words “pictorial” and “graphic” include, in this context, two-dimensional features such as pictures, paintings, or drawings. See 4 id., at 359, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (defining “[g]raphic” to mean “[o]f or pertaining to drawing or painting”); 7 id., at 830 (defining “[p]ictorial” to mean “of or pertaining to painting or drawing”). And the statute expressly defines “[p]ictorial, graphical, and [s]culptural works” to include “two-dimensional . . . works of . . . art.” §101. The statute thus provides that the “design of a useful article” can include two-dimensional “pictorial” and “graphic” features, and separability analysis applies to those features just as it does to three-dimensional “sculptural” features.

The United States makes a related but distinct argument against applying separability analysis in this case, which respondents do not and have not advanced. As part of their copyright registrations for the designs in this case, respondents deposited with the Copyright Office drawings and photographs depicting the designs incorporated onto cheerleading uniforms. App. 213-219; Appendix, infra. The Government argues that, assuming the other statutory requirements were met, respondents obtained a copyright in the deposited drawings and photographs and have simply reproduced those copyrighted works on the surface of a useful article, as they would have the exclusive right to do under the Copyright Act. See Brief for United States as Amicus Curiae 14-15, 17-22. Accordingly, the Government urges, separability analysis is unnecessary on the record in this case. We generally do not entertain arguments that were not raised below and that are not advanced in this Court by any party, Burwell v. Hobby Lobby Stores, Inc., 573 U. S. ___ , 134 S. Ct. 2751, 189 L. Ed. 2d 675 (2014), because “[i]t is not the Court’s usual practice to adjudicate either legal or predicate factual questions in

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the first instance,” CRST Van Expedited, Inc. v. EEOC, 578 U. S. , , , 136 S. Ct. 1642, 1653, 194 L. Ed. 2d 707, 722 (2016). We decline to depart from our usual practice here.

[**1010**] B

We must now decide when a feature incorporated into a useful article “can be identified separately from” and is “capable of existing independently of” the utilitarian aspects of the article. This is not a free-ranging search for the best copyright policy, but rather “depends solely on statutory interpretation.” Mazer v. Stein, 347 U. S. 201, 214, 74 S. Ct. 460, 98 L. Ed. 630, 1954 Dec. Comm'r Pat. 308 (1954). “The controlling principle in this case is the basic and unexceptional rule that courts must give effect to the clear meaning of statutes as written.” Estate of Cowart v. Nicklos Drilling Co., 505 U. S. 469, 476, 112 S. Ct. 2589, 120 L. Ed. 2d 379 (1992). We thus begin and end our inquiry with the text, giving each word its “ordinary, contemporary, common meaning.” Walters v. Metropolitan Ed. Enterprises, Inc., 519 U. S. 202, 207, 117 S. Ct. 660, 136 L. Ed. 2d 644 (1997) (internal quotation marks [**367**] omitted). We do not, however, limit this inquiry to the text of §101 in isolation. “[i]nterpretation of a phrase of uncertain reach is not confined to a single sentence when the text of the whole statute gives instruction as to its meaning.” Maracich v. Spears, 570 U. S. , , , 133 S. Ct. 2191, 2203, 186 L. Ed. 2d 275, 291 (2013). We thus “look to the provisions of the whole law” to determine §101’s meaning. United States [***16] v. Heirs of Boisdorä©, 49 U. S. 113, 8 How. 113, 122, 12 L. Ed. 1009 (1849).

1

[HN9] The statute provides that a “pictorial, graphic, or sculptural feature” incorporated into the “design of a useful article” is eligible for copyright protection if it (1) “can be identified separately from,” and (2) is “capable of existing independently of, the utilitarian aspects of the article.” §101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities. See 2 Patry §3:146, at 3-474 to 3-475.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. See 2 OED 88 (def. 5) (defining “[c]apable” of as “[h]aving the needful capacity, power, or fitness for”). In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in §101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, [HN10] to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or “[a]n article that is normally a part of a useful article” (which is itself considered a useful article). §101. Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

2

The statute as a whole confirms our interpretation. [HN11] The Copyright Act provides “the owner of [a] copyright” with the “exclusive righ[t] . . . to reproduce the copyrighted work in copies.” §106(1). The statute clarifies that this right “includes the right to reproduce the [copyrighted] work in or on any kind of article, whether useful or otherwise.” §113(a). [**1011] Section 101 is, in essence, the mirror image of §113(a). Whereas §113(a) protects a work of authorship first fixed in some tangible medium other than a useful article and subsequently applied to a useful article, §101 protects art first fixed in the medium of a useful article. The two provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. The ultimate separability question, then, is whether the feature for which copyright protection is claimed would have been eligible for copyright protection as a pictorial, graphic, or sculptural work had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.

3

This interpretation is also consistent with the history of the Copyright Act. In Mazer, a case decided under the 1909 Copyright Act, the respondents copyrighted a statuette depicting a dancer. The statuette was intended
for use as a lamp base, "with electric wiring, sockets and lamp shades attached." 347 U. S., at 202, 74 S. Ct. 460, 98 L. Ed. 630. Copies of the statuette were sold both as lamp bases and separately as statuettes. Id., at 203, 74 S. Ct. 460, 98 L. Ed. 630. The petitioners copied the statuette and sold lamps with the statuette as the base. They defended against the respondents' infringement suit by arguing that the respondents did not have a copyright in a statuette intended for use as a lamp base. Id., at 204-205, 74 S. Ct. 460, 98 L. Ed. 630.

[***19] Two of Mazer's holdings are relevant here. First, the Court held that the respondents owned a copyright in the statuette even though it was intended for use as a lamp base. See id., at 214, 74 S. Ct. 460, 98 L. Ed. 630. In doing so, the Court approved the Copyright Office's regulation extending copyright protection to works of art that might also serve a useful purpose. See ibid. (approving 37 CFR §202.8(a) (1949) (protecting "works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned").

Second, the Court held that it was irrelevant to the copyright inquiry whether the statuette was initially created as a freestanding sculpture or as a lamp base. 347 U. S., at 218-219, 74 S. Ct. 460, 98 L. Ed. 630 ("Nor do we think the subsequent registration of a work of art published as an element in a manufactured article, is a misuse of copyright. This is not different from the registration of a statuette and its later embodiment in an industrial article"). Mazer thus interpreted the 1909 Act consistently with the rule discussed above: If a design would have been copyrightable as a standalone pictorial, graphic, or sculptural work, it is copyrightable if created first as part of a useful article.

Shortly thereafter, the Copyright Office enacted a regulation implementing the holdings of Mazer. See 1 Nimmer §2A.08[B][1][b] (2016). As amended, the regulation introduced the modern separability test to copyright law:

“If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape [***20] of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.” 37 CFR §202.10(c) (1960) (punctuation altered).

Congress essentially lifted the language governing protection for the design of a useful article directly from the post-Mazer regulations and placed it into §101 of the 1976 Act. Consistent with Mazer, the approach we outline today interprets §§101 and 113 in a way that would afford [***369] copyright protection to the statuette in Mazer regardless of whether it was first created as a standalone sculptural work or as the base of the lamp. See 347 U. S., at 218-219, 74 S. Ct. 460, 98 L. Ed. 630.

C

In sum, HN13[1) a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement [***21] of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were [***1009] separated from the uniform and applied in another medium—for example, on a painter’s canvas—they would qualify as “two-dimensional . . . works of . . . art,” §101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. See App. 273-279. The decorations are therefore separable from the uniforms and eligible for copyright protection. 1

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create “pictures of cheerleader uniforms.” Post, at 10 (opinion of Breyer, J.). Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline

1 We do not today hold that the surface decorations are copyrightable. We express no opinion on whether these works are sufficiently original to qualify for copyright protection, see Feist Publications, Inc. v. Rural Telephone Service Co., 499 U. S. 340, 358-359, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991), or on whether any other prerequisite of a valid copyright has been satisfied.
of a cheerleading uniform. Brief for Petitioner 48-49.

This is not a bar to copyright. \textit{HN14} Just as two-dimensional fine art corresponds to the [***22] shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar’s surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not “replicate” the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar’s surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect [**370] the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled [***23] [***1013] with the dissent’s recognition that “artwork printed on a t-shirt” could be protected. \textit{Post}, at 4 (internal quotation marks omitted).

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise. 2

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2 The dissent suggests that our test would lead to the copyrighting of shovels. \textit{Post}, at 7; Appendix to opinion of Breyer, J., fig. 4, \textit{post}. But a shovel, like a cheerleading uniform, even if displayed in an art gallery, is “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” 17 \textit{U. S. C. §101}. It therefore cannot be copyrighted. A drawing of a shovel could, of course, be copyrighted. And, if the shovel included any artistic features that could be perceived as art apart from the shovel, and which would qualify as protectable pictorial, graphic, or sculptural works on their own or in another medium, they too could be copyrighted. But a shovel as a shovel cannot.

Petitioner and the Government raise several objections to the approach we announce today. None is meritorious.

1

Petitioner first argues that our reading of the statute is missing an important step. It contends that a feature may exist independently only if it can stand alone as a copyrightable work \textit{and} if the useful article from which it was extracted would remain equally useful. In other words, copyright extends only to “solely artistic” features of useful [***24] articles. Brief for [****1010] Petitioner 33. According to petitioner, if a feature of a useful article “advance[s] the utility of the article,” \textit{id.}, at 38, then it is categorically beyond the scope of copyright, \textit{id.}, at 33. The designs here are not protected, it argues, because they are necessary to two of the uniforms’ “inherent, essential, or natural functions”—identifying the wearer as a cheerleader and enhancing the wearer’s physical appearance. \textit{Id.}, at 38, 48; \textit{Reply Brief} 2, 16. Because the uniforms would not be equally useful without the designs, petitioner contends that the designs are inseparable from the “utilitarian aspects” of the uniform. Brief for Petitioner 50.

The Government raises a similar argument, although it reaches a different result. It suggests that the appropriate test is whether the useful article with the artistic feature removed would “remai[n] \textit{similarly useful}.” Brief for United States as \textit{Amicus Curiae} 29 (emphasis added). In the view of the United States, however, a plain white cheerleading uniform is “similarly useful” to uniforms with respondents’ designs. \textit{Id.}, at 27-28.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. \textit{HN15} The focus of the separability inquiry is on the extracted [**371] feature and [***25] not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own.

Of course, because the removed feature may not be a
useful article—as it would [*1014] then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article “left behind” if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one. Indeed, such a requirement would deprive the Mazer statuette of protection had it been created first as a lamp base rather than as a statuette. Without the base, the “lamp” would be just a shade, bulb, and wires. The statute does not require that we imagine a nonartistic replacement for the removed feature to determine whether that feature is capable of an independent existence.

Petitioner’s argument follows from its flawed view that the statute protects only “solely [***26] artistic” features that have no effect whatsoever on a useful article’s utilitarian function. HN16[*] This view is inconsistent with the statutory text. The statute expressly protects two- and three-dimensional “applied art.” §101. “Applied art” is art “employed in the decoration, design, or execution of useful objects,” Webster’s Third New International Dictionary 105 (1976) (emphasis added), or “those arts or crafts that have a primarily utilitarian function, or . . . the designs and decorations used in these arts,” Random House Dictionary 73 (1966) (emphasis added); see also 1 OED 576 (2d ed. 1989) (defining “applied” as “[p]ut to practical use”). An artistic feature that would be eligible for copyright protection on its own cannot lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful.

Indeed, this has been the rule since Mazer. In holding that the statuette was protected, the Court emphasized that the 1909 Act abandoned any “distinctions between purely aesthetic articles and useful works of art.” 347 U. S., at 211. The Court therefore rejected the argument that artistic feature to determine whether that feature is capable of an independent existence.

HN17[*] Because we reject the view that a useful article must remain after the artistic feature has been imaginatively separated from the article, we necessarily abandon the distinction between “physical” and “conceptual” separability, which some courts and commentators have adopted based on the Copyright Act’s legislative history. See H. R. Rep. No. 94-1476, p. 55 (1976). According to this view, a feature is physically separable from the underlying useful article if it can “be physically separated from the article by ordinary means while leaving the utilitarian aspects of the article completely intact.” Compendium §924.2(A); see also Chosun Int’l, Inc. v. Chrisha Creations, Ltd., 413 F. 3d 324, 329 (CA2 2005). Conceptual [***372] separability [***1011] applies if the feature physically could not be removed from the useful article by ordinary means. See Compendium §924.2(B); but see 1 P. Goldstein, Copyright §2.5.3, p. 2:77 (3d ed. 2016) (explaining that the lower courts have been unable to agree on a single conceptual separability test); 2 Patry §§3:140-3:144.40 (surveying the various approaches in the lower courts).

The statutory [***28] text indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

[*1015] 2

Petitioner next argues that we should incorporate two “objective” components, Reply Brief 9, into our test to provide guidance to the lower courts: (1) “whether the design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influence,” Brief for Petitioner 34 (emphasis deleted and internal quotation marks omitted), and (2) whether “there is [a] substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function,” id., at 35 (emphasis deleted and internal quotation marks omitted).

We reject this argument because neither consideration is grounded in the text of the statute. The first would require the decisionmaker to consider evidence of the creator’s design methods, purposes, and reasons. Id., at 48. HN18[*] The statute’s text makes clear, however, that our inquiry is limited to how the article and feature are perceived, not how or why they were designed. [***29] See Brandir Int’l, Inc. v. Cascade Pacific Lumber Co., 834 F. 2d 1142, 1152 (CA2 1987) (Winter, J., concurring in part and dissenting in part) (The statute “expressly states that the legal test is how the final article is perceived, not how it was developed through various stages”).

The same is true of marketability. HN19[*] Nothing in the statute suggests that copyrightability depends on

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market surveys. Moreover, asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the Copyright Act. See *Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 251, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903) ("It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits").

Finally, petitioner argues that allowing the surface decorations to qualify as a "work of authorship" is inconsistent with Congress' intent to entirely exclude industrial design from copyright. Petitioner notes that Congress refused to pass a provision that would have provided limited copyright protection for industrial designs, including clothing, when it enacted the 1976 Act, see *id.*, at 9-11 (citing S. 22, Tit. II, 94th Cong., [*30*] 2d Sess., 122 Cong. Rec. 3856-3859 (1976)), and that it has enacted laws protecting designs for specific useful articles—semiconductor chips and [*373*] boat hulls, see 17 U. S. C. §§901-914, 1301-1332—while declining to enact other industrial design statutes, Brief for Petitioner 29, 43. From this history of failed legislation petitioner reasons that Congress intends to channel intellectual property claims for industrial design into design patents. It therefore urges us to approach this question with a presumption against copyrightability. *Id.*, at 27.

We do not share petitioner's concern. As an initial matter, HN20 "[c]ongressional inaction lacks persuasive significance" in most circumstances. *Pension Benefit Guaranty Corporation v. LTV Corp.*, 496 U. S. 633, 650, 110 S. Ct. 2668, 110 L. Ed. 2d 579 (1990) (internal quotation marks omitted). Moreover, HN21 we have long held that design patent and copyright are not mutually exclusive. See *Mazer*, 347 U. S., at 217, 74 S. Ct. 460, 98 L. Ed. 630. Congress has provided for limited copyright protection for certain features of industrial design, and approaching the statute with presumptive hostility toward protection for industrial design would undermine Congress' choice. [*1016*] In any event, as explained above, our test does not render the shape, cut, and physical dimensions of the cheerleading uniforms eligible for copyright protection.

III

We hold that an artistic feature of the design [*31*] of a useful article is eligible for copyright [*1012*] protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article. Because the designs on the surface of respondents' cheerleading uniforms in this case satisfy these requirements, the judgment of the Court of Appeals is affirmed.

It is so ordered.

[*1017*] [*374*] APPENDIX TO OPINION OF THE COURT

Concur by: GINSBURG

Concur

[*1018*] [*1019*] [*375*] Justice Ginsburg, concurring in the judgment.

I concur in the Court's judgment but not in its opinion. Unlike the majority, I would not take up in this case the
separability test appropriate under 17 U. S. C. §101. 1 Consideration of that test is unwarranted because the designs at issue are not designs of useful articles. Instead, the designs are themselves copyrightable pictorial or graphic works reproduced on useful articles. 2

A pictorial, graphic, or sculptural work (PGS work) is copyrightable. §102(a)(5). PGS works include “two-dimensional and three-dimensional works of fine, graphic, and applied art.” §101. Key to this case, a copyright in a standalone PGS work 3 work “includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.” §113(a). Because the owner of a copyright in a pre-existing PGS work may exclude a would-be infringer from reproducing that work on a useful article, there is no need to engage in any separability inquiry to resolve the instant petition.

The designs here in controversy are standalone pictorial and graphic works that respondents Varsity Brands, Inc., et al. (Varsity) reproduce on cheerleading uniforms. Varsity’s designs first appeared as pictorial and graphic works that Varsity’s design team sketched on paper. App. 281. Varsity then sought copyright protection for those two-dimensional designs, not for cheerleading costumes; its registration statements claimed “2-Dimensional artwork” and “fabric design (artwork).” Appendix, infra, at 4-7, 9-10, 12-14. Varsity next reproduced its two-dimensional graphic designs on cheerleading uniforms, also on other garments, including T-shirts and jackets. See, e.g., App. 274, 276.

In short, Varsity’s designs are not themselves useful articles meet for ***376 separability determination under §101; they are standalone PGS works that may gain copyright ***33 protection as such, including the exclusive right to reproduce the designs on useful articles. 4

[‘1020] [**377] Appendix to opinion of GINSBURG, J.

[‘1021] [****1014]

3 That Varsity’s designs can be placed on jackets or T-shirts without replicating a cheerleader’s uniform supports their qualification as fabric designs. The dissent acknowledges that fabric designs are copyrightable, but maintains that Varsity’s designs do not count because Varsity’s submissions depict clothing, not fabric designs. Post, at 10-11. But registrants claiming copyrightable designs may submit drawings or photos of those designs as they appear on useful articles. See Compendium of U. S. Copyright Office Practices §1506 (3d ed. 2014) (“To register a copyrightable design that has been applied to the back of a useful article, such as a chair, the applicant may submit drawings of the design as it appears on the chair[.]”), online at https://www.copyright.gov/comp3/docs/compendium.pdf (as last visited Mar. 8, 2017). And, as noted in text, Varsity’s registration statements claimed “2-Dimensional artwork” and “fabric design (artwork).” Appendix, infra, at 4-7, 9-10, 12-14.

The dissent also acknowledges that artwork printed on a T-shirt is copyrightable. Post, at 4. Varsity’s colored shapes and patterns can be, and indeed are, printed on T-shirts. See, e.g., App. 274. Assuming Varsity’s designs meet the other requirements for copyrightable subject matter, they would fit comfortably within the Copyright Office guidance featured by the dissent. See post, at 4 (citing Compendium of U. S. Copyright Office Practices, supra, §924.2(B)).

4 The majority declines to address this route to decision because, it says, Varsity has not advanced it. Ante, at 5-6. I read Varsity’s brief differently. See Brief for Respondents 25 (explaining that the Copyright Act “expressly provides that PGS designs do not lose their protection when they appear ‘in or on’ a useful article,” quoting §113(a); id., at 52 (disclaiming the need for separability analysis because the designs are themselves PGS works).
EXHIBIT 15

Certificate of Registration
Additional certificate (17 U.S.C. 706)
[Seal of the United States Copyright Office 1870]
This Certificate issued under the seal of the
Copyright Office in accordance with title 17,
United States Code, attests that registration has been made for the
work identified below. The information on this certificate has been made
a part of the Copyright Office records.

Fern VA
For a Work of the
Visual Arts
UNITED STATES
COPYRIGHT OFFICE
R2 VA 1-417-327
EFFECTIVE DATE OF REGISTRATION
5 21 07
Month Day Year
Maria A. Pallante
Acting Register of
Copyrights, United
States of America

DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CON-
TINUATION SHEET

1 Title of This Work NATURE OF THIS WORK See instructions
Design Number 078 2-dimensional artwork
Previous or Alternative Titles

Publication as a Contribution If this work was published as a contribution to a periodical, serial, or
collection, give information about the collective work in which the contribution appeared. Title of Col-
lective Work

Title of Work: 6815
Nature of Work: 2-dimensional artwork

Completion/Publication
Year of Completion: 2007
Date of 1st Publication: January 2, 2008
Nation of 1st Publication: United States

Author
Author: Varsity Brands, Inc.
Author Created: 2-dimensional artwork
Work made for hire: Yes
Domiciled in United States
Anonymous: No
Pseudonymous: No
Copyright claimant: Varsity Brands, Inc.

If published in a periodical or serial give:
Volume Number Issue Date On Pages

2 NOTE: Under the law the "author" of a "work
made for hire" is generally the employer, not
the employee (see instructions). For any part of this work
that was "made for hire" check "Yes" in the space
provided, give the employer (or other person for
whom the work was prepared) as "Author" of that
part, and leave the space for dates of birth and death
blank.

NAME OF AUTHOR
Varsity Brands, Inc.

DATES OF BIRTH AND DEATH
Year Born Year Died

Was this contribution to the work a "work
made for hire"? Yes No

Author's Nationality or Domicile

Name of Country

or

Domiciled in United States

Was this Author's Contribution to the Work
Anonymous? Yes No
Pseudonymous? Yes No

If the answer to either of these questions is "Yes," see
detailed instructions.

Nature of Authorship Check appropriate box(es)

See instructions

□ 2-Dimensional sculpture

□ 2-Dimensional artwork

Mary Kate Brennan
EXHIBIT 18
Certificate of Registration
Additional certificate (17 U.S.C. 706)
[Seal of the United States Copyright Office 1870]
This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.
DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CONTINUATION SHEET

1 Title of This Work NATURE OF THIS WORK See instructions
299B FABRIC DESIGN (ARTWORK)

Previous or Alternative Titles
Publications as a Contribution If this work was published as a contribution to a periodical, serial, or collection, give information about the collective work in which the contribution appeared.

Title of Collective Work
If published in a periodical or serial give: Volume Number Issue Date On Pages

2 NOTE Under the law the “author” of a “work made for hire” is generally the employer not the employee (see Instructions). For any part of this work that was made for hire, check Yes in the space provided, give the employer (or other person for whom the work was prepared) as “Author” of that part and leave the space for dates of birth and death blank.

a NAME OF AUTHOR VARSITY SPIRIT FASHIONS & SUPPLIES INC.

DATES OF BIRTH AND DEATH
Year Born Year Died

Was this contribution to the work a “work made for hire”? Yes No
Author’s Nationality or Domicile
Name of Country Citizen of
or Domiciled in USA

Was this Author’s Contribution to the Work:
Anonymous? Yes No
Pseudonymous? Yes No
If the answer to either of these questions is “Yes,” see detailed instructions.
Nature of Authorship Check appropriate box(es)
See Instructions
Dissent


I agree with much in the Court’s opinion. But I do not agree that the designs that Varsity Brands, Inc., submitted to the Copyright Office are eligible for copyright protection. Even applying the majority’s test, the designs cannot “be perceived as . . . two- or three- dimensional work[s] of art separate from the useful article.” Ante, at 1.

Look at the designs that Varsity submitted to the Copyright Office. See Appendix to opinion of the Court, ante. You will see [*1031] only pictures of cheerleader uniforms. And cheerleader uniforms are useful articles. A picture of the relevant design features, whether separately “perceived” on paper or in the imagination, is a picture of, and thereby “replicate[s],” the underlying useful article of which they are a part. Ante, at 1, 10. Hence the design features that Varsity seeks to protect are not “capable of existing independently of the utilitarian aspects of the article.” 17 U. S. C. §101.

The relevant statutory provision says that the “design of a useful article” is copyrightable [*34] “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” Ibid. But what, we must ask, do the words “identified separately” mean? Just when is a design separate from the “utilitarian aspect of the [useful] article?” The most direct, helpful aspect of the Court’s opinion answers this question by stating:

“Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.” Ante, at 7-8.

Exactly so. These words help explain the Court’s statement that a copyrightable work of art must be “perceived as a two- or three-dimensional work of art separate from the useful article.” Ante, at 1, 17. They help clarify the concept of separateness. Cf. 1 M.

Consider, for example, the explanation that the House Report for the *Copyright Act of 1976* provides. It says:

> “Unless the shape of an automobile, airplane, ladies’ dress, food processor, television set, or any other industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted . . . .” H. R. Rep., at 55 (emphasis added).

[*39*] These words suggest two exercises, one physical, one mental. Can the design features (the picture, the graphic, the sculpture) be physically removed from the article (and considered separately), all the while leaving the fully functioning utilitarian object in place? If not, can one nonetheless conceive of the design features separately without replicating a picture of the utilitarian object? If the answer to either of these questions is “yes,” then the design is eligible for copyright protection. Otherwise, it is not. The abstract [*36*] nature of these questions makes them sound difficult to apply. But with the Court’s words in mind, the difficulty tends to disappear.

An example will help. Imagine a lamp with a circular marble base, a vertical 10-inch tall brass rod (containing wires) inserted off center on the base, a light bulb fixture emerging from the top of the brass rod, and a lampshade sitting on top. In front of the brass rod a porcelain Siamese cat sits on the base facing outward. Obviously, [*32*] the Siamese cat is physically separate from the lamp, as it could be easily removed while leaving both cat and lamp intact. And, assuming it otherwise qualifies, the designed cat is eligible for copyright protection.

[*1026*] Now suppose there is no long brass rod; instead the cat sits in the middle of the base and the wires run up through the cat to the bulbs. The cat is not physically separate from the lamp, as the reality of the lamp’s construction is such that an effort to physically separate the cat and lamp will destroy both cat and lamp. The two are integrated into a single functional object, like the similar configuration of the ballet dancer statuettes that formed the lamp bases at issue in *Mazer v. Stein*, 347 U. S. 201, 74 S. Ct. 460, 98 L. Ed. 630, 1954 Dec. Comm’r Pat. 308 (1954). But we can easily imagine the [*37*] cat on its own, as did Congress when conceptualizing the ballet dancer. See H. R. Rep., at 55 (the statuette in *Mazer* was “incorporated into a product without losing its ability to exist independently as a work of art”). In doing so, we do not create a mental picture of a lamp (or, in the Court’s words, a “replica” of the lamp), which is a useful article. We simply perceive the cat separately, as a small cat figurine that could be a copyrightable design work standing alone that does not replicate the lamp. Hence the cat is conceptually separate from the utilitarian article that is the lamp. The pair of lamps pictured at Figures 1 and 2 in the Appendix to this opinion illustrate this principle.

Case law, particularly case law that Congress and the Copyright Office have considered, reflects the same approach. Congress cited examples of copyrightable design works, including “a carving on the back of a chair” and “a floral relief design on silver flatware.” H. R. Rep., at 55. Copyright Office guidance on copyrightable designs in useful articles include “an engraving on a vase,” “[a]rtwork printed on a t-shirt,” “[a] colorful pattern decorating the surface of a shopping bag,” “[a] drawing on the surface of wallpaper,” and “[a] floral [*38*] relief decorating the handle of a spoon.” Compendium §924.2(B). Courts have found copyrightable matter in a plaster ballet dancer statuette encasing the lamp’s electric cords and forming its base, see *Mazer*, *supra*; as well as carvings engraved onto furniture, see *Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F. 3d 417, 431-435 (CA4 2010) ( per curiam), and designs on laminated floor tiles, [*39*] see *Home Legend, LLC v. Mannington Mills, Inc.*, 784 F. 3d 1404, 1412-1413 (CA11 2015). See generally Brief for Intellectual Property Professors as *Amici Curiae*.

By way of contrast, Van Gogh’s painting of a pair of old shoes, though beautifully executed and copyrightable as a painting, would not qualify for a shoe design copyright. See Appendix, fig. 3, *infra*; 17 U. S. C. §§113(a)-(b). Courts have similarly denied copyright protection to objects that begin as three-dimensional designs, such as measuring spoons shaped like heart-tipped arrows, *Bonazoli v. R. S. V. P. Int’l, Inc.*, 353 F. Supp. 2d 218, 226-227 (RI 2005); candleholders shaped like sailboats, *Design Ideas, Ltd. v. Yankee Candle Co.*, 889 F. Supp. 2d 1119, 1128 (CD Ill. 2012); and wire spokes on a...
None of these designs could qualify for copyright protection that would prevent others from selling spoons, candleholders, or wheel covers with the same design. Why not? Because in each case the design is not separable from the utilitarian aspects of the object to which it relates. The designs cannot be physically separated because they themselves make up the shape of the spoon, candleholders, or wheel covers of which they are a part. And spoons, candleholders, and wheel covers are useful objects, as are the old shoes depicted in Van Gogh’s painting. More importantly, one cannot easily imagine or otherwise conceptualize the design of the spoons or the candleholders or the shoes without that picture, or image, or replica being a picture of spoons, or candleholders, or wheel covers, or shoes. The designs necessarily bring along the underlying utilitarian object. Hence each design is not conceptually separable from the physical useful object.

The upshot is that one could copyright the floral design on a soupspoon but one could not copyright the shape of the spoon itself, no matter how beautiful, artistic, or esthetically pleasing that shape might be: A picture of the shape of the spoon is also a picture of a spoon; the picture of a floral design is not. See Compendium §924.2(B).

To repeat: A separable design feature must be “capable of existing independently” of the useful article as a separate artistic work that is not itself the useful article. If the claimed feature could be extracted without replicating the useful article of which it is a part, and the result would be a copyrightable artistic work standing alone, then there is a separable design. But if extracting the claimed features would necessarily bring along the underlying useful article, the design is not separable from the useful article. In many or most cases, to decide whether a design or artistic feature of a useful article is conceptually separate from the article itself, it is enough to imagine the feature on its own and ask, “Have I created a picture of a (useful part of a) useful article?” If so, the design is not separable from the useful article. If not, it is.

In referring to imagined pictures and the like, I am not speaking technically. I am simply trying to explain an intuitive idea of what separation is about, as well as how I understand the majority’s opinion. So understood, the opinion puts design copyrights in their rightful place. The law has long recognized that drawings or photographs of real world objects are copyrightable as drawings or photographs, but the copyright does not give protection against others making the underlying useful objects. See, e.g., Burrow-Giles Lithographic Co. v. Sarony, 111 U. S. 53, 4 S. Ct. 279, 28 L. Ed. 349 (1884). That is why a copyright on Van Gogh’s painting would prevent others from reproducing that painting, but it would not prevent others from reproducing and selling the comfortable old shoes that the painting depicts. Indeed, the purpose of §113(b) was to ensure that “copyright in a pictorial, graphic, or sculptural work, portraying a useful article as such, does not extend to the manufacture of the useful article itself.” H. R. Rep., at 105.

II

To ask this kind of simple question—does the design picture the useful article?—will not provide an answer in every case, for there will be cases where it is difficult to say whether a picture of the design is, or is not, also a picture of the useful article. But the question will avoid courts focusing primarily upon what I believe is an unhelpful feature of the inquiry, namely, whether the design can be imagined as a “two- or three-dimensional work of art.” Ante, at 1, 17. That is because virtually any industrial design can be thought of separately as a “work of art”: Just imagine a frame surrounding the design, or its being placed in a gallery. Consider Marcel Duchamp’s “readymades” series, the functional mass-produced objects he designated as art. See Appendix, fig. 4, infra. What is there in the world that, viewed through an esthetic lens, cannot be seen as a good, bad, or indifferent work of art? What design features could not be imaginatively reproduced on a painter’s canvas? Indeed, great industrial design may well include design that is inseparable from the useful article—where, as Frank Lloyd Wright put it, “form and function are one.” F. Wright, An Autobiography 146 (1943) (reprint 2005). Where they are one, the designer may be able to obtain 15 years of protection through a design patent. See also McKenna & Strandburg, Progress and Competition in Design, 17 Stan. Tech. L. Rev. 1, 48-51 (2013). But, if they are one, Congress did not intend a century or more of copyright protection.

III

The conceptual approach that I have described reflects Congress’ answer to a problem that is primarily practical and economic. Years ago Lord Macaulay drew attention to the problem when he described copyright in books as

Mary Kate Brennan
a “tax on readers for the purpose of giving a bounty to writers.” 56 Parl. Deb. (3d Ser.) (1841) 341, 350. He called attention to the main benefit of copyright protection, which is to provide an incentive to produce copyrightable works and thereby “promote the Progress of Science and useful Arts.” U. S. Const., Art. I, §8, cl. 8. But Macaulay also made clear that [***43] copyright protection imposes costs. Those costs include the higher prices that can accompany the grant of a copyright monopoly. They also can include (for those wishing to display, sell, or perform a design, film, work of art, or piece of music, for example) the costs of discovering whether there are previous copyrights, of contacting copyright holders, and of securing permission to copy. Eldred v. Ashcroft, [**392] 537 U. S. 186, 248-252, 123 S. Ct. 769, 154 L. Ed. 2d 683 (2003) (Breyer, J., dissenting). Sometimes, as Thomas Jefferson wrote to James Madison, costs can outweigh “the benefit even of limited monopolies.” Letter from Thomas Jefferson to James Madison (July 31, 1788), in 13 Papers of Thomas Jefferson [****1028] 443 (J. Boyd ed. 1956) (Jefferson Letter). And that is particularly true in light of the fact that Congress has extended the “limited Times” of protection, U. S. Const., Art. I, §8, cl. 8, from the “14 years” of Jefferson’s day to potentially more than a century today. Jefferson Letter 443; see also Eldred, supra, at 246-252, 123 S. Ct. 769, 154 L. Ed. 2d 683 (opinion of BREYER, J.).

The Constitution grants Congress primary responsibility for assessing comparative costs and benefits and drawing copyright’s statutory lines. Courts must respect those lines and not grant copyright protection where Congress has decided not to do so. And it is clear [***44] that Congress has not extended broad copyright protection to the fashion design industry. See, e.g., 1 Nimmer §2A.08[H][3][c] (describing how Congress rejected proposals for fashion design protection within the 1976 Act and has rejected every proposed bill to this effect since then); Esquire, Inc. v. Ringer, 591 F. 2d 796, 800, n. 12, 192 U. S. App. D.C. 187 (CADC 1978) (observing that at the time of the 1976 Copyright Act, Congress had rejected every one of the approximately 70 design protection bills that had been introduced since 1914); e.g., H. R. 5055, 109th Cong., 2d Sess.: “To Amend title 17, United States Code, to provide protection for fashion design” (introduced Mar. 30, 2006; unenacted). Congress has left “statutory . . . protection . . . largely unavailable for dress designs.” 1 Nimmer §2A.08[H][3][a]; Raustiala & Sprigman, The Piracy Paradox: Innovation and Intellectual Property in Fashion Design, 92 Va. L. Rev. 1687, 1698-1705 (2006).

[**1035] Congress’ decision not to grant full copyright protection to the fashion industry has not left the industry without protection. Patent design protection is available. 35 U. S. C. §§171, 173. A maker of clothing can obtain trademark protection under the Lanham Act for signature features of the clothing. 15 U. S. C. §1051 et seq. And a designer who creates an original textile design can receive copyright protection for that pattern as placed, [***45] for example, on a bolt of cloth, or anything made with that cloth. E.g., Compendium §924.3(A)(1). “[T]his [type of] claim . . . is generally made by the fabric producer rather than the garment or costume designer,” and is “ordinarily made when the two-dimensional design is applied to the textile fabric and before the garment is cut from the fabric.” 56 Fed. Reg. 56531 (1991).

The fashion industry has thrived against this backdrop, and designers have contributed immeasurably to artistic and personal self-expression through clothing. But a decision by this Court to grant protection to the design of a garment would grant the designer protection that Congress refused to provide. It would risk increased prices and unforeseeable disruption in the clothing industry, which in the United States alone encompasses nearly $370 billion in annual spending and 1.8 million jobs. Brief for Council of Fashion Designers of America, Inc., as Amicus Curiae 3-4 (citing U. S. Congress, Joint Economic Committee, The New Economy of Fashion 1 (2016)). That is why I believe it important to emphasize those parts of the Court’s opinion that limit the scope of its interpretation. That language, as I have said, makes clear that one may not “claim a copyright [***46] in a useful article merely by creating a replica of that article in some other medium,” which “would not give rise to any rights in the useful article that inspired it.” Ante, at 7-8.

IV

If we ask the “separateness” question correctly, the answer here is not difficult to find. The majority’s opinion, in its appendix, depicts the cheerleader dress designs that Varsity submitted to the Copyright Office. Can the design features in Varsity’s pictures exist separately from the utilitarian aspects of a dress? Can we extract those features as copyrightable design works standing alone, without bringing along, via picture or design, the dresses of which they constitute a part?

Consider designs 074, 078, and 0815. They certainly look like cheerleader uniforms. That is to say, they look like pictures of cheerleader uniforms, just like Van Gogh’s old shoes look like shoes. I do not see how one
could see them otherwise. Designs 299A and 2999B present slightly closer questions. They omit some of the dresslike context that the other designs possess. But the necklines, the sleeves, and the cut of the skirt suggest that they too are pictures of dresses. Looking at all five of Varsity’s pictures, I do not see how one could conceptualize the design features in a way that does not picture, not just artistic designs, but dresses as well.

Were I to accept the majority’s invitation to “imaginatively remov[e]” the chevrons and stripes as they are arranged on the neckline, waistline, sleeves, and skirt of each uniform, and apply them on a “painter’s canvas,” ante, at 10, that painting would be of a cheerleader’s dress. The esthetic elements on which Varsity seeks protection exist only as part of the uniform design—there is nothing to separate out but for dress-shaped lines that replicate the cut and style of the uniforms. Hence, each design is not physically separate, nor is it conceptually separate, from the useful article it depicts, namely, a cheerleader’s dress. They cannot be copyrighted.

Varsity, of course, could have sought a design patent for its designs. Or, it could have sought a copyright on a textile design, even one with a similar theme of chevrons and lines.

But that is not the nature of Varsity’s copyright claim. It has instead claimed ownership of the particular “treatment and arrangement” of the chevrons and lines of the design as they appear at the neckline, waist, skirt, sleeves, and overall cut of each uniform. Brief for Respondents 50. The majority imagines that Varsity submitted something different—that is, only the surface decorations of chevrons and stripes, as in a textile design. As the majority sees it, Varsity’s copyright claim would be the same had it submitted a plain rectangular space depicting chevrons and stripes, like swaths from a bolt of fabric. But considered on their own, the simple stripes are plainly unoriginal. Varsity, then, seeks to do indirectly what it cannot do directly: bring along the design and cut of the dresses by seeking to protect surface decorations whose “treatment and arrangement” are coextensive with that design and cut. As Varsity would have it, it would prevent its competitors from making useful three-dimensional cheerleader uniforms by submitting plainly unoriginal chevrons and stripes as cut and arranged on a useful article. But with that cut and arrangement, the resulting pictures on which Varsity seeks protection do not simply depict designs. They depict clothing. They depict the useful articles of which the designs are inextricable parts. And Varsity cannot obtain copyright protection that would give them the power to prevent others from making those useful uniforms, any more than Van Gogh can copyright comfortable old shoes by painting their likeness.

I fear that, in looking past the three-dimensional design inherent in Varsity’s claim by treating it as if it were no more than a design for a bolt of cloth, the majority has lost sight of its own important limiting principle. One may not “claim a copyright in a useful article merely by creating a replica of that article in some other medium,” such as in a picture. Ante, at 7. That is to say, one cannot obtain a copyright that would give its holder “any rights in the useful article that inspired it.” Ante, at 8.

With respect, I dissent.

[**395] [**1037] APPENDIX TO OPINION OF BREYER, J.
Trademark Infringement Cease and Desist Letter

[On trademark owner's letterhead]

[DATE]

[METHOD OF DELIVERY]

[RECIPIENT'S NAME AND ADDRESS]

[Re: Infringement of Trademarks Owned by [TRADEMARK OWNER]]

To [RECIPIENT'S NAME]:

I am an attorney for [TRADEMARK OWNER], a [GENERAL DESCRIPTION OF TRADEMARK OWNER'S BUSINESS OR ORGANIZATION]. It has come to our attention that [RECIPIENT] is responsible for infringement of [TRADEMARK OWNER]'s [federally registered[ and incontestable][, common law][, and state law]] trademark[s]. [TRADEMARK OWNER] therefore [demands/requests] that [RECIPIENT] immediately cease such infringing activity, desist from such infringing activity in the future and comply with [TRADEMARK OWNER]'s other requirements set forth in this letter.

[TRADEMARK OWNER] owns[, and has filed application number [USPTO APPLICATION SERIAL NUMBER] to register,] the trademark [INFRINGED TRADEMARK][, which is registered in the [US Patent and Trademark Office (USPTO) under registration number[s] [USPTO REGISTRATION NUMBER(S)]] [and] [State[s] of [STATE(S) IN WHICH REGISTERED],] for [TRADEMARK OWNER]'s [DESCRIPTION OF TRADEMARK OWNER'S GOODS AND/OR SERVICES]]

[Copies of our client's [application for registration/registration[s]] are enclosed/The above federal [application/registration[s]] can be verified by using the search tools at the USPTO website (http://tess2.uspto.gov/).]

The above trademark signifies [DESCRIPTION OF TRADEMARK OWNER'S RELEVANT GOODS AND/OR SERVICES] originating with [TRADEMARK OWNER] [and has acquired good will of significant value due to its long-standing use and the high quality of [TRADEMARK OWNER]'s [goods/services/goods and services]]. [Moreover, [TRADEMARK OWNER]'s trademark is widely known and famous]
throughout the United States as designating [TRADEMARK OWNER]'s [goods/services/goods and services].] This trademark is in full force and effect [and registration no[s]. [REGISTRATION NUMBER(S)] for the trademark is/are incontestable].

It has come to [TRADEMARK OWNER]'s attention that [RECIPIENT] is violating [TRADEMARK OWNER]'s rights in its [registered] trademark[s] by using the designation[s] [INFRINGING TRADEMARK(S)] in connection with its offering of certain [goods/services/goods and services]. In particular, [DESCRIBE ALLEGED INFRINGING USE(S)]. [We enclose a [copy/photograph] of the infringing [DESCRIBE DOCUMENT/ITEM].]

Moreover, [RECIPIENT] has registered [and is using] the domain name[s] [DOMAIN NAME(S)] without [TRADEMARK OWNER]'s authorization. [This/These] domain name[s] [is/are] [identical/confusingly similar] to [TRADEMARK OWNER's] distinctive [and famous] trademark[s]. It is clear that [RECIPIENT] is acting with a bad faith intent to profit from [TRADEMARK OWNER]'s mark.

The [prominent] use of [INFRINGING TRADEMARK(S)] in this manner appears to be made with the intent to trade on the goodwill associated with [TRADEMARK OWNER]'s trademark.] [RECIPIENT]'s unlawful use creates the false impression that [RECIPIENT]'s [goods/services/goods and services] originate from [TRADEMARK OWNER], or that [TRADEMARK OWNER] is somehow connected or associated with [RECIPIENT]'s [goods/services/goods and services], so as to deceive customers or to cause confusion or mistake as to the origin or affiliation of [RECIPIENT]'s and [TRADEMARK OWNER]'s [goods/services/goods and services].

[[RECIPIENT]'s use is also likely to dilute the distinctive quality of the [TRADEMARK OWNER]'s famous trademark[s]. The attempted association of [TRADEMARK OWNER]'s trademark with [RECIPIENT]'s [goods/services/goods and services] is likely to [blur the distinctive character] [and] [tarnish the reputation] of [TRADEMARK OWNER]'s famous trademark.]

The above use of [INFRINGING TRADEMARK(S)] in connection with [RECIPIENT]'s [goods/services/goods and services] subjects [RECIPIENT] to liability for [willful/direct] trademark infringement [and/] false designation of origin [and/, trademark dilution] [and cyberpiracy] in violation of the Lanham Trademark Act, 15 U.S.C. § 1051 et. seq. [[RECIPIENT]'s actions may also give rise to separate claims under state unfair competition [and dilution] laws[, including [APPLICABLE STATE STATUTE(S)]].]
[TRADEMARK OWNER] consistently enforces its trademark rights against infringers through all appropriate legal means. [However, under the circumstances, [TRADEMARK OWNER] is prepared to try to resolve this matter amicably provided that [RECIPIENT] cooperates fully with [TRADEMARK OWNER] and establishes to [TRADEMARK OWNER]'s satisfaction that this was a one-time error of judgment on [RECIPIENT]'s part and not a systematic effort to profit from or devalue [TRADEMARK OWNER]'s intellectual property.]

[TRADEMARK OWNER] therefore demands that [RECIPIENT]:

1. Immediately cease and desist from all further use of the [INFRINGING TRADEMARK(S)] mark[s] and any other designations likely to cause confusion with [or dilution of] [TRADEMARK OWNER]'s trademarks;

2. Immediately destroy any materials in its possession or control bearing any designation likely to cause confusion with [or dilution of] [TRADEMARK OWNER]'s trademarks;

3. Provide [TRADEMARK OWNER] with sufficient information to determine the full amount of [RECIPIENT]'s gross revenues and profits derived from its use of the [INFRINGING TRADEMARK(S)] designation[s];[ and]

4. [[Cancel [RECIPIENT]'s registration[s] for the domain name[s] [DOMAIN NAME(S)]/Transfer the domain name[s] [DOMAIN NAME(S)] to [TRADEMARK OWNER]]; and]

5. Promptly provide [TRADEMARK OWNER] with written confirmation that [RECIPIENT] will comply with these demands.

[RECIPIENT] is specifically advised that any failure or delay in complying with these demands will likely compound the damages for which [RECIPIENT] may be liable. If [TRADEMARK OWNER] does not receive a satisfactory response by the close of business on [DATE], [TRADEMARK OWNER] is prepared to take all steps necessary to protect [TRADEMARK OWNER]'s valuable intellectual property rights, without further notice to [RECIPIENT].

The above is not an exhaustive statement of all the relevant facts and law. [TRADEMARK OWNER] expressly reserves all of its legal and equitable rights and remedies, including the right to seek injunctive relief and recover monetary damages.

[SIGNATURE PAGE FOLLOWS]
Very truly yours,
[ATTORNEY OR FIRM NAME]
By:________________
Name:
Title:
Trademark License Agreement

This Trademark License Agreement ("Agreement"), dated as of [DATE], is by and 
[between/among] [LICENSOR NAME], a [STATE OF ORGANIZATION] corporation,
with offices located at [ADDRESS] (the "Licensor") and [LICENSEE NAME], a
[STATE OF ORGANIZATION] corporation, with offices located at [ADDRESS] (the 
"Licensee").

WHEREAS, Licensor is [the owner of/has the right to license] the Mark (as defined
below); and

WHEREAS, Licensee wishes to use the Mark in the Territory (as defined below) in
connection with the Licensed Products (as defined below) and Licensor is willing to grant
to Licensee a license to use the Mark on the terms and conditions set out in this
agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions
set forth herein, and for other good and valuable consideration, the receipt and sufficiency
of which are hereby acknowledged, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the
following meanings:

"Action" has the meaning set forth in Section 11.1.

"Affiliate" of a Person means any other Person that directly or indirectly, through one
or more intermediaries, controls, is controlled by, or is under common control with, such
Person. The term "control" (including the terms "controlled by" and "under common
control with") means the possession, directly or indirectly, of the power to direct or cause
the direction of the management and policies of a Person, whether through the ownership
of voting securities, by contract or otherwise.

["Brand Manual" means Licensor's guidelines prescribing the permitted form and
manner in which the Mark may be used, a copy of which is attached to this Agreement as
Exhibit A, including any amendments or additions notified in writing by Licensor to
Licensee from time to time.]
"Confidential Information" has the meaning set forth in Section 9.1(a).

"Earned Royalties" has the meaning set forth in Section 8.2.

"Effective Date" means [the date of this Agreement as set forth in the preamble/[SPECIFY DATE]].

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

"Licensed Products" means the products [and services] listed in Schedule [1] [and any other products [or services] that may be agreed upon in writing by Licensor and Licensee from time to time].

"Licensee" has the meaning set forth in the preamble.

"Licensor" has the meaning set forth in the preamble.

"Losses" means losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

"Mark" means the trademark[s] [and service marks] set forth on Schedule [1] whether registered or unregistered, including the listed registrations and applications and any registrations which may be granted pursuant to such applications.

"Minimum Royalty" shall mean the minimum royalties set forth on Schedule [2] for each Quarterly Period.

"Net Sales Price" means the gross invoiced price for each sale of a Licensed Product in an arm's length transaction, less, to the extent separately identified on the invoice, any costs of packing, insurance, transport, delivery, customary and usual trade discounts, sales taxes [and Value Added Taxes], freight and duty charges; provided that where the Licensed Products are: (i) sold or otherwise distributed other than in an arm's length transaction, or (ii) sold or otherwise distributed to any Affiliate of Licensee, the Net Sales Price of each such Licensed Product shall be deemed to be the Net Sales Price which would have been applied under this Agreement, had such Licensed Product been transferred to an independent arm's length customer.

"Person" means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.
"Quarterly Period" means each three-month period commencing on the 1st of January, 1st of April, 1st of July and 1st of October.

"Sell-Off Period" has the meaning given to it in Section 14.2.

"Term" has the meaning given to it in Section 13.1.

"Territory" means [those countries identified in Schedule [1]/TERRITORY].

2. **License.**

2.1 **License Grant.** Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee during the Term [an/a] [exclusive/sole/non-exclusive], non-transferable [(except as provided in Section 12)], [non-sublicenseable (except as provided in Section 2.5)] license to use the Mark on or in connection with the [manufacture, promotion, advertising, distribution and sale] of Licensed Products in the Territory.

2.2 **Restrictions on Licensor.** Licensor shall not [use or] grant others the right to use the Mark (or any other mark confusingly similar to the Mark) in the Territory in connection with the manufacture, promotion, distribution and sale of the Licensed Products.

2.3 **Territorial Restrictions.** Licensee shall not:

   (a) undertake advertising of Licensed Products in, or specifically aimed at, any country outside the Territory;

   (b) actively seek orders for Licensed Products from outside the Territory; or

   (c) establish any branch dealing in Licensed Products or maintain any distribution center for Licensed Products outside the Territory.

2.4 **Business Names and Domain Names.** Without Licensor's prior written consent, Licensee shall not use the Mark (or any mark confusingly similar thereto), individually or in combination, as part of:

   (a) its corporate or trade name; or

   (b) any domain name.

2.5 **Sublicensing.** [Licensee shall not grant sublicenses under this Agreement.] OR [Licensee shall have the right to grant to [any Person/[LIST SUBLICENSEES] a sublicense of any of its rights under this Agreement, provided that:

   (a) Licensee obtains the prior written consent of Licensor[, such consent not to be unreasonably withheld];
(b) [the terms of any sublicense are in writing, in a form and substance reasonably satisfactory to Licensor and, which are substantially the same as the terms of this Agreement (except that the sublicensee shall not have the right to sublicense its rights) and Licensee shall provide Licensor with a copy of the sublicense on request/any sublicensee first enters into a supplemental written agreement direct with Licensor in a form satisfactory to Licensor];

(c) each sublicense terminates automatically on termination or expiration of this Agreement;

(d) Licensee is responsible for any breaches of this Agreement caused by any sublicensee; and

(e) an act or omission of the sublicensee that would be a [material] breach of this Agreement if performed by Licensee shall be deemed to be a [material breach] by Licensee of this Agreement.]

2.6 Reservation of Rights. Licensor expressly reserves all rights not expressly granted to Licensee under this Agreement.

3. Use of the Mark.

3.1 Compliance With Licensor's Directions. All Licensed Products made, sold or otherwise distributed by Licensee in the Territory shall carry the Mark. Licensee shall comply strictly with the directions of Licensor regarding the form and manner of the application of the Mark[, including the directions contained in the Brand Manual].

3.2 No Other Marks. Apart from the Mark, no other trademark or logo may be affixed to, or used in connection with, the Licensed Products [except that, Licensee may use its trade name on packaging, advertising and promotional materials for the Licensed Products.]

3.3 Trademark Notices. Licensee shall ensure that all Licensed Products sold by Licensee and all related quotations, specifications and descriptive literature, and all other materials carrying the Mark, be marked with the appropriate trademark notices [as set forth Schedule 1] in accordance with Licensor's instructions.

4. Ownership and Registration.

4.1 Acknowledgement of Ownership. Licensee acknowledges that Licensor [and its Affiliates] [is/are] the owner[s] of the Mark [throughout the world]. Any goodwill derived from the use by Licensee of the Mark shall inure to the benefit of Licensor. If Licensee acquires any rights in the Mark, by operation of law, or otherwise, such rights shall be deemed and are hereby irrevocably assigned to Licensor without further action
by any of the parties. [Licensee agrees not to dispute or challenge or assist any Person in disputing or challenging Licensor's rights in and to the Mark or the validity of the Mark.]

4.2 Licensee Restrictions. Licensee agrees that it shall not[, during the Term or thereafter,] directly or indirectly:

(a) do, omit to do, or permit to be done, any act which will or may dilute the Mark or tarnish or bring into disrepute the reputation of or goodwill associated with the Mark or Licensor or which will or may invalidate or jeopardize any registration of the Mark; or

(b) apply for, or obtain, or assist any Person in applying for or obtaining any registration of the Mark, or any trademark, service mark, trade name or other [indicia] confusingly similar to the Mark [in any country/in the Territory].

4.3 Maintenance of Registrations. [Licensor shall at [its own/Licensee's] expense take all reasonable steps to maintain the existing registrations of the Mark and prosecute to registration any pending applications [for so long as the Mark is being used in commerce as required by applicable Law]. Licensee shall provide, at the request of Licensor and at [Licensor's/Licensee's] expense, all necessary assistance with such maintenance and prosecution. Licensor shall provide to Licensee upon request copies of receipts of renewal fees.

4.4 No Encumbrances. Licensee shall not grant or attempt to grant a security interest in, or otherwise encumber, the Mark or record any such security interest or encumbrance against any application or registration regarding the mark in the United States Patent and Trademark Office or elsewhere.

4.5 [Recordation of License. Licensee shall, at its own cost, promptly record the license granted to it in Section 2.1 in the relevant trademark registries in the Territory. Licensor shall provide reasonable assistance, at Licensee's cost, to enable Licensee to comply with this Section 4.5.]

5. Quality Control.

5.1 Acknowledgement. Licensee acknowledges and is familiar with the high standards, quality, style and image of Licensor, and Licensee shall, at all times, conduct its business and use the Mark in a manner consistent with these standards, quality, style and image.

5.2 Compliance With Licensor Specifications. Licensee shall comply with the specifications, standards and directions relating to the Licensed Products, including their [design], manufacture, promotion, [packaging], distribution and sale, [set forth in Schedule [3]/as notified in writing by Licensor from time to time].
5.3 Compliance With Laws. In exercising its rights under this Agreement, Licensee shall comply with, and shall ensure that each Licensed Product sold or otherwise supplied by Licensee complies with, all applicable Laws. Licensee shall promptly provide Licensor with copies of all communications, relating to the Mark or the Licensed Products, with any governmental, regulatory or industry authority.

5.4 Inspection of Facilities. Licensee shall permit, and shall [use its best efforts to] obtain permission for, Licensor at all reasonable times [and on reasonable notice] to enter any place used for the manufacture, storage or distribution of the Licensed Products to inspect the methods of manufacture, storage and distribution to ensure compliance with the quality standards or any other specifications or requirements set forth in this Agreement.

5.5 Submission of Materials for Approval. Licensee shall, at its own expense, prior to any use of the Mark and thereafter at least once in every [six] months and at any time at Licensor's [written] request supply a [reasonable number of/maximum of [NUMBER]] production samples of the Licensed Products to Licensor for approval[, which may be given or withheld in Licensor's sole discretion]. In the event that Licensor rejects any sample, it shall [use reasonable efforts to] give written notice of such rejection to Licensee within [30] days of receipt by Licensor of the sample. Licensee shall immediately cease distribution of such Licensed Products and shall not recommence distribution until Licensor confirms in writing that it may do so. [In the absence of a written notice of rejection, within [30] days of receipt of a sample, the sample shall be deemed to have been [dis]approved by Licensor].

5.6 Rejected, Damaged or Defective Products. Licensee shall not sell, market, distribute or use for any purpose, or permit any third party to sell, market, distribute or use for any purpose, any Licensed Products which are rejected by Licensor pursuant to Section 5.5, or which are damaged or defective.

5.7 Complaints. Licensee shall promptly[, upon Licensor's request,] provide Licensor with details of any complaints it has received relating to the Licensed Products together with reports on the manner in which such complaints are being, or have been, dealt with and shall comply with any reasonable directions given by Licensor in respect thereof.

5.8 Subcontracting. [Licensee shall not subcontract the manufacture of the Licensed Products./Licensee shall have the right to subcontract some, but not all, of the manufacture of the Licensed Products, provided that in doing so no know-how relating to the manufacture of the Licensed Products, or other confidential information of Licensor, is disclosed to any subcontractor.] OR [Licensee shall have the right to subcontract the manufacture of the Licensed Products provided that:}
(a) any subcontractor shall first enter into a confidentiality agreement [directly with Licensor in a form satisfactory to Licensor/with Licensee and containing terms similar to, and no less onerous than, the confidentiality provisions in Section 9 of this Agreement and Licensee agrees to monitor the subcontractor’s compliance with such agreement and, if necessary, promptly enforce such agreement either on its own motion or at the request of Licensor]; and

(b) Licensee shall be liable for all acts and omissions of any subcontractor and shall indemnify, defend and hold harmless Licensor against all costs, expenses, claims, losses or damages (whether direct, indirect or consequential and including without limitation any economic loss or other loss of profits, business or goodwill) incurred or suffered by Licensor, or for which Licensor may become liable arising out of any act or omission of any subcontractor, including but not limited to any product liability claim relating to the Licensed Products manufactured by the subcontractor.]

5.9 [Product Recall. Licensee agrees to take all reasonable steps, which may include, without limitation, product recalls, to abate any health or safety risks posed by the Licensed Products as expeditiously as possible. Upon Licensor's written request, Licensee shall provide to Licensor for Licensor's review and approval, a copy of Licensee's recall program for the Licensed Products. Licensee shall have complete responsibility for determining if a product recall is required and Licensee shall bear responsibility for all costs and expenses associated with any recall of the Licensed Products.]


6.1 Marketing and Advertising Requirements. Licensee shall:

(a) use its best efforts to promote and expand the supply of Licensed Products throughout the Territory;

(b) provide such advertising and publicity as may reasonably be expected to bring the Licensed Products to the attention of as many purchasers and potential purchasers as possible; and

(c) ensure that its advertising, marketing and promotion of the Licensed Products in no way reduces or diminishes the reputation, image and prestige of the Mark [or of products sold under or by reference to the Mark (including, without limitation, the Licensed Products)].

6.2 Approval of Marketing and Advertising Materials. Licensee shall send to Licensor for its prior written approval the text and layout of all proposed advertisements and marketing and promotional material relating to the Licensed Products. In the event that Licensor disapproves of such material, it shall give written notice of such disapproval to Licensee within [20] days of receipt by Licensor of the material. In the absence of a
written notice of disapproval within [20] days of receipt of such materials, the materials shall be deemed to have been [disapproved/approved] by Licensor. Licensee shall not use any material in the advertising, marketing or promotion of Licensed Products which has not been approved by Licensor.

6.3 Cost of Marketing and Advertising. Licensee shall bear the costs of all advertising, marketing and promotion for the Licensed Products in the Territory.

6.4 [Celebrity Endorsement. Licensee shall not use a personality or celebrity to endorse or promote any Licensed Products without the prior written approval of Licensor.]

7. Protection of the Mark.

7.1 Notification. Licensee shall immediately notify Licensor in writing giving reasonable detail if any of the following matters come to its attention:

(a) any actual, suspected or threatened infringement of the Mark;

(b) any actual, suspected or threatened claim that the Mark is invalid;

(c) any actual, suspected or threatened opposition to the Mark;

(d) any actual, suspected or threatened claim that use of the Mark infringes the rights of any third party;

(e) any person applies for, or is granted, a registered trademark by reason of which that person may be, or has been, granted rights which conflict with any of the rights granted to Licensee under this Agreement; or

(f) any other actual, suspected or threatened claim to which the Mark may be subject.

7.2 Actions. With respect to any of the matters listed in Section 7.1:

(a) Licensor shall decide, in its sole discretion, what action if any to take;

(b) Licensor shall have exclusive control over, and conduct of, all claims and proceedings;

(c) Licensee shall provide Licensor with all assistance that Licensor may reasonably require in the conduct of any claims or proceedings; and

(d) Licensor shall bear the cost of any proceedings and shall be entitled to retain all sums recovered in any action for its own account.
8. Royalties and Payment Terms.

8.1 [Up-Front Payment. On the Effective Date, Licensee shall pay to Licensor the sum of $[AMOUNT] [and such sum shall not be refundable or available for credit against royalties or any other sums payable by Licensee under this Agreement/as an advance against royalties payable under Section 8.2].]

8.2 Earned Royalties. Licensee shall pay to Licensor a royalty (the "Earned Royalty") of [PERCENTAGE] of the Net Sales Price of each Licensed Product that is:

(a) sold or distributed by Licensee;

(b) supplied by Licensee to any person otherwise than in Section 8.2(a); or

(c) put into use by Licensee;

in each case, in the Territory and provided that with respect to any Licensed Product sold or distributed or otherwise used or supplied only a single royalty shall be payable, and the royalty accrues on the date when the Licensed Product is used or supplied, the date it is supplied being the earliest of when it is invoiced, paid for, installed or delivered.

8.3 [Minimum Royalties. If the Earned Royalty for any Quarterly Period is less than the Minimum Royalty due for such Quarterly Period then Licensee shall also pay Licensor the difference between the Minimum Royalty and the Earned Royalty.]

8.4 Taxes. Royalties and other sums payable under this Agreement are exclusive of taxes [including Value Added Tax (or similar tax)] and shall be paid free and clear of all deductions and withholdings whatsoever, unless the deduction or withholding is required by law. If any deduction or withholding is required by law, Licensee shall pay to Licensor such sum as will, after the deduction or withholding has been made, leave Licensor with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding. If Licensee is required by law to make a deduction or withholding, Licensee shall, within five business days of making the deduction or withholding, provide a statement in writing showing the gross amount of the payment, the amount of the sum deducted and the actual amount paid.

8.5 Manner of Payment. Royalties and any other sums payable under this Agreement shall be paid within 30 days of the end of each successive Quarterly Period in US dollars [by wire transfer] to a bank account to be designated in writing by Licensor. [For the purpose of converting the local currency of Licensee (in which such royalties arise) into US dollars, the rate of exchange to be applied shall be the rate of exchange in effect for the date when the relevant payment first becomes due [as reported in the Wall Street Journal/SOURCE FOR EXCHANGE RATE].]
8.6 **Late Payments.** In the event payments due under this Agreement are not received by Licensor by the due date, Licensee shall pay to Licensor interest on the overdue payment from the date such payment was due to the date of actual payment at a rate of [1.5]% per month, or if lower, the maximum amount permitted under Law.

8.7 **Royalty Statements.** At the same time as payment of royalties are submitted, Licensee shall submit or cause to be submitted to Licensor a statement in writing, certified to be true and correct by Licensee's [Chief Financial Officer/OTHER OFFICER] that includes all information relevant to the calculation of such royalties, including:

(a) the Quarterly Period for which the royalties were calculated;

(b) the number of Licensed Products sold or distributed during the Quarterly Period;

(c) the number of Licensed Products manufactured during the Quarterly Period but not yet sold or distributed;

(d) the Net Sales Price of each Licensed Product sold or distributed during the Quarterly Period;

(e) the amount of royalties due and payable;

(f) the amount of any withholding or other income taxes deductible or due to be deducted from the amount of royalties due and payable; and

(g) any other details Licensor may reasonably require.

Within [30] days of the end of each calendar year, Licensee shall submit to Licensor a written statement certified by Licensee's auditors of the aggregate Net Sales Price of Licensed Products manufactured, sold or distributed by Licensee in that year and the amount due to be paid for that year under this Section 8. In the event that such statement shows that the amount due by Licensee is less than the amount paid, Licensee shall pay to Licensor within [seven] days of the submission of the statement an amount equivalent to the difference between the amount paid and the amount due, plus any interest calculated in accordance with **Section 8.6**

8.8 **Effect of Regulatory Prohibitions.** If Licensee is prohibited by a governmental authority in any country from making any payment due under this Agreement then Licensee shall, within the prescribed period for making such payment, use its best efforts to secure from such authority permission to make such payment and shall make it within [seven] days of receiving such permission. If such permission is not received within [30] days of Licensee making a request for such permission then, at the option of Licensor, Licensee shall either deposit the payment in the currency of the relevant country in a bank
account designated by Licensor within such country or make the payment to an associated company of Licensor designated by Licensor and having an office in the relevant country or in another country designated by Licensor.

8.9 **Audit Right.** Licensee shall keep complete and accurate books and records showing the description, price, quantity and date of manufacture and sale of all Licensed Products manufactured, sold or distributed. Such books and records shall be kept separate from any books and records not relating solely to the Licensed Products and be available during normal business hours for inspection and audit by Licensor (or its authorized representative), who shall be entitled to take copies of or extracts from the same. If such inspection or audit should reveal a discrepancy in the royalties paid from those payable under this Agreement, Licensee shall immediately make up the shortfall, including interest calculated in accordance with Section 8.6 and reimburse Licensor for any professional charges incurred for such audit or inspection. Such inspection and audit right of Licensor shall remain in effect for a period of [one] year after the termination of this Agreement.

8.10 [Purchase of Licensed Products By Licensor. If Licensor desires to purchase Licensed Products for its own use, Licensee agrees to sell such Licensed Products to Licensor at Licensee's cost. Licensee shall owe no royalty payment to Licensor on these sales.]

9. **Confidentiality.**

9.1 **Licensee Obligations.** Licensee agrees:

(a) not to disclose or otherwise make available to any third party any information that is treated as confidential by Licensor, including, without limitation, trade secrets, technology, information pertaining to business operations and strategies, and information pertaining to customers, pricing, and marketing (collectively, the "Confidential Information") without the prior written consent of Licensor; provided, however, that Licensee may disclose the Confidential Information to its officers, employees, consultants and legal advisors who have a "need to know", who have been apprised of this restriction and who are themselves bound by nondisclosure restrictions at least as restrictive as those set forth in this Section 9;

(b) to use the Confidential Information as permitted under this Agreement; and

(c) to [immediately/promptly] notify Licensor in the event it becomes aware of any loss or disclosure of any Confidential Information.

9.2 **Exceptions.** Confidential Information shall not include information that:

(a) is already known to Licensee without restriction on use or disclosure prior to receipt of such information from Licensor;
(b) is or becomes generally known by the public other than by breach of this Agreement by, or other wrongful act of, Licensor;

(c) is received by Licensee from a third party who is not under any obligation to Licensor to maintain the confidentiality of such information; or

(d) is required to be disclosed by Law, including without limitation, pursuant to the terms of a court order; provided, that Licensee has given Licensor prior written notice of such disclosure and an opportunity to contest such disclosure.

It shall be the obligation of Licensee to prove that such an exception to the definition of Confidential Information exists.

10. **Representations and Warranties**.

10.1 **Mutual Representations and Warranties.** Each party represents and warrants to the other party that:

(a) it is duly organized, validly existing and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization or chartering;

(b) (i) it has the full right, power and authority to enter into this Agreement, to grant the rights and licenses granted hereunder and to perform its obligations hereunder, and (ii) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the party; and

(c) when executed and delivered by such party, this Agreement will constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms.

10.2 **Disclaimer of Representations and Warranties.** Nothing in this Agreement shall constitute any representation or warranty by Licensor that:

(a) any Mark is valid;

(b) any Mark (if an application) shall proceed to grant or, if granted, shall be valid; or

(c) the exercise by Licensee of rights granted under this Agreement will not infringe the rights of any person.

10.3 **Exclusion of Consequential and Other Indirect Damages.** To the fullest extent permitted by Law, Licensor shall not be liable to Licensee for any consequential,
11. Indemnity and Insurance.

11.1 Indemnity. Licensee shall indemnify, defend and hold harmless Licensor against all Losses arising out of or resulting from any third party claim, suit, action or proceeding (each, an "Action") related to or arising out of: (a) the breach of this Agreement by Licensee, and (b) Licensee's exercise of its rights granted under this Agreement, including but not limited to any product liability claim or third party intellectual property rights infringement claim relating to Licensed Products manufactured, supplied or put into use by Licensee[, in each case, except for any Action based solely on trademark infringement arising out of the use by Licensee of the Marks in accordance with this Agreement].

11.2 Indemnification Procedures. The indemnified party shall promptly notify the indemnifying party in writing of any Action and cooperate with the indemnifying party at the indemnifying party's sole cost and expense. The indemnifying party shall immediately take control of the defense and investigation of such Action and shall employ counsel of its choice to handle and defend the same, at the indemnifying party's sole cost and expense. [The indemnifying party shall not settle any Action in a manner that adversely affects the rights of the indemnified party without the indemnified party's prior written consent][, which shall not be unreasonably withheld or delayed]. The indemnified party's failure to perform any obligations under this Section 11.2 shall not relieve the indemnifying party of its obligations under this Section 11.2 except to the extent that the indemnifying party can demonstrate that it has been materially prejudiced as a result of such failure. The indemnified party may participate in and observe the proceedings at its own cost and expense.

11.3 Insurance.

(a) At all times during the Term of this Agreement[ and for a period of [three] years thereafter], Licensee shall procure and maintain, at its sole cost and expense commercial general liability insurance with limits no less than $[AMOUNT] per occurrence and $[AMOUNT] in the aggregate[, including bodily injury and property damage and products and completed operations and advertising liability], which policy will include contractual liability coverage insuring the activities of Licensee under this Agreement.

(b) All insurance policies required pursuant to Section 11.3 shall:
be issued by insurance companies [reasonably acceptable to Licensor/with a Best's Rating of no less than [A-VII]]; 

(ii) provide that such insurance carriers give Licensor at least [30] days' prior written notice of cancellation or non-renewal of policy coverage; provided that, prior to such cancellation, Licensee shall have new insurance policies in place that meet the requirements of Section 11.3; 

(iii) waive any right of subrogation of the insurers against Licensor [or any of its Affiliates]; 

(iv) provide that such insurance be primary insurance and any similar insurance in the name of and/or for the benefit of Licensor shall be excess and non-contributory; and

(v) name Licensor [and its Affiliates], including, in each case, all successors and permitted assigns, as additional insureds.

(c) Licensee shall provide Licensor with copies of the certificates of insurance and policy endorsements required by this Section 11.3 upon the written request of Licensor, and shall not do anything to invalidate such insurance.

12. Assignment. Licensee shall not assign or otherwise transfer any of its rights, or delegate or otherwise transfer any of its obligations or performance, under this Agreement, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without Licensor's prior written consent[, which consent Licensor [shall not unreasonably withhold or delay/may give or withhold in its sole discretion]]. [For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation or reorganization involving Licensee (regardless of whether Licensee is a surviving or disappearing entity) will be deemed to be a transfer of rights, obligations or performance under this Agreement for which Licensor's prior written consent is required.] No delegation or other transfer will relieve Licensee of any of its obligations or performance under this Agreement. Any purported assignment, delegation or transfer in violation of this Section 12 is void. Licensor may freely assign or otherwise transfer all or any of its rights, or delegate or otherwise transfer all or any of its obligations or performance, under this Agreement without Licensee's consent. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective permitted successors and assigns.

13. Term and Termination.

13.1 Term. This Agreement shall [commence/be deemed to have commenced] as of the Effective Date and, unless terminated earlier in accordance with Section 13.3, shall remain in force for a period of [NUMBER] years (the "Term").
13.2 **Termination Without Cause.** Licensor shall have the right to terminate this Agreement for any reason on giving Licensee not less than [NUMBER] [days/months] written notice.]

13.3 **Termination for Cause.** Licensor shall have the right to terminate this Agreement immediately by giving written notice to Licensee if:

(a) Licensee fails to pay any amount due under this Agreement on the due date for payment and remains in default not less than [seven] days after being notified in writing to make such payment;

(b) Licensee breaches this Agreement (other than failure to pay any amounts due under this Agreement) and (if such breach is curable) fails to cure such breach within [14] days of being notified in writing to do so;

(c) (i) becomes insolvent or admits its inability to pay its debts generally as they become due; (ii) becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law, which is not fully stayed within [seven] business days or is not dismissed or vacated within [45] days after filing; (iii) is dissolved or liquidated or takes any corporate action for such purpose; (iv) makes a general assignment for the benefit of creditors; or (v) has a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business;

(d) Licensee challenges the validity or Licensor's ownership of the Mark;

(e) [there is a change in control of Licensee; or]

(f) [ANY OTHER TERMINATION RIGHTS].

14. **Post-termination Rights and Obligations.**

14.1 **Effect of Termination.** On expiration or termination of this Agreement for any reason and subject to any express provisions set out elsewhere in this Agreement:

(a) all outstanding amounts payable by Licensee to Licensor shall immediately become due and payable;

(b) all rights and licenses granted pursuant to this Agreement shall cease;

(c) Licensee shall cease all use of the Mark [except as expressly permitted pursuant to Section 14.2];
(d) Licensee shall cooperate with Licensor in the cancellation of any licenses recorded pursuant to this Agreement and shall execute such documents and do all acts and things as may be necessary to effect such cancellation;

(e) Licensee shall promptly return to Licensor, or, at Licensor's option, destroy, at Licensee's expense, all records and copies of technical and promotional material in its possession relating to the Licensed Products, and of any Confidential Information of Licensor and all copies thereof; and

(f) within [NUMBER] days after the date of expiration or termination, Licensee shall promptly deliver to Licensor or any other person designated by Licensor, or at Licensor's option, destroy, at Licensee’s expense, all Licensed Products[ that it has not disposed of within [NUMBER] days after the date of expiration or termination in accordance with Section 14.2].

14.2 Sell-off Period. On expiration or termination of this Agreement for any reason other than termination by Licensor pursuant to Section 13.3, Licensee shall for a period of [NUMBER] days after the date of termination have the right to dispose of all stocks of Licensed Products in its possession and all Licensed Products in the course of manufacture at the date of termination, in each case, in accordance with the terms and conditions of this Agreement, and, provided, that any royalty payable under the provisions of Section 8 (as if such stocks were supplied at the date of termination) is paid to Licensor within [NUMBER] days after termination.

14.3 Surviving Rights. Any rights or obligations of the parties in this Agreement which, by their nature, should survive termination or expiration of this Agreement will survive any such termination or expiration, including the rights and obligation set forth in this Section 14.3 and Section 1, Section 4.1, Section 4.2, [Section 5.9], Section 8, Section 9, Section 10, Section 11, Section 12, Section 14, and Section 15.

15. Miscellaneous.

15.1 Further Assurances. Each party shall, upon the [reasonable] request[, and at the sole cost and expense,] of the other party, [promptly] execute such documents and perform such acts as may be necessary to give full effect to the terms of this Agreement.

15.2 Relationship of the Parties. The relationship between the parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture or other form of joint enterprise, employment or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

15.3 Public Announcements. Neither party shall issue or release any announcement, statement, press release or other publicity or marketing materials relating to this
Agreement, or, unless expressly permitted under this Agreement, otherwise use the other party's trademarks, service marks, trade names, logos, symbols or brand names, in each case, without the prior written consent of the other party[, which shall not be unreasonably withheld or delayed].

15.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the [third] day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 15.4.

If to Licensor:
[LICENSOR ADDRESS]
Facsimile: [FAX NUMBER]
Attention: [TITLE OF OFFICER TO RECEIVE NOTICES]

If to Licensee:
[LICENSEE ADDRESS]
Facsimile: [FAX NUMBER]
Attention: [TITLE OF OFFICER TO RECEIVE NOTICES]

15.5 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (i) to Sections, Schedules and Exhibits refer to the Sections of, and Schedules and Exhibits attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (iii) to a statute means such statute as amended from time to time
and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

15.6 **Entire Agreement.** This Agreement, together with all Schedules and Exhibits and any other documents incorporated herein by reference, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

15.7 **No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

15.8 **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

15.9 **Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

15.10 **Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

15.11 **Governing Law; Submission to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of
without giving effect to any choice or conflict of law provision or rule (whether of the State of [RELEVANT STATE] or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of [RELEVANT STATE]. Any legal suit, action or proceeding arising out of [or related to] this Agreement or the Services provided hereunder shall be instituted [exclusively] in the federal courts of the United States or the courts of the State of [RELEVANT STATE] in each case located in the city of [RELEVANT CITY] and County of [RELEVANT COUNTY], and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of process, summons, notice or other document by mail to such party's address set forth herein shall be effective service of process for any suit, action or other proceeding brought in any such court.

15.12  [Waiver of Jury Trial. Each party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.]

15.13  [Equitable Relief. Licensee acknowledges that a breach by Licensee of this Agreement may cause Licensor irreparable damages, for which an award of damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, Licensor will be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which Licensor may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available at law or in equity, subject to any express exclusions or limitations in this Agreement to the contrary.]

15.14  [Attorneys' Fees. In the event that any action, suit, or other legal or administrative proceeding is instituted or commenced by either party hereto against the other party arising out of [or related to] this Agreement, the prevailing party shall be entitled to recover its [reasonable/actual] attorneys' fees and court costs from the non-prevailing party.]

15.15  [Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile[, e-mail or other means of electronic transmission] shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

[LICENSOR NAME]

By_____________________

Name:  
Title:

[LICENSEE NAME]

By_____________________

Name:  
Title:
SCHEDULES AND EXHIBITS
[SCHEDULE 1
TITLE OF SCHEDULE]
EXHIBIT A

LICENSED PRODUCTS
EXHIBIT B

MARK
EXHIBIT C
TRADEMARK NOTICES
EXHIBIT D

TERRITORY
[SCHEDULE 2
MINIMUM ROYALTIES]
[SCHEDULE 3
SPECIFICATIONS]
[EXHIBIT A
LICENSOR'S BRAND MANUAL]
Fine Art and Collectible Losses: Framing the Value Issues

Dennis M. Wade

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MONEY
POWER
BEAUTY

Fine Art and Collectible Losses: Framing the Value Issues

In *The Value of Art*, Michael Findlay, a 20 year veteran of Christies and currently a Managing Director of Acquavella Galleries, Inc., recently suggested that the value of art has three aspects, all inextricably interwoven: Commercial (value as an asset); Social (value as a status symbol); and, Aesthetic (value that is inherent in the work, a beauty that speaks directly to the beholder). But these defining value markers defy precise judgments. Seemingly, the most objective marker--the Commercial Value of a work -- is often a mirage, according to Findlay, who maintains that at least 60% of all Fine Art sales take place in private transactions.

So, when the value of an object is cast in terms of *money, power and beauty*, how do insurers get the value question right when a work is damaged? The law strives to reach decisions based on objective criteria -- data points free from the vagaries of perspective, emotion and individual taste. Yet aesthetic judgments often rest, truly, in the eye of the beholder.

The value of fine and decorative arts, most experts would agree, is a matter of connoisseurship. To be sure, commercial data points exist such as auction sales and, to a degree, anecdotal evidence about private sales. Yet, in the end, we cannot escape the reality that value judgments about art objects turn on matters of aesthetic judgment and taste. What makes one Picasso worth more than another? Sometimes the answer is obvious; yet, in many cases, the value of a particular Picasso is hotly disputed among many well-meaning cognoscenti.
The value question becomes infinitely more complex when a work of fine or decorative art is damaged. Is the damage such that the work ought to be considered a total loss or, upon restoration, is it possible to calculate its loss in market value as a percentage of its insured or market value? While easy to pose, these questions admit of no easy answers -- but they are the very questions that fine art insurers must puzzle over in the claim handling process.

Most fine art and collectible losses manage to resolve themselves without “going legal.” But what happens when insurers and their representatives cannot reach an agreement with the insured and its team of advisors as to the loss in value of artwork, furniture, vintage photographs or any other type of collectible? Conversely, what happens when insurers seek in subrogation to recover loss in market damages paid to the insured?

The aim of this essay is to explore the legal process by which the value (or shall we say loss in value) issue is framed and, perhaps more important, to describe who and what goes in to framing the ultimate issue for the referee, arbiter or a jury of lay persons: What is the loss in market value as a result of fortuitous physical damage?

To drive this modest undertaking, we make two assumptions: First, in the first party context, no coverage issues exist; and second, in the third party context, fault (negligence) is a given. These are big assumptions but to touch upon potential coverage defenses or to address potential antidotes to fault by a third party would require a book, not a short monograph.

**Basis of Valuation for Insurance Purposes**

There are three main types of Fine Art Policies: Collector, Dealer and Museum. The wordings of each are crafted to fit the particular undertaking. But in almost all cases the value of each work is carefully defined and subject to aggregate limits in the event of catastrophic loss. For example, a Fine Arts Dealers policy may contain a variety of value definitions:
• Property owned by the Insured for sale at the time of loss at:
  Selling Price or cost price plus “x” %, whichever the higher.

• Property on consignment to and/or entrusted to the Insured is insured at the consigned
  and/or entrustment value plus “x” %.

• Property for sale owned on joint account at the discretion of the Insured at the time of
  loss but in no event greater than the full selling price or cost plus “x” %.

• Property actually sold, but not delivered or removed and/or while in transit to
  consignee’s or owner’s premises shall be valued at the selling price plus expenses, if
  any, which have accrued from date of sale.

• Personally owned fine art at the last appraisal value, current market value at the time
  of loss or cost, whichever higher.

To a large degree, the typical value definitions in a fine arts or collectibles dealer policy
are premised on certain underlying assumptions about the industry; namely, that sale prices,
consignment prices and appraised values (as well as any uplift built into the wording) are based
on current market reality.

But we live in very strange times. The global markets are still struggling to gain
equipoise after the collapse of Lehman Brothers, even a decade later, and recent months have
brought further turmoil in the credit markets. And, relative to this essay, the art world daily
debates what impact the global crisis and economic volatility has had on art and collectible
values.

Yet, it appears that one ironic truth has emerged: As the level of economic uncertainty
has risen, more capital is fleeing to tangible assets. As such, fine art and collectibles have
become more important as an asset class. In these times, then, sharp questions arise when value
is cast in terms of “current market value.” Appraised, agreed, consigned or sale values are a
given in insurance wording. But the fair market value (FMV) of a work in today’s turbulent
market is a subject of discussion indeed.

To make matters more interesting, the FMV of a work often turns on where the work
stands in the pantheon of desirability. Iconic works of important artists have held and have even
gained value; while lesser works of lesser artists have suffered greatly in the years following
global recession.

Basis of Valuation for Third Party Liability

While the insurer is obligated to pay in accordance with the policy definition of value, the
tortfeasor’s liability (the person or entity causing damage)—as a matter of law—is capped at fair
market value on the date of loss. In the United States, the universally accepted definition of
FMV comes from the United States Supreme Court:

The fair market value is the price at which the property would
change hands between a willing buyer and a willing seller, neither
being under any compulsion to buy or sell and both having
reasonable knowledge of the relevant facts.


So, as a preliminary matter, the question arises what is the difference between the work
as valued by the policy and the *actual* FMV of the work on the date of damage. In the example
above, in respect of works owned by the gallery, if market value were the higher value, the
starting point for the loss in market analysis would be the same. But, in most cases, a
discrepancy exists between defined values and “FMV”. To a very large degree, the discrepancy,
like an economic barometer, reflects the state of the global economy at a particular moment in time.

While the definition of FMV would seem to make an assessment a fairly easy undertaking, the world of fine arts and collectibles greatly complicates FMV assessment. That is so, because, unlike real estate, there are fewer reliable data points upon which to base informed judgments about market value.

**Uniform Standards of Professional Appraisal Practice (USPAP)**

USPAP defines standards for personal property appraisals in the United States. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 adopted USPAP as the standard in the appraisal industry and requires USPAP compliance for appraisers in federally related transactions (such as federal tax appraisals and the like). But even in non-federal endeavors, USPAP has become the Bible for the industry and most US appraisers represent that their reports are USPAP compliant.

USPAP defines “personal property” as follows:

Identifiable tangible objects that are considered by the general public as being “personal” – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

Apart from citing ethical guidelines and mandating certain reporting protocols, USPAP gives little or no guidance as to the methodology to be used by the appraiser. The best that can be said is that a USPAP compliant personal property appraisal must be transparent in its approach. Indeed, all USPAP Standard 7 says about the development of a personal property appraisal is this:
In developing a personal property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

While USPAP gives the appraisal industry quite detailed protocols to follow when valuing real estate or a business venture, as you can see from the above, it offers precious little guidance to the personal property appraiser. But the very nature of personal property defies precise guidelines. Most experts would agree that, to arrive at the FMV of a work of art, an appraiser (or valuer) must take into account the following attributes:

- Provenance
- Condition
- Authenticity
- Exposure
- Quality

Arguably, of these five categories, only two (Provenance and Exposure) lend themselves to objective proof. Condition, Authenticity and Quality involve value judgments, which, of necessity, depend on the background, experience and, quite frankly, the biases of the appraiser. Indeed, depending on the nature of the research conducted, reasonable experts might well disagree about the Provenance of a work or its relative Exposure to the relevant market.

In sum, the controlling value criteria, each in their own way, involve subjective judgments. Bear in mind, too, that the so-called objective data points (auction sales and anecdotal information about other sales) represent less than half of the transactions that take place in the fine art and collectible marketplace.
Does U.S. Law Offer Guidance in Value Controversies?

To this point, two potential value controversies have been posed. The first involves insured versus insurer where the dispute exists as to the FMV of a work (if that is the policy value definition) or, as a corollary, insured versus insurer where the insured disputes the insurer’s assessment of loss in market value as a result of fortuitous physical damage.

The second involves the insurer, as subrogee, versus the tortfeasor, in which the tortfeasor questions both the FMV of the work at the time it was damaged, and its loss in market value as a result of that damage.

As evident from this discussion, the battle will be fought by experts each of whom, no doubt, will hold honest (and quite different) opinions about the value issues. The question arises, then, as to whether U.S. law offers any guidance to the litigants. Save for the *Cartwright* definition of FMV, the law gives little clear guidance. Indeed, the law gives the litigants broad latitude to argue whatever points suit their purpose.

Determining Fair Market Value

The global analysis performed by courts throughout the United States when considering the proper measure of damages in a tort case -- be it personal injury or property damage -- is whether the award will make the aggrieved party “whole.” The key is striking the right balance to place the plaintiff in the same position that they were in prior to the loss, without providing plaintiff with a windfall profit.

Courts have agreed that the most equitable benchmark for evaluating a loss in property damages cases is the FMV of the property. For a loss that involves goods that are routinely bought and sold, determining FMV is not difficult. But the analysis becomes far more
complicated when dealing with fine art and collectibles, because the “market” can be much more
difficult to ascertain. In conducting such an analysis, few hard and fast rules apply, and typically
courts are willing to allow a jury to consider any number of relevant factors in determining a
FMV. As discussed in further detail below, such an undertaking is generally easier when the
property in question has been placed for sale, because (at the very least) the subject of potential
value has been considered by the owner of the work prior to the loss.

Valuation for Damage to Art Held for Sale

A fairly common loss scenario involves a mishap to artwork consigned for sale to an art
gallery or auction house. When such a loss occurs, Courts have held that a number of factors can
be considered by the finder of fact (be it jury or judge) when seeking to determine the fair market
value of art, including:

- purchase price;
- market appreciation (or depreciation) trends;
- auction estimates;
- values placed on artwork for insurance purposes;
- appraisals;
- records of bona fide sales, whether in public auctions or private sales;
- expert testimony and affidavits.

See Cristallina v. Christie, Manson, & Woods, Intl., 117 A.D.2d 284 (1st Dept. 1986); Matter of

Courts also recognize that determining fair market value for fine art is not a science and
that the conclusion will never be with any mathematical certainty. Indeed, litigants have argued
that claimants are not entitled to any recovery for a loss in fair market value of fine art because
the damage claims cannot be made with any certainty and are too speculative. While damages may not be determined by mere speculation or guess, it is understood that the outcome of the analysis of the value of fine art or collectibles will only be an approximation and that does not serve as a basis for dismissal of such a claim. See Crisallina v. Christie, Manson, & Woods, Intl., 117 A.D.2d 284, 295 (1st Dept. 1986); Aurnou v. Craig, 184 A.D.2d 1048 (4th Dept. 1992).

An example where such an approximation was made with few data points available to the Court occurred in In re Alley, 2010 WL 5175028, where an Illinois Bankruptcy court was faced with determining the FMV for a painting that went unsold during a liquidation sale. The debtor was a casualty of the 2008 financial collapse, and was forced to vacate his antiques and art store when he could no longer afford the rent. He left behind some of his inventory, including artwork, which was listed for sale during the liquidation. However, some of the art went unsold, and was subsequently thrown away when the new tenant moved into the space.

A lawsuit was filed during the bankruptcy proceedings, and the Court needed to evaluate the proper FMV of the lost work. There was no indication that the work was painted by a notable artist, and there seemed to be few factors that the parties could point to their evaluations of the FMV of the art. The insured submitted a “retail cost” with no factual support; the defendant claimed that the work was worthless because it received no interest during the proposed liquidation sale. The Court rejected both of those approaches and instead, looked to one of the few available factors, finding that the FMV was the asking price that the debtor indicated he was willing to accept when he listed the work up for sale during the liquidation.
Valuation Where Market Value is an Insufficient Measure

Courts throughout the country have considered the perplexing issue as to how to evaluate market value when the property is rare or unusual, or where a recovery of fair market value will simply not make a plaintiff whole. As opposed to losses involving fine art or collectibles that have been placed for sale -- where there are readily available factors to consider to evaluate the value -- the analysis can be much more difficult when no such commercial transaction was contemplated prior to the loss.

Indeed, some courts have even gone so far as to consider “sentimental value” in determining the proper measure of damage. In *Carye v. Boca Raton Hotel and Club*, 676 So.2d 1020 (Fla. Ct. App. 1996), plaintiffs’ jewelry -- accumulated over a 48-year marriage -- was stolen from a hotel safe, including engagement rings, wedding bands, and other anniversary gifts. The Florida court recognized that, in certain situations when the FMV would be nearly impossible to determine, including losses involving collectibles such as china, pictures, jewelry, and unique furniture, courts must look beyond the typical valuation process. In such situations, the property may be very valuable to the owner, but have virtually no value so far as the public is concerned. As such, in those circumstances it would be “manifestly unfair” to apply the test of fair market value.

But in the *Carye* case, while the plaintiffs alleged that their jewelry had great sentimental value, it was also undisputed that that the lost jewelry had significant market value. Because the plaintiffs could not meet their burden to prove that the market valuation would be manifestly unfair, the appellate court found that testimony and jury instructions on the sentimental value of the missing jewelry should not have been considered by the jury.
Similarly, other courts have held that certain items of personal property, such as heirlooms, photographs, trophies, and pets have no market value and that in such a case the proper basis for assessing compensatory damages is to determine the item's “actual value to [the] plaintiff”. Jankoski v. Presier Animal Hospital, Ltd., 157 Ill.App.3d 818 (1987).

It would not be surprising to see such arguments made in support of fine art and collectible claims in other jurisdictions, particularly in circumstances where there has been no indication that the lost or damaged property were going to be offered for sale. In respect of fine art, the argument could be raised that, although compensation at a fair market rate would compensate the owner for the “commercial” value of the work, such a measure would not take into consideration the “social” or “aesthetic” value of the art for an owner who did not want to sell the piece but instead wanted to continue to enjoy the art and would have -- but for the negligent acts of the tortfeasor.

**Diminution in Value**

When property is destroyed, the claimant is entitled to the fair market value of the property immediately prior to the loss. When property is damaged, then the plaintiff is entitled to the repair costs necessary to bring the property to the same condition that it was prior to the loss, or the difference between the value immediately prior to and immediately after the loss -- whichever is less. For example, a plaintiff would not be entitled to $10,000 in repair costs for a used vehicle with a lesser FMV, as such an award would result in a windfall.

But the more vexing dilemma is what to do when the item loses value despite a successful repair? In the fine art context, what happens when a near flawless restoration still leaves the work being worth less than before the loss?
The general consensus is that under certain circumstances, a plaintiff may recover the amount that the property has diminished in value after the restoration or repair. Some jurisdictions allow for the recovery for the post-repair diminution of market value or the cost of repairs, but not both, while other jurisdictions allow for both repair costs and diminution in value. See Franklin Court v Prahler, 91 A.D.3d 49 (4th Dept. 2011).

The Franklin Court case arose out of an accident to plaintiff’s 2000 Ford GT, a limited edition collector’s sports car. Plaintiff argued that, unlike a typical car, his GT in original condition would appreciate in value over time, not decrease. Even after the repairs, he claimed that the car would be worth $40,000 less due to the accident. The Court agreed that the failure to compensate plaintiff for this post-repair diminution in value would not make plaintiff whole, and agreed that the proper jury instruction would provide for such a recovery.

Although this issue has not yet been litigated within the fine arts context, we are confident that this precedent would equally apply, particularly because a restoration to an artwork, even when successful, rarely achieves the same outcome as a repair to more fungible property.

**Restoration is Encouraged**

Although not widely addressed, there have been decisions that reflect a policy that encourages repair or restoration, where possible. For example, although a claimant is typically entitled to the lesser of either the difference between the fair market value of the damaged property before and after the loss, or the costs of repair to bring the damaged property back to its pre-loss value, in cases where it initially appeared that repair efforts would be successful, but the repairs later proved to be ineffective or overly expensive, courts have held that a party may be

Conversely, a failure to make restoration efforts has lead to lower damage awards. In *Small v. Baloise Insurance Co. of America*, 735 So.2d 234 (La. App. Ct. 1998), an overflowing toilet wrecked havoc on an art gallery, and the gallery, artist, and insurer all filed suit against the building owner. The damaged artwork had never been restored, and the defendant presented evidence that such a restoration would have decreased the amount of the loss in value. As such, on appeal, the court decided to indiscriminately reduce the fair market damage award by 50% to account for the potential impact of restoration.

**Impact of Sales Commissions**

There have been divergent opinions as to whether or not a fair market award must be reduced by the sales commissions (which can be very significant) that would have been charged had the artwork been sold rather than damaged. On the one hand, courts have held that where a gallery was responsible for the pre-sale loss of consigned art in a fire, the damage award rendered to the owner of the art did not need to be reduced by the potential commission. The Court reasoned that because the sale of the works never occurred, the commissions were never actually earned and therefore should not be applied to the benefit of the gallery that caused the loss. See *Pelletier v. Eisenberg*, 177 Cal. App.3rd 558 (Cal. App. Ct. 1986).

On the other hand, some courts (such as in New York) have found that rendering an award without the commission would represent a windfall because plaintiff would not have recognized the gross amount of the recovery had the loss not occurred and the art instead been sold. *Swain v. 383 West Broadway Corp.*, 216 A.D. 2d 38 (1st Dept. 1995). However, New
York courts have not applied a commission to reduce a loss where the damaged art in question was not for sale at the time it was damaged. *Wool v. Ayres*, 283 A.D.2d 299 (1st Dept. 2001).

**Conclusion**

It is relatively easy to frame the value issues attendant to fine and decorative art losses in terms of the right questions to ask. But neither the criteria for value judgments nor the law itself offer any clear guidance on how to reach an agreement as to loss in market value. Our best advice is this: Strive to negotiate your way to consensus; “going legal” is an uncertain and expensive proposition. But if circumstances push you in that direction, hire good lawyers.
According to the TEFAF Art Market Monitor, *reported* art sales in 2016 totaled $45 billion (USD). That figure rose to $63.7 billion in 2017, including the record-setting $450.3 million auction price fetched for *Salvator Mundi* by Leonardo Da Vinci. With that art -- much of it the work of living artists -- moving across the globe, insurance claims for damage for partial losses occur with disturbing regularity. But partial loss claims to the work of living artists present a special challenge to fine art insurers.

Consider this scenario: the insurer and the collector or gallerist agree that damage to the work of a living artist is partial and that insurers will pay for shipping, conservation and loss in value (LIV) as and when the restoration is complete. But here is the wrinkle -- the living artist’s studio is backed-up and signals that it will take many months, perhaps even a year or more to complete the project. Frustrated with delay, the insured suggests using a local conservator who is prepared to undertake the project immediately.
Sounds like a good idea. Yet, great care must be taken when faced with this dilemma because bypassing the living artist may just be the equivalent of swallowing a time-released poison pill.

So what is the toxin that may later emerge? It is a potential claim by the living artist under VARA that the ill-conceived conservation done under the auspices of a person other than the living artist’s studio impaired the integrity of the piece (that is; resulted in a distortion, mutilation or modification of the work prejudicial to the reputation of the artist). As such, the living artist may disavow the work under the Visual Artists Rights Act: See USC Title 17, §106A et seq. And now the work is virtually worthless--and the insured wants to go back after the insurer.

Let’s focus on a concrete and troubling example. The most prolific artist in public enforcement of VARA rights is no doubt Cady Noland. A few years ago, Noland disavowed authorship of “Cowboys Milking” when she disapproved of the restoration performed on her silkscreen on aluminum work. Although Noland was not a direct litigant, her disavowal caused the cancellation of a Sotheby’s auction resulting in a subsequent lawsuit by the owner against the auction house.

Now, Noland has sued a number of parties1 because of an unauthorized restoration of her sculpture known as “Log Cabin.” As the name suggests, the

work is essentially the facade of a wooden log cabin. The work was exhibited outdoors at a German gallery for close to a decade, and suffered significant deterioration over time. According to Noland, she learned long after the fact that many of the damaged logs had been replaced.

Noland has sued the owner of the work for negligence for allowing the sculpture to come into direct contact with soil, causing rot and deterioration. This damage, she claims, entitles her to be compensated for a violation of her moral rights under VARA and New York’s related statute.

Noland also claims that she was not consulted for her “advice, guidance, and assistance” after a conservator suggested that the rotted logs be replaced. Instead, the owner and gallerists decided on their own to replace the wood, creating an “unauthorized reproduction” under U.S. Copyright law.

In addition to seeking monetary damages, Noland is asking the court to impound the work, order that it be destroyed, and award Noland all of the profits earned by the owner and gallerists from their display of the infringing restoration.

The Noland saga lives on. But it is easy to envision a scenario in which an impatient collector or gallerist insists upon prompt payment of LIV, and thus wants to bypass the living artist. So what is the solution to the “time dilemma” if
the collector or gallerist demands conservation by someone other than the living artist or the living artist’s studio?

The answer is complete transparency. First, you must establish that the loss qualifies as a “Partial Loss” under policy terms and conditions. In many cases, the damage is acknowledged as “partial” (an abrasion to a work on canvas or a sculpture, for example). But often you will need the assistance of a conservator. And, of course, the gold standard is confirmation by the artist’s studio that the work can be restored.

Second, if the collector or gallerist insists upon using a conservator other than the artist’s studio, it helps to explain the potential implications of VARA, focusing on potential problems in forward sales at auction and otherwise, and ultimately, the risk the living artist may later disavow the work because of perceived unhappiness with the outcome of the conservation.

Yet, if your insured insists upon moving forward with a conservator of his or her choice, we suggest advising the insured that any settlement for LIV post-conservation must include a specific release and hold harmless, not just for the claim itself, but for any potential claims arising in the future as a result of the power VARA bestows on the living artist to disavow a work whose integrity has been impaired.
So, by way of example, you should consider language in the Settlement Agreement and General Release that, in exchange for the agreed LIV payment:

The insured releases the insurers and holds the insurers harmless from all and every manner of action and actions, cause and causes of action, claims, counterclaims, cross-claims, suits, claims by [the living artist] arising under the Visual Artists Right Act of 1990 (VARA), proceedings, damages, punitive damages, costs, expenses and attorneys’ fees, demands and liabilities whatsoever of every kind and nature, whether known or reasonably knowable, in law, equity or otherwise which any of the releasors ever had or now have against any of the releasees, by reason of any matter, cause or thing resulting from the claim and the chosen method of conservation.

To date, we have not uncovered a collateral claim against an insurer resulting from a Cady Noland-like scenario. But as Ben Franklin said: “An ounce of prevention is worth a pound of cure.”

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WHAT FINE ART INSURERS REALLY NEED TO KNOW ABOUT THE VISUAL ARTISTS RIGHTS ACT (VARA)

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Introduction

Pablo Picasso, the most famous artist of the modern era, purportedly said: “Bad artists copy; great artists steal.” To be sure, Picasso’s taking was not a literal theft nor was it appropriation or mere imitation. Rather Picasso transformed existing visual ideas into something new and wholly his own. The question begged by Picasso’s provocative remark is this: Today, what rights do living artists have to protect the integrity of their creations -- from copying, imitation, appropriation, destruction, or really any act that diminishes the artistic vision informing the work? But here, while we discuss the “moral rights” that federal and state legislatures have codified to protect living artists, our main focus concerns the impact that the emergence of artists’ rights has had (and will have) on the Fine Art claim process when the work of a living visual artist has been damaged but not destroyed (or “totalled” in claims parlance).

A Bit of History

While the artist, as creator, has always occupied a high place in the strata of society, from the dawn of time until the late Renaissance, the artist’s role was, as it were, to reflect the power and glory of Kings, Popes, and Clerics. Real life images of nobles and rich merchants often appeared in the form of saints or heroes from mythology in the artist’s work. That artists worked at the sufferance of their patrons in no way diminishes the sublime nature of their work. But the artist, under the patronage system, was essentially an employee who had no rights or say in what was done with the work. But as time unfolded, say, by the 1600s, the artist began to break free of the patronage system and emerge as a creator of truly independent works -- with themes and images dictated only by the artist’s imagination.

Forgery of visual images is not a new problem. Fakes of Greek works started appearing in the art markets of ancient Rome. In the Renaissance and onward apprentices tried to “pass off” their works as those of the master for whom they toiled. Indeed the world of art instruction--premised on the practice of copying the masters--made it extremely difficult for the connoisseur to distinguish the real from the faked or the forged. And, for a very long time, artists were powerless to prevent the theft of their intellectual property or to have any say in the ultimate disposition of their work.

Against that snapshot, we offer a brief history of the Visual Rights Act of 1990 (VARA) and what it means for the Insurance Claims Professional.

The Origins of the “Moral Rights” Granted Under VARA

The moral rights provided under VARA have their roots in the French civil law of le droit moral -- the non-economic rights of artists to control certain aspects of their artworks. Moral rights are based on the cultural decision that works of art incorporate the spirit of the artist and that the integrity of the work can only be protected by protecting the artist’s vision in creating the work.

Based on the French conception of moral rights, a number of countries entered into the Berne Convention for the Protection of Literary and Artistic Works, in 1886. The United States entered
into the agreement but did not institute the portion of the convention that granted artists moral rights in their works.

The Tipping Point in the United States

In 1981, the New York City General Services Administration commissioned and installed a sculpture by Richard Serra entitled *Tilted Arc*. The work was meant to adorn the plaza in front of the Customs Court House. In fact, it proved -- almost by universal agreement -- to be an eyesore. It collected graffiti and any type of debris blowing across the plaza. After much public protest, the GSA took down the work with welding torches and other heavy equipment.

In part, in response to the destruction of *Tilted Arc* and other commissioned works, in 1990, Congress passed the Visual Artists Rights Act (VARA), finding that it was of the utmost importance to artists and to the public to preserve the integrity of the country’s cultural and artistic creations. As Ralph Waldo Emerson put it, a country is not truly civilized “where the arts, such as they have, are all imported, having no indigenous life.”

VARA grants visual artists “moral rights” in the artworks they create even after the artworks have been sold. Moral rights include the right to be identified as the creator of an artwork, the right to prevent the use of the artist's name on artworks created by other people, and the right to prevent any deforming or mutilating changes to the work.

The Federal Statute

Without regard to copyright, VARA, 17 U.S.C. Section 106A, grants visual artists rights not previously enjoyed in the United States. VARA applies only to works of visual art such as paintings, drawings, prints, sculptures or photographs created for exhibition purposes only. VARA does not apply to “works for hire” that are executed by an employee.

What Does VARA Really Mean to the Artist?

Let’s unpack the broad pronouncements of VARA.

VARA is a part of United States copyright law, and it preserves the artist’s moral rights by protecting certain works of art from being altered or destroyed without the artist’s consent. VARA grants two primary rights:

- The right of attribution permits the artist to claim or deny authorship of the work, which allows the artist to dissociate himself with any undesirable changes to the original work. Therefore, artists can prevent the use of their name as the creator of a work in the event of distortion, mutilation, or other modification of the work that would be prejudicial to their honor or reputation.

- The right of integrity enables artists to prevent the intentional distortion, mutilation or other modification of a work that is harmful to their honor or
reputation. Where the work is of a “recognized stature,” the right of integrity further includes the right to prevent any intentional or grossly negligent destruction of the work. VARA leaves the definition of “recognized stature” wide open, and courts must determine what this term means on a case-by-case basis.

Notably, VARA does not apply to artworks created before the implementation of VARA in 1991, unless the creator retained title to the work after the statute’s effective date. The right vests in the artist and lasts until the artist’s death. In California and New York, as well as other states, similar statutes were in effect in the 1980’s and would apply to artworks situated in those states. In these states an artist’s moral rights might last until 50 years after the artist’s death, and, as such, may implicate Foundations or Committees to protect the deceased artist’s legacy.

**What Are The Exceptions to VARA?**

The key exceptions to VARA’s protections include the following:

- Maps
- Globes and charts
- Technical drawings
- Diagrams and models
- Books, physical or electronic
- Promotional or advertising materials, including packaging or the like.

Notably, VARA does not cover any work that would be subject to basic copyright protection. Nor does VARA cover photographs unless signed or issued in limited edition of 200 or less images.

**VARA Rights May Be Waived**

Bear in mind that the moral rights extended by VARA may be waived under the following circumstances:

- The artist may waive VARA rights in a signed writing.
- In a collaborative effort, one artist’s waiver may bind the others.
- Artists who execute a work for hire do not enjoy VARA protection. A work for hire is considered a work created by an employee in the scope and furtherance of employment.

**A VARA Case Law Sampler**

The case law spawned by VARA, like a box of Whitman’s chocolates, is mixed. No reported decision has been decided in a pure insurance context. Most of the decisions regarding the applicability of VARA address the purported restoration of art or the exhibition of a work the artist deems unfinished or otherwise modified contrary to the artist’s vision.
In *Flack v. Friends of Queen Catherine Inc.*, 139 F.Supp.2d 526 (S.D.N.Y. 2001), the Friends of Queen Catherine, Inc. commissioned a large statue of Queen Catherine of Braganza who was the namesake of the borough of Queens in New York City. The artist, Audrey Flack, created a clay mold of the head of the 35 foot statue which the organization placed outdoors, causing the face of the clay sculpture to be damaged.

The organization hired one of Flack’s assistants to reconstruct the clay face. According to Flack, the assistant was not adequately trained in conservation and the result of the reconstruction was a distorted, mutilated model in which the nose, eyes and lips were misshapen. Despite the problems with the clay molding, the organization planned to cast the bronze statue using the distorted clay mold.

The court held that modification of a piece due to conservation efforts is not a destruction, distortion or mutilation under VARA, unless the modification is the result of gross negligence, and that a jury should decide whether the organization was grossly negligent in hiring an assistant who was not trained in conservation. The court also ruled that the organization had not destroyed the sculpture when it placed it outdoors because it was still capable of being reconstructed. Finally, the court ruled that Flack could not enjoin the organization from casting the clay mold into a bronze sculpture because VARA does not apply to sculptures that do not yet exist.

In *Massachusetts Museum Of Contemporary Art Foundation, Inc. v. Büchel*, 593 F.3d 38 (1st Cir. 2010), Christoph Büchel, sought to prevent the museum from displaying an unfinished installation of *Training Ground for Democracy*, a village, containing architectural and structural elements through which a visitor could walk. After the museum and artist came to loggerheads over the completion of the work, the museum made a number of changes to the piece and put it on display, and covering unfinished portions under a tarp. The artist claimed that his right of integrity was violated because the piece was altered. He also claimed that the museum “destroyed” his work by altering it.

The court first ruled that an unfinished piece of art may be protected under VARA. After all, “the history of art is full of sublime ‘unfinished’ works of art, such as Leonardo da Vinci's Statue of a Horse . . . Michelangelo's Tomb of Pope Julius II . . ., or El Greco's The Vision of St. John.”

The court also found that the museum’s alterations of the piece arguably had a detrimental impact on Büchel's honor or reputation because visitors might have a mistaken sense of his work after seeing the altered piece. Therefore, if a jury ruled in his favor, the artist would be entitled to damages based on the violation of his right of integrity.

Finally, the court ruled that the mere display of an unfinished work does not constitute a destruction of the artwork and is not cognizable under VARA. In addition, an artist’s right to prevent destruction of his work is merely a right to enjoin the destruction of the artwork and does not provide a basis for imposing monetary damages.

The district court in *Carter v. Helmsley-Spear, Inc.*, 861 F.Supp. 303 (S.D.N.Y.1994), (vacated and reversed in part on other grounds by 71 F.3d 77, (2d Cir. 1995)), found that an artist’s
reputation in the artistic community may be damaged if a work is modified because it would offer to viewers an artistic vision different from that intended by the artist.

In addition, the artist’s right to prevent destruction of a work applies only to works of “recognized stature.” The determination whether a work is of recognized stature depends on “the opinions of artists, art dealers, collectors of fine art, curators of art museums, conservators, and other persons involved with the creation, appreciation, history, or marketing of works of visual art.”

*Scott v. Dixon*, 309 F.Supp.2d 395 (E.D.N.Y. 2004), dealt with a related issue. Here, the artist created a sculpture of a swan that was never shown to the public or art critics. Although the artist had some level of notoriety in the community, mere recognition of the artist is not enough. Rather, the work itself must be recognized in the art community or by the public at large.

With respect to the measure of monetary damages, although courts have determined the cost of restoring specific artwork, the actual damage to compensate the artist for damage to her reputation is a more difficult equation, and may have to be calculated by expert testimony, along with any “emotional distress” suffered due to the distortion of the work. See *Hanrahan v. Ramirez*, 1998 WL 34369997 (C.D.Cal), 1998).

**What Constitutes “Visual Art”?**

In passing VARA, Congress limited the protections to works of “visual art.” In *Carter*, cited above, the art at issue was a walk-through sculpture that included metal and glass pieces attached to the building’s walls. The management company argued that the work was “ornamentation” because some of the sculptural elements were affixed to the lobby’s floor and the walls were utilitarian, not artistic, objects. The court disagreed and found that artistic sculptures constitute “visual art” regardless of whether they are affixed to a building.

In *Kelley v. Chicago Park Dist.*, 635 F.3d 290 (7th Cir. 2011), Chapman Kelly received a commission from the Chicago Park District to install a wildflower display in Grant Park entitled “Wildflower Works.” The work consisted of two enormous elliptical flower beds featuring a variety of native wildflowers. Wildflower Works received critical and popular acclaim as “living art.” But Wildflower Works began to deteriorate and the City reduced its size, reconfigured the oval flower beds and changed some of the planting material. Chapman sued claiming that Wildflower Works was both a painting and a sculpture because, in part, it had sculptural qualities in the way it was configured. The court disagreed because a work of “visual art” cannot just be “pictorial” or “sculptural”—it must actually be a painting or a sculpture: “Not metaphorically or by analogy, but really.”

In *Cheffins v. Stewart*, Slip Copy, 2011 WL 1233378 (D.Nev. 2011) the court ruled that VARA did not apply to the destruction of *La Contessa*, a replica of a 16th Century Spanish galleon that was wrapped around a school bus. La Contessa was applied art, not visual art, because it was used as a mobile stage for performances and not merely to portray the appearance of a Spanish galleon.
**Work for Hire**

In *Carter v. Helmsley-Spear, Inc.*, 71 F.3d 77 (2d Cir. 1995), the artwork was a large “walk-through sculpture” that occupied most of the building’s lobby. The sculptural elements were a number of metal pieces, including a giant hand fashioned from an old school bus and pieces of recycled glass embedded in the floor and walls. After the completion of much of the sculpture, Helmsley-Spear, Inc. took over management of the building and informed the artists that they could no longer install artwork at the property, and instead had to vacate the building. The management company also indicated that it intended to remove the artwork already in place in the building’s lobby.

The artists sought to enjoin the destruction of the sculpture. The court ruled that the sculpture was a piece of visual art but that it was not protected under VARA because it was a work-for-hire: namely, the artists were employees of the building’s owner. Specifically, the artists were paid a weekly salary, they listed the owner as their former employer and the owner had paid payroll and social security taxes on their behalf.

**Does VARA Protect Street Art?**

“As soon as I cut my first stencil I could feel the power there. I also like the political edge. All graffiti is low-level dissent, but stencils have an extra history. They’ve been used to start revolutions and to stop wars.”– Banksy, 2010.

In *Cohen v. G & M Realty, L.P.*, 988 F. Supp 2d 213 (EDNY, 2013), graffiti artists, citing VARA, sought to enjoin the demolition of a Queens commercial building known as 5Pointz, contending that the “aerosol art” adorning the building deserved protection. And that contention had some serious intellectual backing. Art world luminaries and celebrated authors (Norman Mailer, *The Faith of Graffiti*) have embraced this gritty urban art form as cutting-edge, equal to anything that is commercially displayed in galleries or other contemporary art venues. The 5Pointz project had become a high profile venue for well-known graffiti artists, as well as a proving ground for up-and-comers to show their talents on every surface of the exterior and interior of the warehouse.

Although Judge Block refused to block the demolition of the building (or order other conservation measures), finding that serious questions existed as to the “recognized stature” of the graffiti and to the transient nature of the art itself, the owner had all of the graffiti painted white in the middle of the night without any warning. After a jury issued an advisory opinion in favor of plaintiffs, Judge Block ruled the owner had committed willful violations as to 45 of the 49 individual works at issue in the suit, and awarded the maximum damages available under the statute, $150,000 per work.

The 5Pointz case has a very distinctive fact pattern, with willful misconduct on the part of the tortfeasor and well-established street art considered to be of sufficient “recognized stature” to trigger VARA protections. Even so, an award of $6.75 million is a significant
VARA Impact on Auctions

In 2011, Marc Jancou Fine Art, Ltd. consigned an aluminum print by Cady Noland, *Cowboys Milking (1990)*, to Sotheby’s for auction. An inspection by Sotheby’s revealed that the corners of the work were bent. Noland subsequently inspected the print, disclaimed authorship under VARA and demanded that Sotheby’s withdraw her work from the auction. Jancou’s attorneys tried to convince Noland to change her position, but she stood firm, particularly because it was revealed that unsuccessful conservation efforts had been taken and that Christie’s previously agreed not to sell the work at Noland’s request. Noland reiterated her rights under VARA and asserted that “her honor and reputation” would be prejudiced if the work was offered for sale with her name associated with it, “in light of the material and detrimental changes to the work that have occurred since its creation.”

Sotheby’s withdrew the print from the auction, and Jancou sued both Sotheby’s and Cady in Supreme Court, New York County. Sotheby’s moved for summary judgment citing the terms of its consignment agreement and thus the Court did not need to interpret VARA. Justice Ellen Coin found that the Sotheby’s agreement gave Sotheby’s the right to withdraw the print if in its “sole judgment” there was doubt as to attribution, and Cady’s disclaimer provided a substantial, objective basis to support Sotheby’s judgment. On appeal (107 A.D. 3d 637 (2013), the First Department affirmed the decision, finding that there was no breach of contract by Sotheby’s in light of Noland’s assertion and a report revealing damage and unsuccessful restoration efforts.

The Interaction of VARA with State Laws

VARA preempts state law rights equivalent to those conferred by VARA, but there are circumstances where state law applies despite VARA. For example, under New York law, the altered display of a work may be considered a distortion of the work, but under VARA there is no remedy for an altered display of a piece where the work itself is not altered. In *Pavia v. 1120 Ave. of the Americas Associates*, 901 F.Supp. 620 (S.D.N.Y.,1995), the court held that the artist was protected under New York law where the owner of the work moved the work from a hotel lobby to a parking garage because the broader right under New York law was not equivalent to those under VARA.

Another difference between state laws and VARA is that many states grant rights to an artist posthumously, whereas, the duration of the rights granted by VARA depends on when the artwork was created in relation to VARA’s effective date in 1991.

A California Wrinkle Regarding Royalties

The California Resale Royalties Act (CRRA) is similar to VARA in that it codifies a moral right often sought by artists -- *droit de suite* -- literally translated from French as “right to follow.” *Droit de suite* bestows upon an artist the right to proceeds from the resale of their work.

The concept originated in France sometime around the beginning of the 1900’s. It gained traction after World War I, as the death of many artists during the war caused their families to fall into poverty -- despite the fact that the artists’ work was being resold by others for
considerable profit. It has existed in various forms in Europe for many years, and has recently spread throughout the European Union with the enacting of the EU Resale Royalty Directive. The United Kingdom is in the final stages of implementing the law, and it is the subject of great debate as many fear that sellers will avoid the British auction market because of the additional fees.

_Droit de suite_ reached the shores of America when the CRAA was enacted in 1976, and thus far California is the only state to have such a law on its books. Apparently it has compensated around 400 artists a total sum of about $325,000.

The CRAA requires that a 5% royalty is paid for:

- the sale of a painting, drawing, sculpture, or original work in a glass; when
- the seller resides in California or the sale occurs in California; and
- the artist is a US citizen or a CA resident for two or more years prior to the sale.

The royalty is to be paid within 90 days of sale to the artist, or his family if it takes place within 20 years of the artist’s death. The fee is paid to the California Arts Council if the artist cannot be found. There are some exceptions, including when the initial purchaser is a dealer who resells the work to another dealer within ten years.

Industry insiders claim that the act is routinely ignored. But it has recently come into the forefront thanks to three parallel class actions filed by the Estate of Robert Graham, and two living California artists, Chuck Close and Laddie John Dill, against Christie’s, Sotheby’s, and eBay. The lawsuits allege that for years the auction sellers have failed to pay artists the royalties required by the CRAA. It further alleges that the sellers tried to conceal the California residence of the sellers or California venue of the sales by omitting those details from the auction catalogs and otherwise refusing to reveal that information upon inquiry, and seeks compensatory and punitive damages.

The CRAA has thus far survived multiple legal challenges, as courts have held that it is not preempted by federal copyright law, nor does it violate due process or the “Contracts Clause” of the Constitution. Indeed, the CRAA may soon be coming to a state near you. The Artists Rights Society (ARS) and the Visual Artists and Galleries Association (Vaga) have successfully advocated for the presentation of the American Royalties Too Act of 2018 (“ART”) in the fall of 2018, which would create a nation-wide application of resale rights. But there is a great deal of opposition to the concept, and it will be interesting to see how this issue develops when the auction houses challenge the validity of the CRAA as they defend the pending class action suits.

**Third Party Implications**

With respect to coverage under an insurance policy, insurers should consider whether the “loss” was fortuitous. Liability under VARA extends only to intentional or grossly negligent destruction, mutilation, etc. of artworks. Thus, for claims of intentional destruction, there would be support in finding no coverage based on a lack of fortuity. There would also be support in finding an insured’s grossly negligent destruction is not fortuitous because the standard for gross
negligence requires conduct that is “flagrant, grossly deviating from the ordinary standard of
(jury may find liability under VARA where artist claims institution refused to procure
appropriate roof, rain gutter, and wall installations and failed to make necessary repairs to the
building’s roof drainage system causing distortion of outdoor mural).

Conclusion

Why Should Fine Art Insurers Care About VARA--About Artist’s Moral Rights?

An artist has the right to “disown” any of their art that has been “distorted, mutilated, or
modified in a way that would be prejudicial to the author’s honor or reputation.”

If a work of art sustains damage, a failure to recognize the living artist’s rights may prove to be a
very costly mistake indeed. A living artist may take an insurer’s well-intentioned conservation
efforts as an affront to the integrity of their work. Under VARA, the living artist would have the
right to prevent their name from being associated with the restored piece--notwithstanding a
portfolio of expert opinion that the work is subject to restoration. The net result, of course, is that
ownership of a “disowned” piece almost always involves a “total loss.”

So, our best advice is this: When the work of a living artist is at issue, involve the artist from the
start in the discussion about conservation. Ideally, the artist will bless the effort or take on the
assignment personally. While following this advice will add to your expense reserve, the
certainty achieved by proceeding in this fashion clearly outweights the risks of tempting VARA.
Finally, although VARA (in general) pertains to living artists, some artists created “Foundations”
or “Committees” to promote and protect their works posthumously. To avoid later issues -- and,
for sure, in New York and California where rights extend beyond the artist’s death, best practices
mandate that you liaise with the foundation or committee before undertaking the restoration.
Very often, these organizations can be helpful in suggesting “approved” conservators. But in the
end, if you secure approval, you can proceed with the confidence in knowing that neither you nor
your insured will have to endure a collateral attack concerning the restoration of the piece.

Points for Discussion

Contemporary Art

Suppose a work of a living artist suffers minor damage. Suppose a noted conservator feels that
in-painting and canvas repair will result in a successful outcome. But the living artist, under
VARA, threatens to “disavow” the work as inconsistent with his/her original vision. Is it a total
loss because of VARA? Do insurers pay a total loss? What is the salvage value of a disavowed
work?

What if a living artist claims that the framing of the work is an integral part of the conception
and the framing is damaged in handling? Is framing integral to the conception? What if the
conservator cannot precisely match the aged oak used to frame the work in oil—which is
unscathed as a result of the mishap? Is this a total loss?
Conceptual Art

Consider this: An artist creates a work styled *Party Detritus*. The conception is simple--what a living room looks like after an all-night booze and drug-amped party. The artist has arranged found furniture, old newspapers, lipstick smeared glasses, clothes -- including intimate under garments -- and other assorted bric-a-brac in a 12 by 16 foot space. Assume that this work is on display at a gallery in the Chelsea Art District. Assume that *Party Detritus*, on consignment to the gallery for USD 1.5 million is damaged by flood. Is it a total loss? And, if so, who is the judge? Is conservation even possible? Does a diagram exist outlining the arrangement? What if the artist contends the “found furniture” cannot be replaced?

At a recent show at the MoMa, an emerging artist placed a pile of oil soaked, half-finished canvases on the gallery floor. Visitors were encouraged to touch, smell and re-arrange the canvases. What if such “work” were damaged or destroyed? No doubt, soon brain teasers like these will evolve into issues you face as Fine Art Insurers

Certificates for Conceptual Art

Certain works of conceptual art exist more in the mind of the artist than in the physical medium. Whether it is the statement made by the starkness of an empty gallery or the triviality of a mass produced object such as a urinal, without the accompanying artist’s certificate it would be quite difficult to establish that the owner is actually in possession of an artwork – and not just a urinal. So some insurers have taken to insuring the certificate, as well as the artwork. While not directly related to VARA, other cutting edge issues are implicated for fine art insurers. For example, is only an “original” certificate eligible to be insured -- and how does one define an original? And what is the basis of valuation *vis a vis* the certificate to the work itself? And can the “idea” implicit in the work be conserved or recreated if damaged or destroyed.
Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
Chapter II. Uniform Rules for the New York State Trial Courts
Part 202. Uniform Civil Rules for the Supreme Court and the County Court

NYCRR T. 22, Subt. A, Ch. II, Pt. 202, Refs & Annos

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

End of Document

Section 202.1. Application of Part; waiver; additional rules; application of CPLR; definitions

(a) **Application.** This Part shall be applicable to civil actions and proceedings in the Supreme Court and the County Court.

(b) **Waiver.** For good cause shown, and in the interests of justice, the court in an action or proceeding may waive compliance with any of the rules in this Part, other than sections 202.2 and 202.3, unless prohibited from doing so by statute or by a rule of the Chief Judge.

(c) **Additional rules.** Local court rules, not inconsistent with law or with these rules, shall comply with Part 9 of the Rules of the Chief Judge (22 NYCRR Part 9).

(d) **Application of CPLR.** The provisions of this Part shall be construed consistent with the Civil Practice Law and Rules (CPLR), and matters not covered by these provisions shall be governed by the CPLR.

(e) **Definitions.**

1. **Chief Administrator of the Courts** in this Part also includes a designee of the Chief Administrator.

2. The term *clerk* shall mean the chief clerk or other appropriate clerk of the trial court unless the context otherwise requires.

3. Unless otherwise defined in this Part, or the context otherwise requires, all terms used in this Part shall have the same meaning as they have in the CPLR.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.1, 22 NY ADC 202.1
22 NYCRR 202.2

Section 202.2. Terms and parts of court

(a) *Terms of court.* A term of court is a four-week session of court, and there shall be 13 terms of court in a year, unless otherwise provided in the annual schedule of terms established by the Chief Administrator of the Courts, which also shall specify the dates of such terms.

(b) *Parts of court.* A part of court is a designated unit of the court in which specified business of the court is to be conducted by a judge or quasi-judicial officer. There shall be such parts of court as may be authorized from time to time by the Chief Administrator of the Courts.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.2, 22 NY ADC 202.2
Section 202.3. Individual assignment system; structure

(a) General. There shall be established for all civil actions and proceedings heard in the Supreme Court and County Court an individual assignment system which provides for the continuous supervision of each action and proceeding by a single judge. Except as otherwise may be authorized by the Chief Administrator or by these rules, every action and proceeding shall be assigned and heard pursuant to the individual assignment system.

(b) Assignments. Actions and proceedings shall be assigned to the judges of the court upon the filing with the court of a request for judicial intervention pursuant to section 202.6 of this Part. Assignments shall be made by the clerk of the court pursuant to a method of random selection authorized by the Chief Administrator. The judge thereby assigned shall be known as the "assigned judge" with respect to that matter and, except as otherwise provided in subdivision (c) of this section, shall conduct all further proceedings therein.

(c) Exceptions.

(1) Where the requirements of matters already assigned to a judge are such as to limit the ability of that judge to handle additional cases, the Chief Administrator may authorize that new assignments to that judge be suspended until the judge is able to handle additional cases.

(2) The Chief Administrator may authorize the establishment in any court of special categories of actions and proceedings, including but not limited to matrimonial actions, medical malpractice actions, tax assessment review proceedings, condemnation actions and actions requiring protracted consideration, for assignment to judges specially assigned to hear such actions or proceedings. Where more than one judge is specially assigned to hear a particular category of action or proceeding, the assignment of such actions or proceedings to the judges so assigned shall be at random.

(3) The Chief Administrator may authorize the assignment of one or more special reserve trial judges. Such judges may be assigned matters for trial in exceptional circumstances where the needs of the courts require such assignment.

(4) Matters requiring immediate disposition may be assigned to a judge designated to hear such matters when the assigned judge is not available.
(5) The Chief Administrator may authorize the transfer of any action or proceeding and any matter relating to an action or proceeding from one judge to another in accordance with the needs of the court.

(6) The Chief Administrator may authorize the establishment in any court or county or judicial district of a dual track system of assignment. Under such system each action and proceeding shall be supervised continuously by the individually assigned judge until the note of issue and certificate of readiness have been filed and the pretrial conference, if one is ordered, has been held. The action or proceeding then may be assigned to another judge for trial in a manner prescribed by the Chief Administrator.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.3, 22 NY ADC 202.3
Section 202.4. County Court judge; ex parte applications in Supreme Court actions; applications for settlement of Supreme Court actions

Ex parte applications in actions or proceedings in the Supreme Court, and applications for the settlement of actions or proceedings pending in the Supreme Court, where judicial approval is necessary, may be heard and determined by a judge of the County Court in the county where venue is laid, during periods when no Supreme Court term is in session in the county.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.4, 22 NY ADC 202.4
Section 202.5. Papers filed in court, 22 NY ADC 202.5

22 NYCRR 202.5

Section 202.5. Papers filed in court

(a) Index number; form; label. The party filing the first paper in an action, upon payment of the proper fee, shall obtain from the county clerk an index number, which shall be affixed to the paper. The party causing the first paper to be filed shall communicate in writing the county clerk's index number forthwith to all other parties to the action. Thereafter such number shall appear on the outside cover and first page to the right of the caption of every paper tendered for filing in the action. Each such cover and first page also shall contain an indication of the county of venue and a brief description of the nature of the paper and, where the case has been assigned to an individual judge, shall contain the name of the assigned judge to the right of the caption. In addition to complying with the provisions of CPLR 2101, every paper filed in court shall have annexed thereto appropriate proof of service on all parties where required, and if typewritten, shall have at least double space between each line, except for quotations and the names and addresses of attorneys appearing in the action, and shall have at least one-inch margins. In addition, every paper filed in court, other than an exhibit or printed form, shall contain writing on one side only, except that papers that are fastened on the side may contain writing on both sides. Papers that are stapled or bound securely shall not be rejected for filing simply because they are not bound with a backer of any kind.

(b) Submission of papers to judge. All papers for signature or consideration of the court shall be presented to the clerk of the trial court in the appropriate courtroom or clerk's office, except that where the clerk is unavailable or the judge so directs, papers may be submitted to the judge and a copy filed with the clerk at the first available opportunity. All papers for any judge that are filed in the clerk's office shall be promptly delivered to the judge by the clerk. The papers shall be clearly addressed to the judge for whom they are intended and prominently show the nature of the papers, the title and index number of the action in which they are filed, the judge's name and the name of the attorney or party submitting them.

(c) Papers filed to commence an action or special proceeding. For purposes of CPLR 304, governing the method of commencing actions and special proceedings, the term clerk of the court shall mean the county clerk. Each county clerk, and each chief clerk of the Supreme Court, shall post prominently in the public areas of his or her office notice that filing of papers in order to commence an action or special proceeding must be with the county clerk. Should the county clerk, as provided by CPLR 304, designate a person or persons other than himself or herself to accept delivery of the papers required to be filed in order to commence an action or special proceeding, the posted notice shall so specify.

(d)
(1) In accordance with CPLR 2102(c), a County Clerk and a chief clerk of the Supreme Court or County Court, as appropriate, shall refuse to accept for filing papers filed in actions and proceedings only under the following circumstances or as otherwise provided by statute, Chief Administrator's rule or order of the court:

(i) The paper does not have an index number;

(ii) The summons, complaint, petition, or judgment sought to be filed with the County Clerk contains an “et al” or otherwise does not contain a full caption;

(iii) The paper sought to be filed with the County Clerk is filed in the wrong court;

(iv) The paper is not signed in accordance with section 130-1.1-a of the Rules of the Chief Administrator; or

(v) The paper sought to be filed:

(a) is in an action subject to electronic filing pursuant to Rules of the Chief Administrator,

(b) is not being filed electronically, and either

(c) is not being filed by an unrepresented litigant who is not participating in e-filing, or

(d) does not include the notice required by section 202.5-b(d)(1) of this Part.

The county clerk shall require the payment of any applicable statutory fees, or an order of the court waiving payment of such fees, before accepting a paper for filing.

(2) A County Clerk or chief clerk shall signify a refusal to accept a paper by use of a stamp on the paper indicating the date of the refusal and by providing on the paper the reason for the refusal.

(e) Omission or Redaction of Confidential Personal Information.

(1) Except in a matrimonial action, or a proceeding in surrogate's court, or a proceeding pursuant to article 81 of the mental hygiene law, or as otherwise provided by rule or law or court order, and whether or not a sealing order is or has been sought, the parties shall omit or redact confidential personal information in papers submitted to the court for filing. For purposes of this rule, confidential personal information ("CPI") means:

(i) the taxpayer identification number of an individual or an entity, including a social security number, an employer identification number, and an individual taxpayer identification number, except the last four digits thereof;
(ii) the date of an individual's birth, except the year thereof;

(iii) the full name of an individual known to be a minor, except the minor's initials;

(iv) a financial account number, including a credit and/or debit card number, a bank account number, an investment account number, and/or an insurance account number, except the last four digits or letters thereof; and

(v) any of the documents or testimony in a matrimonial action protected by Domestic Relations Law section 235 or evidence sealed by the court in such an action which are attached as exhibits or referenced in the papers filed in any other civil action. For purposes of this rule, a matrimonial action shall mean: an action to annul a marriage or declare the nullity of a void marriage, an action or agreement for a separation, an action for a divorce, or an action or proceeding for custody, visitation, writ of habeus corpus, child support, maintenance or paternity.

(2) The court sua sponte or on motion by any person may order a party to remove CPI from papers or to resubmit a paper with such information redacted; order the clerk to seal the papers or a portion thereof containing CPI in accordance with the requirement of section 216.1 of this Title that any sealing be no broader than necessary to protect the CPI; for good cause permit the inclusion of CPI in papers; order a party to file an unredacted copy under seal for in camera review; or determine that information in a particular action is not confidential. The court shall consider the pro se status of any party in granting relief pursuant to this provision.

(3) Where a person submitting a paper to a court for filing believes in good faith that the inclusion of the full confidential personal information described in subparagraphs (1)(i) to (iv) of this subdivision is material and necessary to the adjudication of the action or proceeding before the court, he or she may apply to the court for leave to serve and file together with a paper in which such information has been set forth in abbreviated form a confidential affidavit or affirmation setting forth the same information in unabbreviated form, appropriately referenced to the page or pages of the paper at which the abbreviated form appears.

(4) The redaction requirement does not apply to the last four digits of the relevant account numbers, if any, in an action arising out of a consumer credit transaction, as defined in subdivision (f) of section 105 of the Civil Practice Law and Rules. In the event the defendant appears in such an action and denies responsibility for the identified account, the plaintiff may without leave of court amend his or her pleading to add full account or CPI by (i) submitting such amended paper to the court on written notice to defendant for in camera review or (ii) filing such full account or other CPI under seal in accordance with rules promulgated by the chief administrator of the courts.

Credits
Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.5, 22 NY ADC 202.5

End of Document

(a) Application.

(1) There is hereby established a pilot program in which papers may be filed by facsimile transmission with the Supreme Court and, as is provided in section 206.5-a of this Title, with the Court of Claims. In the Supreme Court, the program shall be limited to commercial claims and tax certiorari, conservatorship, and mental hygiene proceedings in Monroe, Westchester, New York and Suffolk Counties.

(2) Facsimile transmission for purposes of these rules shall mean any method of transmission of documents to a facsimile machine at a remote location which can automatically produce a tangible copy of such document.

(b) Procedure.

(1) Papers in any civil actions or proceedings designated pursuant to this section, including those commencing an action or proceeding, may be filed with the appropriate court clerk by facsimile transmission at a facsimile telephone number provided by the court for that purpose. The cover page of each facsimile transmission shall be in a form prescribed by the Chief Administrator and shall state the nature of the paper being filed; the name, address and telephone number of the filing party or party's attorney; the facsimile telephone number that may receive a return facsimile transmission, and the number of total pages, including the cover page, being filed. The papers, including exhibits, shall comply with the requirements of CPLR 2101(a) and section 202.5 of this Part and shall be signed as required by law. Whenever a paper is filed that requires the payment of a filing fee, a separate credit card or debit card authorization sheet shall be included and shall contain the credit or debit card number or other information of the party or attorney permitting such card to be debited by the clerk for payment of the filing fee. The card authorization sheet shall be kept separately by the clerk and shall not be a part of the public record. The clerk shall not be required to accept papers more than 50 pages in length, including exhibits but excluding the cover page and the card authorization sheet.

(2) Papers may be transmitted at any time of the day or night to the appropriate facsimile telephone number and will be deemed filed upon receipt of the facsimile transmission, provided, however, that where payment of a fee is required, the papers will not be deemed filed unless accompanied by a completed credit card or debit card authorization sheet. The clerk shall date-stamp the papers with the date that they were received. Where the papers initiate an action, the clerk also shall mark the papers with the index number. No later than the following business day, the clerk shall transmit a copy of the first page of each paper, containing the date of filing and, where appropriate, the index number, to the filing party or attorney, either by facsimile or first class mail. If any page of
the papers filed with the clerk was missing or illegible, a telephonic, facsimile, or postal notification transmitted by
the clerk to the party or attorney shall so state, and the party or attorney shall forward the new or corrected page
to the clerk for inclusion in the papers.

(c) Technical failures. The appropriate clerk shall deem the UCS fax server to be subject to a technical failure on a given
day if the server is unable to accept filings continuously or intermittently over the course of any period of time greater
than one hour after 12:00 noon of that day. The clerk shall provide notice of all such technical failures by means of the
UCS fax server which persons may telephone in order to learn the current status of the service which appears to be down.
When filing by fax is hindered by a technical failure of the UCS fax server, with the exception of deadlines that by law
cannot be extended, the time for filing of any paper that is delayed due to technical failure shall be extended for one day
for each day in which such technical failure occurs, unless otherwise ordered by the court.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court
rules under Title 22 may be more current.

22 NYCRR 202.5-a, 22 NY ADC 202.5-a
Section 202.5-b. Electronic filing in Supreme Court; consensual program

(a) Application.

(1) On consent, documents may be filed and served by electronic means in Supreme Court in such civil actions and in such counties as shall be authorized by order of the Chief Administrator of the Courts and only to the extent and in the manner provided in this section.

(2) Definitions. For purposes of this section:

(i) **electronic means** shall mean any method of transmission of information between computers or other machines, other than facsimile machines, designed for the purpose of sending and receiving such transmissions, and which allows the recipient to reproduce the information transmitted in a tangible medium of expression;

(ii) **NYSCEF** shall mean the New York State Courts Electronic Filing System and the **NYSCEF site** shall mean the New York State Courts Electronic Filing System website located at www.nycourts.gov/efile;

(iii) **e-filing, electronic filing** and **electronically filing** shall mean the filing and service of documents in a civil action by electronic means through the NYSCEF site;

(iv) an **authorized e-filing user** shall mean a person who has registered to use e-filing pursuant to subdivision (c) of this section;

(v) an **action** shall include a special proceeding and an **efiled action** shall mean an action in which documents are electronically filed and served in accordance with this section;

(vi) **hard copy** shall mean information set forth in paper form;

(vii) **working copy** shall mean a hard copy that is an exact copy of a document that has been electronically filed in accordance with this section;
(viii) **party** or **parties** shall mean the party or parties to an action or counsel thereto;

(ix) **unrepresented litigant** shall mean a party to an action who is not represented by counsel;

(x) **expedited processing** shall mean the expedited registration of a person as an authorized e-filing user; and

(xi) **Resource Center** shall mean the NYSCEF Resource Center, the e-filing help center available at 646-386-3033 or efile@nycourts.gov and through the NYSCEF site.

(b) E-filing in Actions in Supreme Court. Except as otherwise provided in section 202.5-bb of this Part, the following shall apply to all actions in Supreme Court:

(1) Commencing an action by electronic means. A party may commence any action in the Supreme Court in any county (provided that e-filing has been authorized in that county and in the class of actions to which that action belongs pursuant to paragraph (1) of subdivision (a) of this section) by electronically filing the initiating documents with the County Clerk through the NYSCEF site. When so authorized, a petition to commence a proceeding for review of a small claims assessment pursuant to Real Property Tax Law section 730 may be e-filed, including as follows: the petition, in the form prescribed by the Chief Administrator in accordance with such section, shall be completed and signed in hard copy as provided in that section and shall be e-filed by transmission to the NYSCEF site, in conformity with procedures established by the site, of a text file containing all of the information set forth in the completed and executed hard copy petition (exclusive of the signature(s)). Upon receipt of such transmission, the site shall generate and record the completed petition in proper form in portable document format.

(2) E-filing in an action after commencement.

(i) Consent of the parties required. After commencement of an action wherein e-filing is authorized, documents may be electronically filed and served, but only by, and electronic service shall be made only upon, a party or parties who have consented thereto. A party's failure to consent to participation in electronic filing and service shall not bar any other party to the action from filing documents electronically with the County Clerk through the NYSCEF site and the court or serving documents upon any other party who has consented to participation. A party who has not consented to participation shall file documents with the court and the County Clerk, and serve and be served with documents, in hard copy. When an e-filing party serves a document in hard copy on a nonparticipating party, the document served shall bear full signatures of all signatories and proof of such service shall be filed electronically.

(ii) Consent to e-filing; how obtained. Notwithstanding the following, no party shall be compelled, directly or indirectly, to participate in e-filing pursuant to this section. A consent to e-filing in an action shall state that the party providing it agrees to the use of e-filing in the action and to be bound by the filing and service provisions in this section. A party who has commenced an action electronically shall serve upon the other parties together with the initiating documents a notice of e-filing in a form approved by the Chief Administrator. Such notice shall provide sufficient information in plain language concerning e-filing. Except for an unrepresented litigant, a party served with such a notice shall promptly record his or her consent electronically in the manner provided at the NYSCEF site or file with the court and serve on all parties of record a declaration of consent.
An unrepresented litigant is exempt from having to file and serve documents electronically in accordance with this section and need not respond to the notice described herein; except that he or she may file a consent to participate in e-filing provided the clerk shall first have explained his or her options for e-filing in plain language, including the option for expedited processing, and inquired whether he or she wishes to participate. Where an unrepresented litigant opts to file a consent hereunder, it shall be documented in the case file in a manner prescribed by the Chief Administrator. Provided, however, that where an unrepresented litigant chooses to participate in e-filing in accordance with these rules, he or she may at any time opt out of such participation by presenting the clerk of the court with a form so declaring. The filing of a consent to e-filing hereunder shall not constitute an appearance in the action under CPLR 320.

(iii) Documents previously filed with the court; termination or modification of e-filing procedures. When an action becomes subject to e-filing, the court may direct that documents previously filed in the action in hard copy be filed electronically by the parties. The court may at any time order discontinuation of e-filing in such action or modification of e-filing procedures therein in order to prevent prejudice and promote substantial justice.

(iv) Conversion of pending actions. Where procedurally permitted, upon court direction, an application by a party to the court, or a stipulation among the parties, a pending action may be converted to electronic form. Such direction, application, or stipulation must be served on all parties to the action and filed with proof of service. The County Clerk may require the parties to furnish previously filed hard copy documents in electronic form.

(c) Authorized E-filing Users, Passwords and Registration.

(1) Registration required. Documents may be filed or served electronically only by a person who has registered as an authorized e-filing user or as otherwise provided in this subdivision.

(2) Registering as an authorized e-filing user.

(i) Who may register. An attorney admitted to practice in the State of New York, or a person seeking to serve as an authorized e-filing agent on behalf of attorneys of record in an e-filed action or actions (hereinafter “filing agent”) may register as an authorized e-filing user of the NYSCEF site. An attorney admitted pro hac vice in an action, an unrepresented litigant, or a person who has been authorized in writing by an owner or owners of real property to submit a petition as provided in section 730 of the Real Property Tax Law and who has been licensed to engage in such business as required by the jurisdiction in which the business is operated (hereinafter “small claims assessment review filing agent”) may also register as an authorized e-filing user, but solely for purposes of such action or, in the case of a small claims assessment review filing agent, solely for those proceedings under section 730 of the Real Property Tax Law in which he or she has been authorized to submit a petition.

(ii) How to register. Registration shall be on a form prescribed by the Chief Administrator. If so provided by the Chief Administrator, registration shall not be complete until the registering person has been approved as an e-filing user. An authorized e-filing user shall notify the Resource Center immediately of any change in the information provided on his or her registration form.
(3) Identification and password. Upon registration, an authorized e-filing user shall be issued a confidential User Identification Designation ("User ID") and a password by the Unified Court System ("UCS"). An authorized e-filing user shall maintain his or her User ID and password as confidential, except as provided in paragraph (4) of this subdivision. Upon learning of the compromise of the confidentiality of either the User ID or the password, an authorized e-filing user shall immediately notify the Resource Center. At its initiative or upon request, the UCS may at any time issue a new User ID or password to any authorized e-filing user.

(4) User ID and password; use by authorized person. An authorized e-filing user may authorize another person to file a document electronically on his or her behalf in a particular action using the User ID and password of the user, but, in such event, the authorized e-filing user shall retain full responsibility for any document filed.

(d) Electronic Filing of Documents.

(1) Electronic Filing of Documents.

(i) Electronic filing required; format of e-filed documents; statement of authorization. In any action subject to e-filing, all documents required to be filed with the court by an e-filing party shall be filed and served electronically, except as provided in this section. All e-filed documents shall comply with the technical requirements set forth at the NYSCEF site.

(ii) Filing agent; statement of authorization. A filing agent (other than one employed by a governmental entity) shall e-file a statement of authorization from counsel of record in an action, in a form approved by the Chief Administrator, prior to or together with the first e-filing in that action by the agent on behalf of that counsel.

(iii) Emergency exception; other hard copy filings. Documents that are required to be filed and served electronically in accordance with this section or paragraph (1) of subdivision (c) of section 202.5-bb of this Part may nevertheless be filed and served in hard copy where required by statute or court order, where the document is an application that may by statute be presented without notice, or provided the document is accompanied by the affirmation or affidavit of the filing attorney or unrepresented litigant stating that:

(a) a deadline for filing and service fixed by statute, rule or order of the court will expire on the day the document is being filed and served or on the following business day; and

(b) the attorney, filing agent therefor, or unrepresented litigant is unable to file and serve such document electronically because of technical problems with his or her computer equipment or Internet connection. In the event a filer shall file and serve documents in hard copy pursuant to this subparagraph, each such document shall include the notice required by the immediately following subparagraph, and the filer shall file those documents with the NYSCEF site within three business days thereafter.

(iv) Form of notice required on hard copy filing. Where an action is subject to e-filing and a party (other than an unrepresented litigant who is not participating in e-filing) or attorney seeks to file a document therein in hard copy,
such document shall include, on a separate page firmly affixed thereto, a notice of hard copy submission, in a form approved by the Chief Administrator, that states the reason why the document is being filed in hard copy form.

(2) Payment of Fees. Whenever documents are filed electronically that require the payment of a filing fee, the person who files the documents shall provide therewith, in payment of the fee:

(i) such credit card information as shall be required at the NYSCEF site to permit a card to be charged by the County Clerk; or

(ii) the form or information required by the County Clerk to permit him or her to debit an account maintained with the County Clerk by an attorney or law firm appearing for a party to the action; or

(iii) such information as shall be required at the NYSCEF site to permit an automated clearing house debit to be made; or

(iv) any other form of payment authorized by the Chief Administrator. Notwithstanding the foregoing, where permitted by the County Clerk, an authorized e-filing user who electronically files documents that require the payment of a filing fee may cause such fee to be paid thereafter at the office of the County Clerk.

(3) Filing and receipt of documents; notification.

(i) When documents are filed. Documents may be transmitted at any time of the day or night to the NYSCEF site. A document other than an order or judgment is filed when its electronic transmission or, in the case of a petition that is e-filed by submission of a text file as provided in subdivision (b)(1) of this section, the electronic transmission of the text file is recorded at that site, provided, however, that where payment of a fee is required upon the filing of a document, the document is not filed until transmission of the document and the information or form or information as required in (i), (ii) or (iii) of paragraph (2) of this subdivision has been recorded at the NYSCEF site; or, if no transmission of that information or form or information is recorded, where permitted by the County Clerk, until payment is presented to the County Clerk.

(ii) Notification. No later than the close of business on the business day following the electronic filing of a document, a notification, in a form prescribed by the Chief Administrator, shall be transmitted electronically by the NYSCEF site to the person filing such document and the e-mail service addresses of all other participating parties in such action. When documents initiating an action are filed electronically, the County Clerk shall assign an index number or filing number to the action and that number shall be transmitted to the person filing such documents as part of the notification. If, where permitted, payment is submitted after the initiating documents have been transmitted electronically, the County Clerk shall assign the number upon presentation of that payment.

(iii) Correction. If a document filed electronically is subsequently discovered to contain confidential data - including but not limited to trade secrets, information protected by confidentiality agreement, or personal confidential information as defined by statute or court rule - or otherwise to have been filed in error, the filer or another party or affected person may:
(a) notify the parties and any nonparty filers in the action of the confidentiality issue or other error raised by the filing, and of his or her intention to seek judicial relief to correct the filing;

(b) following such notification, request that the appropriate County Clerk, exercising his or her administrative discretion, place the document temporarily in “restricted” status on the NYSCEF site, to be made available for viewing by court staff and the parties but not the general public; and

(c) file an application to correct the filing by order to show cause within five business days of such notification (or such time as the court may direct), including a request for preliminary injunctive relief limiting interim disclosure of the document at issue. Unless otherwise directed by the court, any document placed in restricted status in response to such a request shall be returned to public view upon expiration of this five day period. The Chief Administrator of the Courts shall promulgate forms to implement this process.

(4) Official record; maintenance of files. When a document has been filed electronically pursuant to this section, the official record shall be the electronic recording of the document stored by the County Clerk. The County Clerk or his or her designee may scan and e-file documents that were filed in hard copy in an action subject to e-filing or maintain those documents in hard copy form. All documents separately maintained by the County Clerk as the official electronic record shall also be filed in the NYSCEF system. Where a document that was filed in hard copy is thereafter e-filed, the filing date recorded in NYSCEF shall be the date of hard copy filing. A County Clerk who maintains documents in hard copy form in a particular matter shall so indicate in the NYSCEF record.

(5) Working copies. The court may require the parties to provide working copies of documents filed electronically. In such event, each working copy shall include, firmly affixed thereto, a copy of a confirmation notice in a form prescribed by the Chief Administrator.

(6) Decisions, orders and judgments. Unless the court directs otherwise, any document that requires a judge's signature shall be transmitted electronically and in hard copy to the court. Except where the Chief Administrator authorizes use of electronic signatures, decisions, orders and judgments signed by a judge shall be signed in hard copy. All signed decisions, orders and judgments shall be converted into electronic form and transmitted to the NYSCEF site by the appropriate clerk.

(7) Exhibits and other documents in hard copy. Notwithstanding any other provision of this section, and subject to such guidelines as may be established by the Chief Administrator, the County Clerk or his or her designee may require or permit a party to file in hard copy, in accordance with procedures set by the County Clerk or designee, an exhibit or other document which it is impractical or inconvenient to file electronically.

(e) Signatures.

(1) Signing of a document. An electronically filed document shall be considered to have been signed by, and shall be binding upon, the person identified as a signatory, if:

(i) it bears the physical signature of such person and is scanned into an electronic format that reproduces such signature; or
(ii) the signatory has electronically affixed the digital image of his or her signature to the document; or

(iii) it is electronically filed under the User ID and password of that person; or

(iv) in a tax certiorari action in which the parties have stipulated to this procedure, it is an initiating document that is electronically filed without the signature of the signatory in a form provided above in this subparagraph, provided that, prior to filing, the document is signed in full in hard copy (which hard copy must be preserved until the conclusion of all proceedings, including appeals, in the case in which it is filed);

(v) in a small claims assessment review proceeding, it is a petition recorded by the NYSCEF site upon the filing of a text file as provided in subdivision (b)(1) of this section, provided that prior to filing, the document was signed in full in hard copy (which hard copy must be preserved until the conclusion of all proceedings in the matter, including article 78 review and any appeals, and must be made available during the proceeding upon request of the respondent or the court); or

(vi) it otherwise bears the electronic signature of the signatory in a format conforming to such standards and requirements as may hereafter be established by the Chief Administrator.

(2) Compliance with Part 130. A document shall be considered to have been signed by an attorney or party in compliance with section 130-1.1-a of the Rules of the Chief Administrator (22 NYCRR section 130-1.1-a) if it has been signed by such attorney or party as provided in paragraph (1) of this subdivision and it bears the signatory's name.

(3) Certification of Signature. A judge, party or attorney may add his or her signature to a stipulation or other filed document by signing and filing, or causing to be filed, a Certification of Signature for such document in a form prescribed by the Chief Administrator.

(f) Service of Documents.

(1) Service of initiating documents in an action. Initiating documents may be served in hard copy pursuant to Article 3 of the CPLR, or, in tax certiorari cases, pursuant to the Real Property Tax Law, and shall bear full signatures as required thereby, or by electronic means if the party served agrees to accept such service. In the case of a proceeding to review a small claims assessment where the petition has been e-filed by the submission of a text file as provided in subdivision (b)(1) of this section, a hard copy of the petition, fully completed and signed as set forth in that subdivision, shall be mailed, and shall be served upon the assessing unit or tax commission, as provided in Section 730 of the Real Property Tax Law, unless otherwise stipulated. A party served by electronic means shall, within 24 hours of service, provide the serving party or attorney with an electronic confirmation that the service has been effected.

(2) Service of interlocutory documents in an e-filed action.
(i) E-mail address for service. The e-mail service address recorded at the time of registration is the e-mail address at which service of interlocutory documents on that party may be made through notification transmitted by the NYSCEF site. It is the responsibility of each filing user to monitor that address and promptly notify the Resource Center in the event of a change in his or her e-mail service address.

(ii) How service is made. An e-filing party causes service of an interlocutory document to be made upon another party participating in e-filing by filing the document electronically. Upon receipt of an interlocutory document, the NYSCEF site shall automatically transmit electronic notification to all e-mail service addresses in such action. Such notification shall provide the title of the document received, the date received, and the names of those appearing on the list of e-mail service addresses to whom that notification is being sent. Each party receiving the notification shall be responsible for accessing the NYSCEF site to obtain a copy of the document received. Except as provided otherwise in subdivision (h)(2) of this section, the electronic transmission of the notification shall constitute service of the document on the e-mail service addresses identified therein; however, such service will not be effective if the filing party learns that the notification did not reach the address of the person to be served. Proof of such service will be recorded on the NYSCEF site. A party may, however, utilize other service methods permitted by the CPLR provided that, if one of such other methods is used, proof of that service shall be filed electronically.

(g) Addition of Parties in a Pending E-Filed Action. A party to be added in an action subject to e-filing shall be served with initiating documents in hard copy together with the notice of e-filing.

(h) Entry of Orders and Judgments and Notice of Entry.

(1) Entry; date of entry. In an action subject to e-filing, the County Clerk or his or her designee shall file orders and judgments of the court electronically and enter them. The County Clerk may affix a filing stamp to orders or judgments by stamping the original hard copy document before filing it electronically or by affixing a stamp to the document after it has been electronically filed. The filing stamp shall be proof of the fact of entry and the date and time thereof. The date of entry shall be the date shown on the stamp, except that if the County Clerk receives an order or judgment and places a filing stamp and date thereon reflecting that the date of receipt is the date of filing but does not e-file the document until a later day, the Clerk shall record at the NYSCEF site as the date of entry the date shown on the filing stamp.

(2) Notification; service of notice of entry by parties. Upon entry of an order or judgment, the NYSCEF site shall transmit to the e-mail service addresses a notification of receipt of such entry, which shall not constitute service of notice of entry by any party. A party shall serve notice of entry of an order or judgment on another party by serving a copy of the order or judgment and written notice of its entry. A party may serve such documents electronically by filing them with the NYSCEF site and thus causing transmission by the site of notification of receipt of the documents, which shall constitute service thereof by the filer. In the alternative, a party may serve a copy of the order or judgment and written notice of its entry in hard copy by any method set forth in CPLR 2103(b)(1) to (6). If service is made in hard copy by any such method and a copy of the order or judgment and notice of its entry and proof of such hard copy service are thereafter filed with the NYSCEF site, transmission by NYSCEF of notification of receipt of those documents shall not constitute additional service of the notice of entry on the parties to whom the notification is sent.

(i) Technical Failures. The NYSCEF site shall be considered to be subject to a technical failure on a given day if the site is unable to accept filings or provide access to filed documents continuously or intermittently over
Section 202.5-b. Electronic filing in Supreme Court; consensual..., 22 NY ADC 202.5-b

the course of any period of time greater than one hour after 12:00 noon of that day. Notice of all such technical failures shall be provided on the site. When e-filing is hindered by a technical failure, a party may file with the appropriate clerk and serve in hard copy. With the exception of deadlines that by law cannot be extended, the time for filing of any document that is delayed due to technical failure of the site shall be extended for one day for each day on which such failure occurs, unless otherwise ordered by the court. In the event an attorney or party shall file and serve documents in hard copy pursuant to this paragraph, each such document shall include the notice required by paragraph (1) of subdivision (d) of this section, and the filer shall file those documents with the NYSCEF site within three business days after restoration of normal operations at that site.

(j) Electronic Filing of Discovery Materials. In any action subject to e-filing, parties and non-parties producing materials in response to discovery demands may enter into a stipulation, which shall be e-filed, authorizing the electronic filing of discovery responses and discovery materials to the degree and upon terms and conditions set forth in the stipulation. In the absence of such a stipulation, no party shall file electronically any such materials except in the form of excerpts, quotations, or selected exhibits from such materials as part of motion papers, pleadings or other filings with the court.

(k) Copyright, Confidentiality and Other Proprietary Rights.

(1) Submissions pursuant to e-filing procedures shall have the same copyright, confidentiality and proprietary rights as paper documents.

(2) In an action subject to e-filing, any person may apply for an order prohibiting or restricting the electronic filing in the action of specifically identified materials on the grounds that such materials are subject to copyright or other proprietary rights, or trade secret or other privacy interests, and that electronic filing in the action is likely to result in substantial prejudice to those rights or interests.

(l) Public view of documents containing social security numbers. NYSCEF administrators shall take steps to identify and restrict public view of portions of filed documents that display an individual's social security number.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.5-b, 22 NY ADC 202.5-b
Section 202.5-bb. Electronic filing in Supreme Court; mandatory program

(a) Application.

(1) Except where otherwise required by statute, all documents filed and served in Supreme Court shall be filed and served by electronic means in such classes of actions and such counties as shall be specified by order of the Chief Administrator of the Courts and only to the extent and in the manner prescribed in this section. Except to the extent that this section shall otherwise require, the provisions of section 202.5b of this Part shall govern electronic filing under this section.

(2) Notwithstanding the foregoing, the Chief Administrator shall not eliminate the requirement of consent to participate in electronic filing in the following classes of cases:

(i) matrimonial actions as defined by the civil practice law and rules;

(ii) election law proceedings;

(iii) proceedings brought pursuant to article 70 or 78 of the civil practice law and rules;

(iv) proceedings brought pursuant to the mental hygiene law;

(v) residential foreclosure actions involving a home loan as such term is defined in section 1304 of the real property actions and proceedings law other than actions commenced prior to September 1, 2017 in Erie, Essex, New York, Queens, Rockland, Suffolk and Westchester Counties; provided, however, the Chief Administrator may require that the initial filing of papers required for the commencement of such actions in any county, where made by a party represented by counsel, be electronically filed; and

(vi) proceedings related to consumer credit transactions as defined in subsection (f) of section 105 of the civil practice law and rules other than proceedings commenced prior to September 1, 2017 in Erie, New York, Onondaga, Rockland and Westchester Counties; provided, however, the Chief Administrator may require that the initial filing of papers required for the commencement of such actions in any county, where made by a party represented by counsel, be electronically filed.
(b) Commencement of Actions Under this Section.

(1) Mandatory commencement in general. Except as otherwise provided in this section, every action authorized by subdivision (a) of this section shall be commenced by electronically filing the initiating documents with the County Clerk through the NYSCEF site.

(2) Emergency exception. Notwithstanding paragraph (1) of this subdivision, an action otherwise required to be commenced electronically may or shall be commenced by the filing of initiating documents in hard copy where permitted or required by statute or court order, and may be so commenced provided such documents are accompanied by the affirmation or affidavit of the filing attorney or party stating that:

(i) the statute of limitations will expire on the day the documents are being filed or on the following business day; and

(ii) the attorney, party or filing agent therefor is unable to electronically file such documents because of technical problems with his or her computer equipment or Internet connection. In the event a filer shall file initiating documents in hard copy pursuant to this paragraph, each such document shall include the notice required by section 202.5b(d)(1) of this Part., and the filer shall file those documents with the NYSCEF site within three business days thereafter. For purposes of this section, such an action shall be deemed to have been commenced electronically.

(3) Service of initiating documents. Personal service of initiating documents upon a party in an action that must be commenced electronically in accordance with this section shall be made as provided in Article 3 of the Civil Practice Law and Rules, or the Real Property Tax Law, or by electronic means if the party served agrees to accept such service. Such service shall be accompanied by a notice, in a form approved by the Chief Administrator, advising the recipient that the action is subject to electronic filing pursuant to this section. A party served by electronic means shall, within 24 hours of service, provide the serving party or attorney with an electronic confirmation that the service has been effected.

(c) Filing and Service of Documents After Commencement in Actions Under this Section.

(1) All documents to be filed and served electronically. Except as otherwise provided in this section, filing and service of all documents in an action that has been commenced electronically in accordance with this section shall be by electronic means.

(2) Addition of parties after commencement of action. Notwithstanding any other provision of this section, a party to be added in an action that has been commenced electronically in accordance with this section shall be served with initiating documents in hard copy together with the notice specified in paragraph (b)(3) of this section. A proposed intervenor or other non-party who seeks relief from the court in such an action shall make his or her application for such relief by electronic means as provided by the NYSCEF system.
(3) Emergency exception; other hard copy filings. Notwithstanding paragraph (1) of this subdivision, where documents are required to be filed and served electronically in accordance with such paragraph, such documents may nonetheless be filed and served in hard copy where permitted by section 202.5b(d)(1) of this Part. In the event a filer shall file and serve documents in hard copy pursuant to this paragraph, each such document shall include the notice required by section 202.5b(d)(1) of this Part, and the filer shall, as required, file those documents with the NYSCEF site within three business days thereafter.

(d) County Clerk and Clerk of Court Not to Accept Hard Copies of Documents for Filing Where Electronic Filing Is Required. As provided in section 202.5(d)(1) of this Part, a County Clerk and a Chief Clerk of Supreme Court, as appropriate, shall refuse to accept for filing hard copies of documents sought to be filed in actions where such documents are required to be filed electronically.

(e) Exemptions From the Requirement of Electronic Filing.

(1) Exemption of unrepresented litigants. Notwithstanding the foregoing, an unrepresented litigant or a proposed intervenor or other non-party seeking relief from the court who is unrepresented is exempt from having to file and serve documents electronically in accordance with this section. No such party shall be compelled, directly or indirectly, to participate in e-filing. As to each unrepresented litigant, the clerk shall explain his or her options for e-filing in plain language, including the option for expedited processing, and shall inquire whether he or she wishes to participate, provided however the unrepresented litigant may participate in the e-filing program only upon his or her request, which shall be documented in the case file, after he or she has been presented with sufficient information in plain language concerning the program. Where an unrepresented litigant chooses to participate in e-filing in accordance with these rules, he or she may at any time opt out of such participation by presenting the clerk of the court with a form so declaring.

(2) Exemption of represented parties. Notwithstanding the foregoing, an attorney or a representative of a property owner designated as such as provided in Real Property Tax Law section 730 ("small claims assessment filing agent"), shall be exempt from having to file and serve documents electronically in accordance with this section upon filing with the County Clerk and the clerk of the court in which the action is or will be pending a form, prescribed by the Chief Administrator, on which the attorney or small claims assessment filing agent certifies in good faith that he or she:

(i) lacks the computer hardware and/or connection to the Internet and/or scanner or other device by which documents may be converted to an electronic format; or

(ii) lacks the requisite knowledge in the operation of such computers and/or scanners necessary to comply with this section (for purposes of this paragraph, the knowledge of any employee of an attorney, or any employee of the attorney's law firm, office or business who is subject to such attorney's direction, shall be imputed to the attorney).

(3) Exemption of counsel upon a showing of good cause. Nothing in this section shall prevent a judge from exempting an attorney from having to file and serve documents electronically in accordance with this section upon a showing of good cause therefor.
(4) Procedures applicable to exempt attorneys and small claims assessment filing agents. Where an attorney or small claims assessment filing agent is exempt from having to file and serve documents electronically in accordance with this section, he or she shall serve and file documents in hard copy, provided that each such document shall include the notice required by section 202.5-b(d)(1) of this Part. The County Clerk or the court, with the approval of the Chief Administrator, may require an exempt attorney or small claims assessment filing agent to submit an additional, unbound hard copy of documents being presented in hard copy to the court.

(5) Procedures applicable to e-filing attorneys and other persons. In any action in which an attorney or other person is exempt pursuant to this subdivision, all other attorneys, small claims assessment filing agents, unrepresented litigants, proposed intervenors, or others participating in e-filing and seeking relief from the court shall continue to be required to file and serve documents electronically, except that, whenever they serve documents upon a person who is exempt from having to file and serve documents electronically in accordance with this section, they shall serve such documents in hard copy, bearing full signatures, and shall file electronically proof of such service.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.5-bb, 22 NY ADC 202.5-bb
Section 202.6. Request for judicial intervention, 22 NY ADC 202.6

(a) At any time after service of process, a party may file a request for judicial intervention. Except as provided in subdivision (b) of this section, in an action not yet assigned to a judge, the court shall not accept for filing a notice of motion, order to show cause, application for ex parte order, notice of petition, note of issue, notice of medical, dental or podiatric malpractice action, statement of net worth pursuant to section 236 of the Domestic Relations Law or request for a preliminary conference pursuant to section 202.12(a) of this Part, unless such notice or application is accompanied by a request for judicial intervention. Where an application for poor person relief is made, payment of the fee for filing the request for judicial intervention accompanying the application shall be required only upon denial of the application. A request for judicial intervention must be submitted, in duplicate, on a form authorized by the Chief Administrator of the Courts, with proof of service on the other parties to the action (but proof of service is not required where the application is ex parte).

(b) A request for judicial intervention shall be filed, without fee, for any application to a court not filed in an action or proceeding, as well as for a petition for the sale or finance of religious/not-for-profit property, an application for change of name, a habeas corpus proceeding where the movant is institutionalized, an application under CPLR 3102(e) for court assistance in obtaining disclosure in an action pending in another state, a retention proceeding authorized by article 9 of the Mental Hygiene Law, a proceeding authorized by article 10 of the Mental Hygiene Law, an appeal to a county court of a civil case brought in a court of limited jurisdiction, an application to vacate a judgment on account of bankruptcy, a motion for an order authorizing emergency surgery, or within the City of New York, an uncontested action for a judgment for annulment, divorce or separation commenced pursuant to article 9, 10 or 11 of the Domestic Relations Law.

(c) In the counties within the City of New York, when a request for judicial intervention is filed, the clerk shall require submission of a copy of the receipt of purchase of the index number provided by the County Clerk, or a written statement of the County Clerk that an index number was purchased in the action. Unless otherwise authorized by the Chief Administrator, the filing of a request for judicial intervention pursuant to this section shall cause the assignment of the action to a judge pursuant to section 202.3 of this Part. The clerk may require that a self-addressed and stamped envelope accompany the request for judicial intervention.

Credits
Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.6, 22 NY ADC 202.6
Section 202.7. Calendaring of motions; uniform notice of motion form; affirmation of good faith

(a) There shall be compliance with the procedures prescribed in the CPLR for the bringing of motions. In addition, except as provided in subdivision (d) of this section, no motion shall be filed with the court unless there have been served and filed with the motion papers (1) a notice of motion, and (2) with respect to a motion relating to disclosure or to a bill of particulars, an affirmation that counsel has conferred with counsel for the opposing party in a good faith effort to resolve the issues raised by the motion.

(b) The notice of motion shall read substantially as follows:

__________ COURT OF THE STATE OF NEW YORK
COUNTY OF _______________________

A.B.,
Notice of Motion Index No.
Plaintiff,
-against- ______________________
C.D., Name of Assigned Judge
Defendant.

x

Oral argument is requested [ ]
(check box if applicable)
Upon the affidavit of __________, sworn to on _____, 19 _____, and upon (list supporting papers if any), the . . . will move this court (in Room _____) at the _____ Courthouse, _____ New York, on the _____ day of _____, 19 _____, at ___ (a.m.) (p.m.) for an order (briefly indicate relief requested). The above-entitled action is for (briefly state nature of action, e.g., personal injury, medical malpractice, divorce, etc.). This is a motion for or related to interim maintenance or child support. [ ]
(check box if applicable)
An affirmation that a good faith effort has been made to resolve the issues raised in this motion is annexed hereto.
(required only where the motion relates to disclosures or to a bill of particulars)
Pursuant to CPLR 2214(b), answering affidavits, if any, are required to be served upon the undersigned at least seven days before the return date of this motion. [ ]
(check box if applicable)
Dated:
(print name)

Attorney (or attorney in charge)
of case if law firm) for moving party.
Address:
Telephone number:
(print name)

TO: _________________________________________
Attorney¹ for (other party)
Address:
Telephone number:
(print name)

Attorney¹ for (other party)
Address:
Telephone number:

¹If any party is appearing pro se, the name, address and telephone number of such party shall be stated.

(c) The affirmation of the good faith effort to resolve the issues raised by the motion shall indicate the time, place and nature of the consultation and the issues discussed and any resolutions, or shall indicate good cause why no such conferral with counsel for opposing parties was held.

(d) An order to show cause or an application for ex parte relief need not contain the notice of motion set forth in this section, but shall contain the affirmation of good faith set forth in this section if such affirmation otherwise is required by this section.

(e) Ex parte motions submitted to a judge outside of the county where the underlying action is venued or will be venued shall be referred to the appropriate court in the county of venue unless the judge determines that the urgency of the motion requires immediate determination.

(f) Any application for temporary injunctive relief, including but not limited to a motion for a stay or a temporary restraining order, shall contain, in addition to the other information required by this section, an affirmation demonstrating there will be significant prejudice to the party seeking the restraining order by the giving of notice. In the absence of a showing of significant prejudice, the affirmation must demonstrate that a good faith effort has been made to notify the party against whom the temporary restraining order is sought of the time, date and place that the application will be made in a manner sufficient to permit the party an opportunity to appear in response to the application. This subdivision shall not be applicable to orders to show cause or motions in special proceedings brought under article 7 of the Real Property Actions and Proceedings Law, nor to orders to show cause or motions requesting an order of protection under section 240 of the Domestic Relations Law, unless otherwise ordered by the court.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.7, 22 NY ADC 202.7
Section 202.8. Motion procedure

(a) All motions shall be returnable before the assigned judge, and all papers shall be filed with the court on or before the return date.

(b) Special procedure for unassigned cases. If a case has not been assigned to a judge, the motion shall be made returnable before the court, and a copy of the moving papers, together with a request for judicial intervention, shall be filed with the court, with proof of service upon all other parties, where required by section 202.6 of this Part, within five days of service upon the other parties. The moving party shall give written notice of the index number to all other parties immediately after filing of the papers. Copies of all responding papers shall be submitted to the court, with proof of service and with the index number set forth in the papers, on or before the return date. The case shall be assigned to a judge as soon as practicable after the filing of the request for judicial intervention pursuant to section 202.6 of this Part, but in no event later than the return date. After assignment to the judge, the court shall provide for appropriate notice to the parties of the name of the assigned judge. Motion papers noticed to be heard in a county other than the county where the venue of the action has been placed by the plaintiff shall be assigned to a judge in accordance with procedures established by the Chief Administrator.

(c) The moving party shall serve copies of all affidavits and briefs upon all other parties at the time of service of the notice of motion. The answering party shall serve copies of all affidavits and briefs as required by CPLR 2214. Affidavits shall be for a statement of the relevant facts, and briefs shall be for a statement of the relevant law.

(d) Motion papers received by the clerk of the court on or before the return date shall be deemed submitted as of the return date. The assigned judge, in his or her discretion or at the request of a party, thereafter may determine that any motion be orally argued and may fix a time for oral argument. A party requesting oral argument shall set forth such request in its notice of motion or in its order to show cause or on the first page of the answering papers, as the case may be. Where all parties to a motion request oral argument, oral argument shall be granted unless the court shall determine it to be unnecessary. Where a motion is brought on by order to show cause, the court may set forth in the order that oral argument is required on the return date of the motion.

(e)

(1) Stipulations of adjournment of the return date made by the parties shall be in writing and shall be submitted to the assigned judge. Such stipulation shall be effective unless the court otherwise directs. No more than three stipulated adjournments for an aggregate period of 60 days shall be submitted without prior permission of the court.
(2) Absent agreement by the parties, a request by any party for an adjournment shall be submitted in writing, upon notice to the other party, to the assigned judge on or before the return date. The court will notify the requesting party whether the adjournment has been granted.

(f) Where the motion relates to disclosure or to a bill of particulars, and a preliminary conference has not been held, the court shall notify all parties of a scheduled date to appear for a preliminary conference, which shall be not more than 45 days from the return date of the motion unless the court orders otherwise, and a form of a stipulation and order, prescribed by the Chief Administrator of the Courts, shall be made available which the parties may sign, agreeing to a timetable which shall provide for completion of disclosure within 12 months, and for a resolution of any other issues raised by the motion. If all parties sign the form and return it to the court before the return date of the motion, such form shall be "so ordered" by the court, and the motion shall be deemed withdrawn. If such stipulation is not returned by all parties, the conference shall be held on the assigned date. Issues raised by the motion and not resolved at the conference shall be determined by the court.

(g) Unless the circumstances require settlement of an order, a judge shall incorporate into the decision an order effecting the relief specified in the decision.

(h) Reports of pending motions in the Supreme Court.

(1) To assist in preparing the quarterly report of pending civil matters required by section 4.1 of the Rules of the Chief Judge, the Chief Administrator of the Court or his or her designee shall provide to a justice of the Supreme Court, upon request, an automated open motion report of all motions pending before the justice which appear undecided 60 days after final submission. This open motion report may be used by the justice to assist in the preparation of his or her official quarterly report.

(2) Since motions are decided on a daily basis and further submissions may be received on a pending motion, the only report that shall be considered current is the official quarterly report submitted by the particular justice.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.8, 22 NY ADC 202.8
Section 202.9. Special proceedings shall be commenced and heard in the same manner as motions that have not yet been assigned to a judge as set forth in section 202.8 of this Part, except that they shall be governed by the time requirements of the CPLR relating to special proceedings.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
(a) This section shall govern a special proceeding authorized by subsection (d) of section 9-518 of the Uniform Commercial Code for the redaction or expungement of a falsely-filed or amended financing statement. Except as otherwise provided in such subsection and in this section, such a special proceeding shall be subject to the provisions of article four of the CPLR and of section 202.9 of these rules.

(b) The following shall apply to a special proceeding governed by this section:

(1) Venue. Such a special proceeding shall be commenced in the Supreme Court in:

(i) Albany County; or

(ii) the County of the petitioner's residence; or

(iii) any County within a Judicial District in which any property covered by the financing statement is located.

(2) No fee required. Notwithstanding any provision of Article 80 of the CPLR, no fee shall be collected pursuant to such Article in such a special proceeding.

(3) Petitioner. In order to commence such a special proceeding, the petitioner must be:

(i) either:

(a) an employee of the State or of a political subdivision thereof; or

(b) an attorney who represents or has represented the respondent in a criminal court; and
(ii) a person identified as a debtor in a financing statement filed pursuant to Subpart one of Part five of Article nine of the Uniform Commercial Code; and

(iii) bringing such special proceeding against the respondent to invalidate the false filing or amendment of such financing statement.

(4) Form and content of petition. A petition in such a special proceeding shall substantially conform to the model petition set forth in Appendix A of this section and shall allege that:

(i) the financing statement referred to in subparagraph (3)(i) of this subdivision was falsely filed or amended to retaliate for the performance of the petitioner's official duties in his or her capacity as a public employee (or, if the petitioner is an attorney referred to in clause (3)(i)(b) of this subdivision, to retaliate for the performance of the petitioner's duties in his or her capacity as an attorney for the respondent in a criminal court); and

(ii) such financing statement does not relate to an interest in a consumer-goods transaction, a commercial transaction, or any other actual transaction between the petitioner and the respondent; and

(iii) the collateral covered in the financing statement is the property of the petitioner; and

(iv) prompt redaction or invalidation of such financing statement is necessary to avert or mitigate prejudice to the petitioner. The petition shall demand the expungement or redaction of such financing statement or, as appropriate, any amendment thereof, in the office in which the financing statement is filed; and may demand any additional relief authorized under section 9-625 of the Uniform Commercial Code.

(5) Use of Referee. The court may order a referee to hear and determine such a special proceeding.

(6) Judgment.

(i) Where the court (or a referee ordered by the court) makes a written finding that the allegations of the petition are established, it shall deliver a judgment, which shall include such finding and shall direct the expungement or redaction of the financing statement found therein to be falsely filed or amended in the public office in which it was filed; and may grant any additional relief sought that is authorized under section 9-625 of the Uniform Commercial Code. Where the court also finds that the respondent has engaged in a repeated pattern of falsely filing financing statements under Subpart one of Part five of Article nine of the Uniform Commercial Code, the court may enjoin the respondent from filing or amending any further financing statement without court leave; and, in such case, where respondent is incarcerated at the time such injunction issues, the court shall cause a copy thereof to be transmitted to the head of the correctional facility in which respondent is incarcerated.

(ii) In form, the judgment in such a special proceeding shall substantially conform to the model judgment set forth in Appendix B of this section.
APPENDIX A

PETITION IN SPECIAL PROCEEDING PURSUANT TO SECTION 9-518(d) OF THE UNIFORM COMMERCIAL CODE

SUPREME COURT OF THE STATE OF NEW YORK
County of ____________________

[Caption Box] PETITION
Index No.
Judge Assigned

Petitioner [name of Petitioner], by his [or her] undersigned [attorney or attorneys] alleges as follows:

NATURE OF THIS PROCEEDING

This is a Special Proceeding brought pursuant to section 9-518(d) of the Uniform Commercial Code to [redact or expunge, as applicable] a falsely-filed [or -amended] financing statement the contents of which are described in section 9-502 of the Uniform Commercial Code.

THE PARTIES

1. The Petitioner in this Special Proceeding, [name of Petitioner], is [an employee of the State of New York or an employee of a political subdivision of the State of New York or an attorney who represents or has represented the Respondent herein in a criminal court]. [Add one of the following sentences, as applicable:

   (i) The Petitioner is employed by [name the office of his or her New York State employment or, if appropriate, of his or her employment by a named political subdivision of the State] as [state the name/ nature of this employment]; or

   (ii) The Petitioner was admitted to practice in [state the year] in the _____ Judicial Department.]

2. The Petitioner is identified as a debtor in a financing statement filed by or on behalf of the Respondent pursuant to Subpart one of Part five of Article nine of the Uniform Commercial Code.

3. The Respondent in this Special Proceeding is [name of Respondent]. [If the Respondent is incarcerated, so state and identify the facility of incarceration]

4. As authorized by section 9-518(d)(1) of the Uniform Commercial Code, the place of trial for this Special Proceeding is _____ County. [If not Albany County, add one of the following sentences, as applicable:

   (i) The Petitioner resides at [include Petitioner's address] in such County; or

   (ii) The property of the Petitioner covered by the financing statement specified in paragraph two hereof is located in such County.]
FIRST CAUSE OF ACTION

5. Petitioner repeats and realleges each and every allegation contained in Paragraphs one through four above.

6. The Respondent in this Special Proceeding has filed [or amended] a financing statement under section 9-502 of the Uniform Commercial Code that identifies the Petitioner as a debtor and the collateral referred to in such financing statement is the property of the Petitioner.

7. The financing statement referred to in Paragraph six herein was falsely filed [or falsely amended] by or on behalf of the Respondent. On information and belief, this false filing [or false amendment] was to retaliate for the performance of the Petitioner's official duties in his [or her] capacity as a public employee as specified in Paragraph one herein [or, if the Petitioner is an attorney who represents or has represented the Respondent herein in a criminal court, "this false filing statement [or amendment] was to retaliate for the performance of the Petitioner's duties in his [or her] capacity as an attorney for the Respondent in a [specify the case name and the name of the criminal court]]. [add any essential facts forming the basis for information and belief]

8. The financing statement referred to in Paragraph six herein and alleged to have been falsely filed or falsely amended does not relate to an interest in a consumer-goods transaction, a commercial transaction, or any other actual transaction between the Petitioner and the Respondent.

9. The collateral covered in the financing statement referred to in Paragraph six herein is the property of the Petitioner.

10. Prompt redaction or invalidation of the financing statement [or amendment to a financing statement] is necessary to avert or mitigate prejudice to the Petitioner.

SECOND CAUSE OF ACTION [if applicable]

11. Petitioner repeats and realleges each and every allegation contained in Paragraphs one through ten above.

12. On information and belief, the Respondent has engaged in a repeated pattern of falsely filing financing statements [or amendments to financing statements]. [add any essential facts forming the basis for information and belief]

There has been no previous application for the relief demanded in this proceeding in this or any other Court [or, if there has been such an application, so state and specify new facts not previously shown, if any].

DEMAND FOR RELIEF

WHEREFORE, Petitioner demands judgment against the Respondent as follows:

a. On the First Cause of Action, for expungement [or redaction] of the financing statement [or the amendment of the financing statement] in the [state the office in which the financing statement is filed]
pursuant to section 9-518(d)(3) [Where redaction of the financing statement or an amendment thereto is demanded, specify the specific redaction sought] [and, where further relief is sought under section 9-625 of the Uniform Commercial Code, state such further relief].

b. On the Second Cause of Action [if applicable], for an injunction barring the Respondent from filing or amending any further financing statements pursuant to article nine of the Uniform Commercial Code without leave of the Court.

c. Awarding Petitioner costs and disbursements of this proceeding.

d. Granting Petitioner such other and further relief as the Court deems just and proper.

Attorney(s) for Petitioner

APPENDIX B

SUPREME COURT OF THE STATE OF NEW YORK
County of ____________
Caption Box] PETITION
Index No.
Judge Assigned

The above-entitled special proceeding brought pursuant to section 9-518 of the Uniform Commercial Code having come on to be heard before the Honorable Justice _____ at Part _____ of this Court, held at the Courthouse at [include Courthouse address], on [include month, date and year], and the Petitioner having appeared by his [or her] attorney and the Respondent having [include, as applicable, "appeared by his [or her] attorney"/"failed to appear"], and the Court having, after due deliberation, found that:

_____ the following allegations, as set forth in the Petition, have been established:

[Describe the allegations]

[Describe the allegations]

Now, it is hereby
ORDERED, ADJUDGED AND DECREED, that:
__ the Petitioner have judgment against the Respondent and that the ___________________ [name of the office in which the financing statement to be expunged or redacted is filed] is directed to:
__ expunge from the public record _____________
[describe the financing statement to be expunged]
__ redact on the public record _____________
[describe the financing statement to be redacted and the specific redaction being ordered]__ the Respondent have judgment against the Petitioner and that this Special Proceeding be dismissed.
__ the Petitioner have the following relief as authorized by section 9-625 of the Uniform Commercial Code:
[Describe the relief]
__ the Respondent be enjoined from filing or amending any further financing
statement pursuant to Article 9 of the Uniform Commercial Code without
leave of this Court.
__ [describe such further relief as the Court is ordering]

Dated: [month, date, year]
Enter
____________________________
Justice, Supreme Court, ________ County

Credits
Sec. filed through Court Notices in the May 14, 2014 Register.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court
rules under Title 22 may be more current.

22 NYCRR 202.9-a, 22 NY ADC 202.9-a
Any party may request to appear at a conference by telephonic or other electronic means. Where feasible and appropriate, the court is encouraged to grant such requests.

Credits
Sec. filed through Court Notices in the June 19, 2013 Register.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.10, 22 NY ADC 202.10
Section 202.11. [Reserved], 22 NY ADC 202.11

Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
Chapter II. Uniform Rules for the New York State Trial Courts
Part 202. Uniform Civil Rules for the Supreme Court and the County Court (Refs & Annos)

22 NYCRR 202.11

Section 202.11. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.11, 22 NY ADC 202.11

(a) A party may request a preliminary conference at any time after service of process. The request shall state the title of the action; index number; names, addresses and telephone numbers of all attorneys appearing in the action; and the nature of the action. If the action has not been assigned to a judge, the party shall file a request for judicial intervention together with the request for a preliminary conference. The request shall be served on all other parties and filed with the clerk for transmittal to the assigned judge. The court shall order a preliminary conference in any action upon compliance with the requirements of this subdivision.

(b) The court shall notify all parties of the scheduled conference date, which shall be not more than 45 days from the date the request for judicial intervention is filed unless the court orders otherwise, and a form of a stipulation and order, prescribed by the Chief Administrator of the Courts, shall be made available which the parties may sign, agreeing to a timetable which shall provide for completion of disclosure within 12 months of the filing of the request for judicial intervention for a standard case, or within 15 months of such filing for a complex case. If all parties sign the form and return it to the court before the scheduled preliminary conference, such form shall be ”so ordered” by the court, and, unless the court orders otherwise, the scheduled preliminary conference shall be cancelled. If such stipulation is not returned signed by all parties, the parties shall appear at the conference. Except where a party appears in the action pro se, an attorney thoroughly familiar with the action and authorized to act on behalf of the party shall appear at such conference. Where a case is reasonably likely to include electronic discovery counsel shall, prior to the preliminary conference, confer with regard to any anticipated electronic discovery issues. Further, counsel for all parties who appear at the preliminary conference must be sufficiently versed in matters relating to their clients’ technological systems to discuss competently all issues relating to electronic discovery: counsel may bring a client representative or outside expert to assist in such e-discovery discussions.

1 A non-exhaustive list of considerations for determining whether a case is reasonably likely to include electronic discovery is:

(i) Does potentially relevant electronically stored information (“ESI”) exist;

(ii) Do any of the parties intend to seek or rely upon ESI;

(iii) Are there less costly or less burdensome alternatives to secure the necessary information without recourse to discovery of ESI;
(iv) Are the cost and burden of preserving and producing ESI proportionate to the amount in controversy; and

(v) What is the likelihood that discovery of ESI will aid in the resolution of the dispute.

(c) The matters to be considered at the preliminary conference shall include:

(1) simplification and limitation of factual and legal issues, where appropriate;

(2) establishment of a timetable for the completion of all disclosure proceedings, provided that all such procedures must be completed within the timeframes set forth in subdivision (b) of this section, unless otherwise shortened or extended by the court depending upon the circumstances of the case;

(3) Where the court deems appropriate, it may establish the method and scope of any electronic discovery. In establishing the method and scope of electronic discovery, the court may consider the following non-exhaustive list, including but not limited to:

(i) identification of potentially relevant types or categories of ESI and the relevant time frame;

(ii) disclosure of the applications and manner in which the ESI is maintained;

(iii) identification of potentially relevant sources of ESI and whether the ESI is reasonably accessible;

(iv) implementation of a preservation plan for potentially relevant ESI;

(v) identification of the individual(s) responsible for preservation of ESI;

(vi) the scope, extent, order, and form of production;

(vii) identification, redaction, labeling, and logging of privileged or confidential ESI;

(viii) claw-back or other provisions for privileged or protected ESI;

(ix) the scope or method for searching and reviewing ESI; and

(x) the anticipated cost and burden of data recovery and proposed initial allocation of such cost.

(4) addition of other necessary parties;
(5) settlement of the action;

(6) removal to a lower court pursuant to CPLR 325, where appropriate; and

(7) any other matters that the court may deem relevant.

(d) At the conclusion of the conference, the court shall make a written order including its directions to the parties as well as stipulations of counsel. Alternatively, in the court's discretion, all directions of the court and stipulations of counsel may be recorded by a reporter. Where the latter procedure is followed, the parties shall procure and share equally the cost of a transcript thereof unless the court in its discretion otherwise provides. The transcript, corrected if necessary on motion or by stipulation of the parties approved by the court, shall have the force and effect of an order of the court. The transcript shall be filed by the plaintiff with the clerk of the court.

(e) The granting or continuation of a special preference shall be conditional upon full compliance by the party who has requested any such preference with the foregoing order or transcript. When a note of issue and certificate of readiness are filed pursuant to section 202.21 of this Part, in an action to which this section is applicable, the filing party, in addition to complying with all other applicable rules of the court, shall file with the note of issue and certificate of readiness an affirmation or affidavit, with proof of service on all parties who have appeared, showing specific compliance with the preliminary conference order or transcript.

(f) In the discretion of the court, failure by a party to comply with the order or transcript resulting from the preliminary conference, or with the so-ordered stipulation provided for in subdivision (b) of this section, or the making of unnecessary or frivolous motions by a party, shall result in the imposition upon such party of costs or such other sanctions as are authorized by law.

(g) A party may move to advance the date of a preliminary conference upon a showing of special circumstances.

(h) Motions in actions to which this section is applicable made after the preliminary conference has been scheduled, may be denied unless there is shown good cause why such relief is warranted before the preliminary conference is held.

(i) No action or proceeding to which this section is applicable shall be deemed ready for trial unless there is compliance with the provisions of this section and any order issued pursuant thereto.

(j) The court, in its discretion, at any time may order such conferences as the court may deem helpful or necessary in any matter before the court.

(k) The provisions of this section shall apply to preliminary conferences required in matrimonial actions and actions based upon a separation agreement, in medical malpractice actions, and in real property tax assessment review proceedings within the City of New York, only to the extent that these provisions are not inconsistent with the provisions of sections 202.16, 202.56 and 202.60 of this Part, respectively.
(l) The provisions of this section shall apply where a request is filed for a preliminary conference in an action involving a terminally ill party governed by CPLR 3407 only to the extent that the provisions of this section are not inconsistent with the provisions of CPLR 3407. In an action governed by CPLR 3407 the request for a preliminary conference may be filed at any time after commencement of the action, and shall be accompanied by the physician's affidavit required by that provision.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.12, 22 NY ADC 202.12
Section 202.12a. Residential mortgage foreclosure actions; settlement conference

(a) Applicability. This section shall be applicable to residential mortgage foreclosure actions involving a home loan secured by a mortgage on a one- to four-family dwelling or condominium, in which the defendant is a resident of the property subject to foreclosure.

(b) Request for judicial intervention.

(1) At the time that proof of service of the summons and complaint is filed with the county clerk, plaintiff shall file with the county clerk a specialized request for judicial intervention (RJI), on a form prescribed by the Chief Administrator of the Courts, applicable to residential mortgage foreclosure actions covered by this section. The RJI shall contain the name, address, telephone number and e-mail address, if available, of the defendant in the action, and the name of the mortgage servicer, and shall request that a settlement conference be scheduled. If the mortgage servicer involved in the case and listed on the RJI is changed at any time following the filing of the RJI, plaintiff shall file with the court and serve on all the parties a notice setting forth the name and contact information of the new or substituted mortgage servicer.

(2) Upon the filing of the RJI, the court shall send either a copy of the RJI, or the defendant's name, address and telephone number (if available), to a housing counseling agency or agencies funded by the New York State Office of the Attorney General's Homeowner Protection Program for the judicial district in which the defendant resides, for the purpose of that agency making the homeowner aware of free foreclosure prevention services and options available to the parties.

(3) In such county or counties as the Chief Administrator shall direct, in the event that a plaintiff fails to file proof of service of the summons and complaint in a residential mortgage foreclosure action with the county clerk within 120 days after the commencement of the action, or fails to file the RJI at the time of the filing of proof of service, the county clerk shall provide the Chief Administrator with the case name, index number, property address, and contact information of parties and counsel in the action. The Chief Administrator may take such further action as she deems fit with respect to such case or cases, including but not limited to:

   (i) placing a case on a delinquency calendar;

   (ii) providing case information to a housing counseling agency or agencies; and
(iii) ordering a status conference.

(c) Settlement conference.

(1) The court shall promptly send to the parties a Notice scheduling a settlement conference to be held within 60 days after the date of the filing of the RJI. The Notice shall be mailed to all parties or their attorneys, which must include mailing to the address of the property subject to the mortgage. The Notice shall be on a form prescribed by the Chief Administrator, and it shall set forth the purpose of the conference, the requirements of CPLR Rule 3408, instructions to the parties on how to prepare for the conference, and what information and documents to bring to the conference as specified in CPLR Rule 3408(e). The Notice shall further provide that the defendant contact the court by telephone, no later than seven days before the conference is scheduled, to advise whether the defendant will be able to attend the scheduled conference. The court shall also provide in such mailing a copy of the current Consumer Bill of Rights published by the New York State Department of Financial Services pursuant to RPAPL section 303-3-a.

(2) The conference shall be held to conduct settlement discussions pertaining to the relative rights and obligations of the parties under the mortgage loan documents, including determining whether the parties can reach a mutually agreeable resolution to help the defendant avoid losing his or her home, and evaluating the potential for a resolution in which payment schedules or amounts may be modified or other workout options may be agreed to, including but not limited to loan modifications, “short sales” and “deeds in lieu of foreclosure” or any other mitigation options. The court may also use the conference for whatever other purposes the court deems appropriate. Where appropriate, the court may permit representatives of either party to attend the conference telephonically or by video-conference. Any representative participating in the conference, whether in person, telephonically or by video conference, shall be fully authorized to dispose of the case, as required by CPLR Rule 3408(c).

(3) If the parties appear by counsel, such counsel must be fully authorized to dispose of the case. If the defendant appears at the conference without counsel, the court shall treat the defendant as having made a motion to proceed as a poor person and shall determine whether permission to so appear shall be granted pursuant to the standards set forth in CPLR section 1101. If the court appoints defendant counsel pursuant to CPLR section 1102(a), it shall adjourn the conference to a date certain for appearance of counsel and settlement discussions, and otherwise shall proceed with the conference.

(4) The parties shall engage in settlement discussions in good faith to reach a mutually agreeable resolution, including a loan modification if possible, consistent with CPLR Rule 3408(f). The court shall ensure that each party fulfills its obligation to negotiate in good faith and shall see that conferences not be unduly delayed or subject to willful dilatory tactics so that the rights of both parties may be adjudicated in a timely manner. The court shall ensure that procedures are in place to enforce the duty to negotiate in good faith, as defined in CPLR Rule 3408(f), consistent with the mandates of CPLR Rule 3408(i), (j) and (k).

(5) Documents.
(i) Plaintiff and Defendant shall bring all documents enumerated in CPLR Rule 3408(e) to each conference held pursuant to CPLR Rule 3408, in addition to any other documents required by the judge, referee or judicial hearing officer presiding over the case.

(6) At the first conference held pursuant to CPLR Rule 3408, the court shall determine if the defendant has answered the complaint and shall provide defendants who have not answered information as mandated by CPLR Rule 3408(1). The court shall ensure that procedures are in place to note the vacatur of any defaults upon service and filing of answers pursuant to CPLR Rule 3408(m). The court shall schedule such other conferences as may be necessary to help resolve the action.

(7) All motions, other than motions addressing compliance with CPLR Rule 3408 or this rule, shall be held in abeyance while settlement conferences are being held pursuant to this section. A party may not charge, impose or otherwise require payment from the other party for any cost, including but not limited to attorneys' fees, for appearance at or participation in the settlement conference.

(8) Plaintiff must file a notice of discontinuance or stipulation of discontinuance and vacatur of the notice of pendency within 90 days after any settlement agreement or loan modification agreement is fully executed.

(d) Training. The Chief Administrator shall establish requirements for education and training of all judges and nonjudicial personnel assigned to conduct foreclosure conferences pursuant to this section.

(e) Reports. The Chief Administrator shall submit a report no later than the first day of November of each year to the Governor, and to the legislative leaders set forth in section 10-a(2) of chapter 507 of the Laws of 2009, on the adequacy and effectiveness of the settlement conferences, which shall include number of adjournments, defaults, discontinuances, dismissals, conferences held and the number of defendants appearing with and without counsel.

(f) The Chief Administrator of the Courts may continue to require counsel to file affidavits or affirmations confirming the scope of inquiry and the accuracy of papers filed in residential mortgage foreclosure actions addressing both owner-occupied and (notwithstanding section supra) non-owner-occupied residential properties.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.12a, 22 NY ADC 202.12a
Section 202.13. Removal of actions without consent to courts of limited jurisdiction

Actions may be removed to courts of limited jurisdiction without consent pursuant to the provisions of CPLR 325(d) as follows:

(a) from the Supreme Court in counties within the First, Second, Eleventh and Twelfth Judicial Districts to the Civil Court of the City of New York;

(b) from the Supreme Court in counties within the Ninth Judicial District to county and city courts within such counties;

(c) from the Supreme Court in counties within the Tenth Judicial District to county courts within such counties;

(d) from the Supreme Court in counties within the Third Judicial Department to county and city courts within such counties;

(e) from the Supreme Court in counties within the Fourth Judicial Department to county and city courts within such counties;

(f) from the County Court of Broome County to the City Court of Binghamton;

(g) from the County Court of Albany County to the City Court of Albany;

(h) from the Supreme Court and County Court of Nassau County to the District Court of Nassau County and to the city courts within such county; and

(i) from the Supreme Court and County Court of Suffolk County to the District Court of Suffolk County.

Credits
Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.13, 22 NY ADC 202.13
The Chief Administrator of the Courts may authorize the creation of a program for the appointment of attorneys as special masters in designated courts to preside over conferences and hear and report on applications to the court. Special masters shall serve without compensation.

Credits
Sec. filed Feb. 16, 1988 eff. April 1, 1988.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.14, 22 NY ADC 202.14
Section 202.15. Videotape recording of civil depositions, 22 NY ADC 202.15

22 NYCRR 202.15

Section 202.15. Videotape recording of civil depositions

(a) When permitted. Depositions authorized under the provisions of the Civil Practice Law and Rules or other law may be taken, as permitted by section 3113(b) of the Civil Practice Law and Rules, by means of simultaneous audio and visual electronic recording, provided such recording is made in conformity with this section.

(b) Other rules applicable. Except as otherwise provided in this section, or where the nature of videotaped recording makes compliance impossible or unnecessary, all rules generally applicable to examinations before trial shall apply to videotaped recording of depositions.

(c) Notice of taking deposition. Every notice or subpoena for the taking of a videotaped deposition shall state that it is to be videotaped and the name and address of the videotape operator and of the operator's employer, if any. The operator may be an employee of the attorney taking the deposition. Where an application for an order to take a videotaped deposition is made, the application and order shall contain the same information.

(d) Conduct of the examination.

(1) The deposition shall begin by one of the attorneys or the operator stating on camera:

(i) the operator's name and address;

(ii) the name and address of the operator's employer;

(iii) the date, the time and place of the deposition; and

(iv) the party on whose behalf the deposition is being taken.

The officer before whom the deposition is taken shall be a person authorized by statute and shall identify himself or herself and swear the witness on camera. If the deposition requires the use of more than one tape, the end of each tape and the beginning of each succeeding tape shall be announced by the operator.
(2) Every videotaped deposition shall be timed by means of a time-date generator which shall permanently record hours, minutes and seconds. Each time the videotape is stopped and resumed, such times shall be orally announced on the tape.

(3) More than one camera may be used, either in sequence or simultaneously.

(4) At the conclusion of the deposition, a statement shall be made on camera that the recording is completed. As soon as practicable thereafter, the videotape shall be shown to the witness for examination, unless such showing and examination are waived by the witness and the parties.

(5) Technical data, such as recording speeds and other information needed to replay or copy the tape, shall be included on copies of the videotaped deposition.

e) Copies and transcription. The parties may make audio copies of the deposition and thereafter may purchase additional audio and audio-visual copies. A party may arrange to have a stenographic transcription made of the deposition at his or her own expense.

f) Certification. The officer before whom the videotape deposition is taken shall cause to be attached to the original videotape recording a certification that the witness was fully sworn or affirmed by the officer and that the videotape recording is a true record of the testimony given by the witness. If the witness has not waived the right to a showing and examination of the videotape deposition, the witness shall also sign the certification in accordance with the provisions of section 3116 of the Civil Practice Law and Rules.

g) Filing and objections.

(1) If no objections have been made by any of the parties during the course of the deposition, the videotape deposition may be filed by the proponent with the clerk of the trial court and shall be filed upon the request of any party.

(2) If objections have been made by any of the parties during the course of the deposition, the videotape deposition, with the certification, shall be submitted to the court upon the request of any of the parties within 10 days after its recording, or within such other period as the parties may stipulate, or as soon thereafter as the objections may be heard by the court, for the purpose of obtaining rulings on the objections. An audio copy of the sound track may be submitted in lieu of the videotape for this purpose, as the court may prefer. The court may view such portions of the videotape recording as it deems pertinent to the objections made, or may listen to an audiotape recording. The court, in its discretion, may also require submission of a stenographic transcript of the portion of the deposition to which objection is made, and may read such transcript in lieu of reviewing the videotape or audio copy.

(i) The court shall rule on the objections prior to the date set for trial and shall return the recording to the proponent of the videotape with notice to the parties of its rulings and of its instructions as to editing. The
editing shall reflect the rulings of the court and shall remove all references to the objections. The proponent, after causing the videotape to be edited in accordance with the court's instructions, may cause both the original videotape recording and the deleted version of the recording, clearly identified, to be filed with the clerk of the trial court, and shall do so at the request of any party. Before such filing, the proponent shall permit the other party to view the edited videotape.

(ii) The court may, in respect to objectionable material, instead of ordering its deletion, permit such material to be clearly marked so that the audio recording may be suppressed by the operator during the objectionable portion when the videotape is presented at the trial. In such case the proponent may cause both the original videotape recording and a marked version of that recording, each clearly identified, to be filed with the clerk of the trial court, and shall do so at the request of any party.

(h) Custody of tape. When the tape is filed with the clerk of the court, the clerk shall give an appropriate receipt for the tape and shall provide secure and adequate facilities for the storage of videotape recordings.

(i) Use at trial. The use of videotape recordings of depositions at the trial shall be governed by the provisions of the Civil Practice Law and Rules and all other relevant statutes, court rules and decisional law relating to depositions and relating to the admissibility of evidence. The proponent of the videotaped deposition shall have the responsibility of providing whatever equipment and personnel may be necessary for presenting such videotape deposition.

(j) Applicability to audio taping of depositions. Except where clearly inapplicable because of the lack of a video portion, these rules are equally applicable to the taking of depositions by audio recording alone. However, in the case of the taking of a deposition upon notice by audio recording alone, any party, at least five days before the date noticed for taking the deposition, may apply to the court for an order establishing additional or alternate procedures for the taking of such audio deposition, and upon the making of the application, the deposition may be taken only in accordance with the court order.

(k) Cost. The cost of videotaping or audio recording shall be borne by the party who served the notice for the videotaped or audio recording of the deposition, and such cost shall be a taxable disbursement in the action unless the court in its discretion orders otherwise in the interest of justice.

(l) Transcription for appeal. On appeal, visual and audio depositions shall be transcribed in the same manner as other testimony and transcripts filed in the appellate court. The visual and audio depositions shall remain part of the original record in the case and shall be transmitted therewith. In lieu of the transcribed deposition and, on leave of the appellate court, a party may request a viewing of portions of the visual deposition by the appellate court but, in such case, a transcript of pertinent portions of the deposition shall be filed as required by the court.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.15, 22 NY ADC 202.15
Section 202.16. Matrimonial actions; calendar control of financial disclosure in actions and proceedings involving alimony, maintenance, child support and equitable distribution; motions for alimony, counsel fees pendente lite, and child support; special rules

(a) Applicability. This section shall be applicable to all contested actions and proceedings in the Supreme Court in which statements of net worth are required by section 236 of the Domestic Relations Law to be filed and in which a judicial determination may be made with respect to alimony, counsel fees, pendente lite, maintenance, custody and visitation, child support, or the equitable distribution of property, including those referred to Family Court by the Supreme Court pursuant to section 464 of the Family Court Act.

(b) Form of statements of net worth. Sworn statements of net worth, except as provided in subdivision (k) of this section, exchanged and filed with the court pursuant to section 236 of the Domestic Relations Law, shall be in substantial compliance with the Statement of Net Worth form contained in Chapter III, Subchapter A of Subtitle D (Forms) of this Title.

(c) Retainer agreements.

(1) A signed copy of the attorney's retainer agreement with the client shall accompany the statement of net worth filed with the court, and the court shall examine the agreement to assure that it conforms to Appellate Division attorney conduct and disciplinary rules. Where substitution of counsel occurs after the filing with the court of the net worth statement, a signed copy of the attorney's retainer agreement shall be filed with the court within 10 days of its execution.

(2) An attorney seeking to obtain an interest in any property of his or her client to secure payment of the attorney's fee shall make application to the court for approval of said interest on notice to the client and to his or her adversary. The application may be granted only after the court reviews the finances of the parties and an application for attorney's fees.

(d) Request for judicial intervention. A request for judicial intervention shall be filed with the court by the plaintiff no later than 45 days from the date of service of the summons and complaint or summons with notice upon the defendant, unless both parties file a notice of no necessity with the court, in which event the request for judicial intervention may be filed no later than 120 days from the date of service of the summons and complaint or summons with notice upon the defendant. Notwithstanding section 202.6(a) of this Part, the court shall accept a request for judicial intervention that is not accompanied by other papers to be filed in court.
(e) **Certification.** Every paper served on another party or filed or submitted to the court in a matrimonial action shall be signed as provided in section 130-1.1a of this Title.

(f) **Preliminary conference.**

(1) In all actions or proceedings to which this section of the rules is applicable, a preliminary conference shall be ordered by the court to be held within 45 days after the action has been assigned. Such order shall set the time and date for the conference and shall specify the papers that shall be exchanged between the parties. These papers must be exchanged no later than 10 days prior to the preliminary conference, unless the court directs otherwise. These papers shall include:

(i) statements of net worth which also shall be filed with the court no later than 10 days prior to the preliminary conference;

(ii) all paycheck stubs for the current calendar year and the last paycheck stub for the immediately preceding calendar year;

(iii) all filed State and Federal income tax returns for the previous three years, including both personal returns and returns filed on behalf of any partnership or closely held corporation of which the party is a partner or shareholder;

(iv) all W-2 wage and tax statements, 1099 forms, and K-1 forms for any year in the past three years in which the party did not file State and Federal income tax returns;

(v) all statements of accounts received during the past three years from each financial institution in which the party has maintained any account in which cash or securities are held;

(vi) the statements immediately preceding and following the date of commencement of the matrimonial action pertaining to:

(a) any policy of life insurance having a cash or dividend surrender value; and

(b) any deferred compensation plan of any type or nature in which the party has an interest including, but not limited to, individual retirement accounts, pensions, profit-sharing plans, Keogh plans, 401(k) plans and other retirement plans.

Both parties personally must be present in court at the time of the conference, and the judge personally shall address the parties at some time during the conference.

(2) The matters to be considered at the conference may include, among other things:
(i) applications for *pendente lite* relief, including interim counsel fees;

(ii) compliance with the requirement of compulsory financial disclosure, including the exchange and filing of a supplemental statement of net worth indicating material changes in any previously exchanged and filed statement of net worth;

(iii) simplification and limitation of issues;

(iv) the establishment of a timetable for the completion of all disclosure proceedings, provided that all such procedures must be completed and the note of issue filed within six months from the commencement of the conference, unless otherwise shortened or extended by the court depending upon the circumstances of the case;

(v) the completion of a preliminary conference order substantially in the form contained in Appendix G (see subdivision [m] of this section) to these rules, with attachments; and

(vi) any other matters which the court shall deem appropriate.

(3) At the close of the conference, the court shall direct the parties to stipulate, in writing or on the record, as to all resolved issues, which the court then shall "so order," and as to all issues with respect to fault, custody and finance that remain unresolved. Any issues with respect to fault, custody and finance that are not specifically described in writing or on the record at that time may not be raised in the action unless good cause is shown. The court shall fix a schedule for discovery as to all unresolved issues and, in a non-complex case, shall schedule a date for trial not later than six months from the date of the conference. The court may appoint an attorney for the infant children, or may direct the parties to file with the court, within 30 days of the conference, a list of suitable attorneys for children for selection by the court. The court also may direct that a list of expert witnesses be filed with the court within 30 days of the conference from which the court may select a neutral expert to assist the court. The court shall schedule a compliance conference unless the court dispenses with the conference based upon a stipulation of compliance filed by the parties. Unless the court excuses their presence, the parties personally must be present in court at the time of the compliance conference. If the parties are present in court, the judge personally shall address them at some time during the conference.

(g) *Expert witnesses.*

(1) Responses to demands for expert information pursuant to *CPLR* section 3101(d) shall be served within 20 days following service of such demands.

(2) Each expert witness whom a party expects to call at the trial shall file with the court a written report, which shall be exchanged and filed with the court no later than 60 days before the date set for trial, and reply reports, if any, shall be exchanged and filed no later than 30 days before such date. Failure to file with the court a report in conformance with these requirements may, in the court's discretion, preclude the use of the expert. Except for good cause shown, the reports exchanged between the parties shall be the only reports admissible at trial. Late retention of experts and consequent late submission of reports shall be permitted only upon a showing of good cause as authorized by *CPLR* 3101(d)(1)(i). In the discretion of the court, written reports may be used to substitute for
direct testimony at the trial, but the reports shall be submitted by the expert under oath, and the expert shall be present and available for cross-examination. In the discretion of the court, in a proper case, parties may be bound by the expert's report in their direct case.

(h) **Statement of proposed disposition.**

(1) Each party shall exchange a statement setting forth the following:

   (i) the assets claimed to be marital property;

   (ii) the assets claimed to be separate property;

   (iii) an allocation of debts or liabilities to specific marital or separate assets, where appropriate;

   (iv) the amount requested for maintenance, indicating and elaborating upon the statutory factors forming the basis for the maintenance request;

   (v) the proposal for equitable distribution, where appropriate, indicating and elaborating upon the statutory factors forming the basis for the proposed distribution;

   (vi) the proposal for a distributive award, if requested, including a showing of the need for a distributive award;

   (vii) the proposed plan for child support, indicating and elaborating upon the statutory factors upon which the proposal is based; and

   (viii) the proposed plan for custody and visitation of any children involved in the proceeding, setting forth the reasons therefor.

(2) A copy of any written agreement entered into by the parties relating to financial arrangements or custody or visitation shall be annexed to the statement referred to in paragraph (1) of this subdivision.

(3) The statement referred to in paragraph (1) of this subdivision, with proof of service upon the other party, shall, with the note of issue, be filed with the court. The other party, if he or she has not already done so, shall file with the court a statement complying with paragraph (1) of this subdivision within 20 days of such service.

   (i) **Filing of note of issue.** No action or proceeding to which this section is applicable shall be deemed ready for trial unless there is compliance with this section by the party filing the note of issue and certificate of readiness.

(j) **Referral to Family Court.** In all actions or proceedings to which this section is applicable referred to the Family Court by the Supreme Court pursuant to section 464 of the Family Court Act, all statements, including supplemental
statements, exchanged and filed by the parties pursuant to this section shall be transmitted to the Family Court with the order of referral.

(k) Motions for alimony, maintenance, counsel fees pendente lite and child support (other than under section 237[c] or 238 of the Domestic Relations Law). Unless, on application made to the court, the requirements of this subdivision be waived for good cause shown, or unless otherwise expressly provided by any provision of the CPLR or other statute, the following requirements shall govern motions for alimony, maintenance, counsel fees (other than a motion made pursuant to section 237[c] or 238 of the Domestic Relations Law for counsel fees for services rendered by an attorney to secure the enforcement of a previously granted order or decree) or child support or any modification of an award thereof:

(1) Such motion shall be made before or at the preliminary conference, if practicable.

(2) No motion shall be heard unless the moving papers include a statement of net worth in the official form prescribed by subdivision (b) of this section.

(3) No motion for counsel fees and expenses shall be heard unless the moving papers also include the affidavit of the movant's attorney stating the moneys, if any, received on account of such attorney's fee from the movant or any other person on behalf of the movant, the hourly amount charged by the attorney, the amounts paid, or to be paid, to counsel and any experts, and any additional costs, disbursements or expenses, and the moneys such attorney has been promised by, or the agreement made with, the movant or other persons on behalf of the movant, concerning or in payment of the fee. Fees and expenses of experts shall include appraisal, accounting, actuarial, investigative and other fees and expenses to enable a spouse to carry on or defend a matrimonial action or proceeding in the Supreme Court.

(4) The party opposing any motion shall be deemed to have admitted, for the purpose of the motion but not otherwise, such facts set forth in the moving party's statement of net worth as are not controverted in:

   (i) a statement of net worth, in the official form prescribed by this section, completed and sworn to by the opposing party, and made a part of the answering papers; or

   (ii) other sworn statements or affidavits with respect to any fact which is not feasible to controvert in the opposing party's statement of net worth.

(5) The failure to comply with the provisions of this subdivision shall be good cause, in the discretion of the judge presiding, either:

   (i) to draw an inference favorable to the adverse party with respect to any disputed fact or issue affected by such failure; or

   (ii) to deny the motion without prejudice to renewal upon compliance with the provisions of this section.
(6) The notice of motion submitted with any motion for or related to interim maintenance or child support shall contain a notation indicating the nature of the motion. Any such motion shall be determined within 30 days after the motion is submitted for decision.

(7) Upon any application for an award of counsel fees or fees and expenses of experts made prior to the conclusion of the trial of the action, the court shall set forth in specific detail, in writing or on the record, the factors it considered and the reasons for its decision.

(l) Hearings or trials pertaining to temporary or permanent custody or visitation shall proceed from day to day to conclusion. With respect to other issues before the court, to the extent feasible, trial should proceed from day to day to conclusion.

(m) Omission or Redaction of Confidential Personal Information from Matrimonial Decisions.

(1) Except as otherwise provided by rule or law or court order, and whether or not a sealing order is or has been sought, prior to submitting any decision, order, judgment, or combined decision and order or judgment in a matrimonial action for publication, the court shall redact the following confidential personal information:

(i) the taxpayer identification number of an individual or an entity, including a social security number, an employer identification number, and an individual taxpayer identification number, except the last four digits thereof;

(ii) the actual home address of the parties to the matrimonial action and their children;

(iii) the full name of an individual known to be a minor under the age of 18 years of age, except the minor's initials or the first name of the minor with the first initial of the minor's last name: provided that nothing herein shall prevent the court from granting a request to use only the minor's initials or only the word “Anonymous;”

(iv) the date of an individual's birth (including the date of birth of minor children), except the year of birth;

(v) the full name of either party where there are allegations of domestic violence, neglect, abuse, juvenile delinquency or mental health issues, except the party's initials or the first name of the party with the first initial of the party's last name; provided that nothing herein shall prevent the court from granting a request to use only the party's initials or only the word “Anonymous;” and

(vi) a financial account number, including a credit and/or debit card number, a bank account number, an investment account number, and/or an insurance account number (including a health insurance account number), except the last four digits or letters thereof.

(2) Nothing herein shall require parties to omit or redact personal confidential information as described herein or section 202.5(e) of this Part in papers submitted to the court for filing.
(3) Nothing herein shall prevent the court from omitting or redacting more personal confidential information than is required by this rule, either upon the request of a party or sua sponte.

(n) Appendix G.

Appendix G

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.16, 22 NY ADC 202.16
Section 202.16-a. Matrimonial actions; automatic orders

22 NYCRR 202.16-a

Section 202.16-a. Matrimonial actions; automatic orders

(a) Applicability. This section shall be applicable to all matrimonial actions and proceedings in the Supreme Court authorized by section 236(2) of the Domestic Relations Law.

(b) Service. The plaintiff in a matrimonial action shall cause to be served upon the defendant, simultaneous with the service of the summons, a copy of the automatic orders set forth in this section in a notice that substantially conforms to the notice contained in Appendix F of this section. The notice shall state legibly on its face that automatic orders have been entered against the parties named in the summons or in the summons and complaint pursuant to this rule, and that failure to comply with these orders may be deemed a contempt of court. The automatic orders shall be binding upon the plaintiff immediately upon filing of the summons, or summons and complaint, and upon the defendant immediately upon service of the automatic orders with the summons. These orders shall remain in full force and effect during the pendency of the action unless terminated, modified or amended by further order of the court or upon written agreement between the parties.

(c) Automatic Orders.

Upon service of the summons in every matrimonial action, it is hereby ordered that:

1. Neither party shall sell, transfer, encumber, conceal, assign, remove or in any way dispose of, without the consent of the other party in writing, or by order of the court, any property (including, but not limited to, real estate, personal property, cash accounts, stocks, mutual funds, bank accounts, cars and boats) individually or jointly held by the parties, except in the usual course of business, for customary and usual household expenses or for reasonable attorney's fees in connection with this action.

2. Neither party shall transfer, encumber, assign, remove, withdraw or in any way dispose of any tax deferred funds, stocks or other assets held in any individual retirement accounts, 401K accounts, profiting sharing plans, Keogh accounts, or any other pension or retirement account, and the parties shall further refrain from applying for or requesting the payment of retirement benefits or annuity payments of any kind, without the consent of the other party in writing, or upon further order of the court, except that any party who is already in pay status may continue to receive such payments thereunder.

3. Neither party shall incur unreasonable debts hereafter, including but not limited to further borrowing against any credit line secured by the family residence, further encumbrancing any assets, or unreasonably using credit cards...
or cash advances against credit cards, except in the usual course of business or for customary or usual household expenses, or for reasonable attorney's fees in connection with this action.

(4) Neither party shall cause the other party or the children of the marriage to be removed from any existing medical, hospital and dental insurance coverage, and each party shall maintain the existing medical, hospital and dental insurance coverage in full force and effect.

(5) Neither party shall change the beneficiaries of any existing life insurance policies, and each party shall maintain the existing life insurance, automobile insurance, homeowners and renters insurance policies in full force and effect.

(6) These automatic orders shall remain in full force and effect during the pendency of the action unless terminated, modified or amended by further order of the court or upon written agreement between the parties.

(7) The failure to obey these automatic orders may be deemed a contempt of court.

(d) Appendix F.

APPENDIX F

NOTICE OF AUTOMATIC ORDERS (D.R.L. 236)

PURSUANT TO DOMESTIC RELATIONS LAW § 236 part B, section 2, as added by chapter 72 of the Laws of 2009, both you and your spouse (the parties) are bound by the following AUTOMATIC ORDERS, which shall remain in full force and effect during the pendency of the action unless terminated, modified or amended by further order of the court or upon written agreement between the parties:

(1) Neither party shall sell, transfer, encumber, conceal, assign, remove or in any way dispose of, without the consent of the other party in writing, or by order of the court, any property (including, but not limited to, real estate, personal property, cash accounts, stocks, mutual funds, bank accounts, cars and boats) individually or jointly held by the parties, except in the usual course of business, for customary and usual household expenses or for reasonable attorney's fees in connection with this action.

(2) Neither party shall transfer, encumber, assign, remove, withdraw or in any way dispose of any tax deferred funds, stocks or other assets held in any individual retirement accounts, 401K accounts, profiting sharing plans, Keogh accounts, or any other pension or retirement account, and the parties shall further refrain from applying for or requesting the payment of retirement benefits or annuity payments of any kind, without the consent of the other party in writing, or upon further order of the court.

(3) Neither party shall incur unreasonable debts hereafter, including but not limited to further borrowing against any credit line secured by the family residence, further encumbering any assets, or unreasonably using credit cards or cash advances against credit cards, except in the usual course of business or for customary or usual household expenses, or for reasonable attorney's fees in connection with this action.
(4) Neither party shall cause the other party or the children of the marriage to be removed from any existing medical, hospital and dental insurance coverage, and each party shall maintain the existing medical, hospital and dental insurance coverage in full force and effect.

(5) Neither party shall change the beneficiaries of any existing life insurance policies, and each party shall maintain the existing life insurance, automobile insurance, homeowners and renters insurance policies in full force and effect.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.16-a, 22 NY ADC 202.16-a
Section 202.16-b. Submission of written applications in contested matrimonial actions

(I) [FN1] Applicability. This section shall be applicable to all contested matrimonial actions and proceedings in Supreme Court authorized by subdivision (2) of Part B of section 236 of the Domestic Relations Law.

(2) Unless otherwise expressly provided by any provision of the CPLR or other statute, and in addition to the requirements of 22 NYCRR section 202.16(k) where applicable, the following rules and limitations are required for the submission of papers on pendente lite applications for alimony, maintenance, counsel fees, child support, exclusive occupancy, custody and visitation unless said requirements are waived by the judge for good cause shown:

(i) Applications that are deemed an emergency must comply with 22 NYCRR section 202.7 and provide for notice, where applicable, in accordance with same. These emergency applications shall receive a preference by the clerk for processing and the court for signature. Designating an application as an emergency without good cause may be punishable by the issuance of sanctions pursuant to Part 130 of the Rules of the Chief Administrative Judge. Any application designated as an emergency without good cause shall be processed and considered in the ordinary course of local court procedures.

(ii) Where practicable, all orders to show cause, motions or cross-motions for relief should be made in one order to show cause or motion or cross-motion.

(iii) All orders to show cause and motions or cross motions shall be submitted on one-sided copy except as otherwise provided in 22 NYCRR section 202.5(a), or electronically where authorized, with one-inch margins on eight and one half by eleven (8.5 x 11) inch paper with all additional exhibits tabbed. They shall be in Times New Roman font 12 and double spaced. They must be of sufficient quality ink to allow for the reading and proper scanning of the documents. Self-represented litigants may submit handwritten applications provided that the handwriting is legible and otherwise in conformity with these rules.

(iv) The supporting affidavit or affidavit in opposition or attorney affirmation in support or opposition or memorandum of law shall not exceed 20 pages. Any expert affidavit required shall not exceed eight additional pages. Any attorney affirmation in support or opposition or memorandum of law shall contain only discussion and argument on issues of law except for facts known only to the attorney. Any reply affidavits or affirmations to the extent permitted shall not exceed 10 pages. Sur-reply affidavits can only be submitted with prior court permission.
Section 202.16-b. Submission of written applications in..., 22 NY ADC 202.16-b

(v) Except for affidavits of net worth (pursuant to 22 NYCRR section 202.16(b)), retainer agreements (pursuant to Rule 1400.3 of the Joint Rules of the Appellate Division), maintenance guidelines worksheets and/or child support worksheets, or counsel fee billing statements or affirmations or affidavits related to counsel fees (pursuant to Domestic Relations Law section 237 and 22 NYCRR section 202.16(k)), all of which may include attachments thereto, all exhibits annexed to any motion, cross motion, order to show cause, opposition or reply may not be greater than three inches thick without prior permission of the court. All exhibits must contain exhibit tabs.

(vi) If the application or responsive papers exceed the page or size limitation provided in this section, counsel or the self-represented litigant must certify in good faith the need to exceed such limitation, and the court may reject or require revision of the application if the court deems the reasons insufficient.

(3) Nothing contained herein shall prevent a judge or justice of the court or of a judicial district within which the court sits from establishing local part rules to the contrary or in addition to these rules.

Credits
Sec. filed through Court Notices in the Aug. 9, 2017 Register, eff. July 1, 2017.

[FN1]
Paragraph designation so in original

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.16-b, 22 NY ADC 202.16-b
Section 202.17. Exchange of medical reports in personal injury and wrongful death actions

Except where the court otherwise directs, in all actions in which recovery is sought for personal injuries, disability or death, physical examinations and the exchange of medical information shall be governed by the provisions hereinafter set forth.

(a) At any time after joinder of issue and service of a bill of particulars, the party to be examined or any other party may serve on all other parties a notice fixing the time and place of examination. Unless otherwise stipulated, the examination shall be held not less than 30 nor more than 60 days after service of the notice. If served by any party other than the party to be examined, the notice shall name the examining medical provider or providers. If the notice is served by the party to be examined, the examining parties shall, within five days of receipt thereof, submit to the party to be examined the name of the medical providers who will conduct the examination. Any party may move to modify or vacate the notice fixing the time and place of examination or the notice naming the examining medical providers, within 10 days of the receipt thereof, on the grounds that the time or place fixed or the medical provider named is objectionable, or that the nature of the action is such that the interests of justice will not be served by an examination, exchange of medical reports or delivery of authorizations.

(b) At least 20 days before the date of such examination, or on such other date as the court may direct, the party to be examined shall serve upon and deliver to all other parties the following, which may be used by the examining medical provider:

(1) copies of the medical reports of those medical providers who have previously treated or examined the party seeking recovery. These shall include a recital of the injuries and conditions as to which testimony will be offered at the trial, referring to and identifying those X-ray and technicians reports which will be offered at the trial, including a description of the injuries, a diagnosis and a prognosis. Medical reports may consist of completed medical provider, workers' compensation, or insurance forms that provide the information required by this paragraph;

(2) duly executed and acknowledged written authorizations permitting all parties to obtain and make copies of all hospital records and such other records, including X-ray and technicians' reports, as may be referred to and identified in the reports of those medical providers who have treated or examined the party seeking recovery.

(c) Copies of the reports of the medical providers making examinations pursuant to this section shall be served on all other parties within 45 days after completion of the examination. These shall comply with the requirements of paragraph (b)(1) of this section.
(d) In actions where the cause of death is in issue, each party shall serve upon all other parties copies of the reports of all treating and examining medical providers whose testimony will be offered at the trial, complying with the requirements of paragraph (b)(1) of this section, and the party seeking to recover shall deliver to all other parties authorizations to examine and obtain copies of all hospital records, autopsy or post-mortem reports, and such other records as provided in paragraph (b)(2) of this section. Copies of these reports and the required authorizations shall be served and delivered with the bill of particulars by the party seeking to recover. All other parties shall serve copies of the reports of their medical providers within 45 days thereafter. In any case where the interests of justice will not be promoted by service of such reports and delivery of such authorizations, an order dispensing with either or both may be obtained.

(e) Parties relying solely on hospital records may so certify in lieu of serving medical providers' reports.

(f) No case otherwise eligible to be noticed for trial may be noticed unless there has been compliance with this rule, or an order dispensing with compliance or extending the time therefor has been obtained; or, where the party to be examined was served a notice as provided in subdivision (a) of this section, and the party so served has not responded thereto.

(g) In the event that the party examined intends at the trial to offer evidence of further or additional injuries or conditions, nonexistent or not known to exist at the time of service of the original medical reports, such party shall, within 30 days after the discovery thereof, and not later than 30 days before trial, serve upon all parties a supplemental medical report complying with the requirements of paragraph (b)(1) of this section, and shall specify a time, not more than 10 days thereafter, and a place at which a further examination may be had. Further authorizations to examine and make copies of additional hospital records, other records, X-ray or other technicians' reports as provided in paragraph (b)(2) of this section must also be delivered with the medical reports. Copies of the reports of the examining medical providers, complying with the requirements of subdivision (c) of this section, shall be served within 10 days after completion of such further examination. If any party desires at the trial to offer the testimony of additional treating or examining medical providers, other than whose medical reports have been previously exchanged, the medical reports of such medical providers, complying with the requirements of paragraph (b)(1) of this section, shall be served upon all parties at least 30 days before trial.

(h) Unless an order to the contrary is made, or unless the judge presiding at the trial in the interests of justice and upon a showing of good cause shall hold otherwise, the party seeking to recover damages shall be precluded at the trial from offering in evidence any part of the hospital records and all other records, including autopsy or post mortem records, X-ray reports or reports of other technicians, not made available pursuant to this rule, and no party shall be permitted to offer any evidence of injuries or conditions not set forth or put in issue in the respective medical reports previously exchanged, nor will the court hear the testimony of any treating or examining medical providers whose medical reports have not been served as provided by this rule.

(i) Orders transferring cases pending in other courts which are subject to the provisions of this section, whether or not such cases are consolidated with cases pending in the court to which transferred, shall contain such provisions as are required to bring the transferred cases into compliance with this rule.

(j) Any party may move to compel compliance or to be relieved from compliance with this rule or any provision thereof, but motions directed to the sufficiency of medical reports must be made within 20 days of receipt of such reports. All motions under this rule may be made on affidavits of attorneys, shall be made on notice, and shall be granted or denied.
on such terms as to costs, calendar position and dates of compliance with any provision of this rule as the court in its discretion shall direct.

(k) Where an examination is conducted on consent prior to the institution of an action, the party to be examined shall deliver the documents specified in paragraphs (b)(1) and (2) of this section, and the report of the examining medical provider shall be delivered as provided in subdivision (c) of this section. In that event, examination after institution of the action may be waived. The waiver, which shall recite that medical reports have been exchanged and that all parties waive further physical examination, shall be filed with the note of issue. This shall not be a bar, however, to proceeding under subdivision (g) of this section in a proper case.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.17, 22 NY ADC 202.17
Section 202.18. Testimony of court-appointed expert witness in matrimonial action or proceeding

In any action or proceeding tried without a jury to which section 237 of the Domestic Relations Law applies, the court may appoint a psychiatrist, psychologist, social worker or other appropriate expert to give testimony with respect to custody or visitation, and may appoint an accountant, appraiser, actuary or other appropriate expert to give testimony with respect to equitable distribution or a distributive award. In the First and Second Judicial Departments, appointments shall be made as appropriate from a panel of mental health professionals pursuant to Parts 623 and 680 of this Title. The cost of such expert witness shall be paid by a party or parties as the court shall direct.

Credits
Sec. filed April 3, 1989; amd. filed Nov. 21, 2008 eff. Nov. 18, 2008.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.19. Differentiated case management, 22 NY ADC 202.19

22 NYCRR 202.19

Section 202.19. Differentiated case management

(a) **Applicability.** This section shall apply to such categories of cases designated by the Chief Administrator of the Courts as being subject to differentiated case management, and shall be implemented in such counties, courts or parts of courts as designated by the Chief Administrator. The provisions of section 202.12 of this Part, relating to the preliminary conference, and section 202.26 of this Part, relating to the pretrial conference, shall apply to the extent not inconsistent with this section.

(b) **Preliminary conference.**

(1) In all actions and proceedings to which this section of the rules is applicable, a preliminary conference shall be ordered by the court to be held within 45 days after the request for judicial intervention is filed.

(2) At the preliminary conference, the court shall designate the track to which the case shall be assigned in accordance with the following:

   (i) expedited—discovery to be completed within eight months;

   (ii) standard—discovery to be completed within 12 months; and

   (iii) complex—discovery to be completed within 15 months.

The timeframes must be complied with unless otherwise shortened or extended by the court depending upon the circumstances of the case.

(3) No later than 60 days before the date fixed for completion of discovery, a compliance conference shall be held to monitor the progress of discovery, explore potential settlement, and set a deadline for the filing of the note of issue.

(c) **Pretrial conference.**

(1) A pretrial conference shall be held within 180 days of the filing of the note of issue.
(2) At the pretrial conference, the court shall fix a date for the commencement of trial, which shall be no later than eight weeks after the date of the conference.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.19, 22 NY ADC 202.19
Section 202.20. [Reserved], 22 NY ADC 202.20

Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
Chapter II. Uniform Rules for the New York State Trial Courts
Part 202. Uniform Civil Rules for the Supreme Court and the County Court (Refs & Annos)

22 NYCRR 202.20

Section 202.20. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.20, 22 NY ADC 202.20
(a) General. No action or special proceeding shall be deemed ready for trial or inquest unless there is first filed a note of issue accompanied by a certificate of readiness, with proof of service on all parties entitled to notice, in the form prescribed by this section. Filing of a note of issue and certificate of readiness is not required for an application for court approval of the settlement of the claim of an infant, incompetent or conservatee. The note of issue shall include the county clerk's index number; the name of the judge to whom the action is assigned; the name, office address and telephone number of each attorney who has appeared; the name, address and telephone number of any party who has appeared pro se; and the name of any insurance carrier acting on behalf of any party. Within 10 days after service, the original note of issue, and the certificate of readiness where required, with proof of service where service is required, shall be filed in duplicate with the county clerk together with payment of the calendar fee prescribed by CPLR 8020 or a copy of an order permitting the party filing the note of issue to proceed as a poor person, and a duplicate original with proof of service shall be filed with the clerk of the trial court. The county clerk shall forward one of the duplicate originals of the note of issue to the clerk of the trial court stamped "Fee Paid" or "Poor Person Order."

(b) Forms. The note of issue and certificate of readiness shall read substantially as follows:

NOTE OF ISSUE
Calendar No. (if any) ...................... For use of clerk
Index No......
............................ Court, .......................... County
Name of assigned judge ........................................
Notice for trial
Trial by jury demanded ______
_____ of all issues
_____ of issues specified below
_____ or attached hereto
Trial without jury ______
Filed by attorney for ______
Date summons served ______
Date service completed ______
Date issue joined ______
Nature of action or special proceeding
Tort:
Motor vehicle negligence ______
Medical malpractice ______
Other tort ______
Contract ______
Contested matrimonial ______
Uncontested matrimonial ______
Special preference claimed Tax certiorari ______
under ____________ Condemnation ______
on the ground that ________ Other (not itemized above) _____
__________________________________ (specify)
Attorney(s) for Plaintiff(s) Indicate if this action is
Office and P.O. Address: brought as a class action _____
Phone No.
Attorney(s) for Defendant(s)
Office and P.O. Address:
Phone No.
Amount demanded $ __________
Other relief __________
Insurance carrier(s), if known:
NOTE: The clerk will not accept this note of issue unless accompanied by a
certificate of readiness.

CERTIFICATE OF READINESS FOR TRIAL

(Items 1-7 must be checked)

Not

Complete

Waived

required

1. All pleadings served.

..... ..... .....  

2. Bill of particulars served.

..... ..... .....  

3. Physical examinations completed.

..... ..... .....  

4. Medical reports exchanged.

..... ..... .....  

5. Appraisal reports exchanged.

..... ..... .....  

6. Compliance with section
202.16 of the Rules of the Chief Administrator (22 NYCRR 202.16) in matrimonial actions.

7. Discovery proceedings now known to be necessary completed.

8. There are no outstanding requests for discovery.

9. There has been a reasonable opportunity to complete the foregoing proceedings.

10. There has been compliance with any order issued pursuant to section 202.12 of the Rules of the Chief Administrator (22 NYCRR 202.12).

11. If a medical malpractice
action, there has been compliance with any order issued pursuant to section 202.56 of the Rules of the Chief Administrator (22 NYCRR 202.56).

12. The case is ready for trial.

Dated:_____

(Signature)_____

Attorney(s) for:_____

Office and P.O. address:_____

(c) Jury trials. A trial by jury may be demanded as provided by CPLR 4102. Where a jury trial has been demanded, the action or special proceeding shall be scheduled for jury trial upon payment of the fee prescribed by CPLR 8020 by the party first filing the demand. If no demand for a jury trial is made, it shall constitute a waiver by all parties and the action or special proceeding shall be scheduled for nonjury trial.

(d) Pretrial proceedings. Where a party is prevented from filing a note of issue and certificate of readiness because a pretrial proceeding has not been completed for any reason beyond the control of the party, the court, upon motion supported by affidavit, may permit the party to file a note of issue upon such conditions as the court deems appropriate. Where unusual or unanticipated circumstances develop subsequent to the filing of a note of issue and certificate of readiness which require additional pretrial proceedings to prevent substantial prejudice, the court, upon motion supported by affidavit, may grant permission to conduct such necessary proceedings.

(e) Vacating note of issue. Within 20 days after service of a note of issue and certificate of readiness, any party to the action or special proceeding may move to vacate the note of issue, upon affidavit showing in what respects the case is not ready for trial, and the court may vacate the note of issue if it appears that a material fact in the certificate of readiness is incorrect, or that the certificate of readiness fails to comply with the requirements of this section in some material respect. However, the 20-day time limitation to make such motion shall not apply to tax assessment review proceedings. After such period, except in a tax assessment review proceeding, no such motion shall be allowed except for good cause shown. At any time, the court on its own motion may vacate a note of issue if it appears that a material fact in the certificate of readiness is incorrect, or that the certificate of readiness fails
to comply with the requirements of this section in some material respect. If the motion to vacate a note of issue is granted, a copy of the order vacating the note of issue shall be served upon the clerk of the trial court.

(f) **Reinstatement of note of issue.** Motions to reinstate notes of issue vacated pursuant to this section shall be supported by a proper and sufficient certificate of readiness and by an affidavit by a person having first-hand knowledge showing that there is merit to the action, satisfactorily showing the reasons for the acts or omissions which led to the note of issue being vacated, stating meritorious reasons for its reinstatement and showing that the case is presently ready for trial.

(g) **Limited specification of damages demanded in certain actions.** This subdivision shall apply only in counties where the Chief Administrator of the Courts has established arbitration programs pursuant to Part 28 of the Rules of the Chief Judge of the State of New York pertaining to the arbitration of certain actions (22 NYCRR Part 28). In a medical malpractice action or an action against a municipality seeking a sum of money only, where the party filing the note of issue is prohibited by the provisions of CPLR 3017(c) from stating in the pleadings the amount of damages sought in the action, the party shall indicate on the note of issue whether the amount of damages exceeds $6,000, exclusive of costs and interest. If it does not, the party shall also indicate if it exceeds $2,000, exclusive of costs and interest.

(h) **Change in title of action.** In the event of a change in title of an action by reason of a substitution of any party, no new note of issue will be required. Notice of such substitution and change in title shall be given to the assigned judge and to the clerk within 10 days of the date of an order or stipulation effecting the party substitution or title change.

(i) **Additional requirements with respect to uncontested matrimonial actions.**

1. Uncontested matrimonial actions, proceedings for dissolution of marriages and applications for declaratory judgments shall be assigned to judges or special parts of court as the Chief Administrator shall authorize.

2. There shall be a Unified Court System Uncontested Divorce Packet which shall contain the official forms for use in uncontested matrimonial actions. The packet shall be available in the office of the clerk of the Supreme Court in each county, and the forms shall be filed with the appropriate clerk in accordance with the instructions in the packet. These forms shall be accepted by the Court for obtaining an uncontested divorce, and no other forms shall be necessary. The Court, in its discretion, may accept other forms that comply with the requirements of law.

3. The proposed judgments shall be numbered in the order in which they are received and submitted in sequence to the judge or referee.

4. Unless the court otherwise directs, the proof required by statute must be in writing, by affidavits, which shall include a sufficient factual statement to establish jurisdiction, as well as all elements of the cause of action warranting the relief sought.
(5) If the judge or referee believes that the papers are insufficient, the complaint shall either be dismissed for failure of proof or a hearing shall be directed to determine whether sufficient evidence exists to support the cause of action.

(6) Whether upon written proof or at the conclusion of a hearing, the judge or referee shall render a decision and sign the findings of fact, conclusions of law and the judgment, unless for reasons stated on the record decision is reserved.

(7) Where a hearing has been held, no transcript of testimony shall be required as a condition precedent to the signing of the judgment, unless the judge or referee presiding shall so direct.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.21, 22 NY ADC 202.21
Section 202.22. Calendars

(a) A judge to whom cases are assigned under the individual assignment system may establish such calendars of cases as the judge shall deem necessary or desirable for proper case management. These calendars may include:

(1) Preliminary conference calendar. A preliminary conference calendar is for the calendaring for conference of cases in which a note of issue and certificate of readiness have not yet been filed.

(2) Motion calendar. A motion calendar is for the hearing of motions.

(3) General calendar. A general calendar is for actions in which a note of issue and a certificate of readiness have been filed but which have not as yet been transferred to a pretrial conference calendar or a calendar containing cases that are ready for trial.

(4) Pretrial conference calendar. A pretrial conference calendar is for actions awaiting conference after the note of issue and certificate of readiness have been filed.

(5) Reserve calendar. A reserve calendar is for actions that have had a pretrial conference or where such conference was dispensed with by the court, but where the actions have not yet been transferred to a ready calendar.

(6) Ready calendar. A ready calendar is for actions in which a trial is imminent.

(7) Military calendar. A military calendar is for cases where a party to an action or a witness necessary upon the trial is in military service, and is not presently available for trial, and a deposition cannot be taken, or, if taken, would not provide adequate evidence.

(8) Continuous calendars. In any court not continuously in session, the calendars at the close of one term shall be used to open the following term and actions on the calendars shall retain their positions.

(b) Calendar progression. With due regard to the requirements of statutory preferences and of section 202.24 of this Part, when actions are advanced from one calendar to another they shall progress from the head of one calendar to the foot of the next calendar and otherwise progress in order insofar as practicable unless otherwise determined by the court.
(c) Call of calendars. Judges to whom actions and proceedings are assigned pursuant to the individual assignment system may schedule calls of any calendars they have established at such times as they deem appropriate.

(d) Readiness for trial. When an action has been announced "ready" but a trial is not immediately available, counsel may arrange with the judge to be summoned by telephone, provided they agree to hold themselves available and to appear on one hour's notice, or at such other time as the court may order, at the time assigned for trial.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.22, 22 NY ADC 202.22
Section 202.23. [Reserved], 22 NY ADC 202.23

22 NYCRR 202.23

Section 202.23. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.23, 22 NY ADC 202.23
Section 202.24. Special preferences

(a) **Applications.** Any party claiming a preference under **CPLR 3403** may apply to the court in the manner prescribed by that rule.

(b) **Special requirements in personal injury and wrongful death action.** A party seeking a preference pursuant to CPLR 3403(a)(3) in an action for damages for personal injuries or for causing death shall serve and file in support of the demand or application, whether in the note of issue or subsequent thereto, a copy of:

1. the summons;
2. the complaint, answer and bill of particulars, conforming to CPLR 3043 and 3044;
3. each report required by this Part to be served by the parties relating to medical information;
4. a statement that the venue of the action was properly laid; and
5. all other papers material to the application.

(c) **Counterclaims and cross-claims.** A counterclaim or cross-claim which is not entitled to a preference shall not itself defeat the plaintiff's right to a preference under this section.

(d) **Result of preference being granted.** If a preference is granted, the case shall be placed ahead of all nonpreferred cases pending as of that date, unless the court otherwise orders.

**Credits**

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.25. Objections to applications for special preference, 22 NY ADC 202.25

(a) Within 20 days of the filing of the note of issue, if the notice of motion for a special preference is filed therewith, or within 10 days of the service of a notice of motion to obtain a preference, if served and filed subsequent to service and filing of the note of issue, any other party may serve upon all other parties, and file with the court affidavits and other relevant papers, with proof of service, in opposition to granting the preference. In the event opposing papers are filed, the party applying for the preference may, within five days thereafter, serve and file in like manner papers in rebuttal.

(b) In any action which has been accorded a preference in trial upon a motion, the court shall not be precluded, on its own motion at any time thereafter, from ordering that the action is not entitled to a preference under these rules.

(c) Notwithstanding the failure of any party to oppose the application, no preference shall be granted by default unless the court finds that the action is entitled to a preference.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.25, 22 NY ADC 202.25
Section 202.26. Pretrial conference

(a) After the filing of a note of issue and certificate of readiness in any action, the judge shall order a pretrial conference, unless the judge dispenses with such a conference in any particular case.

(b) To the extent practicable, pretrial conferences shall be held not less than 15 nor more than 45 days before trial is anticipated.

(c) The judge shall consider at the conference with the parties or their counsel the following:

(1) simplification and limitation of the issues;

(2) obtaining admission of fact and of documents to avoid unnecessary proof;

(3) disposition of the action, including scheduling the action for trial;

(4) amendment of pleadings or bill of particulars;

(5) limitation of number of expert witnesses; and

(6) insurance coverage, where relevant.

The judge also may consider with the parties any other matters deemed relevant.

(d) In actions brought under the simplified procedure sections of the CPLR, the court shall address those matters referred to in CPLR 3036(5).

(e) Where parties are represented by counsel, only attorneys fully familiar with the action and authorized to make binding stipulations, or accompanied by a person empowered to act on behalf of the party represented, will be permitted to appear at a pretrial conference. Where appropriate, the court may order parties, representatives of parties, representatives of insurance carriers or persons having an interest in any settlement, including those holding liens on any settlement
or verdict, to also attend in person or telephonically at the settlement conference. Plaintiff shall submit marked copies of the pleadings. A verified bill of particulars and a doctor's report or hospital record, or both, as to the nature and extent of injuries claimed, if any, shall be submitted by the plaintiff and by any defendant who counterclaims. The judge may require additional data, or may waive any requirement for submission of documents on suitable alternate proof of damages. Failure to comply with this subdivision may be deemed a default under CPLR 3404. Absence of an attorney's file shall not be an acceptable excuse for failing to comply with this subdivision.

(f) If any action is settled or discontinued by stipulation at a pretrial conference, complete minutes of such stipulation shall be made at the direction of the court. Such transcribed stipulation shall be enforceable as though made in open court.

(g)

(1) At the pretrial conference, if it appears that the action falls within the monetary jurisdiction of a court of limited jurisdiction, there is nothing to justify its being retained in the court in which it is then pending, and it would be reached for trial more quickly in a lower court, the judge shall order the case transferred to the appropriate lower court, specifying the paragraph of CPLR 325 under which the action is taken.

(2) With respect to transfers to the New York City civil court pursuant to CPLR 325, if, at the pretrial conference, the conditions in paragraph (1) of this subdivision are met except that the case will not be reached for trial more quickly in the lower court, the judge, in his or her discretion, may order the case so transferred if it will be reached for trial in the lower court within 30 days of the conference. In determining whether the action will be reached for trial in the lower court within 30 days, the judge shall consult with the administrative judge of his or her court, who shall advise, after due inquiry, whether calendar conditions and clerical considerations will permit the trial of actions in the lower court within the 30-day timeframe. If the action is not transferred to a lower court, it shall be tried in the superior court in its proper calendar progression.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.27. Defaults, 22 NY ADC 202.27

At any scheduled call of a calendar or at any conference, if all parties do not appear and proceed or announce their readiness to proceed immediately or subject to the engagement of counsel, the judge may note the default on the record and enter an order as follows:

(a) If the plaintiff appears but the defendant does not, the judge may grant judgment by default or order an inquest.

(b) If the defendant appears but the plaintiff does not, the judge may dismiss the action and may order a severance of counterclaims or cross-claims.

(c) If no party appears, the judge may make such order as appears just.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.27, 22 NY ADC 202.27
Section 202.27-a. Proof of default judgment in consumer credit matters
(Uniform Civil Rules for the Supreme Court and the County Court)

(a) Definitions.

(1) For purposes of this section, a consumer credit transaction means a revolving or open-end credit transaction wherein credit is extended by a financial institution, which is in the business of extending credit, to an individual primarily for personal, family or household purposes, the terms of which include periodic payment provisions, late charges and interest accrual. A consumer credit transaction does not include debt incurred in connection with, among others, medical services, student loans, auto loans or retail installment contracts.

(2) Original creditor means the financial institution that owned the consumer credit account at the time the account was charged off, even if that financial institution did not originate the account. Charged-off consumer debt means a consumer debt that has been removed from an original creditor's books as an asset and treated as a loss or expense.

(3) Debt buyer means a person or entity that is regularly engaged in the business of purchasing charged-off consumer debt for collection purposes, whether it collects the debt itself, hires a third party for collection, or hires an attorney for collection litigation.

(4) Credit agreement means a copy of a contract or other document governing the account provided to the defendant evidencing the defendant's agreement to the debt, the amount due on the account, the name of the original creditor, the account number, and the name and address of the defendant. The charge-off statement or the monthly statement recording the most recent purchase transaction, payment or balance transfer shall be deemed sufficient evidence of a credit agreement.

(b) Applicability. Together with any other affidavits required under New York law, the following affidavits shall be required as part of a default judgment application arising from a consumer credit transaction where such application is made to the clerk under CPLR 3215(a).

(1) In original creditor actions, the affidavit set forth in subdivision (c) of this section, effective October 1, 2014.

(2) In debt buyer actions involving debt purchased from an original creditor on or after October 1, 2014, the affidavits set forth in subdivision (d) of this section.
(3) Except as set forth in paragraph (4) of this subdivision, the affidavits set forth in subdivision (d) of this section shall not be required in debt buyer actions involving debt purchased from an original creditor before October 1, 2014. The plaintiff shall be required to affirm in its affidavit of facts that the debt was purchased from the original creditor before October 1, 2014 and attach proof of that fact.

(4) Effective July 1, 2015, the affidavits set forth in subdivision (d) of this section shall be required in all debt buyer actions notwithstanding that the debt was purchased from an original creditor before October 1, 2014.

(5) In all original creditor and debt buyer actions, the affidavit of non-expiration of statute of limitations set forth in subdivision (e) of this section, effective October 1, 2014.

(c) Where the plaintiff is the original creditor, the plaintiff must submit the AFFIDAVIT OF FACTS BY ORIGINAL CREDITOR.

(d) Where the plaintiff is a debt buyer, the plaintiff must submit the AFFIDAVIT OF FACTS AND PURCHASE OF ACCOUNT BY DEBT BUYER PLAINTIFF, the AFFIDAVIT OF FACTS AND SALE OF ACCOUNT BY ORIGINAL CREDITOR and, if applicable, the AFFIDAVIT OF PURCHASE AND SALE OF ACCOUNT BY DEBT SELLER for each debt seller who owned the debt prior to the plaintiff.

(e) In all applications for a default judgment arising from a consumer credit transaction, the plaintiff must submit the AFFIRMATION OF NON-EXPIRATION OF STATUTE OF LIMITATIONS executed by counsel.

(f) The affidavits required by this section may not be combined. Affidavits may be augmented to provide explanatory details, and supplemental affidavits may be filed for the same purpose.

(g) The affidavits required by this section shall be supported by exhibits, including a copy of the credit agreement as defined in this section, the bill of sale or written assignment of the account where applicable, and relevant business records of the Original Creditor that set forth the name of the defendant; the last four digits of the account number; the date and amount of the charge-off balance; the date and amount of the last payment, if any; the amounts of any post-charge-off interest and post-charge-off fees and charges, less any post-charge-off credits or payments made by or on behalf the defendant; and the balance due at the time of sale.

(h) If a verified complaint has been served, it may be used as the plaintiff's affidavit of facts where it satisfies the elements of the AFFIDAVIT OF FACTS AND PURCHASE OF ACCOUNT BY DEBT BUYER PLAINTIFF.

(i) The County Clerk or clerk of the court shall refuse to accept for filing a default judgment application that does not comply with the requirements of this section.

(j) Nothing in this section is intended to impair a plaintiff's ability to make a default judgment application to the court as authorized under CPLR 3215(b).
Credits
Sec. filed through Court Notices in the Oct. 8, 2014 Register.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.27-a, 22 NY ADC 202.27-a
Section 202.27-b. Additional mailing of notice on an action arising from a consumer credit transaction (Uniform Civil Rules for the Supreme Court and the County Court)

(a) Additional mailing of notice on an action arising from a consumer credit transaction.

(1) At the time of filing with the clerk the proof of service of the summons and complaint in an action arising from a consumer credit transaction, or at any time thereafter, the plaintiff shall submit to the clerk a stamped unsealed envelope addressed to the defendant together with a written notice, in both English and Spanish, containing the following language:

SUPREME/DISTRICT/CITY COURT. COUNTY/CITY OF______

COUNTY OF ______INDEX NO. ______

Plaintiff _______Defendant ______

ATTENTION: A lawsuit has been filed against you claiming that you owe money for an unpaid consumer debt. You should respond to the lawsuit as soon as possible by filing an "answer." You may wish to contact an attorney. If you do not respond to the lawsuit, the court may enter a money judgment against you. Once entered, a judgment is good and can be used against you for twenty years, and your personal property and money, including a portion of your paycheck and/or bank account, may be taken from you. Also, a judgment will affect your credit score and can affect your ability to rent a home, find a job, or take out a loan. You cannot be arrested or sent to jail for owing a debt. Additional information can be found on the court system's website at: www.nycourts.gov

PRECAUCION: Se ha presentado una demanda en su contra reclamando que usted debe dinero por una deuda al consumidor no saldada. Usted debe, tan pronto como le sea posible, responder a la demanda presentando una “contestacion.” Quizas usted quiera comunicarse con un abogado. Si usted no presenta una contestacion, el tribunal puede emitir un fallo monetario en contra suya. Una vez emitido, ese fallo es valido y puede ser utilizado contra usted por un periodo de veinte anos, y contra su propiedad personal y su dinero, incluyendo una porcion de su salario y/o su cuenta bancaria, los cuales pueden ser embargados. Ademas, un fallo monetario afecta su credito y puede afectar su capacidad de alquilar una casa, encontrar trabajo o solicitar un prestamo para comprar un automovil. Usted no puede ser arrestado ni apresado por adeudar dinero. Puede obtener informacion adicional en el sitio web del sistema: www.nycourts.gov

The face of the envelope shall be addressed to the defendant at the address at which process was served, and shall contain the defendant's name, address (including apartment number) and zip code. The face of the envelope also shall contain, in the form of a return address, the appropriate address of the clerk's office to which the defendant should be directed. These addresses are:
(2) The clerk promptly shall mail to the defendant the envelope containing the additional notice set forth in paragraph (1) of this subdivision. No default judgment based on defendant's failure to answer shall be entered unless there has been compliance with this subdivision and at least 20 days have elapsed from the date of mailing by the clerk. No default judgment based on defendant's failure to answer shall be entered if the additional notice is returned to the court as undeliverable, unless the address at which process was served matches the address of the defendant on a Certified Abstract of Driving Record issued from the New York State Department of Motor Vehicles. Receipt of the additional notice by the defendant does not confer jurisdiction on the court in the absence of proper service of process.

Credits
Sec. filed through Court Notices in the Oct. 8, 2014 Register.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.27-b, 22 NY ADC 202.27-b
Section 202.28. Discontinuance of civil actions and notice to the court

(a) In any discontinued action, the attorney for the defendant shall file a stipulation or statement of discontinuance with the county clerk within 20 days of such discontinuance. If the action has been noticed for judicial activity within 20 days of such discontinuance, the stipulation or statement shall be filed before the date scheduled for such activity.

(b) If an action is discontinued under subdivision (a) of this section, or wholly or partially settled by stipulation pursuant to CPLR 2104, or a motion has become wholly or partially moot, or a party has died or become a debtor in bankruptcy, the parties promptly shall notify the assigned judge in writing of such an event.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Sections 202.29 to 202.30. [Reserved], 22 NY ADC 202.29 to 202.30

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.31. Identification of trial counsel

Unless the court otherwise provides, where the attorney of record for any party arranges for another attorney to conduct the trial, the trial counsel must be identified in writing to the court and all parties no later than 15 days after the pretrial conference or, if there is no pretrial conference, at least 10 days before trial. The notice must be signed by both the attorney of record and the trial counsel.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.31, 22 NY ADC 202.31
Section 202.32. Engagement of counsel

No adjournment shall be granted on the ground of engagement of counsel except in accordance with Part 125 of the Rules of the Chief Administrator of the Courts (22 NYCRR Part 125).

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.33. Conduct of the voir dire

(a) *Trial judge.* All references to the trial judge in this section shall include any judge designated by the administrative judge in those instances where the case processing system or other logistical considerations do not permit the trial judge to perform the acts set forth in this section.

(b) *Pre-voir dire settlement conference.* Where the court has directed that jury selection begin, the trial judge shall meet prior to the actual commencement of jury selection with counsel who will be conducting the voir dire and shall attempt to bring about a disposition of the action.

(c) *Method of jury selection.* The trial judge shall direct the method of jury selection that shall be used for the voir dire from among the methods specified in subdivision (f) of this section.

(d) *Time limitations.* The trial judge shall establish time limitations for the questioning of prospective jurors during the voir dire. At the discretion of the judge, the limits established may consist of a general period for the completion of the questioning, a period after which attorneys shall report back to the judge on the progress of the voir dire, and/or specific time periods for the questioning of panels of jurors or individual jurors.

(e) *Presence of judge at the voir dire.* In order to ensure an efficient and dignified selection process, the trial judge shall preside at the commencement of the voir dire and open the voir dire proceeding. The trial judge shall determine whether supervision of the voir dire should continue after the voir dire has commenced and, in his or her discretion, preside over part of or all of the remainder of the voir dire.

(f) *Methods of jury selection.* Counsel shall select prospective jurors in accordance with the general principles applicable to jury selection set forth in subdivision (g) of this section and using the method designated by the judge pursuant to subdivision (c) of this section. The methods that may be selected are:

1. "White's method," as set forth in subdivision (g) of this section;

2. "struck method," as set forth in subdivision (g) of this section;
(3) "strike and replace method," in districts where the specifics of that method have been submitted to the Chief Administrator by the Administrative Judge and approved by the Chief Administrator for that district. The strike and replace method shall be approved only in those districts where the Chief Administrator, in his or her discretion, has determined that experience with the method in the district has resulted in an efficient and orderly selection process; or

(4) other methods that may be submitted to the Chief Administrator for use on an experimental basis by the appropriate Administrative Judge and approved by the Chief Administrator.

(g) Procedures for questioning, challenging and selecting jurors authorized by section 202.33 of the Rules of the Chief Administrator of the Courts.

APPENDIX E


A. General principles applicable to jury selection. Selection of jurors pursuant to any of the methods authorized by section 202.33(e) of the Rules of the Chief Administrator shall be governed by the following:

(1) If for any reason jury selection cannot proceed immediately, counsel shall return promptly to the courtroom of the assigned trial judge or the Trial Assignment Part or any other designated location for further instructions.

(2) Generally, a total of eight jurors, including two alternates, shall be selected. The court may permit a greater number of alternates if a lengthy trial is expected or for any appropriate reason. Counsel may consent to the use of "nondesignated" alternate jurors, in which event no distinction shall be made during jury selection between jurors and alternates, but the number of peremptory challenges in such cases shall consist of the sum of the peremptory challenges that would have been available to challenge both jurors and designated alternates.

(3) All prospective jurors shall complete a background questionnaire supplied by the court in a form approved by the Chief Administrator. Prior to the commencement of jury selection, completed questionnaires shall be made available to counsel. Upon completion of jury selection, or upon removal of a prospective juror, the questionnaires shall be either returned to the respective jurors or collected and discarded by court staff in a manner that ensures juror privacy. With Court approval, which shall take into consideration concern for juror privacy, the parties may supplement the questionnaire to address concerns unique to a specific case.

(4) During the voir dire each attorney may state generally the contentions of his or her client, and identify the parties, attorneys and the witnesses likely to be called. However, counsel may not read from any of the pleadings in the action or inform potential jurors of the amount of money at issue.

(5) Counsel shall exercise peremptory challenges outside of the presence of the panel of prospective jurors.

(6) Counsel shall avoid discussing legal concepts such as burden of proof, which are the province of the court.
Section 202.33. Conduct of the voir dire, 22 NY ADC 202.33

(7) If an unusual delay or a lengthy trial is anticipated, counsel may so advise prospective jurors.

(8) If counsel objects to anything said or done by any other counsel during the selection process, the objecting counsel shall unobtrusively request that all counsel step outside of the juror's presence, and counsel shall make a determined effort to resolve the problem. Should that effort fail, counsel shall immediately bring the problem to the attention of the assigned trial judge, the Trial Assignment Part judge or any other designated judge.

(9) After jury selection is completed, counsel shall advise the clerk of the assigned Trial Part or of the Trial Assignment Part or other designated part. If counsel anticipates the need during trial of special equipment (if available) or special assistance, such as an interpreter, counsel shall so inform the clerk at that time.

B. "White's Method"

(1) Prior to the identification of the prospective jurors to be seated in the jury box, counsel shall ask questions generally to all of the jurors in the room to determine whether any prospective juror in the room has knowledge of the subject matter, the parties, their attorneys or the prospective witnesses. A response from a juror that requires elaboration may be the subject of further questioning of that juror by counsel on an individual basis. Counsel may exercise challenges for cause at this time.

(2) After general questions have been asked to the group of prospective jurors, jury selection shall continue in rounds, with each round to consist of the following: (1) seating prospective jurors in the jury box; (2) questioning of seated prospective jurors; and (3) removal of seated prospective jurors upon exercise of challenges. Jurors removed for cause shall immediately be replaced during each round. The first round shall begin initially with the seating of six prospective jurors (where undesignated alternates are used, additional prospective jurors equal to the number of alternate jurors shall be seated as well).

(3) In each round, the questioning of the seated prospective jurors shall be conducted first by counsel for the plaintiff, followed by counsel for the remaining parties in the order in which their names appear in the caption. Counsel may be permitted to ask follow-up questions. Within each round, challenges for cause shall be exercised by any party prior to the exercise of peremptory challenges and as soon as the reason therefor becomes apparent. Upon replacement of a prospective juror removed for cause, questioning shall revert to the plaintiff.

(4) Following questioning and the exercise of challenges for cause, peremptory challenges shall be exercised one at a time and alternately as follows: In the first round, in caption order, each attorney shall exercise one peremptory challenge by removing a prospective juror's name from a "board" passed back and forth between or among counsel. An attorney alternatively may waive the making of a peremptory challenge. An attorney may exercise a second, single peremptory challenge within the round only after all other attorneys have either exercised or waived their first peremptory challenges. The board shall continue to circulate among the attorneys until no other peremptory challenges are exercised. An attorney who waives a challenge may not thereafter exercise a peremptory challenge within the round, but may exercise remaining peremptory challenges in subsequent rounds. The counsel last able to exercise a peremptory challenge in a round is not confined to the exercise of a single challenge but may then exercise one or more peremptory challenges.
(5) In subsequent rounds, the first exercise of peremptory challenges shall alternate from side to side. Where a side consists of multiple parties, commencement of the exercise of peremptory challenges in subsequent rounds shall rotate among the parties within the side. In each such round, before the board is to be passed to the other side, the board must be passed to all remaining parties within the side, in caption order, starting from the first party in the rotation for that round.

(6) At the end of each round, those seated jurors who remain unchallenged shall be sworn and removed from the room. The challenged jurors shall be replaced, and a new round shall commence.

(7) The selection of designated alternate jurors shall take place after the selection of the six jurors. Designated alternate jurors shall be selected in the same manner as described above, with the order of exercise of peremptory challenges continuing as the next round following the last completed round of challenges to regular jurors. The total number of peremptory challenges to alternates may be exercised against any alternate, regardless of seat.

C. "Struck Method"

(1) Unless otherwise ordered by the Court, selection of jurors shall be made from an initial panel of 25 prospective jurors, who shall be seated randomly and who shall maintain the order of seating throughout the voir dire. If fewer prospective jurors are needed due to the use of designated alternate jurors or for any other reason, the size of the panel may be decreased.

(2) Counsel first shall ask questions generally to the prospective jurors as a group to determine whether any prospective juror has knowledge of the subject matter, the parties, their attorneys or the prospective witnesses. A response from a juror that requires further elaboration may be the subject of further questioning of that juror by counsel on an individual basis. Counsel may exercise challenges for cause at this time.

(3) After the general questioning has been completed, in an action with one plaintiff and one defendant, counsel for the plaintiff initially shall question the prospective jurors, followed by questioning by defendant's counsel. Counsel may be permitted to ask follow-up questions. In cases with multiple parties, questioning shall be undertaken by counsel in the order in which the parties' names appear in the caption. A challenge for cause may be made by counsel to any party as soon as the reason therefor becomes apparent. At the end of the period, all challenges for cause to any prospective juror on the panel must have been exercised by respective counsel.

(4) After challenges for cause are exercised, the number of prospective jurors remaining shall be counted. If that number is less than the total number of jurors to be selected (including alternates, where non-designated alternates are being used) plus the maximum number of peremptory challenges allowed by the court or by statute that may be exercised by the parties (such sum shall be referred to as the “jury panel number”), additional prospective jurors shall be added until the number of prospective jurors not subject to challenge for cause equals or exceeds the jury panel number. Counsel for each party then shall question each replacement juror pursuant to the procedure set forth in paragraph (3).
(5) After all prospective jurors in the panel have been questioned, and all challenges for cause have been made, counsel for each party, one at a time beginning with counsel for the plaintiff, shall then exercise allowable peremptory challenges by alternately striking a single juror's name from a list or ballot passed back and forth between or among counsel until all challenges are exhausted or waived. In cases with multiple plaintiffs and/or defendants, peremptory challenges shall be exercised by counsel in the order in which the parties' names appear in the caption, unless following that order would, in the opinion of the court, unduly favor a side. In that event, the court, after consulting with the parties, shall specify the order in which the peremptory challenges shall be exercised in a manner that shall balance the interests of the parties. An attorney who waives a challenge may not thereafter exercise a peremptory challenge. Any Batson or other objections shall be resolved by the court before any of the struck jurors are dismissed.

(6) After all peremptory challenges have been made, the trial jurors (including alternates when non-designated alternates are used) then shall be selected in the order in which they have been seated from those prospective jurors remaining on the panel.

(7) The selection of designated alternate jurors shall take place after the selection of the six jurors. Counsel shall select designated alternates in the same manner set forth in these rules, but with an initial panel of not more than 10 prospective alternates unless otherwise directed by the court. The jury panel number for designated alternate jurors shall be equal to the number of alternates plus the maximum number of peremptory challenges allowed by the court or by statute that may be exercised by the parties. The total number of peremptory challenges to alternates may be exercised against any alternate, regardless of seat.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.33, 22 NY ADC 202.33
22 NYCRR 202.34

Section 202.34. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.34, 22 NY ADC 202.34
(a) Upon the trial of an action, the following papers, if not yet submitted, shall be submitted to the court by the party who has filed the note of issue:

(1) copies of all pleadings marked as required by CPLR 4012; and

(2) a copy of the bill of particulars, if any.

(b) Upon the trial of an action, a copy of any statutory provision in effect at the time the cause of action arose shall be submitted to the court by the party who intends to rely upon such statute.

(c) If so ordered, the parties shall submit to the court, before the commencement of trial, trial memoranda which shall be exchanged among counsel.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.35, 22 NY ADC 202.35

End of Document
All trial counsel shall remain in attendance at all stages of the trial until the jury retires to deliberate, unless excused by the judge presiding. The court may permit counsel to leave, provided that counsel remain in telephone contact with the court. Any counsel not present during the jury deliberation, further requests to charge, or report of the jury verdict shall be deemed to stipulate that the court may proceed in his or her absence and to waive any irregularity in proceedings taken in his or her absence.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.36, 22 NY ADC 202.36
Sections 202.37 to 202.39. [Reserved], 22 NY ADC 202.37 to 202.39

Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
Chapter II. Uniform Rules for the New York State Trial Courts
Part 202. Uniform Civil Rules for the Supreme Court and the County Court (Refs & Annos)

22 NYCRR 202.37 to 202.39

Sections 202.37 to 202.39. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.37 to 202.39, 22 NY ADC 202.37 to 202.39

Section 202.40. Jury trial of less than all issues; procedure

Unless otherwise ordered by the court, whenever a trial by jury is demanded on less than all issues of fact in an action, and such issues as to which a trial by jury is demanded have been specified in the note of issue or in the jury demand, as the case may be, served and filed pursuant to section 202.21 of this Part, the court without a jury first shall try all issues of fact as to which a trial by jury is not demanded. If the determination of these issues by the court does not dispose of the action, a jury shall be empanelled to try the issues as to which a trial by jury is demanded.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.41. [Reserved], 22 NY ADC 202.41

Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
Chapter II. Uniform Rules for the New York State Trial Courts
Part 202. Uniform Civil Rules for the Supreme Court and the County Court (Refs & Annos)

22 NYCRR 202.41

Section 202.41. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.41, 22 NY ADC 202.41
Section 202.42. Bifurcated trials

22 NYCRR 202.42

Section 202.42. Bifurcated trials

(a) Judges are encouraged to order a bifurcated trial of the issues of liability and damages in any action for personal injury where it appears that bifurcation may assist in a clarification or simplification of issues and a fair and more expeditious resolution of the action.

(b) Where a bifurcated trial is ordered, the issues of liability and damages shall be severed and the issue of liability shall be tried first, unless the court orders otherwise.

(c) During the voir dire conducted prior to the liability phase of the trial, if the damage phase of the trial is to be conducted before the same jury, counsel may question the prospective jurors with respect to the issue of damages in the same manner as if the trial were not bifurcated.

(d) In opening to the jury on the liability phase of the trial, counsel may not discuss the question of damages. However, if the verdict of the jury shall be in favor of the plaintiff on the liability issue or in favor of the defendant on any counterclaim on the liability issue, all parties shall then be afforded an opportunity to address the jury on the question of damages before proof in that regard is presented to the jury.

(e) In the event of a plaintiff's verdict on the issue of liability or a defendant's verdict on the issue of liability on a counterclaim, the damage phase of the trial shall be conducted immediately thereafter before the same judge and jury, unless the judge presiding over the trial, for reasons stated in the record, finds such procedures to be impracticable.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.43. References of triable issues and proceedings to judicial hearing officers or referees

(a) No application to refer an action or special proceeding to a judicial hearing officer or referee will be entertained unless a note of issue, where required, has been filed and the index number is set forth in the moving papers and the proposed order.

(b) The proposed order of reference shall be presented in duplicate, and a signed original order shall be delivered to the referee. If such order is not presented for signature within 20 days after the court directs a reference, the application shall be deemed abandoned.

(c) The proposed order of reference, and the actual order of reference, shall indicate whether the reference is one to hear and determine or to hear and report.

(d) Every order of reference which does not set forth a date certain for commencement of the trial or hearing shall contain the following provision:

and it is further ORDERED that if trial of the issue or action hereby referred is not begun within 60 days from the date of this order, or before such later date as the referee or judicial hearing officer may fix upon good cause shown, this order shall be cancelled and revoked, shall be remitted by the referee or judicial hearing officer to the court from which it was issued, and the matter hereby referred shall immediately be returned to the court for trial.

(e) The term referee in this section shall include, but not be limited to, commissioners of appraisal, and shall not include receivers or referees in incompetency proceedings or mortgage foreclosure proceedings.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.43, 22 NY ADC 202.43
Section 202.44. Motion to confirm or reject judicial hearing officer's report or referee's report

(a) When a judicial hearing officer or referee appointed to hear and report has duly filed his or her report, together with the transcript of testimony taken and all papers and exhibits before him or her in the proceedings, if any, and has duly given notice to each party of the filing of the report, the plaintiff shall move on notice to confirm or reject all or part of the report within 15 days after notice of such filing was given. If plaintiff fails to make the motion, the defendant shall so move within 30 days after notice of such filing was given.

(b) If no party moves as specified above, the court, on its own motion, shall issue its determination. Costs of such motion, including reasonable attorneys' fees, shall be borne by the parties pro rata, except a party who did not request any relief. However, the Attorney General of New York, or State, Federal or local governmental agencies or officers thereof, shall not be liable for costs. This subdivision shall not apply to a reference to a special referee or a judicial hearing officer or to a reference to a referee in an uncontested matrimonial action.

(c) The term referee in this section shall be used as defined in section 202.43(e) of this Part.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.45. Rescheduling after jury disagreement, mistrial or order for new trial

An action in which there has been an inability by a jury to reach a verdict, a mistrial or a new trial granted by the trial justice or an appellate court shall be rescheduled for trial. Where a new trial is granted by an appellate court, a notice to reschedule shall be filed with the appropriate clerk.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.45, 22 NY ADC 202.45
Section 202.46. Damages, inquest after default; proof

22 NYCRR 202.46

Section 202.46. Damages, inquest after default; proof

(a) In an inquest to ascertain damages upon a default, pursuant to CPLR 3215, if the defaulting party fails to appear in person or by representative, the party entitled to judgment, whether a plaintiff, third-party plaintiff, or a party who has pleaded a cross-claim or counterclaim, may be permitted to submit, in addition to the proof required by CPLR 3215(e), properly executed affidavits as proof of damages.

(b) In any action where it is necessary to take an inquest before the court, the party seeking damages may submit the proof required by oral testimony of witnesses in open court or by written statements of the witnesses, in narrative or question-and-answer form, signed and sworn to.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.46, 22 NY ADC 202.46
Whenever a county clerk issues a transcript of judgment, which shall be in the form prescribed by law, such clerk shall at the same time issue a stub. Such stub shall be 3 5/8 x 8 1/2 inches and shall have imprinted thereon the name and address of the issuing county clerk. The stub shall also contain such other information as shall be required to identify it with the transcript with which it was issued, so that it may be readily identified upon its return to the issuing county clerk, with the name of, and the date of receipt by, the receiving clerk endorsed thereon.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.48. Submission of orders, judgments and decrees for signature

(a) Proposed orders or judgments, with proof of service on all parties where the order is directed to be settled or submitted on notice, must be submitted for signature, unless otherwise directed by the court, within 60 days after the signing and filing of the decision directing that the order be settled or submitted.

(b) Failure to submit the order or judgment timely shall be deemed an abandonment of the motion or action, unless for good cause shown.

(c)

(1) When settlement of an order or judgment is directed by the court, a copy of the proposed order or judgment with notice of settlement, returnable at the office of the clerk of the court in which the order or judgment was granted, or before the judge if the court has so directed or if the clerk is unavailable, shall be served on all parties either:

   (i) by personal service not less than five days before the date of settlement; or

   (ii) by mail not less than 10 days before the date of settlement.

(2) Proposed counter-orders or judgments shall be made returnable on the same date and at the same place, and shall be served on all parties by personal service, not less than two days, or by mail, not less than seven days, before the date of settlement. Any proposed counter-order or judgment shall be submitted with a copy clearly marked to delineate each proposed change to the order or judgment to which objection is made.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.49. [Reserved], 22 NY ADC 202.49

Compilation of Codes, Rules and Regulations of the State of New York Currentness
Title 22. Judiciary
Subtitle A. Judicial Administration.
   Chapter II. Uniform Rules for the New York State Trial Courts
      Part 202. Uniform Civil Rules for the Supreme Court and the County Court (Refs & Annos)

22 NYCRR 202.49

Section 202.49. [Reserved]

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.49, 22 NY ADC 202.49
Section 202.50. Proposed judgments in matrimonial actions; forms, 22 NY ADC 202.50

(a) Form of judgments. Findings and conclusions shall be in a separate paper from the judgment, which papers shall be labelled "FINDINGS OF FACT AND CONCLUSIONS OF LAW" and "JUDGMENT," respectively.

(b) Approved forms.

(1) Contested actions. The paragraphs contained in Chapter III, Subchapter B of Subtitle D (Forms) of this Title, modified or deleted as may be necessary to conform to the law and facts in a particular action, shall be used in the preparation of "FINDINGS OF FACT AND CONCLUSIONS OF LAW," "JUDGMENT," or "REFEREE'S REPORT OF FINDINGS OF FACT AND CONCLUSIONS OF LAW." Parenthesized portions indicate alternative provisions.

(2) Uncontested Actions. Parties in uncontested matrimonial actions shall use the forms and instructions in the Unified Court System Uncontested Divorce Packet as set forth in section 202.21 (i)(2) of this Part, unless the court permits otherwise pursuant to that section. The instructions to said Packets shall instruct litigants that they may include a request for transfer of title to the marital home, cooperative apartment or condominium apartment in their request for ancillary relief in the summons with notice or verified complaint, and shall provide instructions as to what must be done to effectuate a transfer. The instructions shall also advise litigants that, if they have a mortgage, they should speak with an attorney as well as the bank before the transfer is made.

(3) Additional Requirement with Respect to Uncontested and Contested Judgments of Divorce. In addition to satisfying the requirements of paragraphs (1) and (2) of this subdivision, every judgment of divorce, whether uncontested or contested, shall include language substantially in accordance with the following decretal paragraphs which shall supersede any inconsistent decretal paragraphs currently required for such forms:

Fill in Box A or Box B, whichever, applies;

A. [] ORDERED AND ADJUDGED that the Settlement Agreement entered into between the parties on the ___ day of ___________, [] an original OR [] a transcript of which is on file with this Court and incorporated herein by reference, shall survive and shall not be merged into this judgment, and the parties are hereby directed to comply with all legally enforceable terms and conditions of said agreement as if such terms and conditions were set forth in their entirety herein; [and]

OR
B. [ ] There is no Settlement Agreement entered between the parties; and it is further

ORDERED AND ADJUDGED, that the Supreme Court shall retain jurisdiction to hear any applications to enforce the provisions of said Settlement Agreement, if any, or to enforce or modify the provisions of this judgment, provided the court retains jurisdiction of the matter concurrently with the Family Court for the purpose of specifically enforcing, such of the provisions of that (separation agreement) (stipulation agreement, if any) as are capable of specific enforcement. to the extent permitted by law, and of modifying such judgment with respect to maintenance, support, custody or visitation to the extent permitted by law, or both; and it is further

ORDERED AND ADJUDGED, that any applications brought in Supreme Court to enforce the provisions of said Settlement Agreement, if any, or to enforce or modify the provisions of this judgment shall be brought in a County wherein one of the parties resides; provided that if there are minor children of the marriage, such applications shall be brought in a county wherein one of the parties or the child or children reside, except, in the discretion of the judge, for good cause. Good cause applications shall be made by motion or order to show cause. Where the address of either party and any child or children is unknown and not a matter of public record, or is subject to an existing confidentiality order pursuant to DRL § 254 or FCA § 154-b, such applications may be brought in the county where the judgment was entered; and it is further

(4) Additional Requirement with Respect to Uncontested and Contested Judgments of Divorce. In addition to satisfying the requirements of paragraphs (1), (2), and (3) of this subdivision, every judgment of divorce, whether uncontested or contested, shall include language substantially in accordance with the following decretal paragraph:

ORDERED AND ADJUDGED that pursuant to pursuant to the [[white square]] parties' Settlement Agreement dated _____________________ OR [[white square]] the court's decision after trial, all parties shall duly execute all documents necessary to formally transfer title to real estate or co-op shares to the [[white square]] Plaintiff OR [[white square]] Defendant as set forth in the [[white square]] parties' Settlement Agreement OR [[white square]] the court's decision after trial, including, without limitation, an appropriate deed or other conveyance of title, and all other forms necessary to record such deed or other title documents (including the satisfaction or refinancing of any mortgage if necessary) to convey ownership of the marital residence located at _____________________, no later than _____________________: OR [[white square]] Not applicable: and it is further

(c) Judgments submitted to the court shall be accompanied by a complete form UCS 111 (Child Support Summary Form).

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.50, 22 NY ADC 202.50
Section 202.51. Proof required in dissolution proceedings, 22 NY ADC 202.51

In all actions in which the accounts of a receiver appointed in an action for the dissolution of a corporation are presented for settlement or to be passed upon by the court, a notice or a copy of an advertisement requiring the creditors to present their claims to a referee must be mailed, with the postage thereon prepaid, to each creditor whose name appears on the books of the corporation, at least 20 days before the date specified in such notice or advertisement. Proof of such mailing shall be required on the application for a final decree passing the accounts of the receiver unless proof is furnished that personal service of such notice or copy of advertisement has been made upon the creditors.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.51, 22 NY ADC 202.51
Section 202.52. Deposit of funds by receivers and assignees, 22 NY ADC 202.52

(a) Every receiver or assignee who, as such, receives any funds shall promptly deposit them in a checking account or in an interest-bearing account, as determined by the court, in a bank or trust company designated by the court. Such account shall be in his or her name as receiver or assignee and shall show the name of the case. The depository shall furnish monthly statements to the receiver or assignee and to the attorney for the receiver or the assignee.

(b) No funds shall be withdrawn from a receiver's or assignee's account, and no check thereon shall be honored, unless directed by court order or the check is countersigned by the receiver's or assignee's surety.

(c) The order appointing a receiver or assignee shall incorporate subdivisions (a) and (b) of this section.

(d) All checks by a receiver or assignee for the withdrawal of moneys shall be numbered consecutively. On the stub of each check shall be noted the number, the date, the payee's name and the purpose for which the check is drawn. Checkbooks, stubs, cancelled checks and bank statements of such bank accounts shall be maintained at the office of the receiver or assignee, or his or her attorney, and shall be available for inspection by creditors or parties during business hours.

(e) Receivers shall file with the court an accounting at least once each year. An application by a receiver for final settlement of his or her account, or by an assignee for leave to sell assets, shall include a county clerk's certificate stating the date that the bond of the applicant was filed, that it is still on file and that no order has been entered cancelling the bond or discharging the surety thereon.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
(a) Applications by trustees for interlocutory or final judgments or final orders in trust accountings or to terminate trusts shall be by notice of petition or order to show cause after the account has been filed in the county clerk's office.

(b) In all actions involving an accounting of a testamentary trustee or a trustee under a deed, notice must be given to the State Tax Commission before the accounts of such trustees may be approved.

(c) Where all parties file a written consent to the entry of a judgment or order, it may be presented at a motion part for consideration by the court.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.54. Proceedings relating to appointments of guardians with respect to patients in facilities defined in the Mental Hygiene Law

Where a patient in a facility defined in the Mental Hygiene Law is the subject of a proceeding for the appointment of a guardian, pursuant to the Mental Hygiene Law or article 17-A of the Surrogate's Court Procedure Act, or for any substitute for or successor to such person:

(a) A copy of the notice of application for the appointment shall be served on the director of the Mental Hygiene Legal Service in the department in which the facility is located. The director shall submit to the court for its consideration such papers as the director may deem appropriate.

(b) Within 10 days after the order determining the application is signed, a copy shall be served on the director.

(c) Within 10 days after qualification of the guardian, proof of qualification shall be served on the director.

(d) A notice of an application for a judicial accounting by the guardian shall be served on the director.

(e) With respect to a patient in a facility located in a judicial department other than the department where the proceeding is initiated, copies of the application, order or proof of qualification shall be served upon the directors in both departments.

(f) Whenever the patient, or a person on behalf of the patient, or the director requests a court hearing, at least five days notice, if notice is given personally or by delivery at the home of the person receiving notice, or eight days notice, if notice is given by mail, excluding Sundays and holidays, of the date and place of the hearing, shall be given to the patient and any person requesting the hearing.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.54, 22 NY ADC 202.54
Section 202.55. Procedure for perfection of civil appeals to the County Court

(a) Within 20 days after the papers described in section 1704 of the Uniform Justice Court Act or section 1704 of the Uniform City Court Act have been filed with the County Court, appellants shall notice the appeal for the next term or special term of County Court by filing with the clerk of the County Court, not less than 14 days prior to the date for which the appeal has been noticed, a notice of argument and a brief or statement of contentions with proof of service of a copy of each upon respondent. Respondent's papers shall be filed with the judge of the County Court within 12 days after service of appellant's brief or statement of contentions, with proof of service of a copy upon appellant.

(b) If appellant does not comply herewith, the County Court may, upon respondent's motion or upon its own motion, dismiss the appeal.

(c) Upon motion, the County Court judge hearing the appeal may for good cause shown extend the time to a subsequent term or special term, in which case the appellant must notice the appeal for such subsequent term. Unless otherwise ordered by the court, appeals may be submitted without oral argument. Motions for reargument may be made after decision is rendered, and must be made within 30 days after service upon the moving party of a copy of the order entered on the decision, with written notice of its entry.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.55, 22 NY ADC 202.55
Section 202.56. Medical, dental and podiatric malpractice actions; special rules

(a) Notice of medical, dental or podiatric malpractice action.

(1) Within 60 days after joinder of issue by all defendants named in the complaint in an action for medical, dental or podiatric malpractice, or after the time for a defaulting party to appear, answer or move with respect to a pleading has expired, the plaintiff shall obtain an index number and file a notice of such medical, dental or podiatric malpractice action with the appropriate clerk of the county of venue, together with:

(i) proof of service of the notice upon all other parties to the action;

(ii) proof that, if demanded, authorizations to obtain medical, dental and hospital records have been served upon the defendants in the action;

(iii) copies of the summons, notice of appearance and all pleadings, including the certificate of merit if required by CPLR 3012-a;

(iv) a copy of the bill of particulars, if one has been served;

(v) a copy of any arbitration demand, election of arbitration or concession of liability served pursuant to CPLR 3045; and

(vi) if requested and available, all information required by CPLR 3101(d)(1)(i). The notice shall be served simultaneously upon all such parties. If the bill of particulars, papers served pursuant to CPLR 3045, and information required by CPLR 3101(d)(1)(i) are not available, but later become available, they shall be filed with the court simultaneously when served on other parties. The notice shall be in substantially the following form:

Notice of Medical, Dental or Podiatric Malpractice Action

Malpractice

Calendar No.
Please take notice that the above action for medical, dental or podiatric malpractice was commenced by service of
summons on_____, that issue was joined therein on_____, and that the action has not been dismissed, settled or otherwise
terminated.

1. State full name, address and age of each plaintiff.

2. State full name and address of each defendant.

3. State alleged medical specialty of each individual defendant, if known.

4. Indicate whether claim is for

_____medical malpractice

_____dental malpractice

_____podiatric malpractice
5. State date and place claim arose.


7. (Following items must be checked)

(a) Proof is attached that authorizations to obtain medical, dental, podiatric and hospital records have been served upon the defendants in the action

_____

or

demand has not been made for such authorizations. _____

(b) Copies of the summons, notice of appearance, all pleadings, certificate of merit, if required, and the bill of particulars if one has been served, are attached.

_____

(c) A copy of any demand for arbitration, election of arbitration or concession of liability is attached
or
demand has not been made for

arbitration. _____

(d) All information required by CPLR
3101(d)(1)(i) is attached

_____
or

a request for such information has
not been made _____
or

such information is not available. _____

8. State name, addresses and telephone numbers of counsel for all parties.

__________

(PRINT NAME)

Attorney for Plaintiff

Address

Telephone number

Dated:

Instructions:

1. Attach additional 8 1/2 x 11 rider sheets if necessary.

2. Attach proof of service of this notice upon all other parties to the action.
(2) The filing of the notice of medical, dental or podiatric malpractice action in an action to which a judge has not been assigned shall be accompanied by a request for judicial intervention, pursuant to section 202.6 of this Part, and shall cause the assignment of the action to a judge.

(3) Such notice shall be filed after the expiration of 60 days only by leave of the court on motion and for good cause shown. The court shall impose such conditions as may be just, including the assessment of costs.

(b) Medical, dental and podiatric malpractice preliminary conference.

(1) The judge, assigned to the medical, dental or podiatric malpractice action, as soon as practicable after the filing of the notice of medical, dental or podiatric malpractice action, shall order and conduct a preliminary conference and shall take whatever action is warranted to expedite the final disposition of the case, including but not limited to:

(i) directing any party to utilize or comply forthwith with any pretrial disclosure procedure authorized by the Civil Practice Law and Rules;

(ii) fixing the date and time for such procedures, provided that all such procedures must be completed within 12 months of the filing of the notice of medical, dental or podiatric malpractice action unless otherwise ordered by the court;

(iii) establishing a timetable for offers and depositions pursuant to CPLR 3101(d)(1)(ii);

(iv) directing the filing of a note of issue and a certificate of readiness when the action otherwise is ready for trial provided that the filing of the note of issue and certificate of readiness, to the extent feasible, be no later than 18 months after the notice of medical, dental or podiatric malpractice action is filed;

(v) fixing a date for trial;

(vi) signing any order required;

(vii) discussing and encouraging settlement, including use of the arbitration procedures set forth in CPLR 3045;

(viii) limiting issues and recording stipulations of counsel; and

(ix) scheduling and conducting any additional conferences as may be appropriate.

(2) A party failing to comply with a directive of the court authorized by the provisions of this subdivision shall be subject to appropriate sanctions, including costs, imposition of appropriate attorney's fees, dismissal of an action,
claim, cross-claim, counterclaim or defense, or rendering a judgment by default. A certificate of readiness and a note of issue may not be filed until a preliminary conference has been held pursuant to this subdivision.

(3) Where parties are represented by counsel, only attorneys fully familiar with the action and authorized to make binding stipulations or commitments, or accompanied by a person empowered to act on behalf of the party represented, shall appear at the conference.

(c) Settlement conferences.

(1) The court shall hold a settlement conference in accordance with CPLR 3409 within 45 days after the filing of the note of issue and certificate of readiness or, if a party moves to vacate the note of issue and certificate of readiness and that motion is denied, within 45 days after denial of the motion.

(2) Where parties are represented by counsel, only attorneys fully familiar with the action and authorized to dispose of the case, or accompanied by a person empowered to act on behalf of the party represented, shall appear at the conference.

(3) Where appropriate, the court may order parties, representatives of parties, representatives of insurance carriers or other persons having an interest in any settlement to attend the settlement conference in person, by telephone, or by other electronic media.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.56, 22 NY ADC 202.56
Section 202.57. Judicial review of orders of the State Division of Human Rights; procedure

(a) Any complainant, respondent or other person aggrieved by any order of the State Commissioner of Human Rights or the State Division of Human Rights may obtain judicial review of such order by commencing a special proceeding, within 60 days after service of the order, in the Supreme Court in the county where the alleged discriminatory practice which is the subject of the order occurred or where any person required by the order to cease and desist from an unlawful discriminatory practice or to take other affirmative action resides or transacts business. Such proceeding shall be commenced by the filing of a notice of petition and petition naming as respondents the State Division of Human Rights and all other parties appearing in the proceeding before the State Division of Human Rights.

(b) Except as set forth in subdivision (c) of this section, and unless otherwise ordered by the court, the State Division of Human Rights shall have 20 days after service of the notice of petition and petition to file with the court the written transcript of the record of all prior proceedings upon which its order was made.

(c) Where the petition seeks review of an order issued after a public hearing held pursuant to section 297(4)(a) of the Executive Law:

(1) the petition shall have annexed to it a copy of such order;

(2) the Supreme Court, upon the filing of the petition, shall make an order directing that the proceeding be transferred for disposition to the Appellate Division in the judicial department embracing the county in which the proceeding was commenced; and

(3) the time and manner of the filing of the written transcript of the record of all prior proceedings shall be determined by the Appellate Division to which the proceeding is transferred.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
(a) Establishment.

(1) There is hereby established in the Supreme Court of the State of New York in each county a program to hear special proceedings for small claims tax assessment review pursuant to title 1-A of article 7 of the Real Property Tax Law; provided, however, that insofar as Hamilton County may lack required personnel and facilities, Fulton and Hamilton Counties shall be deemed one county for the purposes of this rule.

(2) There also is established in the Supreme Court in each county within the City of New York a program to hear special proceedings for small claims sidewalk assessment review pursuant to section 19-152.3 of the Administrative Code of the City of New York.

(b) Commencement of Small Claims Tax Assessment Review Proceeding.

(1) A special proceeding pursuant to title 1-A of article 7 of the Real Property Tax shall be commenced by a petition in a form in substantial compliance with the forms prescribed by the Chief Administrator of the Courts. Forms shall be available at no cost at each county clerk's office.

(2) Except as otherwise provided hereafter, three copies of the petition shall be filed with the County Clerk in the county in which the property is located within 30 days after the final completion and filing of the assessment roll containing the assessment at issue, except that in the City of New York, the petition shall be filed before the 25th day of October following the time when the determination sought to be reviewed was made. The petition may be filed with the County Clerk by ordinary mail if mailed within the 30-day time period, or in the City of New York, if mailed prior to the 25th day of October, as evidenced by the postmark. In counties in which electronic filing is authorized by the Chief Administrator, the petition may or shall be filed electronically through the New York State Courts Electronic Filing System (“NYSCEF”) within the deadline set forth above. A filing fee of $25 shall be paid at the time of filing, which may be in the form of a check payable to the County Clerk.

(3) Within 10 days of filing the petition with the county clerk, the petitioner shall send by mail, a copy of the petition to:
(i) the clerk of the assessing unit named in the petition or, if there is no such clerk, to the officer who performs the customary duties of the clerk, except that in the City of New York the petition shall be mailed to the president of the New York City Tax Commission or to a designee of the president;

(ii) except in the cities of Buffalo, New York, Rochester, Syracuse and Yonkers, to the clerk of any school district within which any part of the real property on which the assessment to be reviewed is located or, if there is no clerk of the school district or such name and address cannot be obtained, to a trustee of the school district;

(iii) the treasurer of any county in which any part of the real property is located; and

(iv) the clerk of a village which has enacted a local law, in accordance with the provisions of subdivision 3 of section 1402 of the Real Property Tax Law, providing that the village shall cease to be an assessing unit and that village taxes shall be levied on a copy of the part of the town or county assessment roll.

(4) The County Clerk shall assign a small claims assessment review filing number to each petition, and, in proceedings commenced by filing in hard copy, shall retain one copy and shall forward two copies within two days of filing to the clerk designated by the appropriate administrative judge to process assessment review petitions.

c) Commencement of small claims sidewalk assessment review proceeding.

(1) A special proceeding pursuant to section 19-152.3 of the Administrative Code of the City of New York shall be commenced by a petition in a form prescribed by the Department of Transportation of the City of New York in consultation with the Office of Court Administration. Forms shall be available at no cost at each county clerk's office within the City of New York.

(2) Three copies of the petition shall be filed with the county clerk in the county in which the property is located, provided that at least 30 days have elapsed from the presentation of the notice of claim to the Office of the Comptroller pursuant to section 19-152.2 of the Administrative Code. The petition may be filed with the county clerk by ordinary mail. A filing fee of $25 shall be paid at the time of filing, which may be in the form of a check payable to the county clerk.

(3) Within seven days of filing the petition with the county clerk, the petitioner personally shall deliver or send by certified mail, return receipt requested, a copy of the petition to the Commissioner of Transportation of the City of New York or the commissioner's designee.

(4) The county clerk shall assign a sidewalk assessment review filing number to each petition, shall retain one copy and shall forward two copies within two days of filing to the clerk designated by the appropriate administrative judge to process sidewalk assessment review petitions.

d) Selection of hearing officer panels.
(1) The Chief Administrator of the Courts shall establish panels of small claims hearing officers found qualified to hear small claims tax assessment review proceedings pursuant to title 1-A of article 7 of the Real Property Tax Law and panels of small claims hearing officers found qualified to hear small claims sidewalk assessment review proceedings pursuant to section 19-152.3(d) of the Administrative Code of the City of New York.

(2) The administrative judge of the county in which the panel will serve, or the deputy chief administrative judge for the courts within the City of New York, if the panel is to serve in New York City, shall invite applicants to apply by publishing an announcement in the appropriate law journals, papers of general circulation or trade journals, and by communicating directly with such groups as may produce qualified candidates.

(3) The announcements and communications shall set forth the nature of the position, the qualifications for selection as contained in section 731 of the Real Property Tax Law, or section 19-152.3(d) of the Administrative Code of the City of New York, and the compensation.

(4) The administrative judge shall screen each applicant in conformance with the requirements set forth in section 731 of the Real Property Tax Law or section 19-152.3(d) of the Administrative Code of the City of New York, for qualifications, character and ability to handle the hearing officer responsibilities, and shall forward the names of recommended nominees, with a summary of their qualifications, to the Chief Administrator for appointment.

(5) Hearing officers shall serve at the pleasure of the chief administrator, and their appointments may be rescinded by the chief administrator at any time.

(6) The chief administrator may provide for such orientation courses, training courses and continuing education courses for persons applying to be hearing officers and for persons serving on hearing officer panels as the chief administrator may deem necessary and desirable.

(e) Assignment of Hearing Officers.

(1) The assessment review clerk of the county in which the panel will serve shall draw names of hearing officers at random from the panel and shall assign to each hearing officer at least the first three, but no more than six, petitions filed with the county clerk pursuant to these rules; provided, however, where necessary to ensure the fair and expeditious administration of justice, the Chief Administrator may authorize the assignment of related petitions and the assignment of more than six petitions to a single hearing officer.

(2) No person who has served as a hearing officer shall be eligible to serve again until all other hearing officers on the panel have had an opportunity to serve.

(3) A hearing officer shall disqualify himself or herself from hearing a matter where a conflict exists as defined by the Public Officers Law or, with respect to small claims tax assessment review hearing officers, by subdivision 2 of section 731 of the Real Property Tax Law. Where a hearing officer disqualifies himself or herself, such hearing officer shall notify the chief administrator or designee and the matter shall be reassigned to another hearing officer.
(4) The hearing officer shall determine, after contacting the parties, the date, time and place for the hearing, which shall be held within 45 days with respect to a small claims tax assessment review proceeding, and within 30 days with respect to a small claims sidewalk assessment review proceeding, after the filing of the petition, or as soon thereafter as is practicable, and which shall be held, where practicable, at a location within the county where the real property is located. The hearing officer shall schedule hearings in the evening at the request of any party, unless special circumstances require otherwise. Written notice of the date, time and place of the hearing shall be sent by mail by the hearing officer to the parties or their attorneys, if represented, at least 10 working days prior to the date of the hearing, except that in an electronically filed proceeding, such notice may be sent by e-mail to parties participating in e-filing; provided, however, failure to receive such notice in such period shall not bar the holding of a hearing.

(5) Adjournments shall not be granted by the hearing officer except upon good cause shown.

(6) All parties are required to appear at the hearing. Failure to appear shall result in the petition being dismissed or in the petition being determined upon inquest by the hearing officer based upon the available evidence submitted.

(f) Decision and Order.

(1) The decision and order of the hearing officer shall be rendered expeditiously and, in a small claims tax assessment review proceeding, the notice required by section 733(4) of the Real Property Tax Law shall be attached to the petition form.

(2) Costs.

(i) In a small claims tax assessment review proceeding, if the assessment is reduced by an amount equal to or greater than half the reduction sought, the hearing officer shall award the petitioner costs against the respondent assessing unit in the amount of $25. If the assessment is reduced by an amount less than half of the reduction sought, the hearing officer may award the petitioner costs against the respondent assessing unit in an amount not to exceed $25.

(ii) In a small claims sidewalk assessment review proceeding, if the hearing officer grants the petition in full or in part, the hearing officer shall award the petitioner costs against the respondent in the amount of $25. In any other case, the hearing officer, in his or her discretion, may award the petitioner costs in the amount of $25, if he or she deems it appropriate.

(3) The hearing officer in a small claims tax assessment review proceeding shall transmit one copy of the decision and order, by ordinary mail, or may, in an electronically filed proceeding, transmit instead a copy via NYSCEF, to the petitioner, the clerk of the assessing unit and the assessment review clerk of the court. The hearing officer in a small claims sidewalk assessment review proceeding shall transmit one copy of the decision and order, by ordinary mail, to the petitioner, the Commissioner of Transportation of the City of New York or the commissioner's designee, and the assessment review clerk of the court.
(4) The assessment review clerk shall file the petition and the attached decision and order with the County Clerk. In an electronically filed proceeding, the decision and order shall be posted with the NYSCEF site, which shall constitute filing with the County Clerk.

(5) The assessment review clerk shall make additional copies of the decision and order, as necessary, and, in the case of a small claims tax assessment review proceeding, shall transmit a copy to the clerk of each tax district relying on the assessment that is named in the petition and to the treasurer of any county in which any part of the real property is located. In the case of a small claims sidewalk assessment review proceeding, where the order grants the petition in full or in part, the assessment review clerk shall mail a copy of the decision and order to the Collector of the City of New York.

(g) Advertising by hearing officers. No person who is appointed a hearing officer shall, in any public advertisement published or distributed to advance such person's business or professional interests, refer to his or her status as a hearing officer. No hearing officer shall use letterhead or business cards bearing the title of hearing officer except in direct connection with such person's official duties as hearing officer.

(h)

(1) Proceedings pursuant to title 1-A of article 7 of the Real Property Tax Law may be heard and determined by a judicial hearing officer. The judicial hearing officer shall be designated and assigned by the appropriate administrative judge to hear such proceedings as determined by that judge or by the assessment review clerk, and the hearing shall be conducted in accordance with this section.

(2) Judicial hearing officers appointed to hear proceedings pursuant to this section shall receive compensation as provided in section 122.8 of this Title, or such other compensation as the chief administrator may direct. A location in which a hearing is held pursuant to this section shall be deemed a "facility designated for court appearances" within the meaning of section 122.8 of this Title.

(i) Collateral proceedings. All applications for judicial relief shall be made in the Supreme Court in the county where the real property subject to review is located. If a judicial hearing officer has heard and determined a proceeding under the section, any application for judicial relief may not be heard by a judicial hearing officer, except upon consent of the parties.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.58, 22 NY ADC 202.58
End of Document
Section 202.59. Tax assessment review proceedings in counties outside the City of New York; special rules

(a) **Applicability.** This section shall apply to every tax assessment review proceeding brought pursuant to title 1 of article 7 of the Real Property Tax Law in counties outside the City of New York.

(b) **Statement of income and expenses.** Before the note of issue and certificate of readiness may be filed, the petitioner shall have served on the respondent, in triplicate, a statement that the property is not income-producing, or a copy of a verified or certified statement of the income and expenses on the property for each tax year under review. For the purposes of this section, a cooperative or condominium apartment building shall be considered income-producing property; an owner-occupied business property shall be considered income-producing as determined by the amount reasonably allocable for rent, but the petitioner is not required to make an estimate of rental income.

(c) **Audit.** Within 60 days after the service of the statement of income and expenses, the respondent, for the purpose of substantiating petitioner's statement of income and expenses, may request in writing an audit of the petitioner's books and records for the tax years under review. If requested, the audit must be completed within 120 days after the request has been made unless the court, upon good cause shown, extends the time for the audit. Failure of the respondent to request or complete the audit within the time limits shall be deemed a waiver of such privilege. If an audit is requested and the petitioner fails to furnish its books and records within a reasonable time after receipt of the request, or otherwise unreasonably impedes or delays the audit, the court, on motion of the respondent, may dismiss the petition or petitions or make such other order as the interest of justice requires.

(d) **Filing note of issue and certificate of readiness; additional requirements.**

(1) A note of issue and certificate of readiness shall not be filed unless all disclosure proceedings have been completed and the statement of income and expenses has been served and filed.

(2) A separate note of issue shall be filed for each property for each tax year.

(e) **Pretrial conference.**

(1) At any time after filing of the note of issue and certificate of readiness, any party to a tax assessment review proceeding may demand, by application served on all other parties and filed with the court, together with proof of such service, a pretrial conference, or the court on its own motion may direct a pretrial conference at a time and date.
to be fixed by the court. At the pretrial conference, the judge shall take whatever action is warranted to expedite final disposition of the proceedings, including but not limited to:

(i) directing the parties to obtain appraisals and sales reports, and to exchange and file appraisal reports and sales reports by dates certain before the trial, provided that if the court dispenses with a pretrial conference, such exchange and filings shall be accomplished at least 10 days before trial;

(ii) fixing a date for trial, or by which the parties must be ready for trial;

(iii) signing any order required;

(iv) conducting conferences for the purpose of facilitating settlement; and

(v) limiting issues and recording stipulations of counsel.

(2) Failure to comply with any order or directive of the court authorized by this subdivision shall be subject to the appropriate sanctions.

(f) Consolidation or joint trial. Consolidation or joint trial of real property tax assessment review proceedings in the discretion of the court shall be conditioned upon service having been made of the verified or certified income and expense statement, or a statement that the property is not income-producing, for each of the tax years under review.

(g) Exchange and filing of appraisal reports.

(1) The exchange and filing of appraisal reports shall be accomplished by the following procedure:

(i) The respective parties shall file with the clerk of the trial court one copy, or in the event that there are two or more adversaries, a copy for each adversary, of all appraisal reports intended to be used at the trial.

(ii) When the clerk shall have received all such reports, the clerk forthwith shall distribute simultaneously to each of the other parties a copy of the reports filed.

(iii) Where multiple parties or more than one parcel is involved, each appraisal report need be served only upon the taxing authority and the party or parties contesting the value of the property which is the subject of the report. Each party shall provide an appraisal report copy for the court.

(2) The appraisal reports shall contain a statement of the method of appraisal relied on and the conclusions as to value reached by the expert, together with the facts, figures and calculations by which the conclusions were reached. If sales, leases or other transactions involving comparable properties are to be relied on, they shall be set forth with sufficient particularity as to permit the transaction to be readily identified, and the report shall contain a clear
and concise statement of every fact that a party will seek to prove in relation to those comparable properties. The appraisal reports also may contain photographs of the property under review and of any comparable property that specifically is relied upon by the appraiser, unless the court otherwise directs.

(3) Where an appraiser appraises more than one parcel in any proceeding, those parts of the separate appraisal reports for each parcel that would be repetitious may be included in one general appraisal report to which reference may be made in the separate appraisal reports. Such general appraisal reports shall be served and filed as provided in paragraph (1) of this subdivision.

(4) Appraisal reports shall comply with any official form for appraisal reports that may be prescribed by the Chief Administrator of the Courts.

(h) Use of appraisal reports at trial. Upon the trial, expert witnesses shall be limited in their proof of appraised value to details set forth in their respective appraisal reports. Any party who fails to serve an appraisal report as required by this section shall be precluded from offering any expert testimony on value; provided, however, upon the application of any party on such notice as the court shall direct, the court may, upon good cause shown, relieve a party of a default in the service of a report, extend the time for exchanging reports, or allow an amended or supplemental report to be served upon such conditions as the court may direct. After the trial of the issues has begun, any such application must be made to the trial judge and shall be entertained only in unusual and extraordinary circumstances.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.59, 22 NY ADC 202.59
(a) **Applicability.** This section shall apply to every tax assessment review proceeding brought pursuant to title 1 of article 7 of the real Property Tax Law in a county within the City of New York.

(b) **Preliminary conference.**

(1) Any party to a tax assessment review proceeding may demand, by application served on all other parties and filed with the court, together with proof of such service, a preliminary conference, or the court on its own motion may direct a preliminary conference. The court, in its notice to the parties setting the date for the conference, shall direct the petitioner to serve upon the respondent by a date certain before the date of the conference, the completed statement of income and expenses required by this section, together with any ancillary papers or documents that may be necessary. No note of issue may be filed until a preliminary conference has been held.

(2) The judge presiding at the preliminary conference shall take whatever action is warranted to expedite final disposition of the case, including but not limited to:

(i) directing any party to utilize or comply by a date certain with any pretrial disclosure or bill of particulars procedure authorized by the Civil Practice Law and Rules;

(ii) directing the parties to obtain appraisals and sales reports, and to exchange and file appraisal reports and sales reports by dates certain before the trial;

(iii) directing the filing of a note of issue and certificate of readiness;

(iv) fixing a date for trial, or by which the parties must be ready for trial;

(v) signing any order required;

(vi) conducting conferences for the purpose of facilitating settlement; and
(vii) limiting issues and recording stipulations of counsel.

(3) Failure to comply with any order or directive of the court authorized by this subdivision shall be subject to appropriate sanctions.

(4) Where parties are represented by counsel, only attorneys fully familiar with the action and authorized to make binding stipulations or commitments, or accompanied by a person empowered to act on behalf of the party represented, shall appear at the conference.

(c) Statement of income and expenses. Before the note of issue and certificate of readiness may be filed, the petitioner shall have served on the respondent, in triplicate, a statement that the property is not income-producing or a copy of a verified or certified statement of the income and expenses of the property for each tax year under review. If the property is income-producing, the petitioner must serve the statement of income and expenses on forms provided by the Tax Certiorari Division of the Office of the Corporation Counsel of the City of New York. The petitioner shall complete all items listed on such form. A copy of such completed form shall also be filed with the note of issue and certificate of readiness. For the purposes of this section, a cooperative or condominium apartment building shall be considered income-producing property; an owner-occupied business property shall be considered income-producing as determined by the amount reasonably allocable for rent, but the petitioner is not required to make an estimate of rental income.

(d) Audit. Within 60 days after the first preliminary conference, the respondent, for the purpose of substantiating petitioner's completed statement of income and expenses, as required by subdivision (c) of this section, may request in writing an audit of the petitioner's books and records for the tax years under review. If requested, the audit must be completed within 120 days after the request has been made unless the court, upon good cause shown, extends the time for the audit. Failure of the respondent to request or complete the audit within the time limits shall be deemed a waiver of such privilege. If an audit is requested and the petitioner fails to furnish its books and records within a reasonable time after receipt of the request, or otherwise unreasonably impedes or delays the audit, the court, on motion of the respondent, may dismiss the petition or petitions or make such other order as the interest of justice requires.

(e) Filing note of issue and certificate of readiness; additional requirements.

(1) A note of issue and certificate of readiness shall not be filed unless all disclosure proceedings have been completed and the statement of income and expenses has been served and filed. A note of issue and certificate of readiness may not be filed in any action where a preliminary conference was requested or was directed by the court until the conference has been held and there has been compliance with any orders or directives of the court or stipulations of counsel made at such conference.

(2) A separate note of issue shall be filed for each property for each tax year.

(f) Consolidation or joint trial. Consolidation or joint trial of real property tax assessment review proceedings in the discretion of the court shall be conditioned upon service having been made of the verified or certified income and expense statement, or a statement that the property is not income-producing, for each of the tax years under review.
(g) Exchange and filing of appraisal reports.

(1) Upon the filing of the note of issue and certificate of readiness, the court, if it has not previously so directed, shall direct that appraisal reports and sales reports be obtained and that appraisal reports and sales reports be exchanged and filed by a date certain a specified time before the date scheduled for trial.

(2) The exchange and filing of appraisal reports shall be accomplished by the following procedure:

(i) the respective parties shall file with the clerk of the trial court one copy, or in the event that there are two or more adversaries, a copy for each adversary, of all appraisal reports intended to be used at the trial.

(ii) When the clerk shall have received all such reports, the clerk forthwith shall distribute simultaneously to each of the other parties a copy of the reports filed.

(iii) Where multiple parties or more than one parcel is involved, each appraisal report need be served only upon the taxing authority and the party or parties contesting the value of the property which is the subject of the report. Each party shall provide an appraisal report copy for the court.

(3) The appraisal reports shall contain a statement of the method of appraisal relied on and the conclusions as to value reached by the expert, together with the facts, figures and calculations by which the conclusions were reached. If sales, leases or other transactions involving comparable properties are to be relied on, they shall be set forth with sufficient particularity as to permit the transaction to be readily identified, and the report shall contain a clear and concise statement of every fact that a party will seek to prove in relation to those comparable properties. The appraisal reports also shall contain photographs of the property under review and of any comparable property that specifically is relied upon by the appraiser, unless the court otherwise directs.

(4) Where an appraiser appraises more than one parcel in any proceeding, those parts of the separate appraisal reports for each parcel that would be repetitious may be included in one general appraisal report to which reference may be made in the separate appraisal reports. Such general appraisal reports shall be served and filed as provided in paragraph (1) of this subdivision.

(5) Appraisal reports shall comply with any official form for appraisal reports that may be prescribed by the Chief Administrator of the Courts.

(h) Use of appraisal reports at trial. Upon the trial, expert witnesses shall be limited in their proof of appraised value to details set forth in their respective appraisal reports. Any party who fails to serve an appraisal report as required by this section shall be precluded from offering any expert testimony on value; provided, however, upon the application of any party on such notice as the court shall direct, the court may, upon good cause shown, relieve a party of a default in the service of a report, extend the time for exchanging reports, or allow an amended or supplemental report to be served upon such conditions as the court may direct. After the trial of the issues has begun, any such application must be made to the trial judge and shall be entertained only in unusual and extraordinary circumstances.
Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.60, 22 NY ADC 202.60

End of Document
Section 202.61. Exchange of appraisal reports in eminent domain proceedings

(a)

(1) In all proceedings for the determination of the value of property taken pursuant to eminent domain, the exchange of appraisal reports shall be accomplished in the same manner as provided for the exchange of such reports by section 202.59(g) and 202.60(g) of this Part, except that such reports shall be filed no later than nine months after service of the claim, demand or notice of appearance required by section 503 of the Eminent Domain Procedure Law unless otherwise extended by the court. A note of issue may not be filed until such reports have been filed.

(2) If a party intends to offer at trial expert evidence in rebuttal to any report, an expert's report shall be filed within 60 days after receipt of the document sought to be rebutted.

(3) Upon application of any party upon such notice as the court in which the proceeding is pending shall direct, the court may, upon good cause shown, relieve a party of a default in filing a report, extend the time for filing reports, or allow an amended or supplemental report to be filed upon such conditions as the court may direct.

(b) In proceedings where more than one parcel is involved, the appraisal reports shall be distributed only to the taking authority and to the claimant or claimants who are owners of parcels which are the subject of the appraisal report. In the event that a party defaults in filing an appraisal report within the time limitation prescribed, the clerk shall return the filed copies of each party's appraisal report, with notice to the party in default.

(c) The contents and form of each appraisal report, including any rebuttal, amended or supplementary report, shall conform to the requirements of sections 202.59(g) and 202.60(g) of this Part.

(d) All appraisals of fixtures submitted on behalf of the claimants and the condemnor for which claim is made shall be filed and distributed as provided by these rules with respect to appraisal reports and shall set forth the appraisal value of each item in the same numerical order as in the inventory annexed to the claim.

(1) Where the condemnor puts in issue the existence of any item in the inventory, the appraisal submitted on its behalf shall so state.
(2) Where the condemnor puts in issue the description of any item in the inventory, the appraisal submitted on behalf of the condemnor shall state its appraiser's description of such item and his or her estimate of value.

(3) Where the condemnor puts in issue the compensability of any item in the inventory, the appraisal report submitted by the condemnor shall so state and shall state the ground therefor, as well as its appraiser's estimate of the value of such item for consideration in the event that the court should determine that it is compensable.

(e) Upon trial, all parties shall be limited in their affirmative proof of value to matters set forth in their respective appraisal reports. Any party who fails to file an appraisal report as required by this section shall be precluded from offering any appraisal testimony on value.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.61, 22 NY ADC 202.61
Section 202.62. Payment of eminent domain award to other than the named awardee

On all applications for payment of awards in eminent domain proceedings by parties other than the party named in the decree, the applicant shall give notice of its motion to all parties with an interest in the award.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.62, 22 NY ADC 202.62
(a) Records and papers.

(1) In assignments for the benefit of creditors, the clerk shall keep a register and docket. The clerk shall enter in the register in full every final order according to date; the docket shall contain a brief note of each day's proceedings under the respective title.

(2) Every petition, order, decree or other paper shall have endorsed on the outside the nature of such paper, the date of filing, and the name, number and page of the book in which the proceedings are entered by the clerk.

(3) The papers in each proceeding shall be kept in a separate file, as required by section 18 of the Debtor and Creditor Law. No paper shall be removed from the files of the court except by order of the court.

(4) Except as otherwise provided by law, every notice or citation, subpoena, and all process shall issue out of the court under seal and be attested by the clerk.

(b) Appearances.

(1) Any person interested in an assignment for the benefit of creditors may appear either in person or by attorney. If in person, his or her address and telephone number, and if by attorney, the name, address and telephone number, shall be endorsed on every appearance filed by such attorney. The name of such person or attorney shall be entered in the docket.

(2) The assignee's attorney shall file a written notice of appearance as soon as possible, but not later than 10 days after being retained.

(3) When an assignee is removed, voluntarily or involuntarily, and another person has been appointed as assignee, a certified copy of the order shall be filed with the clerk of the county where the original assignment was recorded. The clerk shall make an entry on the record of the original assignment to show the appointment of the substituted assignee, and the copy of the order of substitution shall be attached to the original assignment.
(c) Duties of the assignor and assignee.

(1) The assignor shall deliver all books, records and documents to the assignee immediately upon filing the assignment, but the assignee shall make them available to the assignor to prepare the schedules.

(2) The assignee's attorney shall require the person in charge of the assignor's business to submit to examination under oath and shall complete such examinations within 30 days, unless extended by the court for good cause.

(3) The assignee shall promptly require the assignor, if an individual, or its officers and persons in charge of its finances, if a corporation, to pay to the assignee all trust funds withheld for accounting to any governmental authorities, together with any preferential payments paid to them or to others by the assignor.

(4) Upon the filing of an assignment, the court, upon application, may stay any prospective sale or transfer to enforce a lien against property in the custody of the court, whether by a secured creditor, a judgment creditor, a lienor or otherwise.

(ii) With respect to property not in the custody of the court, possession having been acquired by the secured creditor, judgment creditor or lienor, the assignee may, upon notice to the adverse party, apply to the court where such assignment proceedings are pending to enjoin any prospective sale and to permit the assignee to conduct the sale, whether private or a public auction, upon such terms and conditions as in its discretion will not prejudice the interest of the secured party and yet preserve the interest of the assigned estate by affording the assignee an opportunity to liquidate the assets under the most favorable terms and conditions.

(5) Every assignee shall keep full, exact and regular books of account of all receipts, payments and expenditures of monies.

(6) In making sales at auction of personal property, the assignee shall give at least 10 days’ notice of the time and place of sale and of the articles to be sold, by advertisement in one or more newspapers. Such sale shall be held within 15 days after the entry of the order authorizing the same, unless in the meantime an order of the court has been obtained granting an extension of the time for such sale; and he or she shall give notice of the sale at auction of any real estate at least 20 days before such sale. Upon such sale, the assignee shall sell by printed catalogue, in parcels, and shall file a copy of such catalogue, with the prices obtained for the goods sold, within 20 days after the date of such sale.

(7) Notwithstanding subdivision (f) of this section, upon receipt of an offer for all or a substantial part of the assets, an assignee may for good cause shown make application to the court for leave to sell at a private sale in lieu of a public auction sale. A hearing thereon shall be scheduled for the purpose of considering that offer.
or any higher or better offers that may be submitted upon such notice and advertising as the court may deem appropriate.

(ii) Upon application by an assignee or a creditor, setting forth that a part or the whole of the estate is perishable, the nature and location of such perishable property, and that there will be a loss if the same is not sold immediately, the judge presiding, if satisfied of the facts stated and that the sale is required in the interest of the estate, may order the same to be sold with or without notice to creditors.

(8) Upon an application made for a notice of filing of his or her account and for a hearing thereon, the assignee shall file with his or her petition his or her account with the vouchers.

(d) Accounting and schedules.

(1) The assignee must file an account in all cases.

(2) Failure to file an interim accounting in a pending proceeding within six months after the filing of an assignment may cause a forfeiture of commissions and fees of the assignee and his or her attorney and shall constitute grounds for their removal.

(3) Where more than one sheet of paper is necessary to contain the schedule of liabilities and inventory of assets required to be filed by the assignor or assignee, each page shall be signed by the person or persons verifying the same. Contingent liabilities shall appear on a separate sheet of paper. The sheets on which such schedule and inventory are written shall be securely fastened before the filing thereof and shall be endorsed with the full name of the assignor and assignee; and when filed by an attorney, the name and address of such attorney shall also be endorsed thereon. Such schedule and inventory shall fully and fairly state the nominal and actual value of the assets and the cause of differences between such values. A separate affidavit will be required explaining such stated cause of difference. If it is deemed necessary, affidavits of disinterested experts as to the claimed values must be furnished; and if such schedule and inventory are filed by the assignee, they must be accompanied by affidavits made by such assignee and by some disinterested expert showing, in detail, the nature and value of the property assigned. The name, residence, occupation and place of business of the assignor, and the name and place of residence of the assignee must be annexed to the schedule and inventory or incorporated in the affidavit verifying the same. There shall be a recapitulation at the end of such schedule and inventory, as follows:

Debts and liabilities amount to ........ $  
Fair value of assets ........ $  
Assets realized on liquidation ........ $  

(4) Application to amend the schedule shall be made by verified petition in which the amendment sought to be made shall appear in full, and such amendment shall be verified in the same manner as the original schedule.
(5) The account of the assignee shall be in the nature of a debit and credit statement; he or she shall debit himself or herself with the assets as shown in the schedule, as filed, and credit himself or herself with any decrease and expenses.

(6) The statement of expenditures shall be full and complete and the vouchers for all payments shall be attached to the account.

(7) The affirmative on the accounting shall be with the assignee; the objections to the account may be presented to the court or designated referee in writing or be brought out on a cross-examination. In the latter case, they must be specifically taken and entered in the minutes.

(8) The testimony taken and all exhibits marked in evidence shall be filed with the report of the referee.

(9) It shall be the duty of the assignee to close up the estate as expeditiously as possible; and, unless good cause for greater delay can be shown and authorized by an order of the court obtained prior to the expiration of the permissible time, the assignee's account shall be filed within 15 months from the date of the execution of the assignment deed.

(10) The court may order notice to creditors by publication to present their claims as provided in section 5 of the Debtor and Creditor Law.

e) Court-appointed referee.

(1) The court may appoint a referee to take and state any contested account or to hear and report on any issue of fact raised in an application to the court by any interested party.

(2) Notice of the time and place of the hearing before a referee appointed to take and state an assignee's account or to hear and report on a referred issue of fact shall be given by mail, with the postage thereon prepaid, at least 20 days before the date specified in said notice, to the assignor, the assignee's surety and to each creditor whose name appears on the books of the assignor or on the schedule, or who has presented his or her claim or address to the assignee, and to each attorney who has appeared for any person interested in the assigned estate.

(3) A notice or a copy of an advertisement, requiring the creditors to present their claims, with the vouchers therefor duly verified to the referee, must be mailed to each creditor whose name appears on the books of the assignor or on the schedule, with the postage thereon prepaid, at least 10 days before the date specified in such notice or advertisement. Proof of such mailing shall be required on the application for a final decree approving the account of the assignee unless proof is furnished that personal service of such notice or a copy of such advertisement has been made upon the creditor.

(4) The report of the referee shall show all the jurisdictional facts necessary to confer power on the court, such as the proper execution and acknowledgment of the assignment, its recording, the filing of the schedule and bond, the publication and mailing of notice to creditors to present claims, the filing of the assignee's account, the issuance and
service of notice of application for settlement of the account, and, where any items in the account of the assignee are disallowed, the same shall be fully set out in the report, together with the reason therefor.

(5) The report of the referee after a hearing of a disputed claim under the statute shall be filed with the clerk of the court and a copy served on each party to the proceeding. The court shall, on application of any party, or on its own motion, confirm or disaffirm the referee's report; such report shall then be reviewed only by appeal to the Appellate Division.

(f) Discharge of assignee.

(1) No discharge shall be granted an assignee who has not advertised for claims pursuant to section 5 of the Debtor and Creditor Law and the applicable provisions of this section.

(2) No discharge shall be granted an assignee and his or her sureties in any case, whether or not the creditors have been paid, or have released, or have entered into composition, except in a regular proceeding for an accounting under the applicable provisions of the Debtor and Creditor Law, commenced by petition, and after due and timely notice thereof to all persons interested in the estate.

(3) Provisional and final bond. The affidavit upon which application is made for leave to file a provisional bond must show fully and fairly the nature and extent of the property assigned, and good and sufficient reason must be shown why the schedule and inventory cannot be filed. It must appear satisfactorily to the court that a necessity exists for filing of such provisional bond; and the affidavits filed shall be deemed a schedule and inventory of the assigned property until such time as the regular schedule and inventory of the assigned property shall be filed. Upon the filing of the schedule and inventory, the amount of the bond shall be determined finally. Should the provisional bond already filed be deemed sufficient, an order may be granted making such bond, as approved, the final bond.

(4) Upon all applications made to the court by assignees under general assignments for the benefit of creditors for the filing of a provisional bond, or for permission to sell the property of the assignor, the applicant shall present proof by affidavit whether any petition in bankruptcy has been filed by or against the assignor.

(5) The final bond shall be joint and several in form and must be accompanied by the affidavit prescribed by CPLR 2502, and also by the affidavit of each surety, setting forth his business, where it is carried on, and the amount in which he or she is required to justify over and above his debts and liabilities.

(g) Justification of sureties. The court may in its discretion require any surety to appear and justify. If the penalty of the bond be $20,000 or over, it may be executed by two sureties each justifying in that sum, or by more than two sureties, the amount of whose justification, united, is double the penalty of the bond.

(h) Application to continue business of assignor. An application for authority to continue the business of an assignor must be made upon duly verified petition and upon notice given to, or order to show cause served upon, the assignor, the assignee’s surety and all creditors, secured, general or otherwise, of the assigned estate. If more than one application for such authority is subsequently made, the petition must set forth, by a statement of receipts, disbursements and expenses, the result of the continuance of such business for or during the period for which the same was previously authorized.
(i) Involuntary petition in bankruptcy of the assigned estate. Where an order for relief pursuant to section 503 of title 11 of the United States Code has been entered, the assignee shall file with the clerk a certified copy of such petition in bankruptcy, together with proof by affidavit on the part of the assignee showing that he has turned over all assets of the assigned estate to the trustee or receiver in bankruptcy.

(j) Assignee's commissions and attorney's fees. Assignee's allowances and attorney fees are to be fixed by the court upon a motion to settle and approve the assignee's account or upon the confirmation of the referee's report regarding the account. No allowances, fees or commissions shall be paid out until so fixed and directed by the court.

(k) Service of notice by mail. When any notice is served by mail on the creditors of the insolvent debtor pursuant to the provisions of the applicable statute or this section, every envelope containing such notice shall have upon it a direction to the postmaster at the place to which it is sent, to return the same to the sender whose name and address shall appear thereon, unless called for or delivered.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.63, 22 NY ADC 202.63
Section 202.64. Election Law proceedings

(a) All applications to the Supreme Court, or to a judge thereof, pursuant to the Election Law, shall be made at the special part designated for such proceedings, and where there is no special part, before the judge to whom the proceeding is assigned. As far as practicable, the application shall be brought in the county in which it arose.

(b) The judge may hear and determine the proceeding or assign it to a referee for hearing or decision, and such proceedings shall have preference over all other business of the part to which it is assigned or before the judge to whom it is assigned.

(c) The final order in an election proceeding shall state the determination and the facts upon which it was made.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.64, 22 NY ADC 202.64
(a) **Petitions for registration.** Petitions for the registration of titles to land made pursuant to article 12 of the Real Property Law shall be made to the Supreme Court in the county where the land or portion thereof affected by the petition is situated. Where a particular part has been designated for this purpose as a title part under the provisions of section 371 of such law, all petitions to register titles to land under the law must be returnable at the said title part. If there is no such part, petitions shall be returnable before the judge is assigned. Such title part or assigned judge is hereinafter denominated as the appropriate part or judge in this section.

(b) **Application for final order and judgment of registration.** After the time provided in the notice of hearing shall have expired, or within such further time as may have been allowed by the court, if there have been no appearances or answers to the petition, the petitioner may apply to the appropriate part or judge for a final order and judgment of registration, as provided for in the law. In all applications for such final order and judgment of registration, the applicant or petitioner must present to the court proof by affidavit that all the provisions of the law entitling the petitioner to such final order and judgment of registration have been complied with.

(c) **Application for jury trial.** Where an answer is interposed which raises an issue of fact which in an action relating to the title to real property would be triable by a jury, either or any party to the registration proceeding who is entitled to have such issue determined may apply to the appropriate part or judge within 20 days after the issue has been joined to have the issues framed to be tried by a jury, as provided by CPLR 4102(b). The trial of such issues shall be had and the subsequent proceedings in relation thereto shall be such as are prescribed by the CPLR. After such issues are disposed of, either or any party to the registration proceeding may apply to the appropriate part or judge, upon eight days' notice to all who have appeared in the registration proceeding, for a final order and judgment of registration, and on such application the court shall try all other issues in the proceeding not disposed of by the jury, or may refer any such issues undisposed of to be tried by an official examiner of title as referee. Where all issues have been disposed of, any party, upon eight days' notice to all who have appeared in the proceeding, may apply for the final order and judgment of registration at the appropriate part or before the appropriate assigned judge.

(d) **Applications; notice requirements.** All applications to the court after a certificate of registration of title has been issued under the provisions of the law must be made at the appropriate part or before the appropriate assigned judge hereinbefore designated upon 20 days' notice to all persons interested in the said application. All applications to the court under sections 404-a and 422 of the Real Property Law shall be made to the appropriate part or judge upon eight days' notice to all persons in interest, as provided by that section. All applications made to the court under section 428 of the Real Property Law shall also be made to the appropriate part or judge, upon eight days' notice to the city or county treasurer and all other parties who have appeared in the proceeding to recover for loss or damage or deprivation of real property out of the assurance fund provided for by law.
(e) Sales of real estate. All sales of real estate or an interest therein, made pursuant to a judgment, decree or order, or by an officer of the court under its direction, shall be made pursuant to section 231 of the Real Property Actions and Proceedings Law, after notice as prescribed in that section. An auctioneer selected for this purpose must be an attorney, or a licensed real estate broker, or a salesman licensed for at least five years. The auctioneer's fee for conducting the sale shall be as prescribed by law.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.65, 22 NY ADC 202.65
(a) Applications for approval of compromises of third-party actions pursuant to subdivision 5 of section 29 of the
Workers' Compensation Law must include all papers described therein, and a proposed order providing that the
appropriate insuring body file an affidavit within a specified time consenting to or opposing the application. A copy
of all such application papers shall be served on the insurance carrier that is liable for the payment of claims under the
Workers' Compensation Law.

(b) If, prior to the return of the application, the court directs that the parties place their stipulation on the record, the
transcript shall be filed as part of the papers. In such cases, the matter shall be marked settled subject to written consent
of the insuring body, or the entry of an order pursuant to subdivision 5 of section 29 of the Workers' Compensation Law.

(c) On the return of the application, the court may hear the matter forthwith or schedule the matter for later hearing if
affidavits in opposition to the compromise show that the amount is grossly inadequate in view of the injuries involved,
the potential monetary recovery against the third party and the possible exposure of the insuring body to future claims
by the plaintiff-petitioner arising out of the same accident.

(d) Nothing in this section shall preclude the insuring body from consenting to a reduction of its lien.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court
rules under Title 22 may be more current.

22 NYCRR 202.66, 22 NY ADC 202.66
Section 202.67. Infants' and incapacitated persons' claims and proceedings

(a) The settlement of an action or claim by an infant or judicially declared incapacitated person (including an incompetent or conservatee) shall comply with CPLR 1207 and 1208 and, in the case of an infant, with section 474 of the Judiciary Law. The proposed order in such cases may provide for deduction of the following disbursements from the settlement:

1. motor vehicle reports;
2. police reports;
3. photographs;
4. deposition stenographic expenses;
5. service of summons and complaint and of subpoenas;
6. expert's fees, including analysis of materials; and
7. other items approved by court order.

The order shall not provide for attorney's fees in excess of one third of the amount remaining after deduction of the above disbursements unless otherwise specifically authorized by the court.

(b) The petition or affidavit in support of the application also shall set forth the total amount of the charge incurred for each doctor and hospital in the treatment and care of the infant, or incapacitated person and the amount remaining unpaid to each doctor and hospital for such treatment and care. If an order be made approving the application, the order shall provide that all such charges for doctors and hospitals shall be paid from the proceeds, if any, received by the parent, guardian, or other person, in settlement of any action or claim for the loss of the infant's, or incapacitated person's services; provided, however, that if there be any bona fide dispute as to such charges, the judge presiding, in the order, may make such provision with respect to them as justice requires. With respect to an incapacitated person, the judge presiding may provide for the posting of a bond as required by the Mental Hygiene Law.
Section 202.67. Infants' and incapacitated persons' claims and..., 22 NY ADC 202.67

(c) If the net amount obtained for the infant, or incapacitated person in any approved settlement does not exceed the amount set forth in CPLR 1206(b), the court may permit it to be paid pursuant to CPLR 1206(b). The court may order in any case that the money be deposited or invested pursuant to CPLR 1206(c) or held for the use and benefit of the infant, or incapacitated person as provided in CPLR 1206(d) and CPLR 1210(d).

(d) The affidavit of the attorney for a plaintiff, in addition to complying with CPLR 1208, must show compliance with the requirements for filing a retainer statement and recite the number assigned by the Office of Court Administration, or show that such requirements do not apply.

(e) Applications for approval of an infant's or incapacitated person's compromise shall be made returnable before the judge who presided over the compromise or, where the agreement was reached out-of-court, before the appropriate assigned judge.

(f) A petition for the expenditure of the funds of an infant shall comply with CPLR article 12, and also shall set forth:

(1) a full explanation of the purpose of the withdrawal;

(2) a sworn statement of the reasonable cost of the proposed expenditure;

(3) the infant's age;

(4) the date and amounts of the infant's and parents' recovery;

(5) the balance from such recovery;

(6) the nature of the infant's injuries and present condition;

(7) a statement that the family of the infant is financially unable to afford the proposed expenditures;

(8) a statement as to previous orders authorizing such expenditures; and

(9) any other facts material to the application.

(g) No authorization will be granted to withdraw such funds, except for unusual circumstances, where the parents are financially able to support the infant and to provide for the infant's necessaries, treatment and education.

(h) Expenditures of the funds of an incapacitated person shall comply with the provisions of the Mental Hygiene Law.
(i) The required notice of the filing of a final account by an incapacitated person's guardian and of a petition for settlement thereof shall show the amounts requested for additional services of the guardian and for legal services. Prior to approving such allowances, the court shall require written proof of the nature and extent of such services. Where notice is given to the attorney for the Veteran's Administration, if the attorney for the Veteran's Administration does not appear after notice, the court shall be advised whether the Veteran's Administration attorney has examined the account and whether he objects to it or to any proposed commission or fee.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.67, 22 NY ADC 202.67
In any proceeding in which the custody of a child is to be determined, the court, when it has reason to believe that the child is an Indian child within the meaning of the Indian Child Welfare Act of 1948 (92 Stat. 3069), shall require the verification of the child's status in accordance with that act and proceed further, as appropriate, in accordance with the provisions of that act.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.
Section 202.69. Coordination of related actions pending in more than one judicial district

(a) Application. This section shall apply when related actions are pending in the courts of the Unified Court System in more than one judicial district and it may be appropriate for these actions to be coordinated pursuant to the criteria and procedures set forth in this section. Coordination pursuant to this section shall apply to pretrial proceedings, including dispositive motions.

(b) Litigation coordinating panel.

(1) Composition. The Chief Administrator of the Courts, in consultation with the Presiding Justice of each Appellate Division, shall create a Litigation Coordinating Panel composed of one justice of the Supreme Court from each judicial department of the State.

(2) Procedure. The panel shall determine, sua sponte or upon application of a party to an action, a justice before whom such an action is pending, or an administrative judge, whether the related actions should be coordinated before one or more individual justices. The panel shall provide notice and an opportunity to be heard to all parties to the actions sought to be coordinated and shall inform the justices before whom such actions are pending of the initiation of proceedings before the panel.

(3) Standards for coordination. In determining whether to issue an administrative order of coordination, the panel shall consider, among other things, the complexity of the actions; whether common questions of fact or law exist, and the importance of such questions to the determination of the issues; the risk that coordination may unreasonably delay the progress, increase the expense, or complicate the processing of any action or otherwise prejudice a party; the risk of duplicative or inconsistent rulings, orders or judgments; the convenience of the parties, witnesses and counsel; whether coordinated discovery would be advantageous; efficient utilization of judicial resources and the facilities and personnel of the court; the manageability of a coordinated litigation; whether issues of insurance, limits on assets and potential bankruptcy can be best addressed in coordinated proceedings; and the pendency of related matters in the Federal courts and in the courts of other states. The panel may exclude particular actions from an otherwise applicable order of coordination when necessary to protect the rights of parties.

(4) Determination.
(i) The panel shall issue a written decision on each application. If the panel determines to direct coordination, it shall issue an administrative order identifying the actions that shall be coordinated. The order may address actions subsequently filed or not otherwise then before the panel.

(ii) The order of the panel shall specify the number of Coordinating Justices and the county or counties in which the coordinated proceedings shall take place. In making this decision, the panel shall consider, among other things, the venues of origin of the cases to be coordinated; whether the actions arise out of an accident or events in a particular county; judicial caseloads in prospective venues; fairness to parties; the convenience of the parties and witnesses; the convenience of counsel; and whether the purposes of this section can best be advanced by coordination before more than one Coordinating Justice.

(c) Coordinating Justice.

(1) Designation. The Administrative Judge charged with supervision of the local jurisdiction within which coordinated proceedings are to take place shall select the Coordinating Justice or Justices, in consultation with the appropriate Deputy Chief Administrative Judge. In deciding whom to designate, the Administrative Judge shall consider, among other things, the existing caseload of each prospective appointee and the overall needs of the court in which that justice serves; the familiarity of that justice with the litigation at issue; the justice's managerial ability; and the previous experience of the justice with the field of law involved and with coordinated litigation. The Administrative Judge may designate a justice from another local jurisdiction as a Coordinating Justice with the approval of the Administrative Judge thereof.

(2) Authority. The Coordinating Justice shall have authority to make any order consistent with this section and its purposes, including to remand to the court of origin any portion of a case not properly subject to coordination under the administrative order of the panel; assign a master caption; create a central case file and docket; establish a service list; periodically issue case management orders after consultation with counsel; appoint and define the roles of steering committees and counsel of parties and liaison counsel, provided that the committees and counsel shall not deprive any party of substantive rights; issue protective orders pursuant to article 31 of the Civil Practice Law and Rules; establish a document depository; direct the parties to prepare coordinated pleadings and deem service upon liaison counsel or steering committee service upon the respective parties; require service of uniform requests for disclosure and establish a uniform method for the conduct of physical and mental examination; rule upon all motions; require the parties to participate in settlement discussions and court-annexed alternative dispute resolution; and try any part of any coordinated case on consent of the parties to that action.

(3) Coordination with Federal or other states' actions. If actions related to those pending before a Coordinating Justice are proceeding in Federal courts or in the courts of other states, the Coordinating Justice shall consult with the presiding judge(s) in an effort to advance the purposes of this section. Where appropriate, the Coordinating Justice, while respecting the rights of parties under the Civil Practice Law and Rules, may require that discovery in the cases coordinated pursuant to this section proceed jointly or in coordination with discovery in the Federal or other states' actions.

(d) Termination of coordination. The Coordinating Justice, sua sponte or upon motion by any party, may terminate coordination, in whole or in part, if the Justice determines that coordination has been completed or that the purposes of this section can be best advanced by termination of the coordination. Upon termination, the actions shall be remanded
to their counties of origin for trial unless the parties to an action consent to trial of that action before the Coordinating Justice.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.69, 22 NY ADC 202.69
(a) *Monetary thresholds.* Except as set forth in subdivision (b) of this section, the monetary thresholds of the Commercial Division, exclusive of punitive damages, interests, costs, disbursements and counsel fees claimed, are established as follows:

Albany County $50,000  
Eighth Judicial District $100,000  
Kings County $150,000  
Nassau County $200,000  
New York County $500,000  
Onondaga County $50,000  
Queens County $100,000  
Seventh Judicial District $50,000  
Suffolk County $100,000  
Westchester County $100,000

(b) *Commercial cases.* Actions in which the principal claims involve or consist of the following will be heard in the Commercial Division provided that the monetary threshold is met or equitable or declaratory relief is sought:

1. breach of contract or fiduciary duty, fraud, misrepresentation, business tort (e.g., unfair competition), or statutory and/or common law violation where the breach or violation is alleged to arise out of business dealings (e.g., sales of assets or securities; corporate restructuring; partnership, shareholder, joint venture, and other business agreements; trade secrets; restrictive covenants; and employment agreements not including claims that principally involve alleged discriminatory practices);

2. transactions governed by the Uniform Commercial Code (exclusive of those concerning individual cooperative or condominium units);

3. transactions involving commercial real property, including Yellowstone injunctions and excluding actions for the payment of rent only;

4. shareholder derivative actions—without consideration of the monetary threshold;

5. commercial class actions—without consideration of the monetary threshold;
(6) business transactions involving or arising out of dealings with commercial banks and other financial institutions;

(7) Internal affairs of business organizations;

(8) malpractice by accountants or actuaries, and legal malpractice arising out of representation in commercial matters;

(9) environmental insurance coverage;

(10) commercial insurance coverage (e.g., directors and officers, errors and omissions, and business interruption coverage);

(11) dissolution of corporations, partnerships, limited liability companies, limited liability partnerships and joint ventures—without consideration of the monetary threshold; and

(12) applications to stay or compel arbitration and affirm or disaffirm arbitration awards and related injunctive relief pursuant to CPLR Article 75 involving any of the foregoing enumerated commercial issues. Where the applicable arbitration agreement provides for the arbitration to be heard outside the United States, the monetary threshold set forth in subdivision (a) of this section shall not apply.

(c) Non-commercial cases. The following will not be heard in the Commercial Division even if the monetary threshold is met:

(1) Suits to collect professional fees;

(2) Cases seeking a declaratory judgment as to insurance coverage for personal injury or property damage;

(3) Residential real estate disputes, including landlord-tenant matters, and commercial real estate disputes involving the payment of rent only;

(4) Home improvement contracts involving residential properties consisting of one to four residential units or individual units in any residential building, including cooperative or condominium units;

(5) Proceedings to enforce a judgment regardless of the nature of the underlying case;

(6) First-party insurance claims and actions by insurers to collect premiums or rescind non-commercial policies; and

(7) Attorney malpractice actions except as otherwise provided in paragraph (b)(8) of this section.
(d) Assignment to the Commercial Division.

(1) Within 90 days following service of the complaint, any party may seek assignment of a case to the Commercial Division by filing a Request for Judicial Intervention (RJI) that attaches a completed Commercial Division RJI Addendum certifying that the case meets the jurisdictional requirements for Commercial Division assignment set forth in subdivisions (a), (b) and (c) of this section. Except as provided in subdivision (e) below, failure to file an RJI pursuant to this subdivision precludes a party from seeking assignment of the case to the Commercial Division.

(2) Subject to meeting the jurisdictional requirements of subdivisions (a), (b) and (c) of this section and filing an RJI in compliance with subsection (d)(1) above, the parties to a contract may consent to the exclusive jurisdiction of the Commercial Division of the Supreme Court by including such consent in their contract. A sample choice of forum provision can be found at Appendix C to these Rules of the Commercial Division. Alternatively, subject to meeting the jurisdictional and procedural requirements applicable to the Commercial Division and the federal courts, the parties to a contract may consent to the exclusive jurisdiction of either the Commercial Division of the Supreme Court or the federal courts in New York State by including such consent in their contract. An alternative sample choice of forum provision to that effect can also be found at Appendix C to these Rules of the Commercial Division. In addition, the parties to a contract may consent to having New York law apply to their contract, or any dispute under the contract. A sample choice of law provision can be found at Appendix D to these Rules of the Commercial Division.

(e) Transfer into the Commercial Division. If an RJI is filed within the 90-day period following service of the complaint and the case is assigned to a noncommercial part because the filing party did not designate the case as "commercial" on the RJI, any other party may apply by letter application (with a copy to all parties) to the Administrative Judge, within 10 days after receipt of a copy of the RJI, for a transfer of the case into the Commercial Division. Further, notwithstanding the time periods set forth in subdivisions (d) and (e) of this section, for good cause shown for the delay a party may seek the transfer of a case to the Commercial Division by letter application (with a copy to all parties) to the Administrative Judge. In addition, a non-Commercial Division justice to whom a case is assigned may sua sponte request the Administrative Judge to transfer a case that meets the jurisdictional requirements for Commercial Division assignment set forth in subdivisions (a), (b) and (c) of this section to the Commercial Division. The determinations of the Administrative Judge with respect to any letter applications or requests under this subdivision shall be final and subject to no further administrative review or appeal.

(f) Transfer from the Commercial Division.

(1) In the discretion of the Commercial Division justice assigned, if a case does not fall within the jurisdiction of the Commercial Division as set forth in this section, it shall be transferred to a non-commercial part of the court.

(2) Any party aggrieved by a transfer of a case to a non-commercial part may seek review by letter application (with a copy to all parties) to the administrative judge within 10 days of receipt of the designation of the case to a non-commercial part. The determination of the administrative judge shall be final and subject to no further administrative review or appeal.
(g) Rules of practice for the Commercial Division. Unless these rules of practice for the Commercial Division provide specifically to the contrary, the rules of this Part also shall apply to the Commercial Division, except that Rules 7 through 15 shall supersede section 202.12 (Preliminary Conference) and Rules 16 through 24 shall supersede section 202.8 (Motion Procedure) of this Part.

PREAMBLE

Created in 1995, today's Commercial Division of the New York State Supreme Court is an efficient, sophisticated, up-to-date court dealing with challenging commercial cases. From its inception, the Commercial Division has had as its primary goal the cost-effective, predictable and fair adjudication of complex commercial cases. By virtue of its specialized subject matter jurisdiction, exceptional judicial expertise, rules and procedures dedicated to commercial practice, and commitment to high standards of attorney professionalism, the Division has established itself at the forefront of worldwide commercial litigation in the twenty-first century.

(1) Jurisdiction and Judiciary

The subject matter jurisdiction of the Commercial Division—including both substantial monetary thresholds and carefully chosen case types (see § 202.70[a] and [b])—is designed to ensure that it is the forum of resolution of the most complex and consequential commercial matters commenced in New York's courts. Accordingly, the Division's judges are chosen for their extensive experience in resolving sophisticated commercial disputes. Unlike jurists in other civil parts in New York's court system, Commercial Division justices devote themselves almost exclusively to these complex commercial matters.

(2) Rules and Procedures

Since its inception, the Commercial Division has implemented rules, procedures and forms especially designed to address the unique problems of commercial practice. Such rules have addressed a wide range of matters such as proportionality in discovery, optional accelerated adjudication, robust expert disclosure, limits on depositions and interrogatories, streamlined privilege logs, special rules concerning entity depositions, model forms to facilitate discovery, expedited resolution of discovery disputes, simplification of bench trials, time limits on all trials, streamlined presentation of evidence at trials, and a strong commitment to early case disposition through the Division's alternative dispute resolution program. Equally important, through the work of the Commercial Division Advisory Council—a committee of commercial practitioners, corporate in-house counsel and jurists devoted to the Division's excellence—the Commercial Division has become a recognized leader in court system innovation, demonstrating an unparalleled creativity and flexibility in development of rules and practices.

(3) The Commercial Division Bar

Finally, the work of the Commercial Division has prospered through the strong cooperative spirit of the bar practicing before it. The subject matter jurisdiction of the court, the pace of high-stakes commercial practice, the sophistication of the judiciary and the specialized rules of the Division require that the practicing bar be held rigorously to a standard of commitment and professionalism of the highest caliber. For example, the failure to appear (or the appearance without proper preparation) at scheduled court dates, depositions or hearings is generally viewed as highly improper in the Commercial Division, and can readily result in the imposition of sanctions and penalties as permitted under statute and court rule (see, e.g., CPLR 3126; see also 22 NYCRR Part 130). At the same time, the Commercial Division's judiciary is strongly committed to the ongoing development of New York's commercial bar and, in that spirit, has instituted practices
encouraging the participation of less experienced members of that bar in substantive and meaningful ways (including presentation of motions or examination of witnesses) in matters before it. In this manner, the Division seeks to ensure the continued development of the highest quality of commercial bar in New York State.

(4) Conclusion

"New York is the center of world commerce, the headquarters of international finance, the home of America's leading businesses. As such, it strongly needs a modern, well-staffed, properly equipped forum for the swift, fair and expert resolution of significant commercial disputes." In 1995, those words introduced the New York State Bar Association's report proposing the creation of the Commercial Division (N.Y. St. Bar Ass'n, A Commercial Court For New York [Jan. 1995]). Since then, they have served as the central rationale for the Division's commitment to excellence in the administration of the rule of law in business in New York. The practice rules of the Commercial Division, set forth below, are a crucial component of that commitment, and are designed to be a dynamic counterpart to the innovative and efficient business practices which are so essential to the economic health of our State and nation.

Rule 1. Appearance by Counsel with Knowledge and Authority.

(a) Counsel who appear in the Commercial Division must be fully familiar with the case in regard to which they appear and fully authorized to enter into agreements, both substantive and procedural, on behalf of their clients. Counsel should also be prepared to discuss any motions that have been submitted and are outstanding. Failure to comply with this rule may be regarded as a default and dealt with appropriately. See Rule 12 of this subdivision.

(b) Consistent with the requirements of Rule 8(b) of this subdivision, counsel for all parties who appear at the preliminary conference shall be sufficiently versed in matters relating to their clients' technological systems to discuss competently all issues relating to electronic discovery. Counsel may bring a client representative or outside expert to assist in such discussions.

(c) It is important that counsel be on time for all scheduled appearances.

Rule 2. Settlements and Discontinuances. If an action is settled, discontinued, or otherwise disposed of, counsel shall immediately inform the court by submission of a copy of the stipulation or a letter directed to the clerk of the part along with notice to chambers via telephone or e-mail. This notification shall be made in addition to the filing of a stipulation with the county clerk.

Rule 3. Alternative Dispute Resolution (ADR); Settlement Conference Before a Justice Other Than the Justice Assigned to the Case.

(a) At any stage of the matter, the court may direct or counsel may seek the appointment of an uncompensated mediator for the purpose of mediating a resolution of all or some of the issues presented in the litigation. Additionally, counsel for all parties may stipulate to having the case determined by a summary jury trial pursuant to any applicable local rules or, in the absence of a controlling local rule, with permission of the court.

(b) Should counsel wish to proceed with a settlement conference before a justice other than the justice assigned to the case, counsel may jointly request that the assigned justice grant such a separate settlement conference. This request may be made at any time in the litigation. Such request will be granted in the discretion of the justice assigned to the case upon
finding that such a separate settlement conference would be beneficial to the parties and the court and would further the interests of justice. If the request is granted, the assigned justice shall make appropriate arrangements for the designation of a “settlement judge.”

Rule 4. Electronic Submission of Papers. (a) Papers and correspondence by fax. Papers and correspondence filed by fax should comply with the requirements of section 202.5(a) of this Part except that papers shall not be submitted to the court by fax without advance approval of the justice assigned. Correspondence sent by fax should not be followed by hard copy unless requested.

(b) Papers submitted in digital format. In cases not pending in the court's Filing by Electronic Means System, the court may permit counsel to communicate with the court and each other by e-mail. In the court's discretion, counsel may be requested to submit memoranda of law by e-mail or on a computer disk along with an original and courtesy copy.

Rule 5. (This rule shall apply only in the First and Second Judicial Departments) Information on Cases. Information on future court appearances can be found at the court system's future appearance site (www.nycourts.gov/ecourts). Decisions can be found on the Commercial Division home page of the Unified Court System's internet website: www.courts.state.ny.us/comdiv or in the New York Law Journal. The clerk of the part can also provide information about scheduling in the part (trials, conferences, and arguments on motions). Where circumstances require exceptional notice, it will be furnished directly by chambers.

Rule 6. Form of Papers. All papers submitted to the Commercial Division shall comply with CPLR 2101 and section 202.5(a) of this Part. Papers shall be double-spaced and contain print no smaller than 12-point, or 8 1/2 x 11 inch paper, bearing margins no smaller than one inch. The print size of footnotes shall be no smaller than 10-point. Papers also shall comply with Part 130 of the Rules of the Chief Administrator. Each electronically-submitted memorandum of law and, where appropriate, affidavit and affirmation shall include bookmarks providing a listing of the document's contents and facilitating easy navigation by the reader within the document.

Rule 7. Preliminary Conference; Request. A preliminary conference shall be held within 45 days of assignment of the case to a Commercial Division justice, or as soon thereafter as is practicable. Except for good cause shown, no preliminary conference shall be adjourned more than once or for more than 30 days. If a request for judicial intervention is accompanied by a dispositive motion, the preliminary conference shall take place within 30 days following the decision of such motion (if not rendered moot) or at such earlier date as scheduled by the justice presiding. Notice of the preliminary conference date will be sent by the court at least five days prior thereto.

Rule 8. Consultation prior to Preliminary and Compliance Conferences.

(a) Counsel for all parties shall consult prior to a preliminary or compliance conference about (i) resolution of the case, in whole or in part; (ii) discovery and any other issues to be discussed at the conference, including the timing and scope of expert disclosure under Rule 13(c); (iii) the use of alternate dispute resolution to resolve all or some issues in the litigation; and (iv) any voluntary and informal exchange of information that the parties agree would help aid early settlement of the case. Counsel shall make a good faith effort to reach agreement on these matters in advance of the conference.

(b) Prior to the preliminary conference, counsel shall confer with regard to anticipated electronic discovery issues. Such issues shall be addressed with the court at the preliminary conference and shall include but not be limited to (i) identification of potentially relevant types or categories of electronically stored information (“ESI”) and the relevant time frame; (ii) disclosure of the applications and manner in which the ESI is maintained; (iii) identification of potentially relevant sources of ESI and whether the ESI is reasonably accessible; (iv) implementation of a preservation plan for
potentially relevant ESI; (v) identification of the individual(s) responsible for preservation of ESI; (vi) the scope, extent, order, and form of production; (vii) identification, redaction, labeling, and logging of privileged or confidential ESI; (viii) claw-back or other provisions for privileged or protected ESI; (ix) the scope or method for searching and reviewing ESI; (x) the anticipated cost and burden of data recovery and proposed initial allocation of such costs; (xi) designation of experts; and (xii) the need to vary the presumptive number or duration of depositions set forth in Rule 11-d.


(a) This rule is applicable to all actions, except to class actions brought under Article 9 of the CPLR, in which the court by written consent of the parties is authorized to apply the accelerated adjudication procedures of the Commercial Division of the Supreme Court. One way for parties to express their consent to this accelerated adjudication process is by using specific language in a contract, such as: "Subject to the requirements for a case to be heard in the Commercial Division, the parties agree to submit to the exclusive jurisdiction of the Commercial Division, New York State Supreme Court and to the application of the Court's accelerated procedures, in connection with any dispute, claim or controversy arising out of or relating to this agreement, or the breach, termination, enforcement or validity thereof."

(b) In any matter proceeding through the accelerated process, all pre-trial proceedings, including all discovery, pre-trial motions and mandatory mediation, shall be completed and the parties shall be ready for trial within nine months from the date of filing of a Request of Judicial Intervention (RJI).

(c) In any accelerated action, the court shall deem the parties to have irrevocably waived:

1. any objections based on lack of personal jurisdiction or the doctrine of forum non conveniens;
2. the right to trial by jury;
3. the right to recover punitive or exemplary damages;
4. the right to any interlocutory appeal; and
5. the right to discovery, except to such discovery as the parties might otherwise agree or as follows:

   i. There shall be no more than seven interrogatories and five requests to admit;
   
   ii. Absent a showing of good cause, there shall be no more than seven discovery depositions per side with no deposition to exceed seven hours in length. Such depositions can be done either in person at the location of the deponent, a party or their counselor in real time by any electronic video device; and
   
   iii. Documents requested by the parties shall be limited to those relevant to a claim or defense in the action and shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain.
(d) In any accelerated action, electronic discovery shall proceed as follows unless the parties agree otherwise:

(1) the production of electronic documents shall normally be made in a searchable format that is usable by the party receiving the e-documents;

(2) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and

(3) where the costs and burdens of e-discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the court will either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to the allocation of costs in the final judgment.

Rule 9-a. Immediate Trial or Pre-Trial Evidentiary Hearing. Subject to meeting the requirements of CPLR 2218, 3211(c) or 3212(c), parties are encouraged to demonstrate on a motion to the court when a pre-trial evidentiary hearing or immediate trial may be effective in resolving a factual issue sufficient to effect the disposition of a material part of the case. Motions where a hearing or trial on a material factual issue may be particularly useful in disposition of a material part of a case, include, but are not limited to:

(a) Dispositive motions to dismiss or motions for summary judgment;

(b) Preliminary injunction motions, including but not limited to those instances where the parties are willing to consent to the hearing being on the merits;

(c) Spoliation of evidence motions where the issue of spoliation impacts the ultimate outcome of the action;

(d) Jurisdictional motions where issues, including application of long arm jurisdiction, may be dispositive;

(e) Statute of limitations motions; and

(f) Class action certification motions.

In advance of an immediate trial or evidentiary hearing, the parties may request, if necessary, that the court direct limited expedited discovery targeting the factual issue to be tried.

*Editorial Note: This rule is amended through Court Notices, effective January 1, 2018.*

Rule 10. Submission of Information; Certification Relating to Alternative Dispute Resolution.

At the preliminary conference, counsel shall be prepared to furnish the court with the following: (i) a complete caption, including the index number; (ii) the name, address, telephone number, e-mail address and fax number of all counsel; (iii)
the dates the action was commenced and issue joined; (iv) a statement as to what motions, if any, are anticipated; and (v) copies of any decisions previously rendered in the case. Counsel for each party shall also submit to the court at the preliminary conference and each subsequent compliance or status conference, and separately serve and file, a statement, in a form prescribed by the Office of Court Administration, certifying that counsel has discussed with the party the availability of alternative dispute resolution mechanisms provided by the Commercial Division and/or private ADR providers, and stating whether the party is presently willing to pursue mediation at some point during the litigation.

Editorial Note: This rule is amended through Court Notices, effective January 1, 2018.

Rule 11. Discovery.

(a) The preliminary conference will result in the issuance by the court of a preliminary conference order. Where appropriate, the order will contain specific provisions for means of early disposition of the case, such as (i) directions for submission to the alternative dispute resolution program, including, in all cases in which the parties certify their willingness to pursue mediation pursuant to Rule 10, provision of a specific date by which a mediator shall be identified by the parties for assistance with resolution of the action; (ii) a schedule of limited-issue discovery in aid of early dispositive motions or settlement; and/or (iii) a schedule for dispositive motions before disclosure or after limited-issue disclosure.

(b) The order will also contain a comprehensive disclosure schedule, including dates for the service of third-party pleadings, discovery, motion practice, a compliance conference, if needed, a date for filing the note of issue, a date for a pre-trial conference and a trial date.

(c) The preliminary conference order may provide for such limitations of interrogatories and other discovery as may be necessary to the circumstances of the case. Additionally, the court should consider the appropriateness of altering prospectively the presumptive limitations on depositions set forth in Rule 11-d.

(d) The court will determine, upon application of counsel, whether discovery will be stayed, pursuant to CPLR 3214(b), pending the determination of any dispositive motion.

EXHIBIT A

SUPREME COURT OF THE STATE OF NEW YORK,
COUNTY OF ____________________

Plaintiff(s), Part: ______________

Index No.:_________ -against- ALTERNATIVE DISPUTE RESOLUTION ("ADR") ATTORNEY CERTIFICATION

Defendant(s).

Pursuant to Rule 10 of the Commercial Division Rules, I certify that I have discussed with my client any Alternative Dispute Resolution options available through the Commercial Division and those offered by private entities. My client:
() presently wishes to jointly engage a mediator at an appropriate time to aid settlement.

() does not presently wish to jointly engage a mediator at an appropriate time to aid settlement.

Dated: __________________________ Signature: ____________________________

Attorney Name and Address:

_____________________________

ATTORNEY FOR:

_____________________________

Note: This certification must be served and filed pursuant to Rule 10 of the Commercial Division Rules, with a copy submitted to the court at the time of the Preliminary Conference and each subsequent Compliance or Status Conference. Unless otherwise indicated by the Court, a separate certification is required for each party represented.

Rule 11-a. Interrogatories.

(a) Interrogatories are limited to 25 in number, including subparts, unless another limit is specified in the preliminary conference order. This limit applies to consolidated actions as well.

(b) Unless otherwise ordered by the court, interrogatories are limited to the following topics: name of witnesses with knowledge of information material and necessary to the subject matter of the action, computation of each category of damage alleged, and the existence, custodian, location and general description of material and necessary documents, including pertinent insurance agreements, and other physical evidence.

(c) During discovery, interrogatories other than those seeking information described in paragraph (b) above may only be served:

(1) if the parties consent; or

(2) if ordered by the court for good cause shown.

(d) At the conclusion of other discovery, and at least 30 days prior to the discovery cut-off date, interrogatories seeking the claims and contentions of the opposing party may be served unless the Court has ordered otherwise.

Rule 11-b. Privilege Logs.

(a) Meet and Confer: General. Parties shall meet and confer at the outset of the case, and from time to time thereafter, to discuss the scope of the privilege review, the amount of information to be set out in the privilege log, the use of categories to reduce document-by-document logging, whether any categories of information may be excluded from the logging requirement, and any other issues pertinent to privilege review, including the entry of an appropriate non-waiver order. To the extent that the collection process and parameters are disclosed to the other parties and those parties do not object, that fact may be relevant to the Court when addressing later discovery disputes.

(b) Categorical Approach or Document-By-Document Review.
(1) The preference in the Commercial Division is for the parties to use categorical designations, where appropriate, to reduce the time and costs associated with preparing privilege logs. The parties are expected to address such considerations in good faith as part of the meet and confer process (see paragraph (a) of this section) and to agree, where possible, to employ a categorical approach to privilege designations. The parties are encouraged to utilize any reasoned method of organizing the documents that will facilitate an orderly assessment as to the appropriateness of withholding documents in the specified category. For each category of documents that may be established, the producing party shall provide a certification, pursuant to 22 NYCRR section 130-1.1a, setting forth with specificity those facts supporting the privileged or protected status of the information included within the category. The certification shall also describe the steps taken to identify the documents so categorized, including but not limited to whether each document was reviewed or some form of sampling was employed, and if the latter, how the sampling was conducted. The certification shall be signed by the Responsible Attorney, as defined below, or by the party, through an authorized and knowledgeable representative.

(2) In the event the requesting party refuses to permit a categorical approach, and instead insists on a document-by-document listing on the privilege log, then unless the Court deems it appropriate to issue a protective order pursuant to CPLR 3103 based upon the facts and circumstances before it, the requirements set forth in CPLR 3122 shall be followed. In that circumstance, however, the producing party, upon a showing of good cause, may apply to the court for the allocation of costs, including attorneys' fees, incurred with respect to preparing the document-by-document log. Upon good cause shown, the court may allocate the costs to the requesting party.

(3) To the extent that a party insists upon a document-by-document privilege log as contemplated by CPLR 3122, and absent an order to the contrary, each uninterrupted e-mail chain shall constitute a single entry, and the description accompanying the entry shall include the following:

(i) an indication that the e-mails represent an uninterrupted dialogue;

(ii) the beginning and ending dates and times (as noted on the e-mails) of the dialogue;

(iii) the number of e-mails within the dialogue; and

(iv) the names of all authors and recipients - together with sufficient identifying information about each person (e.g., name of employer, job title, role in the case) to allow for a considered assessment of privilege issues.

(c) Special Master. In complex matters likely to raise significant issues regarding privileged and protected material, parties are encouraged to hire a Special Master to help the parties efficiently generate privilege logs, with costs to be shared.

(d) Responsible Attorney. The attorney having supervisory responsibility over the privilege review shall be actively involved in establishing and monitoring the procedures used to collect and review documents to determine that reasonable, good faith efforts are undertaken to ensure that responsive, non-privileged documents are timely produced.

(e) Court Order. Agreements and protocols agreed upon by parties should be memorialized in a court order.
Rule 11-c. Discovery of Electronically Stored Information from Nonparties. Parties and nonparties should adhere to the Commercial Division’s Guidelines for Discovery of Electronically Stored Information ("ESI") from nonparties, which can be found in Appendix A to these Rules of the Commercial Division.

Editorial note: As per the December 23, 2014 Administrative Order of the Chief Administrative Judge of the Courts, Rule 11-d is applicable to cases filed in the Commercial Division on and after April 1, 2015.

Rule 11-d. Limitations on Depositions.

(a) Unless otherwise stipulated to by the parties or ordered by the court:

(1) the number of depositions taken by plaintiffs, or by defendants, or by third-party defendants, shall be limited to 10; and

(2) depositions shall be limited to seven hours per deponent.

(b) Notwithstanding subsection (a)(1) of this Rule, the propriety of and timing for depositions of non-parties shall be subject to any restrictions imposed by applicable law.

(c) For the purposes of subsection (a)(1) of this Rule, the deposition of an entity through one or more representatives shall be treated as a single deposition even though more than one person may be designated to testify on the entity's behalf.

(d) For the purposes of this Rule, each deposition of an officer, director, principal or employee of an entity who is also a fact witness, as opposed to an entity representative, shall constitute a separate deposition.

(e) For the purposes of subsection (a)(2) of this Rule, the deposition of an entity shall be treated as a single deposition even though more than one person may be designated to testify on the entity's behalf. Notwithstanding the foregoing, the cumulative presumptive durational limit may be enlarged by agreement of the parties or upon application for leave of Court, which shall be freely granted.

(f) For good cause shown, the court may alter the limits on the number of depositions or the duration of an examination.

(g) Nothing in this Rule shall be construed to alter the right of any party to seek any relief that it deems appropriate under the CPLR or other applicable law.

Rule 11-e. Responses and Objections to Document Requests.

(a) For each document request propounded, the responding party shall, in its Response and Objections served pursuant to CPLR 3122(a) (the “Responses”), either:

i. state that the production will be made as requested; or
ii. state with reasonable particularity the grounds for any objection to production.

(b) By a date agreed to by the parties or at such time set by the Court, the responding party shall serve the Responses contemplated by Rule 11-e(a)(ii), which shall set forth specifically: (i) whether the objection(s) interposed pertains to all or part of the request being challenged; (ii) whether any documents or categories of documents are being withheld, and if so, which of the stated objections forms the basis for the responding party's decision to withhold otherwise responsive documents or categories of documents; and (iii) the manner in which the responding party intends to limit the scope of its production.

(c) By agreement of the parties to a date no later than the date set for the commencement of depositions, or at such time set by the Court, a date certain shall be fixed for the completion of document production by the responding party.

(d) By agreement of the parties to a date no later than one month prior to the close of fact discovery, or at such time set by the Court, the responding party shall state, for each individual request: (i) whether the production of documents in its possession, custody or control and that are responsive to the individual request, as propounded or modified, is complete; or (ii) that there are no documents in its possession, custody or control that are responsive to the individual request as propounded or modified.

(e) Nothing contained herein is intended to conflict with a party's obligation to supplement its disclosure obligations pursuant to CPLR 3101(h).

(f) The parties are encouraged to use the most efficient means to review documents, including electronically stored information ("ESI"), that is consistent with the parties' disclosure obligations under Article 31 of the CPLR and proportional to the needs of the case. Such means may include technology-assisted review, including predictive coding, in appropriate cases. The parties are encouraged to confer, at the outset of discovery and as needed throughout the discovery period, about technology-assisted review mechanisms they intend to use in document review and production. Rule 11-f. Depositions of Entities; Identification of Matters.

(a) A notice or subpoena may name as a deponent a corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency or instrumentality, or any other legal or commercial entity.

(b) Notices and subpoenas directed to an entity may enumerate the matters upon which the person is to be examined, and if so enumerated, the matters must be described with reasonable particularity.

(c) If the notice or subpoena to an entity does not identify a particular officer, director, member or employee of the entity, but elects to set forth the matters for examination as contemplated in section (b) of this Rule, then no later than 10 days prior to the scheduled deposition:
(1) the named entity must designate one or more officers, directors, members or employees, or other individual(s) who consent to testify on its behalf;

(2) such designation must include the identity, description or title of such individual(s); and

(3) if the named entity designates more than one individual, it must set out the matters on which each individual will testify.

d) If the notice or subpoena to an entity does identify a particular officer, director, member or employee of the entity, but elects to set forth the matters for examination as contemplated in section (b) of this Rule, then:

(1) pursuant to CPLR 3106(d), the named entity shall produce the individual so designated unless it shall have, no later than 10 days prior to the scheduled deposition, notified the requesting party that another individual would instead be produced and the identity, description or title of such individual is specified. If timely notification has been so given, such other individual shall instead be produced;

(2) pursuant to CPLR 3106(d), a notice or subpoena that names a particular officer, director, member, or employee of the entity shall include in the notice or subpoena served upon such entity the identity, description or title of such individual; and

(3) if the named entity, pursuant to subsection (d)(1) of this Rule, cross-designates more than one individual, it must set out the matters on which each individual will testify.

(e) A subpoena must advise a nonparty entity of its duty to make the designations discussed in this Rule.

(f) The individual(s) designated must testify about information known or reasonably available to the entity.

(g) Deposition testimony given pursuant to this Rule shall be usable against the entity on whose behalf the testimony is given to the same extent provided in CPLR 3117(2) and the applicable rules of evidence.

(h) This Rule does not preclude a deposition by any other procedure allowed by the CPLR.

Rule 11-g. Proposed Form of Confidentiality Order.

The following procedure shall apply in those parts of the Commercial Division where the justice presiding so elects:

(a) For all commercial cases that warrant the entry of a confidentiality order, the parties shall submit to the Court for signature the proposed stipulation and order that appears in Appendix B to these Rules of the Commercial Division.
(b) In the event the parties wish to deviate from the form set forth in Appendix B, they shall submit to the Court a red-line of the proposed changes and a written explanation of why the deviations are warranted in connection with the pending matter.

(c) In the event the parties wish to incorporate a privilege clawback provision into either (i) the confidentiality order to be utilized in their commercial case, or (ii) another form of order utilized by the Justice presiding over the matter, they shall utilize the text set forth in Appendix E to these Rules of the Commercial Division. In the event the parties wish to deviate from the language in Appendix E, they shall submit to the Court a red-line of the proposed changes and a written explanation of why the deviations are warranted in connection with the pending matter.

(d) Nothing in this rule shall preclude a party from seeking any form of relief otherwise permitted under the Civil Practice Law and Rules.

Rule 12. Non-Appearance at Conference. The failure of counsel to appear for a conference may result in a sanction authorized by section 130.2.1 of the Rules of the Chief Administrator or section 202.27 of this Part, including dismissal, the striking of an answer, an inquest or direction for judgment, or other appropriate sanction.


(a) Parties shall strictly comply with discovery obligations by the dates set forth in all case scheduling orders. Such deadlines, however, may be modified upon the consent of all parties, provided that all discovery shall be completed by the discovery cutoff date set forth in the preliminary conference order. Applications for extension of a discovery deadline shall be made as soon as practicable and prior to the expiration of such deadline. Non-compliance with such an order may result in the imposition of an appropriate sanction against that party pursuant to CPLR 3126.

(b) If a party seeks documents as a condition precedent to a deposition and the documents are not produced by the date fixed, the party seeking disclosure may ask the court to preclude the non-producing party from introducing such demanded documents at trial.

(c) If any party intends to introduce expert testimony at trial, no later than 30 days prior to the completion of fact discovery, the parties shall confer on a schedule for expert disclosure—including the identification of experts, exchange of reports, and depositions of testifying experts—all of which shall be completed no later than four months after the completion of fact discovery. In the event that a party objects to this procedure or timetable, the parties shall request a conference to discuss the objection with the court. Unless otherwise stipulated or ordered by the court, expert disclosure must be accompanied by a written report, prepared and signed by the witness, if either (1) the witness is retained or specially employed to provide expert testimony in the case, or (2) the witness is a party's employee whose duties regularly involve giving expert testimony. The report must contain:

   (A) a complete statement of all opinions the witness will express and the basis and the reasons for them;

   (B) the data or other information considered by the witness in forming the opinion(s);
(C) any exhibits that will be used to summarize or support the opinion(s);

(D) the witness's qualifications, including a list of all publications authored in the previous 10 years;

(E) a list of all other cases at which the witness testified as an expert at trial or by deposition during the previous four years; and

(F) a statement of the compensation to be paid to the witness for the study and testimony in the case.

The note of issue and certificate of readiness may not be filed until the completion of expert disclosure. Expert disclosure provided after these dates without good cause will be precluded from use at trial.

Rule 14. Disclosure Disputes. If the court's Part Rules address discovery disputes, those Part Rules will govern discovery disputes in a pending case. If the court's Part Rules are silent with respect to discovery disputes, the following Rule will apply. Discovery disputes are preferred to be resolved through court conference as opposed to motion practice. Counsel must consult with one another in a good faith effort to resolve all disputes about disclosure. See Section 202.7. If counsel are unable to resolve any disclosure dispute in this fashion, counsel for the moving party shall submit a letter to the court not exceeding three single-spaced pages outlining the nature of the dispute and requesting a telephone conference. Such a letter must include a representation that the party has conferred with opposing counsel in a good faith effort to resolve the issues raised in the letter or shall indicate good cause why no such consultation occurred. Not later than four business days after receiving such a letter, any affected opposing party or non-party shall submit a responsive letter not exceeding three single-spaced pages. After the submission of letters, the court will schedule a telephone or in-court conference with counsel. The court or the court's law clerks will attempt to address the matter through a telephone conference where possible. The failure of counsel to comply with this rule may result in a motion being held in abeyance until the court has an opportunity to conference the matter. If the parties need to make a record, they will still have the opportunity to submit a formal motion.

Rule 14-a. Rulings at Disclosure Conferences. The following procedures shall govern all disclosure conferences conducted by non-judicial personnel.

(a) At the request of any party

(1) prior to the conclusion of the conference, the parties shall prepare a writing setting forth the resolutions reached and submit the writing to the court for approval and signature by the presiding justice; or

(2) prior to the conclusion of the conference, all resolutions shall be dictated into the record, and either the transcript shall be submitted to the court to be “so ordered,” or the court shall otherwise enter an order incorporating the resolutions reached.

(b) With respect to telephone conferences, upon request of a party and if the court so directs, the parties shall agree upon and jointly submit to the court within one (1) business day of the telephone conference a stipulated proposed order, memorializing the resolution of their discovery dispute. If the parties are unable to agree upon an appropriate form of proposed order, they shall so advise the court so that the court can direct an alternative course of action.
Rule 15. Adjournments of Conferences. Adjournments on consent are permitted with the approval of the court for good cause where notice of the request is given to all parties. Adjournment of a conference will not change any subsequent date in the preliminary conference order, unless otherwise directed by the court.

Rule 16. Motions in General. (a) Form of motion papers. The movant shall specify in the notice of motion, order to show cause, and in a concluding section of a memorandum of law, the exact relief sought. Counsel must attach copies of all pleadings and other documents as required by the CPLR and as necessary for an informed decision on the motion (especially on motions pursuant to CPLR 3211 and 3212). Counsel should use tabs when submitting papers containing exhibits. Copies must be legible. If a document to be annexed to an affidavit or affirmation is voluminous and only discrete portions are relevant to the motion, counsel shall attach excerpts and submit the full exhibit separately. Documents in a foreign language shall be properly translated. CPLR 2101(b). Whenever reliance is placed upon a decision or other authority not readily available to the court, a copy of the case or of pertinent portions of the authority shall be submitted with the motion papers.

(b) Proposed orders. When appropriate, proposed orders should be submitted with motions, e.g., motions to be relieved, pro hac vice admissions, open commissions, etc. No proposed order should be submitted with motion papers on a dispositive motion.

(c) Adjournment of motions. Dispositive motions (made pursuant to CPLR 3211, 3212 or 3213) may be adjourned only with the court's consent. Non-dispositive motions may be adjourned on consent no more than three times for a total of no more than 60 days unless otherwise directed by the court.

Rule 17. Length of Papers. Unless otherwise permitted by the court: (i) briefs or memoranda of law shall be limited to 7,000 words each; (ii) reply memoranda shall be no more than 4,200 words and shall not contain any arguments that do not respond or relate to those made in the memorandum in chief; (iii) affidavits and affirmations shall be limited to 7,000 words each. The word count shall exclude the caption, table of contents, table of authorities, and signature block. Every brief, memorandum, affirmation, and affidavit shall include, on a page attached to the end of the applicable document, a certification by the counsel who has filed the document describing the number of words in the document. That certification by counsel certifies that the document complies with the word count limit. The counsel certifying compliance may rely on the word count of the word-processing system used to prepare the document.

Rule 18. Sur-Reply and Post-Submission Papers. Absent express permission in advance, sur-reply papers, including correspondence, addressing the merits of a motion are not permitted, except that counsel may inform the court by letter of the citation of any post-submission court decision that is relevant to the pending issues, but there shall be no additional argument. Materials submitted in violation hereof will not be read or considered. Opposing counsel who receives a copy of materials submitted in violation of this rule shall not respond in kind.

Rule 19. Orders to Show Cause. Motions shall be brought on by order to show cause only when there is genuine urgency (e.g., applications for provisional relief), a stay is required or a statute mandates so proceeding. See Rule 20 of this subdivision. Absent advance permission, reply papers shall not be submitted on orders to show cause.

Rule 19-a. Motions for Summary Judgment; Statements of Material Facts. (a) Upon any motion for summary judgment, other than a motion made pursuant to CPLR 3213, the court may direct that there shall be annexed to the notice of motion a separate, short and concise statement, in numbered paragraphs, of the material facts as to which the moving party contends there is no genuine issue to be tried.
(b) In such a case, the papers opposing a motion for summary judgment shall include a correspondingly numbered paragraph responding to each numbered paragraph in the statement of the moving party and, if necessary, additional paragraphs containing a separate short and concise statement of the material facts as to which it is contended that there exists a genuine issue to be tried.

(c) Each numbered paragraph in the statement of material facts required to be served by the moving party will be deemed to be admitted for purposes of the motion unless specifically controverted by a correspondingly numbered paragraph in the statement required to be served by the opposing party.

(d) Each statement of material fact by the movant or opponent pursuant to subdivision (a) or (b) of this rule, including each statement controverting any statement of material fact, must be followed by citation to evidence submitted in support of or in opposition to the motion.

Editorial Note: This rule is amended through Court Notices, effective July 1, 2017.

Rule 20. Temporary Restraining Orders. Unless the moving party can demonstrate that there will be significant prejudice by reason of giving notice, a temporary restraining order will not be issued ex parte. The applicant must give notice, including copies of all supporting papers, to the opposing parties sufficient to permit them an opportunity to appear and contest the application.

Rule 21. Courtesy Copies. Courtesy copies should not be submitted unless requested or as herein provided. However, courtesy copies of all motion papers and proposed orders shall be submitted in cases in the court's Filing by Electronic Means System.

Rule 22. Oral Argument. Any party may request oral argument on the face of its papers or in an accompanying letter. Except in cases before justices who require oral argument on all motions, the court will determine, on a case-by-case basis, whether oral argument will be heard and, if so, when counsel shall appear. Notice of the date selected by the court shall be given, if practicable, at least 14 days before the scheduled oral argument. At that time, counsel shall be prepared to argue the motion, discuss resolution of the issue(s) presented and/or schedule a trial or hearing.

Rule 23. 60-Day Rule. If 60 days have elapsed after a motion has been finally submitted or oral argument held, whichever was later, and no decision has been issued by the court, counsel for the movant shall send the court a letter alerting it to this fact with copies to all parties to the motion.

Rule 24. Advance Notice of Motions (a) Nothing in this rule shall be construed to prevent or limit counsel from making any motion deemed appropriate to best represent a party's interests. However, in order to permit the court the opportunity to resolve issues before motion practice ensues, and to control its calendar in the context of the discovery and trial schedule, pre-motion conferences in accordance herewith must be held. The failure of counsel to comply with this rule may result in the motion being held in abeyance until the court has an opportunity to conference the matter.

(b) This rule shall not apply to disclosure disputes covered by Rule 14 of this subdivision nor to dispositive motions pursuant to CPLR 3211, 3212 or 3213 made at the time of the filing of the request for judicial intervention or after discovery is complete. Nor shall the rule apply to motions to be relieved as counsel, for pro hac vice admission, for reargument or in limine.
(c) Prior to the making or filing of a motion, counsel for the moving party shall advise the court in writing (no more than two pages) on notice to opposing counsel outlining the issue(s) in dispute and requesting a telephone conference. If a cross-motion is contemplated, a similar motion notice letter shall be forwarded to the court and counsel. Such correspondence shall not be considered by the court in reaching its decision on the merits of the motion.

(d) Upon review of the motion notice letter, the court will schedule a telephone or in-court conference with counsel. Counsel fully familiar with the matter and with authority to bind their client must be available to participate in the conference. The unavailability of counsel for the scheduled conference, except for good cause shown, may result in granting of the application without opposition and/or the imposition of sanctions.

(e) If the matter can be resolved during the conference, an order consistent with such resolution may be issued or counsel will be directed to forward a letter confirming the resolution to be “so ordered.” At the discretion of the court, the conference may be held on the record.

(f) If the matter cannot be resolved, the parties shall set a briefing schedule for the motion which shall be approved by the court. Except for good cause shown, the failure to comply with the briefing schedule may result in the submission of the motion unopposed or the dismissal of the motion, as may be appropriate.

(g) On the face of all notices of motion and orders to show cause, there shall be a statement that there has been compliance with this rule.

(h) Where a motion must be made within a certain time pursuant to the CPLR, the submission of a motion notice letter, as provided in subdivision (a) of this rule, within the prescribed time shall be deemed the timely making of the motion. This subdivision shall not be construed to extend any jurisdictional limitations period.

Rule 25. Trial Schedule. Counsel are expected to be ready to proceed either to select a jury or to begin presentation of proof on the scheduled trial date. Once a trial date is set, counsel shall immediately determine the availability of witnesses. If, for any reason, counsel are not prepared to proceed on the scheduled date, the court is to be notified within 10 days of the date on which counsel are given the trial date or, in extraordinary circumstances, as soon as reasonably practicable. Failure of counsel to provide such notification will be deemed a waiver of any application to adjourn the trial because of the unavailability of a witness. Witnesses are to be scheduled so that trials proceed without interruption. Trials shall commence each court day promptly at such times as the court directs. Failure of counsel to attend the trial at the time scheduled without good cause shall constitute a waiver of the right of that attorney and his or her client to participate in the trial for the period of counsel's absence. There shall be no adjournment of a trial except for good cause shown. With respect to trials scheduled more than 60 days in advance, section 125.1(g) of the Rules of the Chief Administrator shall apply and the actual engagement of trial counsel in another matter will not be recognized as an acceptable basis for an adjournment of the trial.

Editorial Note: This rule is amended through Court Notices, effective July 1, 2017.

Rule 26. Length of Trial. At least ten days prior to trial or such other time as the court may set, the parties, after considering the expected testimony of and, if necessary, consulting with their witnesses, shall furnish the court with a realistic estimate of the length of the trial. If requested by the Court, the estimate shall also contain a request by each party for the total number of hours which each party believes will be necessary for its direct examination, cross examination,
redirect examination, and argument during the trial. The court may rule on the total number of trial hours which the court will permit for each party. The court in its discretion may extend the total number of trial hours as justice may require.

Rule 27. Motions in Limine. The parties shall make all motions in limine no later than 10 days prior to the scheduled pre-trial conference date, and the motions shall be returnable on the date of the pre-trial conference, unless otherwise directed by the court.

Rule 28. Pre-Marking of Exhibits. Counsel for the parties shall consult prior to the pre-trial conference and shall in good faith attempt to agree upon the exhibits that will be offered into evidence without objection. At the pre-trial conference date, each side shall then mark its exhibits into evidence as to those to which no objection has been made. All exhibits not consented to shall be marked for identification only. If the trial exhibits are voluminous, counsel shall consult the clerk of the part for guidance. The court will rule upon the objections to the contested exhibits at the earliest possible time. Exhibits not previously demanded which are to be used solely for credibility or rebuttal need not be pre-marked.

Rule 29. Identification of Deposition Testimony. Counsel for the parties shall consult prior to trial and shall in good faith attempt to agree upon the portions of deposition testimony to be offered into evidence without objection. The parties shall delete from the testimony to be read questions and answers that are irrelevant to the point for which the deposition testimony is offered. Each party shall prepare a list of deposition testimony to be offered by it as to which objection has not been made and, identified separately, a list of deposition testimony as to which objection has been made. At least 10 days prior to trial or such other time as the court may set, each party shall submit its list to the court and other counsel, together with a copy of the portions of the deposition testimony as to which objection has been made. The court will rule upon the objections at the earliest possible time after consultation with counsel.

Rule 30. Settlement and Pre-Trial Conferences. (a) Settlement conference. At the time of certification of the matter as ready for trial or at any time after the discovery cut-off date, the court may schedule a settlement conference which shall be attended by counsel and the parties, who are expected to be fully prepared to discuss the settlement of the matter.

(b) Pre-trial conference. Prior to the pre-trial conference, counsel shall confer in a good faith effort to identify matters not in contention, resolve disputed questions without need for court intervention and further discuss settlement of the case. At the pre-trial conference, counsel shall be prepared to discuss all matters as to which there is disagreement between the parties, including those identified in Rules 27-29 of this subdivision, and settlement of the matter. At or before the pre-trial conference, the court may require the parties to prepare a written stipulation of undisputed facts.

(c) Consultation regarding expert testimony. The court may direct that prior to the pre-trial conference, counsel for the parties consult in good faith to identify those aspects of their respective experts' anticipated testimony that are not in dispute. The court may further direct that any agreements reached in this regard shall be reduced to a written stipulation.

Rule 31. Pre-Trial Memoranda, Exhibit Book and Requests for Jury Instructions. (a) Counsel shall submit pre-trial memoranda at the pre-trial conference, or such other time as the court may set. Counsel shall comply with CPLR 2103(e). A single memorandum no longer than 25 pages shall be submitted by each side. No memoranda in response shall be submitted.

(b) At the pre-trial conference or at such other time as the court may set, counsel shall submit an indexed binder or notebook of trial exhibits for the court's use. A copy for each attorney on trial and the originals in a similar binder or notebook for the witnesses shall be prepared and submitted. Plaintiff's exhibits shall be numerically tabbed and defendant's exhibits shall be tabbed alphabetically.
(c) Where the trial is by jury, counsel shall, on the pre-trial conference date or such other time as the court may set, provide the court with case-specific requests to charge and proposed jury interrogatories. Where the requested charge is from the New York Pattern Jury Instructions - Civil, a reference to the PJI number will suffice. Submissions should be by hard copy and disk or e-mail attachment in WordPerfect 12 format, as directed by the court.

Rule 32. Scheduling of witnesses. At the pre-trial conference or at such time as the court may direct, each party shall identify in writing for the court the witnesses it intends to call, the order in which they shall testify and the estimated length of their testimony, and shall provide a copy of such witness list to opposing counsel. Counsel shall separately identify for the court only a list of the witnesses who may be called solely for rebuttal or with regard to credibility.

Rule 32-a. Direct Testimony by Affidavit. The court may require that direct testimony of a party's own witness in a non-jury trial or evidentiary hearing shall be submitted in affidavit form, provided, however, that the court may not require the submission of a direct testimony affidavit from a witness who is not under the control of the party offering the testimony. The submission of direct testimony in affidavit form shall not affect any right to conduct cross-examination or re-direct examination of the witness.

Rule 33. Preclusion. Failure to comply with Rules 28, 29, 31 and 32 of this subdivision may result in preclusion pursuant to CPLR 3126.

Rule 34. Staggered Court Appearances. Staggered court appearances are a mechanism to increase efficiency in the courts and to decrease lawyers' time waiting for a matter to be called by the courts. While this rule is intended to streamline the litigation process in the Commercial Division, it will be ineffectual without the cooperation and participation of litigants. Improving the process of litigating in the Commercial Division by instituting staggered court appearances of matters before the court, for example, requires not only the promulgation of rules such as this one, but also, and more importantly, the proactive and earnest adherence to such rules by parties and their counsel.

(a) Each court appearance before a Commercial Division Justice for oral argument on a motion shall be assigned a time slot. The length of the time slot allotted to each matter is solely in the discretion of the court.

(b) In order for the court to be able to address any and all matters of concern to the court and in order for the court to avoid the appearance of holding ex parte communications with one or more parties in the case, even those parties who believe that they are not directly involved in the matter before the court must appear at the appointed date and time assigned by the court unless specifically excused by the court. However, if an individual is appearing as a self-represented person, that individual must appear at each and every scheduled court appearance regardless of whether he or she anticipates being heard.

(c) Since the court is setting aside a specific time slot for the case to be heard and since there are occasions when the court's electronic or other notification system fails or occasions when a party fails to receive the court-generated notification, each attorney who receives notification of an appearance on a specific date and time is responsible for notifying all other parties by e-mail that the matter is scheduled to be heard on that assigned date and time. All parties are directed to exchange e-mail addresses with each other at the commencement of the case and to keep these e-mail addresses current, in order to facilitate notification by the person(s) receiving the court notification.

(d) Requests for adjournments or to appear telephonically must be e-filed and received in writing by the court by no later than 48 hours before the hearing.
APPENDIX A. GUIDELINES FOR DISCOVERY OF ELECTRONICALLY STORED INFORMATION ("ESI") FROM NONPARTIES.

Purpose

The purpose of these Guidelines for Discovery of ESI from Nonparties (the "Guidelines") is to:

· Provide for the efficient discovery of ESI from nonparties in Commercial Division cases;

· Encourage the early assessment and discussion of the potential costs and burdens to be imposed on nonparties in preserving, retrieving, reviewing and producing ESI given the nature of the litigation and the amount in controversy;

· Identify the costs of nonparty ESI discovery that will require defrayal by the party requesting the discovery; and

· Encourage the informal resolution of disputes between parties and nonparties regarding the production of ESI, without Court supervision or intervention whenever possible.

These Guidelines are not intended to modify governing case law or to replace any parts of the Rules of the Commercial Division of the Supreme Court (the "Commercial Division Rules"), the Uniform Civil Rules for the Supreme Court (the "Uniform Civil Rules"), the New York Civil Practice Law and Rules (the "CPLR"), or any other applicable rules or regulations pertaining to the New York State Unified Court System. These Guidelines should be construed in a manner that is consistent with governing case law and applicable sections and rules of the Commercial Division Rules, the Uniform Civil Rules, the CPLR, and any other applicable rules and regulations.

Parties seeking ESI discovery from nonparties in Commercial Division cases are recommended to cite to or reference Rule 11-c of the Commercial Division Rules and these Guidelines in their requests for ESI discovery.

Definition of ESI

As used herein, "ESI" includes any electronically stored information stored in any medium from which such information can be obtained, either directly or after translation by the responding party into a reasonably usable form.

Guidelines

I. Subject to all applicable court rules regarding discovery, a party seeking ESI discovery from a nonparty and the nonparty receiving the request for ESI discovery are encouraged to engage in discussions regarding the ESI to be sought as early as permissible in an action.

II. Notwithstanding whether or when the legal duty to preserve ESI arises, which is governed by case law, a party seeking ESI discovery from a nonparty is encouraged to discuss with the nonparty any request that the nonparty implement a litigation hold.

III. A party seeking ESI discovery from a nonparty should reasonably limit its discovery requests, taking into consideration the following proportionality factors:

A. The importance of the issues at stake in the litigation;
B. The amount in controversy;

C. The expected importance of the requested ESI;

D. The availability of the ESI from another source, including a party;

E. The "accessibility" of the ESI, as defined in applicable case law; and

F. The expected burden and cost to the nonparty.

IV. The requesting party and the nonparty should seek to resolve disputes through informal mechanisms and should initiate motion practice only as a last resort. The requesting party and the nonparty should meet and confer concerning the scope of the ESI discovery, the timing and form of production, ways to reduce the cost and burden of the ESI discovery (including but not limited to: an agreement providing for the clawing-back of privileged ESI; and the use of advanced analytic software applications and other technologies that can screen for relevant and privileged ESI), and the requesting party's defrayal of the nonparty's reasonable production expenses. In connection with the meet and confer process, the requesting party and the nonparty should consider the proportionality factors set forth in paragraph III. In the event no agreement is reached through the meet and confer process, the requesting party and the nonparty are encouraged to seek resolution by availing themselves of the Court System's resources, such as by requesting a telephonic conference with a law clerk or special referee or the appointment of an unpaid mediator in accordance with Rule 3 of the Commercial Division Rules.

V. The requesting party shall defray the nonparty's reasonable production expenses in accordance with Rules 3111 and 3122(d) of the CPLR. Such reasonable production expenses may include the following:

A. Fees charged by outside counsel and e-discovery consultants;

B. The costs incurred in connection with the identification, preservation, collection, processing, hosting, use of advanced analytical software applications and other technologies, review for relevance and privilege, preparation of a privilege log (to the extent one is requested), and production;

C. The cost of disruption to the nonparty's normal business operations to the extent such cost is quantifiable and warranted by the facts and circumstances; and

D. Other costs as may be identified by the nonparty.

APPENDIX B. STIPULATION AND ORDER FOR THE PRODUCTION AND EXCHANGE OF CONFIDENTIAL INFORMATION

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ___________________
STIPULATION AND ORDER FOR THE PRODUCTION AND EXCHANGE OF CONFIDENTIAL INFORMATION

Plaintiff, ____________________:

- against - :

Defendant, ____________________:

This matter having come before the Court by stipulation of plaintiff, _____________, and defendant, __________, (individually “Party” and collectively “Parties”) for the entry of a protective order pursuant to CPLR 3103(a), limiting the review, copying, dissemination and filing of confidential and/or proprietary documents and information to be produced by either party and their respective counsel or by any non-party in the course of discovery in this matter to the extent set forth below; and the parties, by, between and among their respective counsel, having stipulated and agreed to the terms set forth herein, and good cause having been shown;

IT IS hereby ORDERED that:

1. This Stipulation is being entered into to facilitate the production, exchange and discovery of documents and information that the Parties and, as appropriate, non-parties, agree merit confidential treatment (hereinafter the “Documents” or “Testimony”).

2. Any Party or, as appropriate, non-party, may designate Documents produced, or Testimony given, in connection with this action as “confidential,” either by notation on each page of the Document so designated, statement on the record of the deposition, or written advice to the respective undersigned counsel for the Parties hereto, or by other appropriate means.

3. As used herein:

(a) Confidential Information shall mean all Documents and Testimony, and all information contained therein, and other information designated as confidential, if such Documents or Testimony contain trade secrets, proprietary business information, competitively sensitive information or other information the disclosure of which would, in the good faith judgment of the Party or, as appropriate, non-party designating the material as confidential, be detrimental to the conduct of that Party's or non-party's business or the business of any of that Party's or non-party's customers or clients.

(b) Producing Party shall mean the parties to this action and any non-parties producing Confidential Information in connection with depositions, document production or otherwise, or the Party or non-party asserting the confidentiality privilege, as the case may be.
(c) **Receiving Party** shall mean the Parties to this action and/or any non-party receiving **Confidential Information** in connection with depositions, document production, subpoenas or otherwise.

4. The Receiving Party may, at any time, notify the Producing Party that the Receiving Party does not concur in the designation of a document or other material as Confidential Information. If the Producing Party does not agree to declassify such document or material within seven (7) days of the written request, the Receiving Party may move before the Court for an order declassifying those documents or materials. If no such motion is filed, such documents or materials shall continue to be treated as Confidential Information. If such motion is filed, the documents or other materials shall be deemed Confidential Information unless and until the Court rules otherwise. Notwithstanding anything herein to the contrary, the Producing Party bears the burden of establishing the propriety of its designation of documents or information as Confidential Information.

5. Except with the prior written consent of the Producing Party or by Order of the Court, Confidential Information shall not be furnished, shown or disclosed to any person or entity except to:

(a) personnel of the Parties actually engaged in assisting in the preparation of this action for trial or other proceeding herein and who have been advised of their obligations hereunder;

(b) counsel for the Parties to this action and their associated attorneys, paralegals and other professional and non-professional personnel (including support staff and outside copying services) who are directly assisting such counsel in the preparation of this action for trial or other proceeding herein, are under the supervision or control of such counsel, and who have been advised by such counsel of their obligations hereunder;

(c) expert witnesses or consultants retained by the Parties or their counsel to furnish technical or expert services in connection with this action or to give testimony with respect to the subject matter of this action at the trial of this action or other proceeding herein; provided, however, that such Confidential Information is furnished, shown or disclosed in accordance with paragraph 7 hereof;

(d) the Court and court personnel;

(e) an officer before whom a deposition is taken, including stenographic reporters and any necessary secretarial, clerical or other personnel of such officer;

(f) trial and deposition witnesses, if furnished, shown or disclosed in accordance with paragraphs 9 and 10, respectively, hereof; and

(g) any other person agreed to by the Producing Party.

6. Confidential Information shall be utilized by the Receiving Party and its counsel only for purposes of this litigation and for no other purposes.
7. Before any disclosure of Confidential Information is made to an expert witness or consultant pursuant to paragraph 5(c) hereof, counsel for the Receiving Party making such disclosure shall provide to the expert witness or consultant a copy of this Stipulation and obtain the expert's or consultant's written agreement, in the form of Exhibit A attached hereto, to comply with and be bound by its terms. Counsel for the Receiving Party obtaining the certificate shall supply a copy to counsel for the other Parties at the time designated for expert disclosure, except that any certificate signed by an expert or consultant who is not expected to be called as a witness at trial is not required to be supplied.

8. All depositions shall presumptively be treated as Confidential Information and subject to this Stipulation during the deposition and for a period of fifteen (15) days after a transcript of said deposition is received by counsel for each of the Parties. At or before the end of such fifteen day period, the deposition shall be classified appropriately.

9. Should the need arise for any Party or, as appropriate, non-party, to disclose Confidential Information during any hearing or trial before the Court, including through argument or the presentation of evidence, such Party or, as appropriate, non-party may do so only after taking such steps as the Court, upon motion of the Producing Party, shall deem necessary to preserve the confidentiality of such Confidential Information.

10. This Stipulation shall not preclude counsel for any Party from using during any deposition in this action any Documents or Testimony which has been designated as “Confidential Information” under the terms hereof. Any deposition witness who is given access to Confidential Information shall, prior thereto, be provided with a copy of this Stipulation and shall execute a written agreement, in the form of Exhibit A attached hereto, to comply with and be bound by its terms. Counsel for the Party obtaining the certificate shall supply a copy to counsel for the other Parties and, as appropriate, a non-party that is a Producing Party. In the event that, upon being presented with a copy of the Stipulation, a witness refuses to execute the agreement to be bound by this Stipulation, the Court shall, upon application, enter an order directing the witness's compliance with the Stipulation.

11. A Party may designate as Confidential Information subject to this Stipulation any document, information, or deposition testimony produced or given by any non-party to this case, or any portion thereof. In the case of Documents, produced by a non-party, designation shall be made by notifying all counsel in writing of those documents which are to be stamped and treated as such at any time up to fifteen (15) days after actual receipt of copies of those documents by counsel for the Party asserting the confidentiality privilege. In the case of deposition Testimony, designation shall be made by notifying all counsel in writing of those portions which are to be stamped or otherwise treated as such at any time up to fifteen (15) days after the transcript is received by counsel for the Party (or, as appropriate, non-party) asserting the confidentiality. Prior to the expiration of such fifteen (15) day period (or until a designation is made by counsel, if such a designation is made in a shorter period of time), all such Documents and Testimony shall be treated as Confidential Information.

In Counties WITH Electronic Filing

12. (a) A Party or, as appropriate, non-party, who seeks to file with the Court (i) any deposition transcripts, exhibits, answers to interrogatories, or other documents which have previously been designated as comprising or containing Confidential Information, or (ii) any pleading, brief or memorandum which reproduces, paraphrases or discloses Confidential Information shall file the document, pleading, brief, or memorandum on the NYSCEF system in redacted form until the Court renders a decision on any motion to seal (the “Redacted Filing”). If the Producing
Party fails to move to seal within seven (7) days of the Redacted Filing, the Party (or, as appropriate, non-party) making the filing shall take steps to replace the Redacted Filing with its corresponding unredacted version.

(b) In the event that the Party's (or, as appropriate, non-party's) filing includes Confidential Information produced by a Producing Party that is a non-party, the filing Party shall so notify that Producing Party within twenty four (24) hours after the Redacted Filing by providing the Producing Party with a copy of the Redacted Filing as well as a version of the filing with the relevant Producing Party's Confidential Information unredacted.

(c) If the Producing Party makes a timely motion to seal, and the motion is granted, the filing Party (or, as appropriate, non-party) shall ensure that all documents (or, if directed by the court, portions of documents) that are the subject of the order to seal are filed in accordance with the procedures that govern the filing of sealed documents on the NYSCEF system. If the Producing Party's timely motion to seal is denied, then the Party (or, as appropriate, non-party) making the filing shall take steps to replace the Redacted Filing with its corresponding unredacted version.

(d) Any Party filing a Redacted Filing in accordance with the procedure set forth in this paragraph 12 shall, contemporaneously with or prior to making the Redacted Filing, provide the other Parties and the Court with a complete and unredacted version of the filing.

(e) All pleadings, briefs or memoranda which reproduce, paraphrase or disclose any materials which have previously been designated by a party as comprising or containing Confidential Information shall identify such documents by the production number ascribed to them at the time of production.

In Counties WITHOUT Electronic Filing

13. (a) A Party or, as appropriate, non-party, who seeks to file with the Court any deposition transcripts, exhibits, answers to interrogatories, and other documents which have previously been designated as comprising or containing Confidential Information, or any pleading, brief or memorandum which reproduces, paraphrases or discloses Confidential Information, shall (i) serve upon the other Parties (and, as appropriate, non-parties) a Redacted Filing and a complete and unredacted version of the filing; (ii) file a Redacted Filing with the court; and (iii) transmit the Redacted Filing and a complete unredacted version of the filing to chambers. Within three (3) days thereafter, the Producing Party may file a motion to seal such Confidential Information.

(b) If the Producing Party does not file a motion to seal within the aforementioned three (3) day period, the Party (or, as appropriate, non-party) that seeks to file the Confidential Information shall take steps to file an unredacted version of the material.

(c) In the event the motion to seal is granted, all (or, if directed by the court, portions of) deposition transcripts, exhibits, answers to interrogatories, and other documents which have previously been designated by a Party (or, as appropriate, non-party) as comprising or containing Confidential Information, and any pleading, brief or memorandum which reproduces, paraphrases or discloses such material, shall be filed in sealed envelopes or other appropriate sealed container on which shall be endorsed the caption of this litigation, the words “CONFIDENTIAL MATERIAL-SUBJECT TO STIPULATION AND ORDER FOR THE PRODUCTION AND EXCHANGE OF
CONFIDENTIAL INFORMATION” as well as an indication of the nature of the contents and a statement in substantially the following form:

"This envelope, containing documents which are filed in this case by (name of Party or as appropriate, non-party), is not to be opened nor are the contents thereof to be displayed or revealed other than to the Court, the parties and their counsel of record, except by order of the Court or consent of the parties. Violation hereof may be regarded as contempt of the Court.”

In the event the motion to seal is denied, then the Party (or, as appropriate, non-party) making the filing shall take steps to replace the Redacted Filing with its corresponding unredacted version.

(d) In the event that the Party's (or, as appropriate, non-party's) filing includes Confidential Information produced by a Producing Party that is non-party, the Party (or, as appropriate, non-party) making the filing shall so notify the Producing Party within twenty four (24) hours after the Redacted Filing by providing the Producing Party with a copy of the Redacted Filing as well as a version of the filing with the relevant non-party's Confidential Information unredacted.

(e) All pleadings, briefs or memoranda which reproduce, paraphrase or disclose any documents which have previously been designated by a party as comprising or containing Confidential Information shall identify such documents by the production number ascribed to them at the time of production.

14. Any person receiving Confidential Information shall not reveal or discuss such information to or with any person not entitled to receive such information under the terms hereof and shall use reasonable measures to store and maintain the Confidential Information so as to prevent unauthorized disclosure.

15. Any document or information that may contain Confidential Information that has been inadvertently produced without identification as to its “confidential” nature as provided in paragraphs 2 and/or 11 of this Stipulation, may be so designated by the party asserting the confidentiality privilege by written notice to the undersigned counsel for the Receiving Party identifying the document or information as “confidential” within a reasonable time following the discovery that the document or information has been produced without such designation.

16. Extracts and summaries of Confidential Information shall also be treated as confidential in accordance with the provisions of this Stipulation.

17. The production or disclosure of Confidential Information shall in no way constitute a waiver of each Producing Party's right to object to the production or disclosure of other information in this action or in any other action. Nothing in this Stipulation shall operate as an admission by any Party or non-party that any particular document or information is, or is not, confidential. Failure to challenge a Confidential Information designation shall not preclude a subsequent challenge thereto.

18. This Stipulation is entered into without prejudice to the right of any Party or non-party to seek relief from, or modification of, this Stipulation or any provisions thereof by properly noticed motion to the Court or to challenge any designation of confidentiality as inappropriate under the Civil Practice Law and Rules or other applicable law.
19. This Stipulation shall continue to be binding after the conclusion of this litigation except that there shall be no restriction on documents that are used as exhibits in Court (unless such exhibits were filed under seal); and (b) that a Receiving Party may seek the written permission of the Producing Party or further order of the Court with respect to dissolution or modification of the Stipulation. The provisions of this Stipulation shall, absent prior written consent of the parties, continue to be binding after the conclusion of this action.

20. Nothing herein shall be deemed to waive any privilege recognized by law, or shall be deemed an admission as to the admissibility in evidence of any facts or documents revealed in the course of disclosure.

21. Within sixty (60) days after the final termination of this litigation by settlement or exhaustion of all appeals, all Confidential Information produced or designated and all reproductions thereof shall be returned to the Producing Party or, at the Receiving Party's option, shall be destroyed. In the event that any Receiving Party chooses to destroy physical objects and documents, such Party shall certify in writing within sixty (60) days of the final termination of this litigation that it has undertaken its best efforts to destroy such physical objects and documents, and that such physical objects and documents have been destroyed to the best of its knowledge. Notwithstanding anything to the contrary, counsel of record for the Parties may retain one copy of documents constituting work product, a copy of pleadings, motion papers, discovery responses, deposition transcripts and deposition and trial exhibits. This Stipulation shall not be interpreted in a manner that would violate any applicable rules of professional conduct. Nothing in this Stipulation shall prohibit or interfere with the ability of counsel for any Receiving Party, or of experts specially retained for this case, to represent any individual, corporation or other entity adverse to any Party or non-party or their affiliate(s) in connection with any other matter.

22. If a Receiving Party is called upon to produce Confidential Information in order to comply with a court order, subpoena, or other direction by a court, administrative agency, or legislative body, the Receiving Party from which the Confidential Information is sought shall (a) give written notice by overnight mail and either email or facsimile to the counsel for the Producing Party within five (5) business days of receipt of such order, subpoena, or direction, and (b) give the Producing Party five (5) business days to object to the production of such Confidential Information, if the Producing Party so desires. Notwithstanding the foregoing, nothing in this paragraph shall be construed as requiring any party to this Stipulation to subject itself to any penalties for noncompliance with any court order, subpoena, or other direction by a court, administrative agency, or legislative body.

23. This Stipulation may be changed by further order of this Court, and is without prejudice to the rights of a Party to move for relief from any of its provisions, or to seek or agree to different or additional protection for any particular material or information.

24. This Stipulation may be signed in counterparts, which, when fully executed, shall constitute a single original, and electronic signatures shall be deemed original signatures.

[FIRM]

By: ________________________________

______________________________

New York, New York
EXHIBIT “A”

AGREEMENT WITH RESPECT TO CONFIDENTIAL MATERIAL

Plaintiff, :
- against - :
_______________________ :
Defendant. :
. . . . . . . . . . . . . . . x
. . . . . . . . . . . . . . .

I, ________________ state that:

1. My address is _______________________________.
2. My present occupation or job description is __________________________

3. I have received a copy of the Stipulation for the Production and Exchange of Confidential Information (the “Stipulation”) entered in the above-entitled action on ______________________________

4. I have carefully read and understand the provisions of the Stipulation.

5. I will comply with all of the provisions of the Stipulation.

6. I will hold in confidence, will not disclose to anyone not qualified under the Stipulation, and will use only for purposes of this action, any Confidential Information that is disclosed to me.

7. I will return all Confidential Information that comes into my possession, and documents or things that I have prepared relating thereto, to counsel for the party by whom I am employed or retained, or to counsel from whom I received the Confidential Information.

8. I hereby submit to the jurisdiction of this court for the purpose of enforcement of the Stipulation in this action.

Dated: ____________________ ____________________

APPENDIX C. COMMERCIAL DIVISION SAMPLE CHOICE OF FORUM CLAUSES

Purpose

The purpose of these sample forum-selection provisions is to offer contracting parties streamlined, convenient tools in expressing their consent to confer jurisdiction on the Commercial Division or to proceed in the federal courts in New York State.

These sample provisions are not intended to modify governing case law or to replace any parts of the Rules of the Commercial Division of the Supreme Court (the “Commercial Division Rules”), the Uniform Civil Rules for the Supreme Court (the “Uniform Civil Rules”), the New York Civil Practice Law and Rules (the “CPLR”), the Federal Rules of Civil Procedure, or any other applicable rules or regulations pertaining to the New York State Unified Court System or the federal courts in New York. These sample provisions should be construed in a manner that is consistent with governing case law and applicable sections and rules of the Commercial Division Rules, the Uniform Civil Rules, the CPLR, the Federal Rules of Civil Procedure, and any other applicable rules and regulations. Parties which use these sample provisions must satisfy all jurisdictional, procedural, and other requirements of the courts specified in the provisions.

The Sample Forum Selection Provision

To express their consent to the exclusive jurisdiction of the Commercial Division, parties may include specific language in their contract, such as: “THE PARTIES AGREE TO SUBMIT TO THE EXCLUSIVE
JURISDICTION OF THE COMMERCIAL DIVISION, NEW YORK STATE SUPREME COURT, WHICH SHALL HEAR ANY DISPUTE, CLAIM OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO THE VALIDITY, BREACH, ENFORCEMENT OR TERMINATION THEREOF.”

Alternatively, in the event that parties wish to express their consent to the exclusive jurisdiction of either the Commercial Division or the federal courts in New York State, the parties may include specific language in their contract, such as: “THE PARTIES AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COMMERCIAL DIVISION, NEW YORK STATE SUPREME COURT, OR THE FEDERAL COURTS IN NEW YORK STATE, WHICH SHALL HEAR ANY DISPUTE, CLAIM OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO THE VALIDITY, BREACH, ENFORCEMENT OR TERMINATION THEREOF.”

APPENDIX D. COMMERCIAL DIVISION SAMPLE CHOICE OF LAW PROVISION

Purpose

The purpose of this sample choice of law provision is to offer contracting parties a streamlined, convenient tool in expressing their consent to having New York law apply to their contract, or any dispute under the contract.

This sample provision is not intended to modify governing case law or to replace any parts of the Commercial Division Rules, the Uniform Civil Rules, the CPLR, or any other applicable rules or regulations. This sample provision should be construed in a manner that is consistent with governing case law and applicable sections and rules of the Commercial Division Rules, the Uniform Civil Rules, the CPLR, and any other applicable rules and regulations. Parties which use this sample provision must meet any requirements of applicable law.

The Sample Choice of Law Provision

To express their consent to have New York law apply to the contract between them, or any disputes under such contract, the parties may include specific language in their contract, such as: “THIS AGREEMENT AND ITS ENFORCEMENT, AND ANY CONTROVERSY ARISING OUT OF OR RELATING TO THE MAKING OR PERFORMANCE OF THIS AGREEMENT, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO NEW YORK'S PRINCIPLES OF CONFLICTS OF LAW.”

APPENDIX E. COMMERCIAL DIVISION PRIVILEGE CLAWBACK PROVISION

(Rule 11-g[c])

In connection with their review of electronically stored information and hard copy documents for production (the “Documents Reviewed”) the Parties agree as follows:

a. to implement and adhere to reasonable procedures to ensure Documents Reviewed that are protected from disclosure pursuant to CPLR 3101(c), 3101(d)(2) and 4503 (“Protected Information”) are identified and withheld from production.
b. if Protected Information is inadvertently produced, the Producing Party shall take reasonable steps to correct the error, including a request to the Receiving Party for its return.

c. upon request by the Producing Party for the return of Protected Information inadvertently produced the Receiving Party shall promptly return the Protected Information and destroy all copies thereof. Furthermore, the Receiving Party shall not challenge either the adequacy of the Producing Party's document review procedure or its efforts to rectify the error, and the Receiving Party shall not assert that its return of the inadvertently produced Protected Information has caused it to suffer prejudice.

Credits

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.70, 22 NY ADC 202.70
Any person seeking recognition of a judgment, decree or order rendered by a court duly established under tribal or federal law by any Indian tribe, band or nation recognized by the State of New York or by the United States may commence a special proceeding in Supreme Court pursuant to Article 4 of the CPLR by filing a notice of petition and a petition with a copy of the tribal court judgment, decree or order appended thereto in the County Clerk's office in any appropriate county of the state. If the court finds that the judgment, decree or order is entitled to recognition under principles of the common law of comity, it shall direct entry of the tribal judgment, decree or order as a judgment, decree or order of the Supreme Court of the State of New York. This procedure shall not supplant or diminish other available procedures for the recognition of judgments, decrees and orders under the law.

Credits
Sec. filed through Court Notices in the June 24, 2015 Register.

Current with amendments included in the New York State Register, Volume XXLI, Issue 1 dated January 2, 2019. Court rules under Title 22 may be more current.

22 NYCRR 202.71, 22 NY ADC 202.71
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ________________________________

PROBATE PROCEEDING, ________________________________

WILL OF: ________________________________,

a/k/a ________________________________,

______________________________ Deceased

______________________________

To the Surrogate's Court, County of ________________________________

It is respectfully alleged:

1. (a) The name, citizenship, domicile (or, in the case of a bank or trust company, its principal office) and interest in this proceeding of the petitioner are as follows:

Name: ________________________________

(First) ________________________________ (Middle) ________________________________ (Last) ________________________________

Domicile or Principal Office: ________________________________

(Street and Number)

(City, Village or Town) ________________________________ (State) ________________________________ (Zip Code) ________________________________

Mailing Address: ________________________________

(If different from domicile)

Citizen of: ________________________________

Interest(s) of Petitioner(s): [Check one]

☐ Executor(s) named in decedent's Will
☐ Other (Specify) ________________________________

1. (b) The proposed Executor ☐ is ☐ is not an attorney.

[NOTE: A sole Executor-Attorney must comply with 22 NYCRR 207.16(e)]

1. (c) The proposed Executor ☐ is ☐ is not the attorney-draftsperson, a then-affiliated attorney or employee thereof.

[NOTE: An attorney-draftsperson, a then-affiliated attorney or employee thereof must comply with SCPA 2307-a]

1. (d) The proposed Executor ☐ is ☐ is not a convicted felon nor is he/she otherwise ineligible, pursuant to SCPA 707 to receive letters. If the proposed Executor is a convicted felon, submit a copy of the Certificate of Relief from Civil Disabilities.

2. The name, domicile, date and place of death, and national citizenship of the above-named decedent as follows:

(a) Name: ________________________________

(b) Date of death ________________________________

(c) Place of death ________________________________

(d) Domicile: Street ________________________________

City, Town, Village ________________________________

County ________________________________ State ________________________________

(e) Citizen of: ________________________________

3. The Last Will, herewith presented, relates to both real and personal property and consists of an instrument or instruments dated as shown below and signed at the end thereof by the decedent and the following attesting witnesses:

(Date of Will) ________________________________ (Names of All Witnesses to Will)

(Date of Codicil) ________________________________ (Names of All Witnesses to Codicil)

(Date of Codicil) ________________________________ (Names of All Witnesses to Codicil)
4. No other will or codicil of the decedent is on file in this Surrogate's Court, and upon information and belief, after a diligent search and inquiry, including a search of any safe deposit box, there exists no will, codicil or other testamentary instrument of the decedent later in date to any of the instruments mentioned in Paragraph 3 except as follows: [Enter “NONE” or specify]

5. The decedent was survived by distributees classified as follows: [Information is required only as to those classes of surviving relatives who would take the property of decedent pursuant to EPTL 4-1.1 and 4-1.2. State the number of survivors in each class. Insert “NO” in all prior classes. Insert “X” in all subsequent classes].
   a. □ Spouse (husband/wife).
   b. □ Child or children and/or issue of predeceased child or children. [Must include marital, nonmarital, adopted, or adopted-out of child under DRL Section 117]
   c. □ Mother/Father.
   d. □ Sisters and/or brothers, either of the whole or half blood, and issue of predeceased sisters and/or brothers (nieces/nephews, etc.)
   e. □ Grandparents. [Include maternal and paternal]
   f. □ Aunts and/or uncles, and children of predeceased aunts and/or uncles (first cousins). [Include maternal and paternal]
   g. □ First cousins once removed (children of predeceased first cousins). [Include maternal and paternal]

6. The names, relationships, domicile and addresses of all distributees (under EPTL 4-1.1 and 4-1.2), of each person designated in the Will herewith presented as primary executor, of all persons adversely affected by the purported exercise by such Will of any power of appointment, of all persons adversely affected by any codicil and of all persons having an interest under any other will of the decedent on file in the Surrogate's Court, are hereinafter set forth in subdivisions (a) and (b).

   [If the propounded will purports to revoke or modify an inter vivos trust or any other testamentary substitute, list the names, relationships, domicile and addresses of the trustee and beneficiaries affected by the will in subparagraphs (a) and (b) below. Submit trust agreement]

   (a) All persons and parties so interested who are of full age and sound mind or which are corporations or associations, are as follows:

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<tr>
<th>Name and Relationship</th>
<th>Domicile Address and Mailing Address</th>
<th>Description of Legacy, Devise or Other Interest, or Nature of Fiduciary Status</th>
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(b) All persons so interested who are persons under disability, are as follows:

   [Furnish all information specified in NOTE following 7b]

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<tr>
<th>Name and Relationship</th>
<th>Domicile Address and Mailing Address</th>
<th>Description of Legacy, Devise or Other Interest, or Nature of Fiduciary Status</th>
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7. (a) The names and domiciliary of all substitute or successor executors and of all trustees, guardians, legatees, devisees, and other beneficiaries named in the will and/or trustees and beneficiaries of any inter vivos trust designated in the propounded will other than those named in Paragraph 6 herewith are as follows:

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<tr>
<th>Name and Relationship</th>
<th>Domicile Address and Mailing Address</th>
<th>Description of Legacy, Devise or Other Interest, or Nature of Fiduciary Status</th>
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</table>

(b) All such legatees, devisees and other beneficiaries who are persons under disability are as follows:

[Furnish all information specified in NOTE below]

<table>
<thead>
<tr>
<th>Name and Relationship</th>
<th>Domicile Address and Mailing Address</th>
<th>Description of Legacy, Devise or Other Interest, or Nature of Fiduciary Status</th>
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[NOTE: In the case of each infant, state (a) name, birth date, relationship to decedent, domicile and residence address, and the person with whom he/she resides, (b) whether or not he/she has a court-appointed guardian (if not, so state), and whether or not his/her father and/or mother is living, and (c) the name and residence address of any court-appointed guardian and the information regarding such appointment. In the case of each other person under a disability, state (a) name, relationship to decedent, and residence address, (b) facts regarding his disability including whether or not a committee, conservator, guardian, or any other fiduciary has been appointed and whether or not he/she has been committed to any institution, and (c) the names and addresses of any committee, person or institution having care and custody of him/her, conservator, guardian, and any relative or friend having an interest in his/her welfare. In the case of a person confined as a prisoner, state place of incarceration and list any person having an interest in his/her welfare. In the case of unknowns, describe such person in the same language as will be used in the process.]

8. (a) No beneficiary under the propounded will, listed in Paragraph 6 or 7 above, had a confidential relationship to the decedent, such as attorney, accountant, doctor, or clergyperson, except: [Enter “NONE” or indicate the nature of the confidential relationship].

(b) No persons, corporations or associations are interested in this proceeding other than those mentioned above.

9. (a) To the best of the knowledge of the undersigned, the approximate total value of all property constituting the decedent’s gross testamentary estate is greater than $ but less than $.

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<tr>
<th>Personal Property</th>
<th>$</th>
<th>Improved real property in New York State $</th>
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</thead>
<tbody>
<tr>
<td>Unimproved real property in New York State</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Estimated gross rents for a period of 18 months</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

(b) No other testamentary assets exist in New York State, nor does any cause of action exist on behalf of the estate, except as follows: [Enter “NONE” or specify]
10. Upon information and belief, no other petition for the probate of any will of the decedent or for letters of administration of the decedent’s estate has heretofore been filed in any court.

WHEREFORE your petitioner (s) pray (a) that process be issued to all necessary parties to show cause why the Will and the Codicil (s) set forth in Paragraph 3 and presented herewith should not be admitted to probate; (b) that an order be granted directing the service of process, pursuant to the provisions of Article 3 of the S.C.P.A., upon the persons named in Paragraph (6) hereof whose names or whereabouts are unknown and cannot be ascertained, or who may be persons on whom service by personal delivery cannot be made; and (c) that such Will and Codicil (s) be admitted to probate as a Will of real and personal property and that letters issue thereon as follows: [Check and complete all relief requested.]

☐ Letters Testamentary to ________________________________

☐ Letters of Trusteeship to ________________________________ f/b/o ________________________________

☐ Letters of Administration c.t.a. to ________________________________ f/b/o ________________________________

and that petitioner (s) have such other relief as may be proper.

Dated: ________________________________

1. ________________________________ (Signature of Petitioner)

2. ________________________________ (Signature of Petitioner)

3. ________________________________ (Print Name)

______________________________ (Name of Corporate Petitioner)

______________________________ (Signature of Officer)

______________________________ (Print Name and Title of Officer)
COMBINED VERIFICATION, OATH AND DESIGNATION

[For use when petitioner is an individual]

STATE OF NEW YORK

COUNTY OF ____________________________________________

) ss.: __________________________________________________

The undersigned, the petitioner named in the foregoing petition, being duly sworn, says:

1. VERIFICATION: I have read the foregoing petition subscribed by me and know the contents thereof, and the same is true of my own knowledge, except as to the matters therein stated to be alleged upon information and belief, and as to those matters I believe it to be true.

2. OATH OF ☐ EXECUTOR ☐ ADMINISTRATOR c.t.a. ☐ TRUSTEE as indicated above: I am over eighteen (18) years of age, and I will well, faithfully and honestly discharge the duties of Fiduciary of the goods, chattels and credits of said decedent according to law. I am not ineligible, pursuant to SCPA 707, to receive letters and will duly account for all moneys and other property that will come into my hands.

3. DESIGNATION OF CLERK FOR SERVICE OF PROCESS: I hereby designate the Clerk of the Surrogate’s Court of ____________________________ County, and his/her successor in office, as a person on whom service of any process, issuing from such Court may be made in like manner and with like effect as if it were served personally upon me, whenever I cannot be found and served within the State of New York after due diligence used.

My domicile is: ________________________________________________________________

                        (Street Address)                        (City/Town/Village)    (State)    (Zip)

__________________________________________________________________________

(Signature of Petitioner)

__________________________________________________________________________

(Print Name)

On ________________________________________________________________________, 20 ________, before me personally came

__________________________________________________________________________

to me known to be the person described in and who executed the foregoing instrument. Such person duly swore to such instrument before me and duly acknowledged that he/she executed the same.

Notary Public: _____________________________________________________________

Commission Expires: _______________________________________________________

(Affix Notary Stamp or Seal)

Signature of Attorney: _______________________________________________________

Print Name: __________________________________________________________________

Firm Name: __________________________________________________________________ Tel No.: __________________________________________________________________

Email: _____________________________________________________________________

Address of Attorney: __________________________________________________________________

P-1 (03/18)
COMBINED CORPORATE VERIFICATION, CONSENT AND DESIGNATION

[For use when a petitioner to be appointed is a bank or trust company]

STATE OF NEW YORK ____________________________

COUNTY OF _________________________________  ss.:  

I, the undersigned, a ______________________________________ of

(Title)

________________________________________

(Name of Bank or Trust Company)

a corporation duly qualified to act in a fiduciary capacity without further security, being duly sworn says:

1. VERIFICATION: I have read the foregoing petition subscribed by me and know the contents thereof, and the same is true of my own knowledge, except as to the matters therein stated to be alleged upon information and belief, and as to those matters I believe it to be true.

2. CONSENT: I consent to accept the appointment as □ Executor □ Administrator c.t.a □ Trustee under the Last Will and Testament of the decedent described in the foregoing petition and consent to act as such fiduciary.

3. DESIGNATION OF CLERK FOR SERVICE OF PROCESS: I designate the Chief Clerk of the Surrogate’s Court of ____________________________ County, and his/her successor in office, as a person on whom service of any process issuing from such Surrogate’s Court may be made, in like manner and whenever one of its proper officers cannot be found and served within the State of New York after due diligence used.

________________________________________

(Name of Bank or Trust Company)

BY________________________________________

(Signature)

________________________________________

(Print Name and Title)

On ____________________________ , 20 ________, before me personally came ____________________________________________ , to me known, who duly swore to the foregoing instrument and who did say that he/she resides at: ____________________________________________ and that he/she is a ____________________________ of ________ the corporation/national banking association described in and which executed such instrument, and that he/she signed his/her name thereto by order of the Board of Directors of the corporation.

Notary Public: ____________________________________________

Commission Expires: __________________________________________

(Affix Notary Stamp or Seal)

Signature of Attorney: __________________________________________

Print Name: __________________________________________

Firm Name: __________________________________________ Tel No.: __________________________________________

Email: __________________________________________

Address of Attorney: __________________________________________

P-1 (03/18)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ________________________________

— — — — — — — — — — — X

PROBATE PROCEEDING, ________________________________________

WILL OF ________________________________________________

__________________________________________________________

a/k/a _____________________________________________________

__________________________________________________________

Deceased.

— — — — — — — — — — — X

1. The proposed preliminary executor (s) is/are _________________________and is/are designated as executor (s) in the Will of the above named decedent dated ___________________________ (together with Codicil (s) dated ___________________________) and duly filed with the court.

2. The person (s) who would have a right to letters testamentary pursuant to Section 1412.1 is/are:
[Enter "NONE" or specify name and interest]

3. Preliminary letters are requested for the following reasons:

__________________________________________________________

__________________________________________________________

__________________________________________________________

4. Probate is expected to be completed by: __________________________

5. A contest ☐ is ☐ is not expected.

6. The testamentary assets of decedent’s estate are estimated as follows: [describe and state value; annex schedule if space is insufficient]

   Personal Property:

   _________________________________________________________

   _________________________________________________________

   _________________________________________________________

   Total Personal Property: $ __________________

Real Property:

   _________________________________________________________

   _________________________________________________________

   _________________________________________________________

   Total Real Property: $ __________________

18 months rent, if applicable:

   _________________________________________________________

   _________________________________________________________

   _________________________________________________________

   Total of 18 month's rent: $ __________________
7. The liabilities of this estate are:


8. By provision in the propounded will, the applicant(s) [is/are] [are not] required to file a bond or other security for the performance of his/her/their duties.

Your applicant(s) respectfully request the issuance to ____________________________________________ of preliminary letters testamentary upon qualifying.

Dated: ____________________________________________

(Applicant)

(Applicant)

OATH & DESIGNATION OF PRELIMINARY EXECUTOR

STATE OF NEW YORK _____________________________ )

COUNTY OF _________________________________ ) ss.:

I, the undersigned, ____________________________________________ being duly sworn say:

1. OATH OF PRELIMINARY EXECUTOR: I am over eighteen (18) years of age and a citizen of the United States; I am an executor named in the Will described in the foregoing petition and will well, faithfully and honestly discharge the duties of preliminary executor and duly account for all money or property which may come into my hands. I am not ineligible to receive letters.

2. DESIGNATION OF CLERK FOR SERVICE OF PROCESS: I hereby designate the Clerk of the Surrogate’s Court of _______________________________ County, and his/her successor in office, as a person on whom service of any process issuing from such Surrogate’s Court may be made, in like manner and with like effect as if it were served personally upon me whenever I cannot be found and served within the State of New York after due diligence used.

My domicile is: ____________________________________________

(Street Address) (City/Town/Village) (State) (Zip)

__________________________________________

(Signature of Petitioner)

__________________________________________

(Print Name)

On ____________________________, 20__________, before me personally came ____________________________________________, to me known to be the person described in and who executed the foregoing instrument. Such person duly swore to such instrument before me and duly acknowledged that he/she executed the same.

Notary Public:

Commission Expires: ____________________________, ____________________________

(Affix Notary Stamp or Seal)

Signature of Attorney: ____________________________, ____________________________

Print Name: ____________________________, ____________________________

Firm Name: ____________________________, ____________________________

Tel No.: ____________________________, ____________________________

Email: ____________________________, ____________________________

Address of Attorney: ____________________________, ____________________________

NOTE: Each Preliminary Executor must complete a combined Oath & Designation of Preliminary Executor.
CONSENT AND DESIGNATION OF CORPORATE PRELIMINARY EXECUTOR

STATE OF NEW YORK ____________________________ )
COUNTY OF ________________________________ ) ss.: 

I, the undersigned, a _____________________________________________________________ of

__________________________________________

(Name of Bank or Trust Company)
a corporation duly qualified to act in a fiduciary capacity without further security, being duly sworn, says:

1. CONSENT: I consent to accept the appointment as Preliminary Executor under the Last Will and Testament of the decedent described in this application and consent to act as such fiduciary.

2. DESIGNATION OF CLERK FOR SERVICE OF PROCESS: I designate the Chief Clerk of the Surrogate's Court of ________________________________ County, and his/her successor in office, as a person on whom service of any process issuing from such Surrogate's Court may be made, in like manner and whenever one of its proper officers cannot be found and served within the State of New York after due diligence used.

________________________________________
(Name of Bank or Trust Company)
BY _________________________________________

(Signature)

________________________________________
(Print Name and Title)
On __________________________, 20 _______, before me personally came ________________________________, to me known, who duly swore to the foregoing instrument and who did say that he/she resides at ________________________________________________________________ and that he/she is a ___________________________________________ of __________________________________________________________ the corporation/national banking association described in and which executed such instrument, and that he/she signed his/her name thereto by order of the Board of Directors of the corporation.

Notary Public: ____________________________________________
Commission Expires: ______________________________________
(Affix Notary Stamp or Seal)
Signature of Attorney: ______________________________________
Print Name: ______________________________________________
Firm Name: ____________________________________________ Tel No.: __________________
Email: __________________________________________________
Address of Attorney: ______________________________________
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________

PROBATE PROCEEDING, ____________________________

WILL OF ____________________________

______________________________
A/k/a ____________________________

______________________________ Deceased.

STATE OF NEW YORK ____________________________

COUNTY OF ____________________________

File # ____________________________

ss.: ____________________________

The undersigned witness, being duly sworn, deposes and says:

(1) I have been shown [check one]
   □ the original instrument dated ____________________________
   □ a court-certified photographic reproduction of the original instrument dated ____________________________
   purporting to be the last Will and Testament/Codicil of the above-named decedent.

(2) On the date indicated in such instrument (under the supervision of an attorney), I saw the decedent
   subscribe the same at the place where decedent's signature appears, and I heard the decedent declare such instrument
   to be his/her last Will and Testament/Codicil.

(3) I thereafter signed my name to such instrument as a witness thereto at the request of the decedent,
   and I saw the other witness (es) ____________________________, sign
   his/her/their names (s) at the end of such instrument as a witness thereto.

(4) At the time the decedent subscribed and executed such instrument, the decedent was to the best of my
   knowledge and belief upwards of 18 years of age, and in all respects appeared to be of sound and disposing mind,
   memory and understanding, competent to make a will, and not under any restraint.

(5) The decedent could read, write and converse in the English language, and was not suffering from
   defects of sight, hearing or speech, or any other physical or mental impairment, which would affect his/her capacity to
   make a valid will. The purported instrument was the only copy of said Will/Codicil executed on that occasion, and was not
   executed in counterparts.

(6) I am making this affidavit at the request of ____________________________

______________________________
(Witness Signature)

______________________________
(Print Name)

______________________________
(Street Address)

______________________________
(Town/State/Zip)

Sworn before me this ____________________________

day of ____________________________, 20____________

Notary Public: ____________________________

Commission Expires: ____________________________

(Affix Notary Stamp or Seal)

[Note: Each witness must be shown either the Original Will or a Court-Certified Reproduction thereof. The Notary
Public subscribing to this affidavit may Not be a party or witness to the Will.]

P-3 (10/96)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________ X

PROBATE PROCEEDING, ____________________________
WILL OF ____________________________

a/k/a ____________________________

Deceased.

WAIVER OF PROCESS:
CONSENT TO PROBATE

File # ____________________________

To the Surrogate's Court, County of ____________________________

The undersigned, being of full age and sound mind, residing at the address written below and interested in this proceeding as set forth in paragraph 8a of the petition, hereby waives the issuance and service of citation, in this matter and consents that the court admit to probate the decedent's Last Will and Testament dated ____________________________, 20___ (and codicils, if any, dated ____________________________), a copy of each of which testamentary instrument had been received by me, and that

☐ Letters Testamentary issue to ____________________________

☐ Letters of Trusteeship issue to ____________________________

of the following trusts: ____________________________

____________________________________

____________________________________

Dated ____________________________

Signature ____________________________

Street Address ____________________________

Relationship ____________________________

Print Name ____________________________

Town/State/Zip ____________________________

STATE OF NEW YORK ____________________________ ss.: ________

COUNTY OF ____________________________

On ____________________________, 20___ before me personally appeared ____________________________

____________________________________

To me known and known to me to be the person described in and who executed the foregoing waiver and consent and duly acknowledged the execution thereof.

Notary Public: ____________________________

Commission Expires: ____________________________

(Affix Notary Stamp or Seal)

Signature of Attorney: ____________________________

Print Name: ____________________________

Firm Name: ____________________________ Tel No.: ____________________________

Email: ____________________________

Address of Attorney: ____________________________

P-4 (10/96)
PROBATE CITATION

SURROGATE'S COURT - ________________ COUNTY

CITATION

THE PEOPLE OF THE STATE OF NEW YORK,
By the Grace of God Free and Independent

TO

A petition having been duly filed by ____________________________, who is domiciled at ____________________________,

YOU ARE HEREBY CITED TO SHOW CAUSE before the Surrogate's Court, ________________ County, at ___________, New York, on ___________ 20________ at _____ o'clock in the _______ noon of that day, why a decree should not be made in the estate of ____________________________, lately domiciled at ____________________________,

admitting to probate a Will dated ____________________________, (a Codicil dated ____________________________, (a Codicil dated ____________________________,

a copy of which is attached, as the Will of ____________________________, deceased, relating to real and personal property, and directing that

☐ Letters Testamentary issue to ____________________________
☐ Letters of Trusteeship issue to ____________________________
☐ Letters of Administration c.t.a. issue to ____________________________

(State any further relief requested)

Dated, Attested and Sealed ____________________________, 20________

Hon. ____________ Surrogate

Chief Clerk

Attorney for Petitioner ____________________________

Telephone Number ____________________________

Address of Attorney ____________________________

[NOTE: This citation is served upon you as required by law. You are not required to appear. If you fail to appear it will be assumed you do not object to the relief requested. You have a right to have an attorney appear for you.]

P-5 (10/96)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________________________________________
______________________ X
PROBATE PROCEEDING, ____________________________________________ NOTICE OF PROBATE
WILL OF ___________________________________________ (SCPA 1409)
______________________________________________________
a/k/a ________________________________________________________
a/k/a ________________________________________________________
______________________________________________________
Deceased.
______________________ X
File # ____________________________
Notice is hereby given that:

1. The Will dated ___________________________ (and Codicil dated ___________________________)
(and Codicil dated ___________________________) of the above named decedent, domiciled at ___________________________
County of _____________________________, New York, has been/will be offered for probate in the Surrogate's Court for
the County of ____________________________.

2. The name(s) of proponent(s) of said Will is/are ____________________________
whose address(es) is/are ________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. The name and post office address of each person named or referred to in the petition who has not been
served or has not appeared, or waived service of process, with a statement whether such person is named or referred to
in the will as legatee, devisee, trustee, guardian or substitute or successor executor, trustee or guardian, and as to any
such person who is an infant or an incompetent, the name and post office address of a person upon whom service of
process may be made on behalf of such infant or incompetent, is as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>MAILING ADDRESS</th>
<th>NATURE OF INTEREST OR STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>_____________________________</td>
<td>_____________________________</td>
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<td>_____________________________</td>
<td>_____________________________</td>
<td>_____________________________</td>
</tr>
</tbody>
</table>

(USE ADDITIONAL SHEETS IF NECESSARY)

Date ______________, 20___

[Note: Complete Affidavit of Mailing. If serving infant 14 years of age or older, list and mail to infant as well as
parent or guardian.]

Name of Attorney ____________________________ Telephone Number ____________________________

Address of Attorney ____________________________
AFFIDAVIT OF MAILING NOTICE OF PROBATE

STATE OF NEW YORK __________________________ )
COUNTY OF ____________________________ ) ss:
__________________________________________ , residing at ___________________________

being duly sworn, says that he/she is over the age of 18 years, that on the ____________________________
day of ____________________________, 20 ________, he/she deposited in the post office box regularly maintained by the
government of the United States in the ____________________________________________________________ of
________________________, State of New York, a copy of the foregoing Notice of Probate contained in a securely closed postpaid
wrapper directed to each of the persons named in said notice at the places set opposite their respective names.

Sworn to before me this

__________________________________________

________________________, 20 ________

Signature

Notary Public: ________________________________________
Commission Expires: ________________________________________
(Affix Notary Stamp or Seal)
Signature of Attorney: ________________________________________
Print Name: ________________________________________
Firm Name: ________________________________________ Tel No.: ________________________________________
Email: ________________________________________
Address of Attorney: ________________________________________
SURROGATE’S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________________________
PROBATE PROCEEDING, __________________________________
WILL OF ____________________________________________

a/k/a ____________________________________________
____________________________________________________
Deceased.

STATE OF NEW YORK __________________________________
COUNTY OF ________________________________________

being duly sworn, says that I am over the age of eighteen years; that I made personal service of the citation herein dated ______________, 20______, and a copy of the Will/Codicil on each person named below, each of whom deponent knew to be the person mentioned and described in said citation, by delivering to and leaving with each of them personally a true copy of said citation and Will/Codicil, as follows:

____________________________ description: sex __________________, color of skin ______________, color of hair ______________, approximate age ____________, weight ______________, height ______________, at o’clock ______.m. on the day of _______ 20________, at ___________.

____________________________ description: sex __________________, color of skin ______________, color of hair ______________, approximate age ____________, weight ______________, height ______________, at o’clock ______.m. on the day of _______ 20________, at ___________.

____________________________ description: sex __________________, color of skin ______________, color of hair ______________, approximate age ____________, weight ______________, height ______________, at o’clock ______.m. on the day of _______ 20________, at ___________.

That none of the aforesaid persons is in the military service as defined by the Act of Congress known as the “Soldiers’ and Sailors’ Civil Relief Act of 1940” and in the New York “Soldiers’ and Sailors’ Civil Relief Act.”

Sworn to before me this ______________ day of ______________, 20______

____________________________
Signature

____________________________
Print Name

Notary Public: ____________________________________________
Commission Expires: _____________________________________
(Affix Notary Stamp or Seal)
Signature of Attorney: ______________________________________
Print Name: __________________________ Tel No.: ______________
Firm Name: ______________________________________
Email: ____________________________________________
Address of Attorney: __________________________________
P-7 (10/96)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________________________

PROBATE PROCEEDING, ________________________________

APPLICATION TO DISPENSE WITH
WILL OF ____________________________________________

TESTIMONY OF ATTESTING WITNESS
(a/k/a ________________________________________________

__________________________________________________
Deceased.

__________________________________________________
File No. ____________________________

STATE OF NEW YORK ________________________________
COUNTY OF ________________________________

ss.: ________________________________________________

being duly sworn, deposes and says:

The testimony of ____________________________________, an attesting witness to the
Will/Codici of the above-named decedent, dated __________________, ____________, offered for probate, cannot be
obtained because of ☐ death ☐ absence ☐ disability ☐ inability to locate.

[Explain in detail and add additional affidavit if necessary]

__________________________________________________

__________________________________________________

__________________________________________________

Wherefore it is respectfully requested, pursuant to SCPA 1405, that the testimony of said witness be dispensed with.

Sworn to before me this

____________________ day of __________________, 20____

__________________________________________________

Signature

__________________________________________________

Print Name

Notary Public: _______________________________________

Commission Expires: _________________________________

(Affix Notary Stamp or Seal)
SURROGATE’S COURT OF THE STATE OF NEW YORK
COUNTY OF ________________________________

PROBATE PROCEEDING, ________________________________ ORDER DISPENSING
WILL OF ________________________________ WITH TESTIMONY OF

atk/a ________________________________ ATTESTING WITNESS

______________________________

Deceased.

______________________________ File No. ________________________________

Upon reading and filing the foregoing affidavit which states why the attesting witness therein named is unable to appear in this Court, it is

ORDERED that the testimony of ________________________________, as an attesting witness to the instrument offered for probate herein, is hereby dispensed with in this probate proceeding.

Dated ________________________________, 20 ____________ ________________________________ Surrogate

P-8 (10/96)
SURROGATE’S COURT OF THE STATE OF NEW YORK  
COUNTY OF ____________________________

PROBATE PROCEEDING, ____________________________

______________________________

a/k/a ____________________________

______________________________

Deceased.

______________________________

STATE OF NEW YORK ____________________________ )
COUNTY OF ____________________________ ) ss.:  

______________________________ , being duly sworn, deposes and says:

1. My address is: ____________________________

2. I was well-acquainted with □ the testator □ an attesting witness to the testator’s Will/Codicil.

3. I am familiar with the manner and style of the testator’s/witness’s handwriting, having often seen him/her write his/her signature and having seen his/her signature on documents I know to have been signed by him/her.

4. The signature subscribed at the end of the instrument in writing now produced and shown to me, purporting to be the testator’s Last Will and Testament dated ______________, __________, is the signature of and is the handwriting of

______________________________

Sworn to before me this  
_______________ day of ________________, 20__  

______________________________  
Signature

______________________________

Print Name

Notary Public: ____________________________
Commission Expires: ____________________________  
(Affix Notary Stamp or Seal)

Name of Attorney: ____________________________  
Tel No.: ____________________________  
Address of Attorney: ____________________________

P-9 (10/86)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTRY OF ____________________________

PROBATE PROCEEDING, ____________________________
WILL OF ____________________________

a/k/a ____________________________

Deceased.

File No. ____________________________

I, ____________________________
domiciled at (or, in the case of a bank or trust company, its principal office) ____________________________,
nominated as an executor and/or trustee in the (Will) (Codicil) of ____________________________,
dated ____________________________, 20_____, late of ____________________________ in the County of ____________________________ New York.
hereby renounce the appointment and all right and claim to letters testamentary and/or letters of trusteeship of and under
the (Will) (Codicil) or to act as executor and/or trustee thereof.

I hereby waive the issuance and service of a citation in the above entitled matter, and consent that the Will dated
(and Codicil dated ____________________________, 20_____) (and Codicil dated ____________________________, 20_____),
a copy of which has been received by the undersigned, be forthwith admitted to probate. I hereby consent
that Letters ☐ Testamentary ☐ of Administration c.t.a. ☐ of Trusteeship issue to ____________________________
without the necessity of furnishing a bond. If a bond is furnished, I hereby waive and release all right to make any claim on
the bond in any capacity whatsoever.

______________________________
(Signature)

______________________________
(Print Name)

Date: ____________________________

STATE OF NEW YORK ____________________________ )
COUNTY OF ____________________________ )

On ____________________________, 20______, before me personally appeared [INDIVIDUAL] ☐ ____________________________
to me known and known to me to be the person described in and who executed the foregoing renunciation and duly
acknowledged the execution thereof. [CORPORATION] ☐ ____________________________ to me
known, who duly swore to the foregoing instrument and who did say that he/she resides at ____________________________
and that he/she is a ____________________________ of ____________________________
the corporation/national banking association described in and which executed such instrument; and that he/she signed
his/her name thereto by order of the Board of Directors of the corporation.

Notary Public: ____________________________
Commission Expires: ____________________________

(Affix Notary Stamp or Seal)

Name of Attorney: ____________________________
Tel No.: ____________________________
Address of Attorney: ____________________________

P-10 (10/96)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ________________

PROBATE PROCEEDING, ________________________________

WILL OF ________________________________

a/k/a ________________________________

Deceased.

RENUNCIATION OF LETTERS OF ADMINISTRATION c.t.a. AND WAIVER OF PROCESS (SCPA 1418)

File No. ________________________________

The undersigned, ________________________________, a person interested in this estate, and in all respects eligible to receive letters, hereby personally appears in this proceeding in the Surrogate's Court of ________________ County and

1. Renounces all rights to Letters of Administration c.t.a. .
2. Waives the issuance and service of citation in the above entitled proceeding and consents that the will dated ___________, 20____, a copy of which has been received by the undersigned, be admitted to probate.
3. Consents that Letters of Administration c.t.a. be granted by the Court to ________________________________ or any other person or persons entitled thereto without any notice whatsoever to the undersigned.
4. Consents to dispense with the bond of the Administrator c.t.a., and if such consent be filed by some but not all of the persons interested in the estate, specifically releases any claim by me under any bond that may be required of such Administrator c.t.a..

Dated

______________________________

Street Address

______________________________

Print Name

______________________________

Signature

______________________________

Relationship

______________________________

Town/State/Zip

STATE OF NEW YORK ________________________________ )
COUNTY OF ________________________________ )

On _____________, 20____, before me personally appeared ________________________________

______________________________

ss.: to me known and known to me to be the person described in and who executed the foregoing waiver and consent and duly acknowledged the execution thereof.

Notary Public: ________________________________
Commission Expires: ________________________________
(Affix Notary Stamp or Seal)

Name of Attorney: ________________________________
Address of Attorney: ________________________________
Tel No.: ________________________________
P-11 (10/96)

20
SURROGATE'S COURT OF THE STATE OF NEW YORK

COUNTY OF ____________________________

____________ X

PROBATE PROCEEDING,__________________________

WILL OF ____________________________

__________________________

a/k/a ____________________________

__________________________

Deceased.

____________ X

STATE OF NEW YORK__________________________ )

COUNTY OF ____________________________ )

File No. ____________________________

ss.: ____________________________

being duly sworn, deposes and says:

that he/she resides at ____________________________.

County of ____________________________, State of ______; that he/she is the person seeking
appointment as administrator c.t.a. in the above entitled proceeding; that the value of all personal property receivable by
the fiduciary of the estate of the above-named decedent plus estimated gross rents receivable by said fiduciary for 18
months will not exceed the sum of $ ____________________________; that deponent has made a diligent search to ascertain
whether or not there are any debts or claims against the estate of said decedent and that there are no claims, including
unpaid funeral and medical bills, except as follows:

[If “none”, write “NONE”]

<table>
<thead>
<tr>
<th>NAME</th>
<th>AMOUNT $</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME</td>
<td>AMOUNT $</td>
</tr>
<tr>
<td>NAME</td>
<td>AMOUNT $</td>
</tr>
<tr>
<td>NAME</td>
<td>AMOUNT $</td>
</tr>
</tbody>
</table>

Sworn to before me this

__________________ day of ______________________, 20__

__________________

Signature

__________________

Print Name

Notary Public: ____________________________
Commission Expires: ____________________________
(Affix Notary Stamp or Seal)

Name of Attorney: ____________________________
Tel No.: ____________________________
Address of Attorney: ____________________________
P-12 (10/96)
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________________________

PROBATE PROCEEDING, ______________________________________
WILL OF ____________________________________________________

______________________________

______________________________

______________________________

______________________________

______________________________

______________________________

Deceased.

STATE OF NEW YORK __________________________________________
COUNTY OF ________________________________________________

I/We ________________________________________________________ (and) __

being duly sworn, say(s), that (he/she has) (we have) carefully compared the copy of decedent’s Will/Codicil propounded herein to which this affidavit is annexed with the original Will dated the _______ day of ______________, ________ (and the original Codicil dated the _______ day of ______________, ________), about to be filed for probate, and that the same is in all respects a true and correct copy of said original Will/Codicil and of the whole thereof.

Sworn to before me this __________________________ day of ____________________, 20 _____

______________________________

Signature

______________________________

Print Name

Notary Public: _____________________________________________
Commission Expires: _____________________________
(Affix Notary Stamp or Seal)
Name of Attorney: _______________________________________
Tel No.: _____________________________
Address of Attorney: ______________________________________
P-13 (10/99)
STATE OF NEW YORK
SURROGATE'S COURT: COUNTY OF ________________________

IN THE MATTER OF THE APPLICATION TO SEARCH A SAFE DEPOSIT BOX FOR THE WILL OR OTHER PAPERS OF
______________________________,
Deceased.

____________________________________
To the Surrogate’s Court of ________________ County, it is respectfully alleged:

(1) The name and domicile of the petitioner is as follows:

Name: __________________________________________

Domicile or if a financial institution, Principal Office:

____________________________________________________

(Street address) (City, Town or Village) (County) (State) (Zip) (Telephone Number)

Mailing address, if different from domicile, is: __________________________________________

(2) The petitioner is [indicate] [ ] the nearest surviving distributee of the decedent [ ] the executor named in the decedent’s will [ ] has an interest in the decedent’s estate as follows:

(3) The name, date, place of death, and domicile of the decedent are as follows:

Name: __________________________________________ Date of death: ______________________

Place of death: __________________________________________

Domicile: __________________________________________

(Street address) (City, Town or Village) (P.O. if different) (State) (Zip)

(4) The decedent has a safe deposit box in the vault of __________________________________________, a banking corporation doing business in __________________________ County, New York. Petitioner is informed and believes that the decedent left a will or other papers in the safe deposit box.

Wherefore petitioner prays that an Order be made pursuant to SCPA § 2003 permitting the petitioner, in the presence of an officer of the banking corporation, to examine the safe deposit box for the purposes of ascertaining if the decedent’s will is contained therein, and to obtain a deed to a burial plot and any insurance policies made payable to a named beneficiary, and further directing the petitioner to make an inventory of the contents of the safe deposit box.

Dated: _________________ , 20___

__________________________________________
Signature of Petitioner
STATE OF NEW YORK   
COUNTY ____________

, being duly sworn, says:

I have read the foregoing petition subscribed by me and know the contents thereof, and the same is true of my own knowledge except as to matters stated to be alleged upon information and belief and as to those matters I believe it to be true.

______________________________
Signature of Petitioner

Sworn to before me this

_____ day of ________________, 20__

______________________________
Notary Public
My Commission Expires:
(Affix Notary Stamp or Seal)

Signature of Attorney: ________________________________

Print Name: ________________________________ Tel No.: ____________

Firm Name: ________________________________
### FAMILY TREE

<table>
<thead>
<tr>
<th>Cross Out Class</th>
<th>Children or Brothers/Sisters</th>
<th>Grandchildren or Nieces/Nephews</th>
<th>Great Grandchildren or Grandnieces/Grandnephews</th>
</tr>
</thead>
<tbody>
<tr>
<td>That is Not Applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>____ Decedent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Spouse</td>
</tr>
<tr>
<td>____ Deceased Date</td>
</tr>
<tr>
<td>____ Divorced Date</td>
</tr>
<tr>
<td>____ Never Married</td>
</tr>
</tbody>
</table>

**STATE OF NEW YORK**  
**COUNTY OF**

__________________________ being duly sworn, states that the charts contained on this paper are correct.

Sworn to me on ________________________

__________________________ NOTARY PUBLIC

NOTE: Complete reverse side of family tree form also
<table>
<thead>
<tr>
<th>Grandparents</th>
<th>Aunts and Uncles</th>
<th>First Cousins #</th>
<th>**First Cousins Once Removed #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Paternal Grandfather</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Paternal Grandmother</td>
<td>Father of Decedent</td>
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<td></td>
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<tr>
<td>Maternal Grandfather</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Maternal Grandmother</td>
<td>Mother of Decedent</td>
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</tr>
</tbody>
</table>

**List First Cousins Once Removed by # that corresponds with deceased first cousin.**
### Probate Proceeding Checklist
*(see Surrogate's Court Form P-1, rev. 2/08)*

<table>
<thead>
<tr>
<th>PET</th>
</tr>
</thead>
<tbody>
<tr>
<td>¶ #</td>
</tr>
</tbody>
</table>

Is the captioned name the same as the signature on the Will and ¶2 of petition?  
If A/K/A's, are they listed in the caption and also under ¶2 of petition?  
Has the type of Letters been checked?

1.(a) **Is the name of each fiduciary the same as in Will?**  
If NO, does petitioner explain why?

<table>
<thead>
<tr>
<th><strong>DESCRIPTION</strong></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>
| Is the petitioner ... the nominated executor  
alternate executor  
or person eligible under SCPA §1402 or 1418 (admin. c.t.a.) | | |

*NOTE: A Non-domiciliary alien is ineligible to be sole fiduciary (SCPA §707)*

1.(b) If an attorney and sole executor: has a statement been filed pursuant to Court Rules §207.16(c)?

1.(c) Has SCPA §2307-a been complied with?

2.(a) **Is the name of the decedent the same as the signature on Will?**  
Are all A/K/A's listed?

2.(b) **Does date of death agree with death certificate?**  
Certified death certificate must be filed with petition

2.(c) **Is the place of death the same as that listed on death certificate?**

2.(d) **Is the address on petition and death certificate the same? this county?**  
If NOT, has an explanatory affidavit with proofs of domicile been filed?  
(SCPA §206 & 208)

If decedent was a non-domiciliary of the State, has information been furnished pursuant to SCPA §1605 showing ...
<table>
<thead>
<tr>
<th>PET #</th>
<th>DESCRIPTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>
| 2.(d) cont. | (1) no original probate or administration proceeding has been or will be filed in any other jurisdiction  
(2) statement that testator left probatable assets in this jurisdiction  
(3) statement listing the distributees in the domiciliary jurisdiction or that they are the same as under New York State Law | | |
| 2.(e) | Is the citizenship of decedent listed? | | |

**NOTE:** Does all information provided under §2 agree with death certificate; if not, has an explanatory affidavit been provided? Check that marital status is correct; submit divorce decree if requested by the court.

3. Make sure that original will and codicil are filed with affidavit(s) of attesting witnesses or necessary documents requesting that the affidavits be dispensed with are filed. (With one surviving witness submit form P-8; if all witnesses are deceased submit forms P-8 and P-9 for one witness and P-9 for decedent.)

- Are dates listed correctly for Will and Codicils?  
- Are all witnesses listed correctly?  
- If necessary - did witnesses see original will or a court-certified copy?  
  see SCPA §1406(2)  
- Is affidavit of comparison with copy of will (& codicils) submitted?

**NOTE:** Witnesses may not notarize each other’s signatures on witness depositions.

4. Answer “NONE” or specify?

5. **NOTE:** Distributee: Any person entitled to take/share in property under EPTL §4-1.1 and 4-1.2.

- Has the number of survivors been listed?  
- Has “NO” been inserted in all prior classes?  
- Has an “X” been inserted in all subsequent classes?

**NOTE:** If alleged that the decedent was survived by no distributee or only one distributee or where the relationship of distributees to the decedent is grandparents, aunts, uncles, first cousins or first cousins once removed, has an Affidavit of Heirship been submitted - see Court Rules §207.16(c).

6.(a) Are all distributees (who are of full age and sound mind) listed with the required information? (Court needs Form P-4 [Acknowledged Waiver of Process/Consent to Probate] see SCPA §401(4), or proposed citation for each person listed under 6(a). Provide copy of death certificate or date of death for any deceased distributee.) **NOTE:** Administrator c.t.a. see SCPA §1418 - use waiver P-11.
<table>
<thead>
<tr>
<th>PET</th>
<th>DESCRIPTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>6(a)</td>
<td>Is each person designated as primary executor listed?</td>
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<tr>
<td></td>
<td>Are all persons adversely affected by the purported exercise by such Will</td>
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<tr>
<td></td>
<td>of any power of appointment listed?</td>
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<tr>
<td></td>
<td>Are all persons adversely affected by any codicil listed?</td>
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<td></td>
<td>Are all persons listed under any other Will of the decedent on file in the</td>
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<td></td>
<td>Surrogate’s Court listed?</td>
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<td></td>
<td>If there is an inter vivos trust or other testamentary substitute, are</td>
<td></td>
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<tr>
<td></td>
<td>trustees and beneficiaries affected by the will listed?</td>
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<tr>
<td></td>
<td>Has a copy of the Trust been submitted?</td>
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<tr>
<td>6(b)</td>
<td>Same as 6(a) above but are persons under disability</td>
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</tbody>
</table>

**NOTE:** IF THERE ARE PERSONS UNDER DISABILITY LISTED UNDER 6(b) A GUARDIAN AD LITEM WILL HAVE TO BE APPOINTED AND A CITATION ISSUED. (see SCPA §306 & 307)

**NOTE:** THE FOLLOWING INFORMATION HAS TO BE PROVIDED UNDER 6(b) AND 7(b) IF THERE ARE PERSONS UNDER DISABILITY.

### INFANTS:
- Name, birth date, relationship to decedent, domicile/residence address, person with whom he/she resides
- Is there a court-appointed guardian? If so, submit name and residence address and information regarding appointment (submit proof of appointment).
- Are parents living?

### ALL OTHER PERSONS UNDER DISABILITY:
- Name, relationship to decedent, residence address
- Facts regarding disability: has a committee, conservator, guardian, or any other fiduciary been appointed (submit proof of appointment)
- Has the person under disability been committed to any institution?
- Are the names and addresses of any committee, person or institution having care and custody of him/her, conservator, guardian and any relative or friend having an interest in his/her welfare listed?
- If a person is confined as a prisoner: place of incarceration listed and name and address of any person(s) having an interest in his/her welfare
- Unknowns: described in the same language as will be used in the citation
<table>
<thead>
<tr>
<th>PET #</th>
<th>DESCRIPTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>
| 6.(b) cont. | **NOTE: IF THERE ARE UNKNOWNs, the following proof has to be submitted:** affidavit showing that diligent efforts have been made to locate unknown distributees or distributees whose whereabouts are unknown [Court Rules §207.16(d)]  

"DILIGENT SEARCH" requires extensive research, e.g.: 
cemetery and marriage records; telephone books; conversation with other distributees, neighbors, etc.; records of varied Surrogate’s Court; military records; Bureau of Immigration & Naturalization; Social Security Administration; Bureau of Vital Statistics; Department of Motor Vehicles; Bureau of the Census; City directories; Internet | | |
| 7.(a) | Court needs Form P-6 [Notice of Probate/Affidavit of Mailing] for all persons listed under 7(a) & 7(b) - see SCPA §1409.  
Are the names and domiciliary addresses of all substitute or successor executors, trustees, guardians listed? If predeceased - provide death certificate or date of death.  
Are all legatees (any person designated to receive a transfer by will of personal property) who is of full age and sound mind listed?  
Are all devisees (any person to whom real property is transferred by will) who is of full age and sound mind listed?  
Are all other beneficiaries, who are of full age and sound mind, named in the will listed?  
Are charities receiving a residuary share? If so the State Attorney General must receive a notice of probate.  
Are any trustees and beneficiaries of any inter vivos trust designated in the purported will other than those named in paragraph 6 listed? | | |
<p>| 7.(b) | Same as 7.(a) above but are persons under a disability (see ¶6b). see SCPA §1409(2) and SCPA §307(3) and (4). | | |
| 8. | Has “NONE” been entered or is there an indication of the confidential relationship? (May require a PUTNAM hearing.) | | |
| 9.(a) | Has value of estate been listed? (do not include joint assets, insurance left to a beneficiary, non-probate assets) | | |
| 9.(b) | Has “NONE” been entered or has cause of action been specified? | | |
| 10. | Under WHEREFORE Clause: has type of letters and all relief requested been checked and completed? | | |</p>
<table>
<thead>
<tr>
<th>PET #</th>
<th>DESCRIPTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. cont.</td>
<td>Is petition dated, signed, verified, properly notarized (including proper jurat and expiration date of notary’s commission)?</td>
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<td></td>
<td>Is oath and designation signed?</td>
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<td>does it set forth proposed fiduciary’s physical address?</td>
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<td>Is proposed fiduciary a Bank? use combined corporate verification, consent and designation [use page 6 of the petition]</td>
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<td></td>
<td>Is attorney’s name, address and phone number listed?</td>
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<td></td>
<td>Is Part 130 Certification completed by attorney or self-represented party?</td>
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<td>if <strong>NOT</strong>, has a separate certification as to Part 130 signing requirements been included?</td>
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</tr>
</tbody>
</table>

If forms are computer generated, has a certification pursuant to Court Rules §207.4 been attached?

---

**PARTIAL FEE SCHEDULE**

<table>
<thead>
<tr>
<th>HAVE THE PROPER FEES BEEN INCLUDED WITH PETITION?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fees per schedule; $6.00 for each Certificate of Appointment.</strong></td>
</tr>
<tr>
<td><strong>Filing fee is based upon the values of the estate owned individually by the decedent or payable to the Estate - see SCPA §2402(8).</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value Range</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 but under 10,000</td>
<td>$45.00</td>
</tr>
<tr>
<td>10,000 but under 20,000</td>
<td>75.00</td>
</tr>
<tr>
<td>20,000 but under 50,000</td>
<td>215.00</td>
</tr>
<tr>
<td>50,000 but under 100,000</td>
<td>280.00</td>
</tr>
<tr>
<td>100,000 but under 250,000</td>
<td>420.00</td>
</tr>
<tr>
<td>250,000 but under 500,000</td>
<td>625.00</td>
</tr>
<tr>
<td>500,000 and over</td>
<td>1,250.00</td>
</tr>
</tbody>
</table>

If Letters of Trusteeship are requested include an additional $45.00 for this appointment (after checking with individual court of filing as to fee policies).
<table>
<thead>
<tr>
<th>COMMENTS AND COURT NOTES</th>
<th>Form Number</th>
<th>SCPA/EPTL § or Rule #</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When Permitted</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whenever decedent dies with a Will.</td>
<td></td>
<td>1402</td>
</tr>
<tr>
<td><strong>Forms Always Required</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Petition for Probate</td>
<td>P-1</td>
<td>1402</td>
</tr>
<tr>
<td>• Original Will of decedent and Codicil(s), if any</td>
<td>P-13</td>
<td></td>
</tr>
<tr>
<td>• Affidavit of Comparison (unless waived by court)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Certified Death Certificate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Affidavit of Attesting Witnesses</td>
<td>P-3</td>
<td>207.15(b)</td>
</tr>
<tr>
<td>• Self-addressed stamped envelope (if court requires)</td>
<td></td>
<td>1406</td>
</tr>
<tr>
<td><strong>Forms or Documents Sometimes Required</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application to Dispense with Testimony of Attesting Witness</td>
<td>P-8</td>
<td>207.16(e) &amp;</td>
</tr>
<tr>
<td>• Waiver of Process; Consent to Probate</td>
<td>P-4</td>
<td>2307-a</td>
</tr>
<tr>
<td>• Notice of Appearance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Authorization to Appear on Behalf of Party</td>
<td></td>
<td>207.16(c)</td>
</tr>
<tr>
<td>• Attorney/Fiduciary Statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Family Tree Chart (if required by court)</td>
<td>FT-1</td>
<td></td>
</tr>
<tr>
<td>• Affidavit Proving Handwriting of Decedent/Witness</td>
<td>P-9</td>
<td></td>
</tr>
<tr>
<td>• Renunciation of Nominated Executor and/or Trustee</td>
<td>P-10</td>
<td></td>
</tr>
<tr>
<td>• Renunciation of Letters of Admin. c.t.a./Waiver of Process</td>
<td>P-11</td>
<td></td>
</tr>
<tr>
<td>• Affidavit of No Debt (Admin. c.t.a.)</td>
<td>P-12</td>
<td></td>
</tr>
<tr>
<td>• Citation on Probate</td>
<td>P-5</td>
<td>1403</td>
</tr>
<tr>
<td>• Affidavit for Supplemental Citation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Order for Mailing and/or Publication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Notice to Consul General</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Notice of Probate &amp; Affidavit of Service</td>
<td>P-6</td>
<td>207.16(e)</td>
</tr>
<tr>
<td>• Affidavit of Due Diligence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Application for Preliminary Letters Testamentary &amp; Oath &amp; Designation of Preliminary Executor</td>
<td>P-2</td>
<td>1412</td>
</tr>
<tr>
<td>• Sole Heir Affidavit</td>
<td></td>
<td>207.16(c)</td>
</tr>
<tr>
<td>• Affidavit of Service (Personal-Mail/Publication)</td>
<td>P-7</td>
<td>314</td>
</tr>
<tr>
<td>• Affidavit as to Military Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Bond</td>
<td></td>
<td>801-805</td>
</tr>
<tr>
<td>• Death Certificate of deceased spouse, distributee, beneficiary or named executor</td>
<td></td>
<td>207.15(c)</td>
</tr>
<tr>
<td>• Notice of Election by Surviving Spouse</td>
<td></td>
<td>5-1.1</td>
</tr>
<tr>
<td>• Waiver or Release of the Right of Election</td>
<td></td>
<td>5-1.1</td>
</tr>
<tr>
<td>• Obituary Notice (if court requires)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
All Waivers and Proofs of Service must show that each interested party actually received a copy of the Will.

Proofs of Service of Citation must be filed with the Court at least two (2) working days before the return date.

Guardian Ad Litem will be appointed on or before the return day of process for all unknowns and persons under disability (SCPA §403).

Petition & Notice of Probate must include names of all persons designated in Will as legatee, devisee, fiduciary or alternate fiduciary not otherwise listed as an interested party.

Letters will not be delivered until Notice of Probate and Mailing Affidavit are filed.

Review carefully instructions to paragraphs 6 and 7 of the Petition and be sure interested parties are listed in the correct places.

NYS Department of Taxation & Finance may be a necessary party for estates of nondomiciliary decedents. Review SCPA §1403(1)(g).

Documents signed by Power of Attorney (Provide certified copy of POA and comply with Section 13-2.3 EPTL and 207.48 Uniform Rules).

Check to be certain all documents are properly acknowledged.

THIS MATERIAL IS PROVIDED FOR INFORMATIONAL/TRAINING PURPOSES ONLY. – It is intended for use in conjunction with review of the applicable statutes and rules of the Surrogate’s Court and the Surrogate’s Court Operations Manual.
SURROGATE'S COURT OF THE STATE OF NEW YORK

COUNTY OF ____________________________

ADMINISTRATION PROCEEDING,

Estate of ____________________________

a/k/a ____________________________

Deceased ____________________________

PETITION FOR LETTERS OF:

☐ Administration
☐ Limited Administration
☐ Administration with Limitations
☐ Temporary Administration

File No. ____________________________

TO THE SURROGATE'S COURT, COUNTY OF ____________________________

It is respectfully alleged:

1. The name, domicile and interest in this proceeding of the petitioner, who is of full age, is as follows:

Name: ____________________________

Domicile: ____________________________

[Street Address] ____________________________

[City/Town/Village] ____________________________

[County] ____________________________

[State] ____________________________

[Zip] ____________________________

[Telephone Number] ____________________________

Mailing address is: ____________________________

(if different from domicile)

Citizenship (check one):

☐ U.S.A. ☐ Other (specify) ____________________________

Interest of Petitioner (check one):

[ ] Distributee of decedent (state relationship) ____________________________

[ ] Other (specify) ____________________________

Is proposed Administrator an attorney?

☐ Yes ☐ No

[If yes, submit statement pursuant to 22 NYCRR 207.16(e); see also 207.52 (Accounting of attorney-fiduciary).]

The proposed Administrator ____________________________

is ☐ is not a convicted felon nor is he/she otherwise ineligible, pursuant to SCPA 707 to receive letters.

If the proposed Administrator is a convicted felon, submit a copy of the Certificate of Relief from Civil Disabilities.

2. The name, domicile, date and place of death, and national citizenship of the above-named decedent are as follows:

[The Death Certificate must be filed with this proceeding. If the decedent's domicile is different from that shown on the death certificate, check box [ ] and attach an affidavit explaining the reason for this inconsistency.]

Name: ____________________________

Domicile: ____________________________

[Street Number] ____________________________

[City, Village/Town] ____________________________

[State] ____________________________

[Zip Code] ____________________________

Township of: ____________________________

County of: ____________________________

Date of Death: ____________________________

Place of Death: ____________________________

Citizenship: (check one): ☐ U.S.A. ☐ Other (specify) ____________________________
3.(a) The estimated gross value of the decedent's personal property passing by intestacy is less than

$________________________________________

(b) The estimated gross value of the decedent's real property, in this state, which is [ ] improved, [ ] unimproved, passing by intestacy is less than

$________________________________________

A brief description of each parcel is as follows:

(c) The estimated gross rent for a period of eighteen (18) months is the sum of $________________________________________

(d) In addition to the value of the personal property stated in paragraph (3) the following right of action existed on behalf of the decedent and survived his/her death, or is granted to the administrator of the decedent by special provision of law, and it is impractical to give a bond sufficient to cover the probable amount to be recovered thereon: [Write "NONE" or state briefly the cause of action and the person against whom it exists, including names and carrier].

(e) If decedent is survived by a spouse and a parent, or parents but no issue, and there is a claim for wrongful death, check here [ ] and furnish names(s) and address(es) of parent(s) in Paragraph 7. See EPTL 4.4.

4. A diligent search and inquiry, including a search of any safe deposit box, has been made for a will of the decedent and none has been found. Petitioner(s) has/have been unable to obtain any information concerning any will of the decedent and therefore allege(s), upon information and belief, that the decedent died without leaving any last will.

5. A search of the records of this Court shows that no application has ever been made for letters of administration upon the estate of the decedent or for the probate of a will of the decedent, and your petitioner is informed and verily believes that no such application ever has been made to the Surrogate's Court of any other county of this state.

6. The decedent left surviving the following who would inherit his/her estate pursuant to EPTL 4.1.1 and 4.1.2:

   a. [ ] Spouse(husband/wife).
   b. [ ] Child or children or descendants of predeceased child or children. [Must include marital, nonmarital and adopted].
   c. [ ] Any issue of the decedent adopted by persons related to the decedent (DRLSection 117).
   d. [ ] Mother/Father.
   e. [ ] Sisters or brothers, either of whole or half blood, and issue of predeceased sisters or brothers.
   f. [ ] Grandmother/Grandfather.
   g. [ ] Aunts or uncles, and children of predeceased aunts and uncles (first cousins).
   h. [ ] First cousins once removed (children of first cousins).

[Information is required only as to those classes of surviving relatives who would take the property of decedent pursuant to EPTL 4.1. State "number" of survivors in each class. Insert "No" in all prior classes. Insert "X" in all subsequent classes].
7. The decedent left surviving the following distributees, or other necessary parties, whose names, degrees of relationship, domiciles, post office address and citizenship are as follows:

[Note: Show clearly how each person is related to decedent. If relationship is through an ancestor who is deceased, give name, date of death, and relationship of the ancestor to the decedent. Use rider sheet if space in paragraph (7) is not sufficient. See Uniform Rules 207.16(b).]

If any person listed in paragraph (7) is a non-marital person, or descended from an on marital person, attach a copy of the order affiliation or Schedule A. If any person listed in paragraph (7) was adopted by any persons related by blood or marriage to decedent or descended from such persons, attach Schedule B.

7a. The following are of full age and under no disability: [If non-marital or adopted-out person, so indicate by attaching Schedule A and/or B]

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
<th>Domicile and Mailing Address</th>
<th>Citizenship Mailing Address</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

7b. The following are infants and/or persons under disability: [Attach applicable Schedule A, B, C, and/or D]

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
<th>Domicile and Mailing Address</th>
<th>Citizenship Mailing Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

8. There are no outstanding debts or funeral expenses, except: [Write "NONE" or state same]
9. There are no other persons interested in this proceeding other than those here in before mentioned.

WHEREFORE, your petitioner respectfully prays that: [Check and complete all relief requested]

☐ a. process issue to all necessary parties to show cause why letters should not be issued as requested;

☐ b. an order be granted dispensing with service of process upon those persons named in Paragraph(7) who have a right to letters prior or equal to that of the person nominated, and who are non-domiciliaries or whose names or whereabouts are unknown and cannot be ascertained;

☐ c. a decree award Letters of:

☐ Administration to ____________________________________________________________

☐ Limited Administration to ____________________________________________________

☐ Administration with Limitation to _______________________________________________

☐ Temporary Administration to __________________________________________________

or to such other person or persons having a prior right as may be entitled thereto, and;

☐ d. That the authority of the representative under the forgoing Letters be limited with respect to the prosecution or enforcement of a cause of action on behalf of the estate, as follows: the administrator(s) may not enforce a judgment or receive any funds without further order of the Surrogate.

☐ e. That the authority of the representative under the foregoing Letters be limited as follows:

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

☐ f. [State any other relief requested.]

___________________________________________________________________________

Dated: ________________________________________________________________

1. __________________________________________________________ (Signature of Petitioner)

   (Print Name)

2. __________________________________________________________ (Signature of Petitioner)

   (Print Name)
STATE OF NEW YORK  
)  
) ss:  
COUNTY OF  
)  

COMBINED VERIFICATION, OATH AND DESIGNATION  

[For use when petition is to be appointed administrator]  

I, the undersigned the petitioner named in the foregoing petition, being duly sworn, say:  

1. VERIFICATION: I have read the foregoing petition subscribed by me and know the contents thereof, and the same is true of my own knowledge, except as to the matters there in stated to be alleged upon information and belief, and as to those matters I believe it to be true.  

2. OATH OF ADMINISTRATOR as indicated above: I am over eighteen (18) years of age and a citizen of the United States; and I will well, faithfully and honestly discharge the duties of Administrator of the goods, chattels and credits of said decedent according to law. I am not ineligible, pursuant to SCPA707, to receive letters and will duly account for all moneys and other property that will come into my hands.  

3. DESIGNATION OF CLERK FOR SERVICE OF PROCESS: I do hereby designate the Clerk of the Surrogate's Court of ___________ County, and his/her successor in office, as a person on whom service of any process, issuing from such Surrogate's Court may be made in like manner and with like effect as if it were served personally upon me, whenever I cannot be found and served within the State of New York after due diligence used.  

My domicile is:  

(Street/Number) (City/Village/Town) (State) (Zip)  

__________________________________________  
Signature of Petitioner  

On the ____________________ day of ____________________, 20 ________________, before me personally came  

__________________________________________  

to me known to be the person described in and who executed the foregoing instrument. Such person duly swore to such instrument before me and duly acknowledged that he/she executed the same.  

__________________________________________  
Notary Public  
Commission Expires:  
(Affix Notary Stamp or Seal)  

Signature of Attorney:  

Print Name:  

Firm Name:  
Tel.No.:  

Address of Attorney:  

Page 5 of 18
Administration Proceeding Checklist
(see Surrogate’s Court Form A-1, rev. 12/98)

Check All Forms To Make Sure Venue Is Correct - Appropriate County Is Listed
Fill In All Areas On All Pages of Petition - Also Mark When Not Applicable Where Necessary

<table>
<thead>
<tr>
<th>PET #</th>
<th>DESCRIPTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the captioned name exactly the same as it appears on the Death Certificate?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If A/K/A’s, are they listed in the caption and also under ¶2 of petition?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has the type of Letters been checked?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. **Is the petitioner eligible to act and qualify pursuant to SCPA §1001?**
   - (a) surviving adult spouse of decedent
   - (b) adult child
   - (c) adult grandchild
   - (d) parent
   - (e) brother or sister
   - (f) any other person who is a distributee and who is eligible to qualify
   - (g) others as set forth in SCPA §1001(3) to (9)

   Check citizenship

   **NOTE: A Non-domiciliary alien is ineligible to act as a sole fiduciary [see SCPA §707]**

   Has the interest of the petitioner been checked and specified?

   Is the proposed administrator an attorney?

   If so, has a statement been provided pursuant to 22NYCRR 207.16(e)?

   **NOTE: Latter will need an accounting [see 22NYCRR 207.52]**

2. **Does the information under ¶2 of the Petition agree with the death certificate?**
   (certified copy of death certificate must be filed with petition)

   (a) if address on petition does not agree with death certificate, has an explanatory affidavit been filed [see SCPA §206-208]

   (b) if decedent was a non-domiciliary of the State, has an explanatory affidavit and a request for non-domiciliary treatment been filed setting forth the following:
   - (1) statement that no original probate or administration proceeding has been or will be filed in any jurisdiction
   - (2) statement that the decedent left estate assets in this jurisdiction
<table>
<thead>
<tr>
<th>PET</th>
<th>#</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>cont.</td>
<td></td>
<td>(3) statement listing the distributees in the domiciliary jurisdiction or that they are the same as under New York State Law</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Has everything been answered?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) &amp; (b) is all property in decedent’s name alone?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>do not include: jointly held property with right of survivorship; property held in trust for another; assets that have a named beneficiary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) estimated rent for 18 months has to be included; this amount needs to be considered in determining whether a bond is required and if so, the amount of the bond</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) if there is a pending or contemplated cause of action on behalf of the decedent, has all information requested in petition been provided?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(e) has it been checked, if so, is information provided under ¶7 of Petition?</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>This paragraph states that a diligent search has been made to find a will.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Were the court’s records searched for a will for safekeeping or an estate/file previously opened? [See SCPA §2507 and §2508]</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>NOTE: Distributee: Any person entitled to take or share in property under EPTL §4-1.1 and 4-1.2. (SUBMIT A FAMILY TREE IF REQUIRED BY THE COURT.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Has the number of survivors been listed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Has “NO” been inserted in all prior classes?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Has an “X” been inserted in all subsequent classes?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NOTE: If alleged that the decedent was survived by no distributee or only one distributee or where the relationship of distributees to the decedent is grandparents, aunts, uncles, first cousins or first cousins once removed, has an Affidavit of Heirship been submitted - see Court Rules 207.16(c).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NOTE: If there are any deceased distributees, provide a copy of the death certificate or provide the date of death.</td>
<td></td>
</tr>
<tr>
<td>7a.</td>
<td>Are all distributees or other necessary parties who are of full age and under no disability listed with required information? [see Court Rules §207.16(b)]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Renunciation and Waiver: Renunciation of letters of administration and waiver of process may be submitted from any adult, competent person who has a prior or equal right to letters of administration and must consent to the granting of all relief in the “wherefore clause” of the petition. Waivers must be signed and acknowledged. If letters of administration are to be granted to a designee, the name of such designee must be inserted. (Form A-8 to be used by individuals and Form A-9 from a Corporation [example: funeral director and creditors]).</td>
<td></td>
</tr>
<tr>
<td>Q#</td>
<td>DESCRIPTION</td>
<td>YES</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>7a.</td>
<td>If non-marital or adopted-out person, has Schedule A and/or B been attached to Petition?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice of Application for Letters of Administration: This notice (Form A-3) must be given to all those listed in the petition who have a right to letters inferior to that of the nominated administrator, or persons who share in the decedent’s estate as distributees, but are not eligible to receive letters. If any of these have waived, notice to them is not required. An original affidavit of mailing must accompany the filed notice.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> ALL INTERESTED PARTIES MUST CONSENT THAT BOND BE DISPENSED WITH OR FILING OF BOND WILL BE REQUIRED.</td>
<td></td>
</tr>
<tr>
<td>7b.</td>
<td>Same as 7a above but are persons under disability</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are infants and persons under disability listed with required information?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are Schedules A, B, C and/or D attached?</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> FOR INFANTS (Attach copy of birth certificate if required by court)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> IF THERE IS A COURT-APPOINTED GUARDIAN (FIDUCIARY) SUBMIT PROOF OF APPOINTMENT.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> IF THERE ARE UNKNOWNS, the following proof has to be submitted:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>affidavit showing that diligent efforts have been made to locate unknown distributees or distributee whose whereabouts are unknown [see Court Rules §207.16(d)]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“DILIGENT SEARCH” requires extensive research, e.g.:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>cemetery and marriage records; telephone books, conversation with other distributees, neighbors, etc.; records of varied Surrogate’s Courts; military records; Bureau of Immigration &amp; Naturalization; Social Security Administration; Bureau of Vital Statistics; Department of Motor Vehicles; Bureau of the Census; City directories, Internet</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>NOTE:</strong> PURSUANT TO SCPA §1003(4) Jurisdiction over unknown distributees or distributees whose whereabouts are not known need not be secured prior to the issuance of letters, but is required by publication of citation in the accounting proceeding. The Decree granting Administration must so state.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Make sure outstanding debts or funeral expenses are listed (attach copy of funeral bill if paid). If no outstanding expenses, so state. If outstanding expenses, use Form A-9.</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Under WHEREFORE Clause: has all relief requested been checked and completed?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is petition dated, signed, verified, properly notarized (including proper jurat and expiration date of notary’s commission)?</td>
<td></td>
</tr>
<tr>
<td>PET Q#</td>
<td>DESCRIPTION</td>
<td>YES</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>9. cont.</td>
<td><strong>Is Combined Verification, Oath and Designation signed?</strong> does it set forth proposed fiduciary’s physical address?</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Is proposed fiduciary a bank? (submit a Consent and Designation)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Is attorney’s name, address and phone number listed?</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Is Part 130 Certification completed by attorney or self-represented party?</strong> if NOT, has a separate certification as to Part 130 signing requirements been included?</td>
<td></td>
</tr>
</tbody>
</table>

---

**PARTIAL FEE SCHEDULE**

<table>
<thead>
<tr>
<th></th>
<th>SCPA/EPTL§ or Rule #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have the proper fees been included with petition?</td>
<td>2402</td>
</tr>
<tr>
<td>Fees per schedule; $6.00 for each Certificate of Appointment.</td>
<td></td>
</tr>
<tr>
<td>Filing fee is based upon the values of the estate owned individually by the decedent or payable to the Estate - see SCPA §2402(8)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value Range</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 but under 10,000</td>
<td>$45.00</td>
</tr>
<tr>
<td>10,000 but under 20,000</td>
<td>75.00</td>
</tr>
<tr>
<td>20,000 but under 50,000</td>
<td>215.00</td>
</tr>
<tr>
<td>50,000 but under 100,000</td>
<td>280.00</td>
</tr>
<tr>
<td>100,000 but under 250,000</td>
<td>420.00</td>
</tr>
<tr>
<td>250,000 but under 500,000</td>
<td>625.00</td>
</tr>
<tr>
<td>500,000 and over</td>
<td>1,250.00</td>
</tr>
</tbody>
</table>

---

**COMMENTS AND COURT NOTES**

<table>
<thead>
<tr>
<th>Form Number</th>
<th>SCPA/EPTL§ or Rule #</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When Permitted</strong></td>
<td>Whenever decedent dies without a Will, OR Will filed with Court is not offered for Probate.</td>
</tr>
<tr>
<td><strong>Forms Always Required</strong></td>
<td>• Petition for Administration • Oath and Designation • Death Certificate • Copy of paid funeral bill or Waiver from funeral director • Self-addressed stamped envelope (if court requires)</td>
</tr>
<tr>
<td><strong>A-1</strong></td>
<td>1402</td>
</tr>
<tr>
<td>Comments and Court Notes (Continued)</td>
<td>Form Number</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Forms or Documents Sometimes Required</td>
<td>A-2</td>
</tr>
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<td></td>
<td>A-8</td>
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<tr>
<td></td>
<td>A-9</td>
</tr>
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<td></td>
<td>A-3</td>
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<td>A-4</td>
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<td>A-5</td>
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<td>A-7</td>
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<td></td>
<td>A-10</td>
</tr>
<tr>
<td></td>
<td>FT-1</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If the assets exceed $30,000 and one or more distributees refuse to consent that the Administrator serve without bond (or are unable to consent by reason of their being under disability) it may be necessary to obtain a fiduciary bond. See SCPA Article 8.

Proofs of Service of Citation must be filed with the Court at least two (2) working days before the return date.

Guardian Ad Litem will be appointed on or before the return date of process for all unknowns and persons under disability (SCPA §403).

Letters will not be delivered until Notice of Application (if required) and Mailing Affidavit are filed.

Review carefully instructions to paragraphs 6 and 7 of the Petition and be sure interested parties are listed in the correct places.

Documents signed by Power of Attorney (Provide certified copy of POA and comply with Section 13-2.3 EPTL and 207.48 Uniform Rules).

Check to be certain all documents are properly acknowledged.

This material is provided for informational/training purposes only. It is intended for use in conjunction with review of the applicable statutes and rules of the Surrogate’s Court and the Surrogate’s Court Operations Manual.
United States Estate (and Generation-Skipping Transfer) Tax Return

Deceased's first name and middle initial (and maiden name, if any)

City, town, or post office; county; state or province; country; and ZIP or foreign postal code

Date of death

Executor's address (number and street including apartment or suite no.; city, town, or post office; state or province; country; and ZIP or foreign postal code) and phone no.

If there are multiple executors, check here and attach a list showing the names, addresses, telephone numbers, and SSNs of the additional executors.

Name and location of court where will was probated or estate administered

Part 1 — Decedent and Executor

1. Total gross estate less exclusion (from Part 5 — Recapitulation, Item 13)
2. Tentative total allowable deductions (from Part 5 — Recapitulation, Item 24)
3a. Tentative taxable estate (subtract line 2 from line 1)
b. State death tax deduction
c. Taxable estate (subtract line 3b from line 3a)
4. Adjusted taxable gifts (see instructions)
5. Add lines 3c and 4
6. Tentative tax on the amount on line 5 from Table A in the instructions
7. Total gift tax paid or payable (see instructions)
8. Gross estate tax (subtract line 7 from line 6)
9a. Basic exclusion amount
9b. Deceased spouse's unused exclusion (DSUE) amount from predeceased spouse(s), if any (from Section D, Part 6 — Portability of Deceased Spousal Unused Exclusion)
c. Restored exclusion amount (see instructions)
d. Applicable exclusion amount (add lines 9a, 9b, and 9c)
e. Applicable credit amount (tentative tax on the amount in line 9d from Table A in the instructions)
10. Adjustment to applicable credit amount (May not exceed $6,000. See instructions.)
11. Allowable applicable credit amount (subtract line 10 from line 9e)
12. Subtract line 11 from line 8 (but do not enter less than zero)
13. Credit for foreign death taxes (from Schedule F) (Attach Form(s) 706-CE)
14. Credit for tax on prior transfers (from Schedule Q)
15. Total credits (add lines 13 and 14)
16. Net estate tax (subtract line 15 from line 12)
17. Generation-skipping transfer (GST) taxes payable (from Schedule R, Part 2, line 10)
18. Total transfer taxes (add lines 16 and 17)
19. Prior payments (explain in an attached statement)
20. Balance due (or overpayment) (subtract line 19 from line 18)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than the executor) is based on all information of which preparer has any knowledge.

Sign Here

Signature of executor

Date

Signature of executor

Date

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check □ if self-employed

PTIN

Firm's name ➤

Firm's EIN ➤

Firm's address ➤

Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 2054BR

Form 706 (Rev. 11-2016)
**Estate of:**

**Part 3—Elections by the Executor**

Note: For information on electing portability of the decedent's DSUE amount, including how to opt out of the election, see Part 6—Portability of Deceased Spousal Unused Exclusion.

Note: Some of the following elections may require the posting of bonds or liens.

<table>
<thead>
<tr>
<th>Please check &quot;Yes&quot; or &quot;No&quot; for each question. See instructions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you elect alternate valuation?</td>
</tr>
<tr>
<td>2. Do you elect special-use valuation? If &quot;Yes,&quot; you must complete and attach Schedule A-1</td>
</tr>
<tr>
<td>3. Do you elect to pay the taxes in installments as described in section 6166?</td>
</tr>
<tr>
<td>If &quot;Yes,&quot; you must attach the additional information described in the instructions.</td>
</tr>
<tr>
<td>Note: By electing section 6166 installment payments, you may be required to provide security for estate tax deferred under section 6166 and interest in the form of a surety bond or a section 5324A lien.</td>
</tr>
<tr>
<td>4. Do you elect to postpone the part of the taxes due to a reversionary or remainder interest as described in section 6167?</td>
</tr>
</tbody>
</table>

**Part 4—General Information**

Note: Please attach the necessary supplemental documents. You must attach the death certificate. See instructions.

Authorization to receive confidential tax information under Reg. section 601.504(b)(2)(d); to act as the estate's representative before the IRS; and to make written or oral presentations on behalf of the estate:

<table>
<thead>
<tr>
<th>Name of representative (print or type)</th>
<th>State</th>
<th>Address (number, street, and room or suite no., city, state, and ZIP code)</th>
</tr>
</thead>
</table>

I declare that I am [ ] attorney/ [ ] certified public accountant/ [ ] enrolled agent (check the applicable box) for the executor. I am not under suspension or disbarment from practice before the Internal Revenue Service and am qualified to practice in the state shown above.

<table>
<thead>
<tr>
<th>Signature</th>
<th>CAF number</th>
<th>Date</th>
<th>Telephone number</th>
</tr>
</thead>
</table>

1. Death certificate number and issuing authority (attach a copy of the death certificate to this return).

2. Decedent's business or occupation. If retired, check here [ ] and state decedent's former business or occupation.

3a. Marital status of the decedent at time of death:
   - [ ] Married
   - [ ] Widow/widower
   - [ ] Single
   - [ ] Legally separated
   - [ ] Divorced

3b. For all prior marriages, list the name and SSN of the former spouse, the date the marriage ended, and whether the marriage ended by annulment, divorce, or death. Attach additional statements of the same size if necessary.

4a. Surviving spouse's name

4b. Social security number

4c. Amount received (see instructions)

5. Individuals (other than the surviving spouse), trusts, or other estates who receive benefits from the estate (do not include charitable beneficiaries shown in Schedule O) (see instructions).

<table>
<thead>
<tr>
<th>Name of individual, trust, or estate receiving $5,000 or more</th>
<th>Identifying number</th>
<th>Relationship to decedent</th>
<th>Amount (see instructions)</th>
</tr>
</thead>
</table>

All unascertainable beneficiaries and those who receive less than $5,000

Total

If you answer "Yes" to any of the following questions, you must attach additional information as described.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Is the estate filing a protective claim for refund?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If &quot;Yes,&quot; complete and attach two copies of Schedule PC for each claim.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Does the gross estate contain any section 2044 property (qualified terminable interest property (QTI)) from a prior gift or estate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>See instructions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8a. Have federal gift tax returns ever been filed?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If &quot;Yes,&quot; attach copies of the returns, if available, and furnish the following information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Period(s) covered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Internal Revenue office(s) where filed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9a. Was there any insurance on the decedent's life that is not included on the return as part of the gross estate?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9b. Did the decedent own any insurance on the life of another that is not included in the gross estate?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Part 4—General Information (continued)

If you answer "Yes" to any of the following questions, you must attach additional information as described.

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Did the decedent at the time of death own any property as a joint tenant with right of survivorship in which (a) one or more of the other joint tenants was someone other than the decedent's spouse, and (b) less than the full value of the property is included on the return as part of the gross estate? If &quot;Yes,&quot; you must complete and attach Schedule E.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11a</td>
<td>Did the decedent, at the time of death, own any interest in a partnership (for example, a family limited partnership), an unincorporated business, or a limited liability company; or own any stock in an inactive or closely held corporation?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If &quot;Yes,&quot; was the value of any interest owned (from above) discounted on this estate tax return? If &quot;Yes,&quot; see the instructions on reporting the total accumulated or effective discounts taken on Schedule F or G.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Did the decedent make any transfer described in sections 2035, 2036, 2037, or 2038? See instructions. If &quot;Yes,&quot; you must complete and attach Schedule G.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13a</td>
<td>Were there in existence at the time of the decedent's death any trusts created by the decedent during his or her lifetime?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If &quot;Yes,&quot; provide the EIN for this trust or any individual trust(s).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Did the decedent ever possess, exercise, or release any general power of appointment? If &quot;Yes,&quot; you must complete and attach Schedule H.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Did the decedent have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Was the decedent, immediately before death, receiving an annuity described in the “General” paragraph of the instructions for Schedule I or a private annuity? If &quot;Yes,&quot; you must complete and attach Schedule I.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Was the decedent ever the beneficiary of a trust for which a deduction was claimed by the estate of a predeceased spouse under section 2056(b)(7) and which is not reported on this return? If &quot;Yes,&quot; attach an explanation.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part 5—Recapitulation. Note:

If estimating the value of one or more assets pursuant to the special rule of Reg. section 20.2010-2(a)(7)(ii), enter on both lines 10 and 23 the amount noted in the instructions for the corresponding range of values. See instructions for details.

<table>
<thead>
<tr>
<th>Item no.</th>
<th>Gross estate</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Schedule A—Real Estate</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Schedule B—Stocks and Bonds</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Schedule C—Mortgages, Notes, and Cash</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Schedule D—Insurance on the Decedent’s Life (attach Form 712)</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Schedule E—Jointly Owned Property (attach Form 712 for life insurance)</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Schedule F—Other Miscellaneous Property (attach Form 712 for life insurance)</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Schedule G—Transfers During Decedent's Life (att. Form 712 for life insurance)</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Schedule H—Powers of Appointment</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Schedule I—Annuities</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Estimated value of assets subject to the special rule of Reg. section 20.2010-2(a)(7)(ii)</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Total gross estate (add items 1 through 10)</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>Schedule U—Qualified Conservation Easement Exclusion</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>Total gross estate less exclusion (subtract Item 12 from Item 11). Enter here and on line 1 of Part 2—Tax Computation</td>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item no.</th>
<th>Deductions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Schedule J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>Schedule K—Debts of the Decedent</td>
<td>15</td>
</tr>
<tr>
<td>16</td>
<td>Schedule L—Mortgages and Liens</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>Total of Items 14 through 16</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>Allowable amount of deductions from Item 17 (see the instructions for Item 18 of the Recapitulation)</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>Schedule U—Net Losses During Administration</td>
<td>19</td>
</tr>
<tr>
<td>20</td>
<td>Schedule V—Expenses Incurred in Administering Property Not Subject to Claims</td>
<td>20</td>
</tr>
<tr>
<td>21</td>
<td>Schedule W—Bequests, etc., to Surviving Spouse</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>Schedule O—Charitable, Public, and Similar Gifts and Bequests</td>
<td>22</td>
</tr>
<tr>
<td>23</td>
<td>Estimated value of deductible assets subject to the special rule of Reg. section 20.2010-2(a)(7)(ii)</td>
<td>23</td>
</tr>
<tr>
<td>24</td>
<td>Tentative total allowable deductions (add items 18 through 23). Enter here and on line 2 of the Tax Computation</td>
<td>24</td>
</tr>
</tbody>
</table>
**Part 6—Portability of Deceased Spousal Unused Exclusion (DSUE)**

**Portability Election**
A decedent with a surviving spouse elects portability of the DSUE amount, if any, by completing and timely filing this return. No further action is required to elect portability of the DSUE amount to allow the surviving spouse to use the decedent’s DSUE amount.

**Section A. Opting Out of Portability**
The estate of a decedent with a surviving spouse may opt out of electing portability of the DSUE amount. Check here and do not complete Sections B and C of Part 6 if the estate opts NOT to elect portability of the DSUE amount. [ ]

**Section B. Qualified Domestic Trust (QDOT)**
Are any assets of the estate being transferred to a QDOT? [ ] Yes [ ] No

If “Yes,” the DSUE amount portable to a surviving spouse (calculated in Section C, below) is preliminary and shall be redetermined at the time of the final distribution or other taxable event imposing estate tax under section 2056A. See instructions for more details.

**Section C. DSUE Amount Portable to the Surviving Spouse** (To be completed by the estate of a decedent making a portability election.)

Complete the following calculation to determine the DSUE amount that can be transferred to the surviving spouse.

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Formula/Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enter the amount from line 9d, Part 2—Tax Computation</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>Reserved</td>
<td>B</td>
</tr>
<tr>
<td>3</td>
<td>Enter the value of the cumulative lifetime gifts on which tax was paid or payable. See instructions</td>
<td>C</td>
</tr>
<tr>
<td>4</td>
<td>Add lines 1 and 3</td>
<td>D</td>
</tr>
<tr>
<td>5</td>
<td>Enter amount from line 10, Part 2—Tax Computation</td>
<td>E</td>
</tr>
<tr>
<td>6</td>
<td>Divide amount on line 5 by 40% (0.40) (do not enter less than zero)</td>
<td>F</td>
</tr>
<tr>
<td>7</td>
<td>Subtract line 6 from line 4</td>
<td>G</td>
</tr>
<tr>
<td>8</td>
<td>Enter the amount from line 5, Part 2—Tax Computation</td>
<td>H</td>
</tr>
<tr>
<td>9</td>
<td>Subtract line 8 from line 7 (do not enter less than zero)</td>
<td>I</td>
</tr>
<tr>
<td>10</td>
<td>DSUE amount portable to surviving spouse (Enter lesser of line 9 or line 9a, Part 2—Tax Computation)</td>
<td>J</td>
</tr>
</tbody>
</table>

**Section D. DSUE Amount Received From Predeceased Spouse(s)** (To be completed by the estate of a deceased surviving spouse with DSUE amount from predeceased spouse(s))

Provide the following information to determine the DSUE amount received from deceased spouses.

<table>
<thead>
<tr>
<th>A</th>
<th>Name of Deceased Spouse (dates of death after December 31, 2010, only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Date of Death (enter as mm/dd/yy)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C</th>
<th>Portability Election Made?</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>If “Yes,” DSUE Amount Received From Spouse</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E</th>
<th>DSUE Amount Applied by Decedent to Lifetime Gifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Year of Form 709 Reporting Use of DSUE Amount Listed in col. E</td>
</tr>
<tr>
<td>G</td>
<td>Remaining DSUE Amount, if any (subtract col. E from col. D)</td>
</tr>
</tbody>
</table>

**Part 1 — DSUE RECEIVED FROM LAST DECEASED SPOUSE**

**Part 2 — DSUE RECEIVED FROM OTHER PREDECEASED SPOUSE(S) AND USED BY DECEDENT**

**Total (for all DSUE amounts from predeceased spouse(s) applied)**

Add the amount from Part 1, column D, and the total from Part 2, column E. Enter the result on line 9b, Part 2—Tax Computation.
**SCHEDULE A—Real Estate**

- For jointly owned property that must be disclosed on Schedule E, see instructions.
- Real estate that is part of a sole proprietorship should be shown on Schedule F.
- Real estate that is included in the gross estate under sections 2035, 2036, 2037, or 2038 should be shown on Schedule G.
- Real estate that is included in the gross estate under section 2041 should be shown on Schedule H.
- If you elect section 2032A valuation, you must complete Schedule A and Schedule A-1.

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total from continuation schedules or additional statements attached to this schedule |                          |
| TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 1.) |                          |

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE A-1—Section 2032A Valuation

Part 1. Type of Election (Before making an election, see the checklist in the instructions):
- Protective election (Reg. section 20.2032A-6(b)). Complete Part 2, line 1, and column A of lines 3 and 4. See instructions.
- Regular election. Complete all of Part 2 (including line 11, if applicable) and Part 3. See instructions.

Before completing Schedule A-1, see the instructions for the information and documents that must be included to make a valid election.

The election is not valid unless the agreement that is, Part 3. Agreement to Special Valuation Under Section 2032A:
- Is signed by each qualified heir with an interest in the specially valued property, and
- Is attached to this return when it is filed.

Part 2. Notice of Election (Reg. section 20.2032A-6(a)(3))

Note: All real property entered on lines 2 and 3 must also be entered on Schedules A, E, F, G, or H, as applicable.

1. Qualified use—check one □ Farm used for farming, or
   □ Trade or business other than farming

2. Real property used in a qualified use, passing to qualified heirs, and to be specially valued on this Form 706.

<table>
<thead>
<tr>
<th>Schedule and item number from Form 706</th>
<th>Full value (without section 2032A(b)(3)(B) adjustment)</th>
<th>Adjusted value (with section 2032A(b)(3)(B) adjustment)</th>
<th>Value based on qualified use (without section 2032A(b)(3)(B) adjustment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attach a legal description of all property listed on line 2.
Attach copies of appraisals showing the column B values for all property listed on line 2.

3. Real property used in a qualified use, passing to qualified heirs, but not specially valued on this Form 706.

<table>
<thead>
<tr>
<th>Schedule and item number from Form 706</th>
<th>Full value (without section 2032A(b)(3)(B) adjustment)</th>
<th>Adjusted value (with section 2032A(b)(3)(B) adjustment)</th>
<th>Value based on qualified use (without section 2032A(b)(3)(B) adjustment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you checked "Regular election," you must attach copies of appraisals showing the column B values for all property listed on line 3.
(continued on next page)
### Estate of:

Personal property used in a qualified use and passing to qualified heirs.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule and item number from Form 706</td>
<td>Adjusted value (with section 2032A(b)(3)(E) adjustment)</td>
</tr>
</tbody>
</table>

| A (continued) | B (continued) |
| Schedule and item number from Form 706 | Adjusted value (with section 2032A(b)(3)(E) adjustment) |

"Subtotal" from col. B, below left

Subtotal . . . . . . . . . .

Total adjusted value . . . .

---

5. Enter the value of the total gross estate as adjusted under section 2032A(b)(3)(A).

6. Attach a description of the method used to determine the special value based on qualified use.

7. Did the decedent and/or a member of his or her family own all property listed on line 2 for at least 5 of the 8 years immediately preceding the date of the decedent’s death?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Were there any periods during the 8-year period preceding the date of the decedent’s death during which the decedent or a member of his or her family:
   a. Did not own the property listed on line 2?
   b. Did not use the property listed on line 2 in a qualified use?
   c. Did not materially participate in the operation of the farm or other business within the meaning of section 2032A(e)(6)?

   If you answered "Yes" to any of the above, attach a statement listing the periods. If applicable, describe whether the exceptions of sections 2032A(b)(4) or (5) are met.

9. Attach affidavits describing the activities constituting material participation and the identity and relationship to the decedent of the material participants.

10. Persons holding interests. Enter the requested information for each party who received any interest in the specially valued property. (Each of the qualified heirs receiving an interest in the property must sign the agreement, to be found on Part 3 of this Schedule A-1, and the agreement must be filed with this return.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Identifying number</th>
<th>Relationship to decedent</th>
<th>Fair market value</th>
<th>Special-use value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You must attach a computation of the GST tax savings attributable to direct skips for each person listed above who is a skip person. See instructions.

Woodlands election. Check here [ ] if you wish to make a Woodlands election as described in section 2032A(e)(13). Enter the schedule and item numbers from Form 706 of the property for which you are making this election.

Attach a statement explaining why you are entitled to make this election. The IRS may issue regulations that require more information to substantiate this election. You will be notified by the IRS if you must supply further information.
Estate of:  

Part 3. Agreement to Special Valuation Under Section 2032A

There cannot be a valid election unless:
- The agreement is executed by each one of the qualified heirs, and
- The agreement is included with the estate tax return when the estate tax return is filed.

We (list all qualified heirs)

being all the qualified heirs and (list all other persons having an interest in the property required to sign this agreement)

being all other parties having interests in the property, which is qualified real property and which is valued under section 2032A, do hereby approve of the election made by
Executor/Administrator of the estate of
pursuant to section 2032A to value said property on the basis of the qualified use to which the property is devoted and do hereby enter into this agreement pursuant to section 2032A(d).

The undersigned agree and consent to the application of subsection (c) of section 2032A with respect to all the property described on
Form 706, Schedule A-1, Part 2, line 2, attached to this agreement. More specifically, the undersigned heirs expressly agree and consent to personal liability under subsection (c) of 2032A for the additional estate and GST taxes imposed by that subsection with respect to their respective interests in the above-described property in the event of certain early dispositions of the property or early cessation of the qualified use of the property. It is understood that if a qualified heir disposes of any interest in qualified real property to any member of his or her family, such member may thereafter be treated as the qualified heir with respect to such interest upon filing a Form 706-A, United States Additional Estate Tax Return, and a new agreement.

The undersigned interested parties who are not qualified heirs consent to the collection of any additional estate and GST taxes imposed under section 2032A(c) from the specially valued property.

If there is a disposition of any interest which passes, or has passed to him or her, or if there is a cessation of the qualified use of any specially valued property which passes or passed to him or her, each of the undersigned heirs agrees to file a Form 706-A, and pay any additional estate and GST taxes due within 6 months of the disposition or cessation.

It is understood by all interested parties that this agreement is a condition precedent to the election of special-use valuation under section 2032A and must be executed by every interested party even though that person may not have received the estate (or GST) tax benefits or be in possession of such property.

Each of the undersigned understands that by making this election, a lien will be created and recorded pursuant to section 6324B of the Code on the property referred to in this agreement for the adjusted tax differences with respect to the estate as defined in section 2032A(c)(2)(C).

As the interested parties, the undersigned designate the following individual as their agent for all dealings with the Internal Revenue Service concerning the continued qualification of the specially valued property under section 2032A and on all issues regarding the special lien under section 6324B. The agent is authorized to act for the parties with respect to all dealings with the Internal Revenue Service on matters affecting the qualified real property described earlier. This includes the authorization:

- To receive confidential information on all matters relating to continued qualification under section 2032A of the specially valued real property and on all matters relating to the special lien arising under section 6324B;
- To furnish the Internal Revenue Service with any requested information concerning the property;
- To notify the Internal Revenue Service of any disposition or cessation of qualified use of any part of the property;
- To receive, but not to endorse and collect, checks in payment of any refund of Internal Revenue taxes, penalties, or interest;
- To execute waivers (including offers of waivers) of restrictions on assessment or collection of deficiencies in tax and waivers of notice of disallowance of a claim for credit or refund; and
- To execute closing agreements under section 7121.

(continued on next page)
Part 3. Agreement to Special Valuation Under Section 2032A (continued)

• Other acts (specify) ▶

By signing this agreement, the agent agrees to provide the Internal Revenue Service with any requested information concerning this property and to notify the Internal Revenue Service of any disposition or cessation of the qualified use of any part of this property.

<table>
<thead>
<tr>
<th>Name of Agent</th>
<th>Signature</th>
<th>Address</th>
</tr>
</thead>
</table>

The property to which this agreement relates is listed in Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, and in the Notice of Election, along with its fair market value according to section 2031 and its special-use value according to section 2032A. The name, address, social security number, and interest (including the value) of each of the undersigned in this property are as set forth in the attached Notice of Election.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands at ___________________________,
this __________ day of __________.

SIGNATURES OF EACH OF THE QUALIFIED HEIRS:

<table>
<thead>
<tr>
<th>Signature of qualified heir</th>
<th>Signature of qualified heir</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature of qualified heir</td>
<td>Signature of qualified heir</td>
</tr>
<tr>
<td>Signature of qualified heir</td>
<td>Signature of qualified heir</td>
</tr>
<tr>
<td>Signature of qualified heir</td>
<td>Signature of qualified heir</td>
</tr>
<tr>
<td>Signature of qualified heir</td>
<td>Signature of qualified heir</td>
</tr>
<tr>
<td>Signature of qualified heir</td>
<td>Signature of qualified heir</td>
</tr>
</tbody>
</table>

Signatures of other interested parties

Signatures of other interested parties
Estate of:

SCHEDULE B—Stocks and Bonds

(For jointly owned property that must be disclosed on Schedule E, see instructions.)

Note: If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last four columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description, including face amount of bonds or number of shares and par value for identification. Give CUSIP number, if trust, partnership, or closely held entity, give EIN.</th>
<th>Unit value</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CUSIP number or EIN, where applicable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at Item 2.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
**SCHEDULE C—Mortgages, Notes, and Cash**

(For jointly owned property that must be disclosed on Schedule E, see instructions.)

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at Item 3.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE D—Insurance on the Decedent's Life

You must list all policies on the life of the decedent and attach a Form 712 for each policy.

Note: If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 4.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)


**SCHEDULE E—Jointly Owned Property**

(If you elect section 2032A valuation, you must complete Schedule E and Schedule A-1.)

**PART 1. Qualified Joint Interests—Interests Held by the Decedent and His or Her Spouse as the Only Joint Tenants (Section 2040(b)(2))**

Note: If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filled solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description. For securities, give CUSIP number. If trust, partnership, or closely held entity, give EIN.</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CUSIP number or EIN, where applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule

<table>
<thead>
<tr>
<th>1a</th>
<th>Totals</th>
<th>1a</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b</td>
<td>Amounts Included in gross estate (one-half of line 1a)</td>
<td>1b</td>
</tr>
</tbody>
</table>

**PART 2. All Other Joint Interests**

2a State the name and address of each surviving co-tenant. If there are more than three surviving co-tenants, list the additional co-tenants on an attached statement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address (number and street, city, state, and ZIP code)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item number</th>
<th>Enter letter for co-tenant</th>
<th>Description (including alternate valuation date, if any). For securities, give CUSIP number. If trust, partnership, or closely held entity, give EIN</th>
<th>Percentage includible</th>
<th>Inducible alternate value</th>
<th>Inducible value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>CUSIP number or EIN, where applicable</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule

<table>
<thead>
<tr>
<th>b</th>
<th>Total other joint interests</th>
<th>2b</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Total includible joint interests (add lines 1b and 2b). Also enter on Part 5—Recapitulation, page 3, at Item 5</td>
<td>3</td>
</tr>
</tbody>
</table>

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)

Schedule E—Page 13
Estate of:  

**SCHEDULE F—Other Miscellaneous Property Not Reportable Under Any Other Schedule**  
(For jointly owned property that must be disclosed on Schedule E, see instructions.)  
(If you elect section 2032A valuation, you must complete Schedule F and Schedule A-1.)

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description. For securities, give CUSIP number. If trust, partnership, or closely held entity, give EIN</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>CUSIP number or EIN, when applicable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

**TOTAL** (Also enter on Part 5—Recapitulation, page 3, at item 6.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE G—Transfers During Decedent’s Life

(If you elect section 2032A valuation, you must complete Schedule G and Schedule A-1.)

Note: If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description. For securities, give CUSIP number. If trust, partnership, or closely held entity, give EIN</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Gift tax paid or payable by the decedent or the estate for all gifts made by the decedent or his or her spouse within 3 years before the decedent’s death (section 2035(b))</td>
<td>X X X X X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Transfers includible under sections 2035(a), 2036, 2037, or 2038:

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 7.)

SCHEDULE H—Powers of Appointment

(Include “5 and 5 lapsing” powers (section 2041(b)(2)) held by the decedent.)

(If you elect section 2032A valuation, you must complete Schedule H and Schedule A-1.)

Note: If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 8.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE I—Annuities

**Note:** Generally, no exclusion is allowed for the estates of decedents dying after December 31, 1984. See instructions.

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entries in the last three columns.

A. Are you excluding from the decedent's gross estate the value of a lump-sum distribution described in section 2039(f)(2) (as in effect before its repeal by the Deficit Reduction Act of 1984)?

If "Yes," you must attach the information required by the instructions.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description. Show the entire value of the annuity before any exclusions</th>
<th>Alternate valuation date</th>
<th>Includible alternate value</th>
<th>Includible value at date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at Item 3.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)

Schedule I—Page 16
SCHEDULE J—Funeral Expenses and Expenses Incurred in Administering Property Subject to Claims

Use Schedule J to make a protective claim for refund due to an expense not currently deductible. For such a claim, report the expense on Schedule J but without a value in the last column.

**Note:** Do not list expenses of administering property not subject to claims on this schedule. To report those expenses, see instructions.

If executors' commissions, attorney fees, etc., are claimed and allowed as a deduction for estate tax purposes, they are not allowable as a deduction in computing the taxable income of the estate for federal income tax purposes. They are allowable as an income tax deduction on Form 1041, U.S. Income Tax Return for Estates and Trusts, if a waiver is filed to forgo the deduction on Form 706. See the instructions for Form 1041.

Are you aware of any actual or potential reimbursement to the estate for any expense claimed as a deduction on this schedule? \[\begin{array}{ll} \text{Yes} & \text{No} \end{array}\]

If “Yes,” attach a statement describing the expense(s) subject to potential reimbursement. See Instructions.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Expense amount</th>
<th>Total amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Funeral expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funeral expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **B. Administration expenses:** | |
| 1 Executors' commissions—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) | |
| 2 Attorney fees—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) | |
| 3 Accountant fees—amount estimated/agreed upon/paid. (Strike out the words that do not apply.) | |
| 4 Miscellaneous expenses: | |
| Total miscellaneous expenses from continuation schedules (or additional statements) attached to this schedule | |
| Total miscellaneous expenses | |

TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 14.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
### Schedule K—Debts of the Decedent, and Mortgages and Liens

- Use Schedule PC to make a protective claim for refund due to a claim not currently deductible.
- For such a claim, report the expense on Schedule K but without a value in the last column.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Debts of the Decedent—Creditor and nature of debt, and allowable death taxes</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Are you aware of any actual or potential reimbursement to the estate for any debt of the decedent, mortgage, or lien claimed as a deduction on this schedule?  
If "Yes," attach a statement describing the items subject to potential reimbursement. See instructions. 
Are any of the items on this schedule deductible under Reg. section 20.2053-4(b) and Reg. section 20.2053-4(c)?  
If "Yes," attach a statement indicating the applicable provision and documenting the value of the claim.

Total from continuation schedules (or additional statements) attached to this schedule.

**TOTAL** (Also enter on Part 5—Recapitulation, page 3, at item 15.)

<table>
<thead>
<tr>
<th>Item number</th>
<th>Mortgages and Liens—Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

**TOTAL** (Also enter on Part 5—Recapitulation, page 3, at item 16.)

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE L—Net Losses During Administration and Expenses Incurred in Administering Property Not Subject to Claims

Use Schedule PC to make a protective claim for refund due to an expense not currently deductible. For such expenses, report the expense on Schedule L but without a value in the last column.

<table>
<thead>
<tr>
<th>Item number</th>
<th>Net losses during administration</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>Expenses incurred in administering property not subject to claims. (Indicate whether estimated, agreed upon, or paid.)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

TOTAL (Also enter on Part 5—Recapitulation, page 3, at item 19.)
**SCHEDULE M—Bequests, etc., to Surviving Spouse**

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and the Form 706 is being filed solely to elect portability of the DSJE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entry in the last column.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Did any property pass to the surviving spouse as a result of a qualified disclaimer?</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2a</td>
<td>In what country was the surviving spouse born?</td>
<td></td>
<td>2a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>What is the surviving spouse’s date of birth?</td>
<td></td>
<td>b</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Is the surviving spouse a U.S. citizen?</td>
<td></td>
<td>c</td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>If the surviving spouse is a naturalized citizen, when did the surviving spouse acquire citizenship?</td>
<td></td>
<td>d</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>If the surviving spouse is not a U.S. citizen, of what country is the surviving spouse a citizen?</td>
<td></td>
<td>e</td>
<td></td>
</tr>
</tbody>
</table>

**Election Out of QTIP Treatment of Annuities.** Do you elect under section 2056(b)(7)(C)(ii) not to treat as qualified terminable interest property any joint and survivor annuities that are included in the gross estate and would otherwise be treated as qualified terminable interest property under section 2056(b)(7)(C)? See instructions

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description of property interests passing to surviving spouse. For securities, give CUSIP number. If trust, partnership, or closely held entity, give EIN</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>QTIP property:</strong></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>All other property:</strong></td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total from continuation schedules (or additional statements) attached to this schedule.

4 | Total amount of property interests listed on Schedule M | 4 |
5a | Federal estate taxes payable out of property interests listed on Schedule M | 5a |
5b | Other death taxes payable out of property interests listed on Schedule M | 5b |
5c | Federal and state GST taxes payable out of property interests listed on Schedule M | 5c |
5d | Add items 5a, 5b, and 5c | 5d |
6 | Net amount of property interests listed on Schedule M (subtract item 5d from item 4). Also enter on Part 5—Recapitulation, page 3, at item 21 | 6 |

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
**SCHEDULE O—Charitable, Public, and Similar Gifts and Bequests**

**Note:** If the value of the gross estate, together with the amount of adjusted taxable gifts, is less than the basic exclusion amount and Form 706 is being filed solely to elect portability of the DSUE amount, consideration should be given as to whether you are required to report the value of assets eligible for the marital or charitable deduction on this schedule. See the instructions for more information. If you are not required to report the value of an asset, identify the property but make no entry in the last column.

1a If the transfer was made by will, has any action been instituted to contest or have interpreted any of its provisions affecting the charitable deductions claimed in this schedule? 

   If “Yes,” full details must be submitted with this schedule.

1b According to the information and belief of the person or persons filing this return, is any such action planned?

   If “Yes,” full details must be submitted with this schedule.

2 Did any property pass to charity as the result of a qualified disclaimer?

   If “Yes,” attach a copy of the written disclaimer required by section 2518(b).

<table>
<thead>
<tr>
<th>Item number</th>
<th>Name and address of beneficiary</th>
<th>Character of institution</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>4a</td>
<td>Federal estate tax payable out of property interests listed above</td>
<td>4a</td>
<td></td>
</tr>
<tr>
<td>4b</td>
<td>Other death taxes payable out of property interests listed above</td>
<td>4b</td>
<td></td>
</tr>
<tr>
<td>4c</td>
<td>Federal and state GST taxes payable out of property interests listed above</td>
<td>4c</td>
<td></td>
</tr>
<tr>
<td>4d</td>
<td>Add items 4a, 4b, and 4c</td>
<td></td>
<td>4d</td>
</tr>
<tr>
<td>5</td>
<td>Net value of property interests listed above (subtract item 4d from item 3). Also enter on Part 5—Recapitulation, page 3, at item 22</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

(If more space is needed, attach the continuation schedule from the end of this package or additional statements of the same size.)
SCHEDULE P—Credit for Foreign Death Taxes

List all foreign countries to which death taxes have been paid and for which a credit is claimed on this return.

If a credit is claimed for death taxes paid to more than one foreign country, compute the credit for taxes paid to one country on this sheet and attach a separate copy of Schedule P for each of the other countries.

The credit computed on this sheet is for the ____________________________

(Name of death tax or taxes)

imposed in ____________________________

(Name of country)

Credit is computed under the ____________________________

(Inset title of treaty or statute)

Citizenship (nationality) of decedent at time of death

(All amounts and values must be entered in U.S. money.)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total of estate, inheritance, legacy, and succession taxes imposed in the country named above attributable to property situated in that country, subjected to these taxes, and included in the gross estate (as defined by statute)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Value of the gross estate (adjusted, if necessary, according to the instructions)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Value of property situated in that country, subjected to death taxes imposed in that country, and included in the gross estate (adjusted, if necessary, according to the instructions)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Tax imposed by section 2001 reduced by the total credits claimed under sections 2010 and 2012 (see instructions)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Amount of federal estate tax attributable to property specified at item 3. (Divide item 3 by item 2 and multiply the result by item 4.)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Credit for death taxes imposed in the country named above (the smaller of item 1 or item 5). Also enter on line 13 of Part 2—Tax Computation</td>
<td></td>
</tr>
</tbody>
</table>

SCHEDULE Q—Credit for Tax on Prior Transfers

Part 1. Transferor Information

<table>
<thead>
<tr>
<th>Name of transferor</th>
<th>Social security number</th>
<th>IRS office where estate tax return was filed</th>
<th>Date of death</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Check here ☐ if section 2013(b) (special valuation of farm, etc., real property) adjustments to the computation of the credit were made. See instructions.

Part 2. Computation of Credit (see instructions)

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Transferor</th>
<th>Total A, B, and C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transferee’s tax as apportioned (from worksheet, (line 7 + line 8) x line 35 for each column)</td>
<td>A B C</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Transferor’s tax (from each column of worksheet, line 20)</td>
<td>A B C</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Maximum amount before percentage requirement (for each column, enter amount from line 1 or line 2, whichever is smaller)</td>
<td>A B C</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Percentage allowed (each column) (see instructions)</td>
<td>% % %</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Credit allowable (line 3 x line 4 for each column)</td>
<td>A B C</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>TOTAL credit allowable (add columns A, B, and C of line 5). Enter here and on line 14 of Part 2—Tax Computation</td>
<td>A B C</td>
<td></td>
</tr>
</tbody>
</table>
**SCHEDULE R—Generation-Skipping Transfer Tax**

**Note:** To avoid application of the deemed allocation rules, Form 706 and Schedule R should be filed to allocate the GST exemption to trusts that may later have taxable terminations or distributions under section 2612 even if the form is not required to be filed to report estate or GST tax.

The GST tax is imposed on taxable transfers of interests in property located outside the United States as well as property located inside the United States. See instructions.

**Part 1. GST Exemption Reconciliation (Section 2631) and Special QTIP Election (Section 2652(a)(3))**

You no longer need to check a box to make a section 2652(a)(3) (special QTIP) election. If you list qualifying property in Part 1, line 9, below, you will be considered to have made this election. See instructions for details.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maximum allowable GST exemption</td>
</tr>
<tr>
<td>2</td>
<td>Total GST exemption allocated by the decedent against decedent's lifetime transfers</td>
</tr>
<tr>
<td>3</td>
<td>Total GST exemption allocated by the executor, using Form 709, against decedent's lifetime transfers</td>
</tr>
<tr>
<td>4</td>
<td>GST exemption allocated on line 6 of Schedule R, Part 2</td>
</tr>
<tr>
<td>5</td>
<td>GST exemption allocated on line 6 of Schedule R, Part 3</td>
</tr>
<tr>
<td>6</td>
<td>Total GST exemption allocated on line 4 of Schedule(s) R-1</td>
</tr>
<tr>
<td>7</td>
<td>Total GST exemption allocated to inter vivos transfers and direct skips (add lines 2-6)</td>
</tr>
<tr>
<td>8</td>
<td>GST exemption available to allocate to trusts and section 2032A interests (subtract line 7 from line 1)</td>
</tr>
<tr>
<td>9</td>
<td>Allocation of GST exemption to trusts (as defined for GST tax purposes):</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of trust</td>
<td>Trust's EIN (if any)</td>
<td>GST exemption allocated on lines 2-6 above (see instructions)</td>
<td>Additional GST exemption allocated (see instructions)</td>
<td>Trust's inclusion ratio (optional) (see instructions)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>9D</th>
<th>Total. May not exceed line 8 above</th>
</tr>
</thead>
</table>

**Schedule R—Page 23**
### Part 2. Direct Skips Where the Property Interests Transferred Bear the GST Tax on the Direct Skips

<table>
<thead>
<tr>
<th>Name of skip person</th>
<th>Description of property interest transferred</th>
<th>Estate tax value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Total estate tax values of all property interests listed above
2. Estate taxes, state death taxes, and other charges borne by the property interests listed above
3. GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 2 (see instructions)
4. Total fixed taxes and other charges (add lines 2 and 3)
5. Total tentative maximum direct skips (subtract line 4 from line 1)
6. GST exemption allocated
7. Subtract line 5 from line 5
8. GST tax due (divide line 7 by 3.5)
9. Enter the amount from line 8 of Schedule R, Part 3
10. **Total GST taxes payable by the estate** (add lines 8 and 9). Enter here and on line 17 of Part 2—Tax Computation
Part 3. Direct Skips Where the Property Interests Transferred Do Not Bear the GST Tax on the Direct Skips

<table>
<thead>
<tr>
<th>Name of skip person</th>
<th>Description of property interest transferred</th>
<th>Estate tax value</th>
</tr>
</thead>
</table>

1. Total estate tax values of all property interests listed above
2. Estate taxes, state death taxes, and other charges borne by the property interests listed above
3. GST taxes borne by the property interests listed above but imposed on direct skips other than those shown on this Part 3 (see instructions)
4. Total fixed taxes and other charges (add lines 2 and 3)
5. Total tentative maximum direct skips (subtract line 4 from line 1)
6. GST exemption allocated
7. Subtract line 6 from line 5
8. GST tax due (multiply line 7 by 0.40). Enter here and on Schedule R, Part 2, line 9

Schedule R—Page 25
### Generation-Skipping Transfer Tax

**Direct Skips From a Trust**

**Payment Voucher**

**Executor:** File one copy with Form 706 and send two copies to the fiduciary. Do not pay the tax shown. See instructions for details.

**Fiduciary:** See instructions for details. Pay the tax shown on line 6.

<table>
<thead>
<tr>
<th>Name of trust</th>
<th>Trust’s EIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name and title of fiduciary</td>
<td>Name of decedent</td>
</tr>
<tr>
<td>Address of fiduciary (number and street)</td>
<td>Decedent’s SSN</td>
</tr>
<tr>
<td>City, state, and ZIP or postal code</td>
<td>Service Center where Form 706 was filed</td>
</tr>
<tr>
<td>Address of executor (number and street)</td>
<td>Name of executor</td>
</tr>
<tr>
<td>City, state, and ZIP or postal code</td>
<td></td>
</tr>
<tr>
<td>Date of decedent’s death</td>
<td>Filing due date of Schedule R, Form 706 (with extensions)</td>
</tr>
</tbody>
</table>

#### Part 1. Computation of the GST Tax on the Direct Skip

<table>
<thead>
<tr>
<th>Description of property interests subject to the direct skip</th>
<th>Estate tax value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Total estate tax value of all property interests listed above</td>
<td>1</td>
</tr>
<tr>
<td>2 Estate taxes, state death taxes, and other charges borne by the property interests listed above</td>
<td>2</td>
</tr>
<tr>
<td>3 Tentative maximum direct skip from trust (subtract line 2 from line 1)</td>
<td>3</td>
</tr>
<tr>
<td>4 GST exemption allocated</td>
<td>4</td>
</tr>
<tr>
<td>5 Subtract line 4 from line 3</td>
<td>5</td>
</tr>
<tr>
<td>6 GST tax due from fiduciary (divide line 5 by 3.5). (See instructions if property will not bear the GST tax.)</td>
<td>6</td>
</tr>
</tbody>
</table>

Under penalties of perjury, I declare that I have examined this document, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

<table>
<thead>
<tr>
<th>Signature(s) of executor(s)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Signature of fiduciary or officer representing fiduciary</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Instructions for the Trustee

Introduction
Schedule R-1 (Form 706) serves as a payment voucher for the Generation-Skipping Transfer (GST) tax imposed on a direct skip from a trust, which you, the trustee of the trust, must pay. The executor completes the Schedule R-1 (Form 706) and gives you two copies. File one copy and keep one for your records.

How to pay
You can pay by check or money order or by electronic funds transfer.

To pay by check or money order:
- Make it payable to "United States Treasury."
- The amount of the check or money order should be the amount on line 6 of Schedule R-1.
- Write "GST Tax" and the trust’s EIN on the check or money order.

To pay by electronic funds transfer:
- Funds must be submitted through the Electronic Federal Tax Payment System (EFTPS).
- Establish an EFTPS account by visiting www.eftps.gov or calling 800-555-4477.
- To be considered timely, payments made through EFTPS must be completed no later than 8 p.m. Eastern time the day before the due date.

Signature
You must sign the Schedule R-1 in the space provided.

What to mail
Mail your check or money order, if applicable, and the copy of Schedule R-1 that you signed.

Where to mail
From January 1, 2019, through June 30, 2019, mail to the Department of the Treasury, Internal Revenue Service Center, Cincinnati, OH 45999. After June 30, 2019, mail to the Department of the Treasury, Internal Revenue Service Center, Kansas City, MO 64999.

When to pay
The GST tax is due and payable 9 months after the decedent’s date of death (shown on the Schedule R-1). You will owe interest on any GST tax not paid by that date.

Automatic extension
You have an automatic extension of time to file Schedule R-1 and pay the GST tax. The automatic extension allows you to file and pay by 2 months after the due date (with extensions) for filing the decedent’s Schedule R (shown on the Schedule R-1).

If you pay the GST tax under the automatic extension, you will be charged interest (but no penalties).

Additional information
For more information, see section 2603(a)(2) and the Instructions for Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return.
**SCHEDULE U—Qualified Conservation Easement Exclusion**

**Part 1. Election**

*Note:* The executor is deemed to have made the election under section 2031(c)(6) if he or she files Schedule U and excludes any qualifying conservation easements from the gross estate.

**Part 2. General Qualifications**

1. Describe the land subject to the qualified conservation easement. See instructions.

2. Did the decedent or a member of the decedent's family own the land described above during the 3-year period ending on the date of the decedent's death? [ ] Yes [ ] No

3. Describe the conservation easement with regard to which the exclusion is being claimed. See instructions.

**Part 3. Computation of Exclusion**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Estate tax value of the land subject to the qualified conservation easement (see instructions)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Date of death value of any easements granted prior to decedent’s death and included on line 10 below (see instructions)</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Add lines 4 and 5</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Value of retained development rights on the land (see instructions)</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Subtract line 7 from line 6</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Multiply line 8 by 30% (0.30)</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Value of qualified conservation easement for which the exclusion is being claimed (see instructions)</td>
<td>10</td>
</tr>
</tbody>
</table>

*Note:* If line 10 is less than line 9, continue with line 11. If line 10 is equal to or more than line 9, skip lines 11 through 13, enter "0.40" on line 14, and complete the schedule.

11   | Divide line 10 by line 8. Figure to 3 decimal places (for example, "0.123") | 11                                                                           |

*Note:* If line 11 is equal to or less than 0.100, stop here; the estate does not qualify for the conservation easement exclusion.

12   | Subtract line 11 from 0.300. Enter the answer in hundredths by rounding any thousandths up to the next higher hundredth (that is, 0.030 = 0.03, but 0.031 = 0.04) | 12                                                                           |

13   | Multiply line 12 by 2.0                                                      | 13                                                                           |

14   | Subtract line 13 from 0.40                                                   | 14                                                                           |

15   | Deduction under section 2055(f) for the conservation easement (see instructions) | 15                                                                           |

16   | Amount of indebtedness on the land (see instructions)                        | 16                                                                           |

17   | Total reductions in value (add lines 7, 15, and 16)                           | 17                                                                           |

18   | Net value of land (subtract line 17 from line 4)                             | 18                                                                           |

19   | Multiply line 18 by line 14                                                  | 19                                                                           |

20   | Enter the smaller of line 19 or the exclusion limitation. See instructions. Also enter this amount on item 12, Part 5—Reconciliation, page 3 | 20                                                                           |
Timely filing a protective claim for refund preserves the estate's right to claim a refund based on the amount of an unresolved claim or expense that may not become deductible under section 2053 until after the limitation period ends.

Schedule PC can be used to file a protective claim for refund and, once the claim or expense becomes deductible, Schedule PC can be used to notify the IRS that a refund is being claimed.

Schedule PC can be used by the estate of a decedent dying after 2011.

Schedule PC must be filed with Form 706 and cannot be filed separately. (To file a protective claim for refund or notify the IRS that a refund is being claimed in a form separate from the Form 706, instead use Form 843, Claim for Refund and Request for Abatement.)

Each separate claim or expense requires a separate Schedule PC (or Form 843, if not filed with Form 706).

Schedule PC must be filed in duplicate (two copies) for each separate claim or expense.

**Part 1. General Information**

1. Name of decedent
2. Decedent's social security no.
3. Name of fiduciary
4. Date of death

5a. Address (number, street, and room or suite no.)
5b. Room or suite no.

5c. City or town, state, and ZIP or postal code

6. Daytime telephone number

7. Number of Claims. Enter number of Schedules PC being filed with Form 706.

If the number is greater than one OR if another Schedule PC or Form 843 was previously filed by or on behalf of the estate, complete Part 3 of this Schedule PC.

8. Fiduciary

- [ ] Check here if this Schedule PC is being filed with the original Form 706 or is being filed by the same fiduciary who filed the original Form 706 for decedent's estate. If a different fiduciary is filing this Schedule PC, see instructions for establishing the legal authority to pursue the claim for refund on behalf of the estate.

**Part 2. Claim Information**

Check the box that applies to this claim for refund.

- [ ] Protective claim for refund made for unresolved claim or expense.

  Amount in contest: ____________

- [ ] Partial refund claimed: partial resolution and/or satisfaction of claim or expense for which a protective claim for refund has been filed previously.

  Date protective claim for refund filed for this claim or expense: ____________

  Amount of claim or expense partially resolved and/or satisfied and presently claimed as a deduction under section 2053 (do not include amounts previously deducted): ____________

- [ ] Full and final refund claimed for this claim or expense: resolution and/or satisfaction of claim or expense for which a protective claim for refund has been filed previously.

  Date protective claim for refund filed for this claim or expense: ____________

  Amount of claim or expense finally resolved and/or satisfied and presently claimed as a deduction under section 2053 (do not include amounts previously deducted): ____________
## Part 3. Other Schedules PC and Forms 843 Filed by Estate

If a Schedule PC or Form 843 was previously filed by the estate, complete Part 3 to identify each claim for refund reported.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of death</td>
<td>Internal Revenue office where filed</td>
<td>Date filed</td>
<td>Indicate whether (1) Protective Claim for Refund, (2) Partial Claim for Refund, or (3) Full and Final Claim for Refund</td>
<td>Amount in Contest</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To inquire about the receipt and/or processing of the protective claim for refund, please call 866-696-4083.
## CONTINUATION SCHEDULE

**Continuation of Schedule**

(Enter letter of schedule you are continuing.)

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description. For securities, give CUSIP number. If trust, partnership, or closely held entity, give B1N.</th>
<th>Unit value (Sch. B, E, or G only)</th>
<th>Alternate valuation date</th>
<th>Alternate value</th>
<th>Value at date of death or amount deductible</th>
</tr>
</thead>
</table>

**TOTAL** (Carry forward to main schedule.)

Continuation Schedule—Page 31
New York State Estate Tax Return ET-706
(4/17)

For an estate of an individual who died on or after April 1, 2017, and on or before December 31, 2018

Amended return □
Federal audit changes □

<table>
<thead>
<tr>
<th>Decedent's last name</th>
<th>First name</th>
<th>Middle initial</th>
<th>Social security number (SSN)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Address of decedent at time of death (number and street)

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>ZIP code</th>
<th>County of residence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If the decedent was a nonresident of New York State (NYS) on the date of death, mark an X in the box and attach a completed Form ET-141, New York State Estate Tax Domicile Affidavit.

Employer identification number (EIN) of the estate
Name and EIN of any trusts created or funded by the will

Executor – If you are submitting Letters Testamentary or Letters of Administration with this form, indicate in the box the type of letters. Enter L if regular, LL if limited letters. If you are not submitting letters with this form, enter N.

Surrogate's court – If a proceeding for probate or administration has commenced in a surrogate's court in NYS, enter county.

Attorney's or authorized representative's last name
First name MI
In care of (firm's name)
If more than one executor, mark an X in the box (see instr.)
E-mail address of executor

Address of attorney or authorized representative
Address of executor

City
State
ZIP code

PTIN or SSN of attorney or authorized rep.
Telephone number
Social security number of executor
Telephone number

If the decedent possessed a cause of action or was a plaintiff in any litigation at the time of death, mark an X in the box and complete Schedule F (see Form ET-706-I, Instructions for Form ET-706).

Installment payments of tax for closely held business – Do you elect to pay the tax in installments as described in IRC section 6166 (NYS Tax Law section 997)? If Yes, attach Form ET-415 (see Form ET-706-I). If releases of lien are needed, attach Form(s) ET-117 (see Form ET-706-I) and enter the number of counties here...

1. Is a federal estate tax return (either federal Form 706 or 706-NA) required to be filed with the IRS (see Form ET-706-I)?
   Yes □ No □
   Note: You must submit a completed federal estate tax return with this return, even when you are not required to file with the federal Internal Revenue Service.

2. Is there any QTIP property listed on federal Form 706, Schedule M, section A1?
   Yes □ No □
   If Yes, provide the social security number of the surviving spouse

Tax computation

1. Taxable estate for New York State (from Schedule A, Part 1, line 17, or Part 2, line 31)...
2. New York State estate tax (from tax table on page 6)... 1.
3. Applicable credit (see instructions) 2.
4. Tax after credit (subtract line 3 from line 2)...
5. Net prior tax payments to New York State (attach a Schedule of dates and amounts; see instructions)...
6. If line 5 is less than line 4, subtract line 5 from line 4. This is the amount you owe...
7. If line 5 is greater than line 4, subtract line 4 from line 5. This is the amount to be refunded to you...

If an attorney or authorized representative is listed above, he or she must complete the following declaration.

I declare that I have agreed to represent the executor(s) for the above estate, that I am authorized to receive tax information regarding the estate, and I am (mark an X in all that apply): an attorney □ a certified public accountant □ an enrolled agent □ a public accountant enrolled with the NYS Education Department

Signature of attorney or authorized representative
Date
E-mail address of attorney

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Furthermore, I, we, as executor(s) for this estate, authorize the person, if any, named as my/our representative on this return to receive confidential tax information regarding this estate.

Signature of executor
Date
Signature of co-executor
Date

Print name of preparer other than executor
Signature of preparer other than executor
Preparer's PTIN or SSN
Preparer's NYTTPRIN

Address of preparer:
City State ZIP code Date E-mail address of preparer

76
**Schedule A – Computation of New York State taxable estate**

### Part 1 – Resident

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Amount from federal Form 706, page 3, part 5, line 13</td>
<td>8.</td>
</tr>
<tr>
<td>9</td>
<td>Property with a location outside New York State (from Schedule B)</td>
<td>9.</td>
</tr>
<tr>
<td>10</td>
<td>Subtotal (subtract line 9 from line 8)</td>
<td>10.</td>
</tr>
<tr>
<td>11</td>
<td>Amount determined under section 957 (relating to Powers of Appointment prior to 1930)</td>
<td>11.</td>
</tr>
<tr>
<td>12</td>
<td>Taxable gifts (from Schedule D)</td>
<td>12.</td>
</tr>
<tr>
<td>13</td>
<td>Total gross estate for New York State (add lines 10, 11, and 12)</td>
<td>13.</td>
</tr>
<tr>
<td>14</td>
<td>Total allowable federal deductions (from federal Form 706, page 3, part 5, line 24)</td>
<td>14.</td>
</tr>
<tr>
<td>15</td>
<td>Federal deductions not allowed for New York State purposes (from Schedule E, line 48)</td>
<td>15.</td>
</tr>
<tr>
<td>16</td>
<td>Allowable federal deductions for NYS purposes (subtract line 15 from line 14)</td>
<td>16.</td>
</tr>
<tr>
<td>17</td>
<td>Taxable estate for New York State (subtract line 16 from 13)</td>
<td>17.</td>
</tr>
</tbody>
</table>

### Part 2 – Nonresident

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Amount from federal Form 706, page 3, part 5, line 13; or Form 706-NA, page 2, Schedule B, line 1</td>
<td>18.</td>
</tr>
<tr>
<td>19</td>
<td>Property with a location outside New York State (from Schedule B)</td>
<td>19.</td>
</tr>
<tr>
<td>20</td>
<td>Intangible property included in line 18 amount</td>
<td>20.</td>
</tr>
<tr>
<td>21</td>
<td>Non-taxable estate for New York purposes (add lines 19 and 20)</td>
<td>21.</td>
</tr>
<tr>
<td>22</td>
<td>Amount of federal gross estate subject to New York State estate taxes (subtract line 21 from line 18)</td>
<td>22.</td>
</tr>
<tr>
<td>23</td>
<td>Amount determined under section 957 (relating to Powers of Appointment prior to 1930)</td>
<td>23.</td>
</tr>
<tr>
<td>24</td>
<td>Taxable gifts (from Schedule D)</td>
<td>24.</td>
</tr>
<tr>
<td>25</td>
<td>Total gross estate for New York State (add lines 22, 23, and 24)</td>
<td>25.</td>
</tr>
<tr>
<td>26</td>
<td>Total allowable federal deductions (from federal Form 706, page 3, part 5, line 24; or Form 706-NA, page 2, Schedule B, line 8)</td>
<td>26.</td>
</tr>
<tr>
<td>27</td>
<td>Federal deductions not allowed for New York State purposes (from Schedule E, line 65)</td>
<td>27.</td>
</tr>
<tr>
<td>28</td>
<td>Allowable federal deductions for NYS purposes (subtract line 27 from line 26)</td>
<td>28.</td>
</tr>
<tr>
<td>29</td>
<td>Tentative New York State taxable estate (subtract line 28 from line 25)</td>
<td>29.</td>
</tr>
<tr>
<td>30</td>
<td>Works of art on loan in New York State</td>
<td>30.</td>
</tr>
<tr>
<td>31</td>
<td>Taxable estate for New York State (subtract line 30 from line 29)</td>
<td>31.</td>
</tr>
</tbody>
</table>

### Schedule B – Property located outside New York State

List below each item of real and tangible personal property located outside New York State that it is included in the federal gross estate. Include the item number, the schedule of federal Form 706 or 706-NA on which it was reported, and the reported value of the property. *(Submit additional sheets if necessary; see instructions)*

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
</table>

**Total amounts from all additional sheets**

**Total value of property located outside New York State (include totals from all additional sheets). Enter here and on Schedule A, line 9 or 19.**
**Schedule C – New York property of a nonresident individual**

List below each item of real and tangible personal property located within New York State. Include the item number, the schedule of federal Form 706 or 706-NA on which it was reported, and the reported value of the property. *(Submit additional sheets if necessary; see instructions)*

<table>
<thead>
<tr>
<th>Item number</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total amounts from all additional sheets .................................................................

Total value of New York property of nonresident individual *(include totals from all additional sheets)*........................................

**Schedule D – Taxable gifts**

List below all taxable gifts under section 2503 of the Internal Revenue Code made during the three-year period ending on the individual's date of death that were not otherwise included in the federal gross estate. Taxable gifts would not include any gift of real or tangible personal property located outside New York State, any gift made when the individual was not a resident of New York State, or any gift made prior to April 1, 2014. *(Submit additional sheets if necessary; see instructions.)*

<table>
<thead>
<tr>
<th>Date gift made</th>
<th>Description of property gifted <em>(including location)</em></th>
<th>Taxable amount of gift</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Total amounts from all additional sheets .................................................................

Total taxable amount of gifts *(include totals from all additional sheets)*. Enter here and on Schedule A, line 12 or 24. ...................
## Schedule E – Computation of allowable New York State deductions

### Part 1 – Resident

<table>
<thead>
<tr>
<th>Description of allowable federal deductions</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule J – funeral expenses and expenses incurred in administering property subject to claims</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Schedule K – debts of the decedent</td>
<td></td>
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</tr>
<tr>
<td>Schedule K – mortgages and liens</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add lines 32 through 34</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowable amount of deductions from line 35 above</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule L – net losses during administration</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Schedule L – expenses incurred in administering property not subject to claims</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Schedule M – bequests, etc., to surviving spouse</td>
<td></td>
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</tr>
<tr>
<td>Schedule O – charitable, public, and similar gifts and bequests</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total (add lines 36 through 40)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* If you have an amount entered in column C, attach a statement indicating the item number of the property listed on Schedule B that the deduction is directly related to if the location of the deduction is not clearly labeled on federal Schedules J through O.

| Property outside New York State (from Schedule A, Part 1, line 9) | 42 |
| Federal gross estate (from Schedule A, Part 1, line 8) | 43 |
| Allocation percentage (divide line 42 by line 43; enter the percent as a decimal rounded to four places) | 44 |
| Deductions not directly related to property inside or outside New York State or intangible personal property (from column D, line 41) | 45 |
| Deductions allocated to property outside New York State (multiply line 44 and line 45) | 46 |
| Deductions directly related to property outside New York State (from column C, line 41) | 47 |
| Federal deductions not allowed for New York State purposes (add lines 46 and 47; also enter on Schedule A, Part 1, line 15) | 48 |
Schedule E – Computation of allowable New York State deductions (continued)
Part 2 – Nonresident

<table>
<thead>
<tr>
<th>Description of allowable federal deductions</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Description of allowable federal deductions</td>
<td>Total on federal return</td>
<td>Deductions directly related to property inside New York State</td>
<td>Deductions directly related to property outside New York State or intangible personal property*</td>
</tr>
<tr>
<td>49</td>
<td>Schedule J – funeral expenses and expenses incurred in administering property subject to claims</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>Schedule K – debts of the decedent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>Schedule K – mortgages and liens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>Add lines 49 through 51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>Allowable amount of deductions from line 52 above</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>Schedule L – net losses during administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>Schedule L – expenses incurred in administering property not subject to claims</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>56</td>
<td>Schedule M – bequests, etc., to surviving spouse</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>Schedule O – charitable, public, and similar gifts and bequests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>58</td>
<td>Total (add lines 53 through 57)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* If you have an amount entered in column C, attach a statement indicating the item number of the property listed on Schedule B that the deduction is directly related to if the location of the deduction is not clearly labeled on federal Schedules J through O.

59 Property outside New York State and intangible personal property (from Schedule A, Part 2, line 21) ............................................................... 59.
60 Federal gross estate (from Schedule A, Part 2, line 18) ................................................................................................................................. 60.
61 Allocation percentage (divide line 59 by line 60; enter the percent as a decimal rounded to four places) .......................................................... 61.
62 Deductions not directly related to property inside or outside New York State or intangible personal property (from column D, line 58) ............................................................... 62.
63 Deductions allocated to property outside New York State and intangible personal property (multiply line 61 and line 62) ............................................................... 63.
64 Deductions directly related to property outside New York State and intangible personal property (from column C, line 58) ............................................................... 64.
65 Federal deductions not allowed for New York State purposes (add lines 63 and 64; also enter on Schedule A, Part 2, line 27) ............................................................... 65.
Schedule F – Description of litigation or cause of action

In the area provided below, describe any litigation in which the decedent was a plaintiff or litigation that is pending or contemplated on behalf of the decedent. Include the actual or estimated values of such litigation (see Litigation information in instructions).

<table>
<thead>
<tr>
<th>Over</th>
<th>If the New York taxable estate is:</th>
<th>But not over</th>
<th>The tax is:</th>
<th>3.06% of taxable estate of the excess over</th>
<th>$ 500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0</td>
<td>500,000</td>
<td>$ 1,000,000</td>
<td>$ 15,300</td>
<td>plus</td>
<td>5.0%</td>
</tr>
<tr>
<td>1,000,000</td>
<td></td>
<td>1,500,000</td>
<td>40,300</td>
<td>plus</td>
<td>5.5%</td>
</tr>
<tr>
<td>1,500,000</td>
<td></td>
<td>2,100,000</td>
<td>67,800</td>
<td>plus</td>
<td>6.5%</td>
</tr>
<tr>
<td>2,100,000</td>
<td></td>
<td>2,600,000</td>
<td>106,800</td>
<td>plus</td>
<td>8.0%</td>
</tr>
<tr>
<td>2,600,000</td>
<td></td>
<td>3,100,000</td>
<td>148,800</td>
<td>plus</td>
<td>8.8%</td>
</tr>
<tr>
<td>3,100,000</td>
<td></td>
<td>3,600,000</td>
<td>190,800</td>
<td>plus</td>
<td>9.6%</td>
</tr>
<tr>
<td>3,600,000</td>
<td></td>
<td>4,100,000</td>
<td>238,800</td>
<td>plus</td>
<td>10.4%</td>
</tr>
<tr>
<td>4,100,000</td>
<td></td>
<td>5,100,000</td>
<td>280,800</td>
<td>plus</td>
<td>11.2%</td>
</tr>
<tr>
<td>5,100,000</td>
<td></td>
<td>6,100,000</td>
<td>402,800</td>
<td>plus</td>
<td>12.0%</td>
</tr>
<tr>
<td>6,100,000</td>
<td></td>
<td>7,100,000</td>
<td>522,800</td>
<td>plus</td>
<td>12.8%</td>
</tr>
<tr>
<td>7,100,000</td>
<td></td>
<td>8,100,000</td>
<td>650,800</td>
<td>plus</td>
<td>13.6%</td>
</tr>
<tr>
<td>8,100,000</td>
<td></td>
<td>9,100,000</td>
<td>786,800</td>
<td>plus</td>
<td>14.4%</td>
</tr>
<tr>
<td>9,100,000</td>
<td></td>
<td>10,100,000</td>
<td>930,800</td>
<td>plus</td>
<td>15.2%</td>
</tr>
<tr>
<td>10,100,000</td>
<td></td>
<td></td>
<td>1,082,800</td>
<td>plus</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

This return must be filed within nine months after the date of death unless an extension of time to file the return has been granted.

Mail your return and payment (if any) to:

NYS ESTATE TAX
PROCESSING CENTER
PO BOX 16167
ALBANY NY 12212-5167

If not using U.S. Mail, see Publication 55, Designated Private Delivery Services.

Reminders: Sign the front page of this return. If there is an amount due on line 6, make check payable in U.S. funds to Commissioner of Taxation and Finance. Attach a completed copy of the federal estate tax return along with any accompanying schedules and supplementary information.
ESTATE OF

NEW YORK, NEW YORK

APPRaised INVENTORY

OF

HOUSEHOLD FURNISHINGS, ETC.

AS OF

SEPTEMBER 7, 2016
STATE OF NEW YORK  

COUNTY OF NEW YORK  

JOANNE PORRINO MOURNET the undersigned, is Executive Vice President of DOELE, with offices at 175 East 87th Street, Borough of Manhattan, City of New York. She has been engaged in the appraisal business for more than twenty-seven years.

This is an estate tax appraisal made at the request of the Executors of THE ESTATE OF MARY SMITH. The undersigned has caused the following appraisers to examine and appraise the property described as belonging to THE ESTATE OF MARY SMITH as of September 7, 2016 (the “Valuation Date”):

TODD SELL (Silver, Furniture and Decorative Arts), who has been in the appraisal business for more than twenty years. Mr. Sell’s qualifications are described in the attached resume.

PETER R. COSTANZO (Rare Books and Manuscripts), who has been in the appraisal business for more than ten years. Mr. Costanzo’s qualifications are described in the attached resume. Mr. Costanzo determined value from notes and photographs.

ELAINE B. STAINTON (Paintings and Drawings), who has been in the appraisal business for more than thirty-seven years. Dr. Stainton’s qualifications are described in the attached resume. Dr. Stainton determined value from photographs.

CYNTHIA KLEIN (Old Master, Modern and Contemporary Prints), who has been in the appraisal business for more than twenty-three years. Ms. Klein’s qualifications are described in the attached resume. Ms. Klein determined value from photographs.

MARK TOPALIAN (Consultant Appraiser, Rugs and Carpets), who has been in the appraisal business for more than seventeen years. Mr. Topalian’s qualifications are described in the attached resume. Mr. Topalian determined value from photographs.

NORMAN SCRIVENER (Consultant Appraiser, Stamps and Coins), who has been in the appraisal business for more than fifty years. Mr. Scrivener’s qualifications are described in the attached resume. Mr. Scrivener determined value from photographs.
KEVIN ZAVIAN (Consultant Appraiser, Jewelry), who has been in the appraisal business for more than thirty-four years. Mr. Zavian’s qualifications are described in the attached resume. Mr. Zavian determined value from photographs.

MARTHA GARCIA (Jewelry), who has been in the appraisal business for more than six years. Mrs. Garcia’s qualifications are described in the attached resume. Ms. Garcia determined value from photographs.

The appraisal property described in detail in the attached estate tax appraisal has been appraised taking into account any restrictions, understandings, or covenants limiting the use or disposition of the property. In addition, we have considered the applicability of blockage discount and determined that it did not apply.

The factors upon which the appraisal was based include comparable sales, the economic state of the art market at the time of the valuation, the record of any exhibitions at which the property had been displayed, and the standing of the artists in their profession and in their particular school or time period.

This affidavit is subject to the attached assumptions and conditions.

The undersigned believes that the fair market value of the property is $19,450. This fair market value appraisal expresses the opinion of Doyle as to the amount a willing buyer would pay a willing seller, neither being under compulsion to buy or sell and both having reasonable knowledge of all relevant facts.

I swear that the information contained in this appraisal is true and accurate to the best of my knowledge and belief.

Joanne Porrino Mournet  
Executive Vice President

Sworn to before me this 28th day of June, 2017

Alison B. Robinson  
Notary Public

Notary Public, State of New York  
No. 01RO6284711  
Qualified in New York County  
Commission Expires June 24, 2021
For the purpose of this appraisal it is assumed:

- That the title to the property is legally sufficient;
- That there are no encumbrances or defects of title; and
- That the property is free and clear of all liens.

The appraisal is made subject to the following conditions:

- That no liability is assumed because of any inaccuracies or errors in the appraisal or opinion.
- The appraiser herein by reason of this appraisal is not required to give testimony in court with reference to the subject property unless otherwise previously arranged.
- Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone other than the client, without the prior written consent of the appraiser.
- This appraisal was made for the purpose stated and should not be used for any other purpose.
- Each finding, prediction, assumption, or conclusion contained in the appraisal report is the appraiser's opinion and is not an assurance that an event will or will not occur or that the appraisal amount could be achieved.
- We assume that there are no conditions relating to the item appraised which would affect the appraiser's analysis, opinion or conclusion that are not apparent.
- The client agrees that this appraisal report will not be quoted or referred to in any report or financial statement of the client. Neither all nor any part of the contents of the appraisal report shall be disseminated to the public through advertising media, public relations media, news media, sales media, or other public means of communication without the prior written consent of the appraiser.
- All measurements are approximate.
- Unless otherwise noted, framed objects have been examined in their frames.
- The fee charged for this appraisal is based on the time spent in examination and research and bears no relation to the values assigned.
<table>
<thead>
<tr>
<th>Room</th>
<th>Page No.</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENTRY</td>
<td>1-3</td>
<td>$3,320</td>
</tr>
<tr>
<td>LIVING ROOM</td>
<td>4-7</td>
<td>$4,750</td>
</tr>
<tr>
<td>DINING ROOM</td>
<td>7-10</td>
<td>$8,135</td>
</tr>
<tr>
<td>KITCHEN</td>
<td>10</td>
<td>$100</td>
</tr>
<tr>
<td>LIBRARY</td>
<td>10-11</td>
<td>$665</td>
</tr>
<tr>
<td>MASTER BEDROOM</td>
<td>11-12</td>
<td>$850</td>
</tr>
<tr>
<td>COINS, STAMPS, ETC.</td>
<td>13</td>
<td>$1,330</td>
</tr>
<tr>
<td>JEWELRY</td>
<td>13</td>
<td>$300</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$19,450</strong></td>
</tr>
</tbody>
</table>
ENTRY

1  Pair of Edwardian Inlaid Rosewood Mahogany Side Chairs
   Early 20th century
   Each shield back with a backsplat decorated with a medallion and tied husks.  
   $150

2  Italian Neoclassical Style Part Ebonized Walnut Commodino
   The rectangular top above a long drawer, over two drawers flanked by engaged columns, raised on square tapering legs. Height 29 1/2 inches, width 27 1/2 inches.  
   $275

3  Fruitwood Bedside Cabinet
   With a three-quarter galleried rectangular top above a fall front with faux book spines. Height 25 1/2 inches, width 20 inches.  
   $75

4  Continental Neoclassical Style Part Ebonized Mahogany Console
   The rectangular top above two frieze drawers, raised on columnar supports continuing to a shaped base. Height 31 1/4 inches, width 39 inches.  
   $300

5  Pair of Fruitwood Cabinets
   Each upper section with a rectangular top above an open shelf, over a pair of doors; the lower section with an open shelf and a pair of doors. Height 6 feet 5 inches, width 36 inches.  
   $200

6  Neoclassical Style Gilt and Part Ebonized Wood Mirror
   The rectangular mirror plate within a frame flanked by fluted columns. Height 38 inches, width 22 inches.  
   $150

7  Inuit Soapstone Carving
   Depicting a fisherman with a seal. Height 6 1/2 inches, width 9 inches; Together with Two Small Inuit Soapstone Carvings. Heights 2 1/2 inches, width 3 1/2 inches.  
   $200
APPRAISAL OF

LOCATED AT:
New York

FOR:
Dunning, Bartholow & Miller LLP
250 Park Avenue Suite 1103
New York, NY 10177

BORROWER:
[Blank]

AS OF:
September 7, 2016

BY:
Ralph Cardino
EISENOFF APPRAISERS
## Individual Cooperative Interest Appraisal Report

The purpose of this summary appraisal report is to provide the Landlord with an accurate, and adequately supported, opinion of the market value of the subject property.

### Property Address:
- **Building:** 10A
- **Street:** New York
- **City:** New York
- **State:** NY
- **Zip Code:** 10028

### Borrower:
- **Name:**
- **Address:**

### Lender:
- **Name:**
- **Address:**

### Appraisal Report:
- **Date:** 12/15
- **Prepared By:**
- **Approved By:**

### Market Conditions:
- Market conditions are stable, and there is adequate available financing.
- **Interest rates are somewhat stable, and there is adequate available financing.**

### Neighborhood Characteristics:

<table>
<thead>
<tr>
<th>Location</th>
<th>Property Value</th>
<th>Cooperative Housing Trends</th>
<th>Cooperative Housing</th>
<th>Present Land Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Utilities:
- **Water:** Public
- **Sewer:** Public

### Zoning:
- **Residential:** General Residential Dist.
- **Zoning:**
- **Area:**

### View Average:
- **View:**

### Offsite Improvements:
- **Type:**
- **Public:**
- **Private:**

### Car Storage:
- **Type of Parking Garage:**

### Project Description:
- **Year Built:**
- **Window Type:**
- **Aluminum Slide:**

### Cooperative Project:
- **Management:**
- **Type:**
- **Purpose:**
- **Conversion:**

### Project Information:
- **Project Name:**
- **Status:**
- **Other Information:**

### Description of Project:
- **Amenities:**
- **Doorman:**

### Condition of Project:
- **Quality of Construction:**
- **Appeal:**

### Project Amenities:
- **Special Features:**

### Financial Information:
- **Contract Price:**
- **Cash Offer:**
- **Interest:**

### Appraisal Summary:
- **Effective Date:**
- **Data Source:**

### Analysis:
- **Analysis:**
- **Reason for Analysis:**

### Market Analysis:
- **Market Conditions:**
- **Interest Rates:**

### Conclusion:
- **Conclusion:**
- **Recommendations:**

### Additional:
- **Special Observations:**

---

*Note: The image contains multiple sections and tables, each detailing various aspects of the cooperative interest appraisal report. The text is extracted and organized accordingly to present a coherent representation.*
### Individual Cooperative Interest Appraisal Report

**Is there any information known to the appraiser about the project that could make its marketability different from other properties in its market area?**  
[ ] Yes  [ ] No  [ ] If Yes, describe

**Does the project generally conform to the neighborhood style, condition, quality of construction, amenities, appeal in market, etc.?**  
[ ] Yes  [ ] No  [ ] If No, describe

**Utilities included in unit charge:**  
[ ] Water  [ ] Gas  [ ] Electric  [ ] Telephone  [ ] Cable  [ ] Other (describe)

**Is it typical to have these utilities included in the unit charge for projects in the market area?**  
[ ] Yes  [ ] No  [ ] If No, describe

#### General Description

**Floor # 17**  
17th Floor  
Park/Parcet  
Avg

**Floor Plan**  
- [ ] 17th Floor
- [ ] Park/Parcet
- [ ] Avg

**Walls**  
[ ] Drywall
[ ] Wood/Panel
[ ] Other (describe)

**Ceiling**  
[ ] Finished  
[ ] Unfinished

**Doors**  
[ ] Wood/Framed
[ ] Other

**Other (describe)**

---

**Additional features (special energy efficient terms, etc.):**  
[ ] Padi insult. wind.

**Number of times leased and outstanding for the Cooperative:**  
Not provided

**Number of leases available for the subject unit:**  
Not provided

**Percentage share of the project renter financially responsible for the subject unit:**  
Not provided

**Monthly Maintenance Fee (to Monthly Assessment Unit Charge):**  
$ 3,288.15

**Annual Maintenance Fee (to Annual Assessment Charge) divided by the square footage of gross living area for the subject unit:**  
Not provided

**Is the Sympathy/Decay in Control of the Cooperative?**  
[ ] Yes  [ ] No

**Is the Sympathy/Decay offering any types of sales or financing concessions (such as a maintenance fee rebate or credit, etc.) with the transfer of units in the project?**  
[ ] Yes  [ ] No  
[ ] If Yes, describe

**Is the subject property a ground rent?**  
[ ] Yes  [ ] No  
[ ] If Yes, $ per year (describe terms and conditions)  
[ ] not provided

**Are any of the project facilities leased to or by the Cooperative?**  
[ ] Yes  [ ] No  
[ ] If Yes, describe which facilities and note any fees for their use.

**Are any of the units in the project subject to a stock transfer fee (such as a stock option, shares, etc.)?**  
[ ] Yes  [ ] No  
[ ] If Yes, describe There is a 2% transfer fee this has no affect on marketability.

**Are any of the units in the project subject to a transfer fee (such as a stock option, shares, etc.)?**  
[ ] Yes  [ ] No  
[ ] If Yes, describe

**Is the subject property subject to any tax assessments or assessments?**  
[ ] Yes  [ ] No  
[ ] If Yes, note the remaining term, provisions for escalation of real estate taxes and the other amounts, not provided

**Is the subject property subject to any tax assessments or assessments?**  
[ ] Yes  [ ] No  
[ ] If Yes, note the remaining term, provisions for escalation of real estate taxes and the other amounts, not provided

**What is the amount of any tax assessments or assessments?**  
[ ] Yes  [ ] No  
[ ] If Yes, note the remaining term, provisions for escalation of real estate taxes and the other amounts, not provided

**What is the amount of any tax assessments or assessments?**  
[ ] Yes  [ ] No  
[ ] If Yes, note the remaining term, provisions for escalation of real estate taxes and the other amounts, not provided

---

### PROJECT BLANKET FINANCING

<table>
<thead>
<tr>
<th>Loan Type (Mortgage, Line of Credit, etc.)</th>
<th>1st</th>
<th>2nd</th>
<th>Other ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage Balance</td>
<td>$ 13,000.00</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Rate of Interest</td>
<td>3.40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$ 442,000.00</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Fixed/Variable Rate</td>
<td>Fixed Rate</td>
<td>Variable Rate</td>
<td>Fixed Rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lien Holder Information:</th>
</tr>
</thead>
</table>

**PROJECT OCCUPANCY**

<table>
<thead>
<tr>
<th>Use of Occupancy</th>
<th># of Units</th>
<th>% of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Occupied</td>
<td>122</td>
<td>100.00</td>
</tr>
<tr>
<td>Sponsors/Developer-Vacant</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Sponsors/Developer-Tenant Occupied (Market Rate)</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Sponsors/Developer-Tenant Occupied (Refrigerated Rent)</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Investor-Vacant</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Investor-Tenant Occupied (Market Rate)</td>
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<td></td>
</tr>
<tr>
<td>Investor-Tenant Occupied (Refrigeraed Rent)</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Total**  
122  
100.00

---

**Project Blanket Financing**

---

**Lien Information:**

**Unit Information:**

---

**Loan Information:**

---

**Appraisal Information:**

---

**Cooperative Information:**

---

**Appraiser Information:**

---

**Client Information:**

---

**Date of Appraisal:**

---

**Signatures:**

---

**Certifications:**

---

**Addenda:**

---

**Additional Notes:**

---

**References:**

---

**Supplemental Information:**

---

**Appendices:**

---

**Exhibits:**

---

**Maps:**

---

**Invoices:**

---

**Other:**

---

**Total:**

---

90
### Individual Cooperative Interest Appraisal Report

**Address:**

**Project Name:**

**Proximity to Subject:**

**Sale Price:**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Comparable Sale No. 1</th>
<th>Comparable Sale No. 2</th>
<th>Comparable Sale No. 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat #</td>
<td>122</td>
<td>122</td>
<td>122</td>
</tr>
<tr>
<td>Unit</td>
<td>Unit(s)</td>
<td>Unit(s)</td>
<td>Unit(s)</td>
</tr>
<tr>
<td>Size</td>
<td>1,985,000</td>
<td>1,850,000</td>
<td>1,750,000</td>
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<tr>
<td>Price per Sq.</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>Date Source(s)</td>
<td>Broker</td>
<td>Broker</td>
<td>Broker</td>
</tr>
<tr>
<td>Value Adjustment</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>Date of Sale/Transfer</td>
<td>08/31/2015Ciad</td>
<td>10/17/2015Ciad</td>
<td>01/26/2016Ciad</td>
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<tr>
<td>Location</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>View</td>
<td>Good</td>
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<tr>
<td>Floor Level</td>
<td>17</td>
<td>17</td>
<td>17</td>
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<tr>
<td>Monthly Maintenance</td>
<td>$ 3,581.00</td>
<td>$ 3,581.00</td>
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<tr>
<td>Project Amenities</td>
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<td>None</td>
<td>None</td>
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<tr>
<td>Project Security Features</td>
<td>Doorman</td>
<td>Doorman</td>
<td>Doorman</td>
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<tr>
<td>Design/Site Features</td>
<td>Post war</td>
<td>Post war</td>
<td>Post War</td>
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<tr>
<td>Quality of Construction</td>
<td>Average</td>
<td>Average</td>
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<td>Actual Age</td>
<td>45+ Years</td>
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<td>Condition</td>
<td>Average</td>
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<td>Renovation Cost/Kitchen/Baths</td>
<td>-50,000</td>
<td>-50,000</td>
<td>-50,000</td>
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<tr>
<td>Above Grade</td>
<td>$ 1,912.50</td>
<td>$ 1,800.50</td>
<td>$ 1,800.50</td>
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<tr>
<td>Basement &amp; Finished Rooms Below Grade</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Foundation Utility</td>
<td>Good</td>
<td>Good</td>
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<tr>
<td>Heating/Cooling</td>
<td>He w/tr Ind/air</td>
<td>He w/tr Ind/air</td>
<td>He w/tr Ind/air</td>
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<tr>
<td>Garage/Caret</td>
<td>Monthly fee</td>
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<td>Monthly fee</td>
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<tr>
<td>Parking/Block</td>
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<td>None</td>
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<tr>
<td>Net Adjustments (Total)</td>
<td>$ 11,000</td>
<td>$ 81,000</td>
<td>$ 51,000</td>
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<tr>
<td>Adjusted Sale Price of Comparable</td>
<td>$ 2,006,000</td>
<td>$ 1,921,000</td>
<td>$ 1,921,000</td>
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<tr>
<td>Analysis of Prior Sale or Transfer History of the Subject Property and Comparable Sales</td>
<td>This subject property has not sold in the past 3 years.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary of Sales Comparison Approach:**

*See Attached Addendum*

**This appraisal is made:**

- [ ] as of __________
- [ ] subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.
- [x] subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed or inspections based on the existing repair assumption that the condition or deficiency does not require immediate attention or repair.

*Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limitations conditions, and appraiser's certification, my (our) opinion of the market value, as defined by the cooperative interest (the cooperative shares or other evidence of an ownership interest in the cooperative corporation and the accompanying occupancy rights) is that the subject of this report is $1,950,000 as of September 19, 2018, which is the date of inspection and the effective date of this appraisal.
This report form is designed to report an appraisal of the cooperative interest (the cooperative shares or other evidence of an ownership interest in the cooperative corporation and the accompanying occupancy rights) in a cooperative project or the cooperative interest in a planned unit development (PUD). This form is not designed to report an appraisal of a manufactured home or a unit in a condominium project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser’s continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject unit, (2) inspect and analyze the cooperative project, (3) inspect the neighborhood, (4) inspect each of the comparable sales from at least the street, (5) research, verify, and analyze data from reliable public and/or private sources, and (6) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed and well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she becomes aware of during the research involved in preparing this appraisal. The appraiser assumes that the title is good and marketable and not subject to any encumbrances or liens.

2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is intended only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the project site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.

5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in preparing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.

6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.
APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.

2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms, and identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.

3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

4. I developed my opinion of the market value of the cooperative interest (the cooperative shares or other evidence of an ownership interest in the cooperative corporation and the accompanying occupancy rights) that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data (including physical and cooperative interest characteristics) to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.

5. I have no knowledge or reason to believe that any material changes have occurred in the cooperative project information reported, including financing and occupancy data, that would affect market value or marketability of the subject property.

6. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.

7. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.

8. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.

9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.

10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.

11. I have knowledge and experience in appraising this type of property in this market area.

12. I am aware of, and have access to, the necessary and appropriate public and private data sources for the area in which the property is located.

13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.

14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.

15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.

16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.

17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.

18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).

19. I personally prepared all conclusions and opinions about the cooperative interest (the cooperative shares or other evidence of an ownership interest in the cooperative corporation and the accompanying occupancy rights) that were set forth in this appraisal report. If I relied on significant appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.

20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and, in the case of the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).
22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.

4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.

5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature
Name: Ralph Cardino
Company Name: Eisenoff Appraisers
Company Address: 175-25 Union Tpke, #228
Flushing, NY 11365
Telephone Number (718) 380-3400
Email Address: eisenoff@gmail.com
Date of Signature and Report: 7/25/2017
Effective Date of Appraisal: 9/7/2017
State Certification #: 4500030750
or State License #: State #
State: NY
Expiration Date of Certification or License: 4/12/18

ADDRESS OF PROPERTY APPRAISED

New York, NY 10026

APPRaised VALUE OF SUBJECT PROPERTY $ 1,660,000

LENDER/CLIENT

Name: Edward Greason
Company Name: Dunning, Barthlow & Miller LLP
Company Address: 250 Park Avenue Suite 1103
New York, NY 10177
Email Address: egreason@dunnington.com

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature
Name: Myra W. Warden
Company Name: Eisenoff Appraisers
Company Address: 175-25 Union Tpke, #228
Flushing, NY 11365
Telephone Number: (718) 380-8400
Email Address: eisenoff@gmail.com
Date of Signature: 7/25/2017
State Certification #: 45-2883
or State License #: State #
Expiration Date of Certification or License: 1/1/18

SUBJECT PROPERTY
☐ Did not inspect subject property
☐ Did inspect exterior of subject property from street
Date of Inspection
☐ Did inspect interior and exterior of subject property
Date of Inspection

COMPARABLE SALES
☐ Did not inspect exterior of comparable sales from street
☐ Did inspect exterior of comparable sales from street
Date of Inspection

APPRAISal Services
Comments on Sales Comparison
Information regarding the subject property was obtained from the client. The appraiser was unable to obtain any information from the managing agent, Akam Assoc. For this reason some of the questions as to the financial condition of the subject building were unable to be answered.

The comparable sales cited were similar to the subject in appeal and location. Sale 1 is a two bedroom unit in the subject building, it was given most weight in determining the appraised value. Sales 2 and 3 are 5 room units located a few blocks from the subject. Comparable 4 is a listing in the same line as the subject, it was adjusted 5% for negotiation.

Sales were adjusted $5,000 per floor. Gross living area was adjusted $500 per square foot. Where necessary, sales were adjusted for condition.
SURROGATE'S COURT OF THE STATE OF NEW YORK COUNTY OF

In the Matter of

Deceased.

The undersigned, a fiduciary or attorney for the fiduciary of the above Decedent's estate, certifies that the following constitutes the gross estate for tax purposes and identifies whether non-estate assets exist. Complete below according to the following value categories:

Category A - under $10,000; Category B - $10,000 to under $20,000; Category C - $20,000 to under $50,000;
Category D - $50,000 to under $100,000; Category E - $100,000 to under $250,000;
Category F - $250,000 to under $500,000; Category G - $500,000 or over.

Date of Death: __________ Date of Letters: __________ Type of Letters: __________

Name of Fiduciary(ies) and, if changed, fiduciary(ies) address: __________________________________________________________________________________________

ASSETS INDIVIDUALLY OWNED BY DECEDEDENT OR PAYABLE TO ESTATE

1. Real Estate
2. Stocks and Bonds
3. Insurance Payable to Estate
4. IRAs, 401 Ks Payable to Estate
5. Mortgages or Notes Held by Decedent
6. Cash
7. Miscellaneous
8. Firearms (Check appropriate box)  
   ○ Yes – see attached firearms inventory
   ○ None


*TOTAL ESTATE ASSETS

NON-ESTATE ASSETS - CHECK YES OR NO TO EACH OF THE FOLLOWING:

9. Living Trust
   If yes, set forth the Name of the Trustee(s)
   ○ Yes  ○ No

10. Gifts in Excess of Federal Annual Exclusion Made
    Within 3 Years of Decedent's Death
    ○ Yes  ○ No

11. Jointly Held Property (Real or Personal)
    ○ Yes  ○ No

12. Insurance Payable to Beneficiary
    ○ Yes  ○ No

13. IRAs, 401K’s Payable to Beneficiary
    ○ Yes  ○ No

14. Annuities
    ○ Yes  ○ No

15. Powers of Appointment
    ○ Yes  ○ No

16. Cause(s) of Action Pending
    If yes, identify Court and Index Number
    ○ Yes  ○ No

Certified to be true on the __________ day of ________________, 20___.

______________________________  
Signature

______________________________  
Print Name

______________________________  
Attorney’s Name

______________________________  
Attorney’s Address

______________________________  
Attorney’s Telephone No.

1-1 3/2016

TO BE COMPLETED BY FIDUCIARY or ATTORNEY FOR FIDUCIARY

Total Estate Assets (see below)* ____________________
Filing fee SCPA 2402(7) ____________________
Filing fee initially paid ____________________
Balance (Refund) Due $0.00
SURROGATE’S COURT OF THE STATE OF NEW YORK

In The Matter of the Estate of

Deceased.

FILE NUMBER

COUNTY

FIREARMS INVENTORY

(SCPA §2509)

The undersigned, [ ] a fiduciary, or [ ] an attorney of record certifies that the following firearms, as defined by Section 265.00 of the Penal Law, make up part of the decedent’s estate.

Name of Fiduciary or Attorney: _______________________

(Address, if changed):

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<tr>
<th>Make</th>
<th>Model</th>
<th>Caliber or Gauge</th>
<th>Serial #</th>
<th>Valuation</th>
</tr>
</thead>
<tbody>
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<td>1</td>
<td></td>
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<td></td>
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<tr>
<td>2</td>
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<td>10</td>
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<tr>
<td>11</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL: (as indicated in section F2 of Inventory of Assets) $0.00

☐ (mark box if more entries are necessary - and attach extra pages)

ATTORNEY

Name: __________________________________________

Address: _______________________________________

Telephone: ______________________________________

Certified to be true on _____________, 20____

Signature

Print Name

A copy of this Inventory must also be filed with DCJS at:

Division of Criminal Justice Services
Alfred E. Smith Building
80 South Swan Street
Albany, NY 12210

Firearms Inventories filed with the Surrogate’s Court will be kept in a secure location separate from the estate file and will be made available for inspection only to persons interested in the proceeding and their counsel, unless otherwise ordered by the Court.

I-2  5/2013
SURROGATE'S COURT OF THE STATE OF NEW YORK
COUNTY OF ____________________________

____________________________________X

ACCOUNTING BY: ________________________________

[ ] Executor
[ ] Administrator
[ ] Other [specify]

as the ________________________________
of the ESTATE OF ________________________________
a/k/a ________________________________

____________________________________X

Deceased.

____________________________________X

TO THE SURROGATE'S COURT OF THE COUNTY OF ____________________________

The undersigned does hereby render the account of proceedings as follows:

Period of account from ___________ to ___________.

This is a [ ] (final) [ ] (intermediate) account.

[The instructions concerning the schedules need not be stated at the head of each schedule. It will be sufficient to set forth only the schedule letter and heading. For convenience of reference, the schedule letter and page number of the schedule should be shown at the bottom of each sheet of the account.]

Schedule A - Principal Received, page ____
Schedule A - 1 - Realized Increases, page ____
Schedule A - 2 - Income Collected, page ____
Schedule B - Realized Decreases, page ____
Schedule C - Funeral and Administration Expenses and Taxes, page ____
Schedule C - 1 - Unpaid Administration Expenses, page ____
Schedule D - Creditor's Claims, page ____
Schedule E - Distributions Made, page ____
Schedule F - New Investments, Exchanges and Stock Distribution, page ____
Schedule G - Personal Property Remaining on Hand, page ____
Schedule H - Interested Parties and Proposed Distribution, page ____
Schedule I - Computation of Commissions, page ____
Schedule J - Other Pertinent Facts and Cash Reconciliation, page ____
Schedule K - Estate Taxes Paid and Allocation of Estate Taxes, page ____

JA-7 (6/98)
### SUMMARY

#### CHARGES:

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;A&quot;</td>
<td>(Principal received)</td>
<td>$ _</td>
</tr>
<tr>
<td>&quot;A - 1&quot;</td>
<td>(Realized increases in principal)</td>
<td>$ _</td>
</tr>
<tr>
<td>&quot;A - 2&quot;</td>
<td>(Income Collected)</td>
<td>$ _</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Charges</strong></td>
<td><strong>$ _</strong></td>
</tr>
</tbody>
</table>

#### CREDITS:

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;B&quot;</td>
<td>(Realized decreases in principal)</td>
<td>$ _</td>
</tr>
<tr>
<td>&quot;C&quot;</td>
<td>(Funeral and administration expenses)</td>
<td>$ _</td>
</tr>
<tr>
<td>&quot;D&quot;</td>
<td>(Creditor's claims actually paid)</td>
<td>$ _</td>
</tr>
<tr>
<td>&quot;E&quot;</td>
<td>(Distributions of principal)</td>
<td>$ _</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Charges</strong></td>
<td><strong>$ _</strong></td>
</tr>
</tbody>
</table>

**Balance on hand shown by Schedule "G"**

$ _

The foregoing balance of $ _ consists of $ _ in cash and $ _ in other property on hand as of the _ day of _ , 20___. It is subject to deduction of estimated principal commissions amounting to $ _ as shown in Schedule I and to the proper charge to principal of expenses of this accounting.

The attached schedules are part of this account.

---

(Name of Corporate Fiduciary)  

(Signature of Fiduciary)  

(Signature of Officer)  

(Signature of Fiduciary)
STATE OF NEW YORK

COUNTY OF ________________________

________________________, ss.: being duly sworn, says: that the schedules of assets of the estate reported herein are true and complete and include all money and property of any kind, and all increment thereon, which have come into the hands of any of the accounting parties or have been received by any other persons for the use of any accounting party by order of authority of such accounting party, and include all indebtedness due by any accounting party to the estate whether discharged or not; that the moneys stated in the account as collected were all that could be collected; that all claims for credit for losses or decreases of value of assets are correctly reported; that the reported payments out of estate assets for funeral and administration expenses were actually made and made in the amounts scheduled; that the reported payments to creditors and beneficiaries were actually made at the dates and in the amounts scheduled; that no payments have been made by any accounting party on any fiduciary's claims against the estate except after prior approval and allowance by the Surrogate; that all receipts and disbursements are correctly and fully reported and scheduled; that the accounting parties do not know of any error in the account or in any schedule thereof or of any matter or thing relating to the estate omitted therefrom to the prejudice of rights of any creditor or of any person interested in the estate; and that the schedule of commissions has been computed in conformity with the statute regulating commissions and the Rules of the Surrogate's Court applicable thereto.

Sworn to before me on ________________, 20__

________________________
Notary Public
Commission Expires: (Affix Notary Stamp or Seal)

Name of Attorney: ________________________________
Tel. No.: ____________________
Address of Attorney: ________________________________

Signature
Print Name
INSTRUCTIONS

PRINCIPAL

Schedule A

Statement of Principal Received

This schedule must contain an itemized statement of all the moneys and other personal property constituting principal for which each accounting party is charged, together with the date of receipt or acquisition of such money or property. If real property has been sold by the fiduciary, this schedule must set forth the proceeds of sale of such property, including a copy of the closing statement.

Schedule A-1

Statement of Increases on Sales, Liquidation or Distribution

This schedule must contain a full and complete statement of all realized increases derived from principal assets whether due to sale, liquidation, or distribution or any other reason. It should also show realized increases on new investments or exchanges. In each instance, the date of realization of the increase must be shown and the property from which the increase was derived must be identified.

Schedule A-2

Statement of All Income Collected

This schedule must contain a full and complete statement of all interest, dividends, rents and other income received, and the date of each receipt. Each receipt must be separately accounted for and identified, except that where a security had been held for an entire year, the interest or ordinary dividends may be reported on a calendar year basis.

Schedule B

Statement of Decreases Due to Sales, Liquidation, Collection, Distribution or Uncollectibility

This schedule must contain a full and complete statement of all realized decreases on principal assets whether due to sale, liquidation, collection or distribution, or any other reason. It should show decreases on new investments or exchanges and also sales, liquidations or distributions that result in neither gain nor loss. In each instance, the date of realization of the decrease must be shown and the property from which the decrease was incurred must be identified. It should also report any asset which the fiduciary intends to abandon as worthless, together with a full statement of the reasons for abandoning it.

Schedule C

Statement of Funeral and Administration Expenses and Taxes Actually Paid

This schedule must contain an itemized statement of all moneys chargeable and paid for funeral, administration and other necessary expenses, together with the date and the reason for each expenditure. Consolidate all similar expenditures; i.e., funeral expenses, taxes, accountant fees, legal fees, filing fees, commissions, other. Where the will directs that all inheritance and death taxes are to be paid out of the estate, credit for payment of the same should be taken in this schedule.

Schedule C-1

Statement of Unpaid Administration Expenses

This schedule must contain an itemized statement of all unpaid claims for administration and other necessary expenses, together with a statement of the basis for each such claim.

Schedule D

Statement of All Creditor's Claims

This schedule must contain an itemized statement of all creditor's claims subdivided to show:

1. Claims presented, allowed, paid and credited and appearing in the Summary Statement together
with the date of payment.
2. Claims presented and allowed but not paid.
3. Claims presented but rejected, and the date of and the reason for such rejection.
4. Contingent and possible claims.
5. Personal claims requiring approval by the court pursuant to SCPA §1805.

In the event of insolvency, preference of various claims should be stated, with the order of their priority.

Schedule E

Statement of Distributions Made

This schedule must contain an itemized statement of all moneys paid and all property delivered to the beneficiaries, legatees, trustees, surviving spouse or distributees of the deceased, the date of payment or delivery thereof, and the name of the person to whom payment or delivery was actually made.

Where estate taxes are required to be apportioned and payments have been made on account of the taxes, the amounts apportioned in Schedule K against beneficiaries of the estate shall be charged against the respective individuals share.

Schedule F

Statement of New Investments, Exchanges and Stock Distributions

This schedule must contain an itemized statement of (a) all new investments made by the fiduciary with the date of acquisition and cost of all property purchases, (b) all exchanges made by the fiduciary, specifying dates and items received and items surrendered, and (c) all stock dividends, stock splits, right and warrants received by the fiduciary, showing the securities to which each relates and their allocation as between principal and income.

Schedule G

Statement of Personal Property Remaining on Hand

This schedule must contain an itemized statement showing all property constituting principal remaining on hand including a statement of all uncollected receivables and property rights due to the estate. Show the date and cost of all such property that was acquired by purchase, exchange or transfers made or received, together with the date of acquisition and the cost thereof and indicate such sums in the appropriate lines of the summary schedule. Show all unrealized increases and decreases relating to assets on hand, and report the same in the appropriate places in the summary schedule.

Schedule H

Statement of Interested Parties

This schedule must contain the names of all persons entitled as beneficiary, legatee, devisee, trustee, surviving spouse, distributee, unpaid creditor or otherwise to a share of the estate or fund, with their post office addresses and the degree of relationship, if any, of each to the deceased, and a statement showing the nature of and the value or approximate value of the interest of each such person.

This schedule also must contain a statement that the records of this court have been searched for powers of attorney and assignments and encumbrances made and executed by any of the persons interested in or entitled to a share of the estate and a list detailing each power of attorney, assignment and encumbrance, disclosed by such search, with the date of its recording and the name and address of each attorney in fact and of each assignee and of each person beneficially interested under the encumbrance to in the respective instruments, and also whether the accounting party had any knowledge of the execution of any such power of attorney or assignment not so filed and recorded.

-15-
Schedule I

Statement of Computation of Commissions

This schedule must contain a computation of the amount of commissions due upon this accounting. See Uniform Court Rule, §207.40 (d).

Schedule J

Statement of Other Pertinent Facts, Cash Reconciliation and Proposed Distribution

This schedule must contain a statement of all other pertinent facts affecting the administration of the estate and the rights of those interested therein. It must also contain a statement of any real property left by the decedent that it is not necessary to include as an estate asset to be accounted for, a brief description thereof, its gross value, and the amount of mortgages or liens thereon at the date of death of the deceased. A cash reconciliation must also be set forth in this schedule so that verification with bank statements and cash on hand may be readily made.

Schedule K

Statement of Estate Taxes Paid and Allocation Thereof

This schedule must contain a statement showing all estate taxes assessed and paid with respect to any property required to be included in the gross estate of the decedent under the provisions of the Tax Law or under the laws of the United States. This schedule must also contain a computation setting forth the proposed allocation of taxes paid and to be paid and the amounts due the estate from each person in whose behalf a tax payment has been made and also the proportionate amount of the tax paid by each of the named persons interested in this estate or charged against their respective interest, as provided in §2-1.8 of the Estates, Powers and Trusts Law.

Where an allocation of taxes is required, the method of computing the allocation of said taxes must be shown in this schedule.
### Schedule A

**Receipts**

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents</th>
<th>Inventory Value 06/28/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>JP Morgan Chase Bank, N.A. Chase Checking Account #xxxx1303</td>
<td>$ 8,656.43</td>
</tr>
<tr>
<td>JP Morgan Chase Bank, N.A. Chase Savings Account #xxxx9875</td>
<td>234,944.16</td>
</tr>
<tr>
<td>Interest to Date of Death</td>
<td>1.01</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
<td><strong>$ 243,601.60</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Shares</th>
<th>Stocks</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>80.409932</td>
<td>CVS Caremark Corporation, dividend reinvestment plan account</td>
<td>$ 4,818.62</td>
<td></td>
</tr>
<tr>
<td>66.240077</td>
<td>CVS Caremark Corporation, dividend reinvestment plan account</td>
<td>3,837.23</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>XSTELOS Holdings, Inc.</td>
<td>17.10</td>
<td></td>
</tr>
<tr>
<td><strong>Total Stocks</strong></td>
<td></td>
<td><strong>8,672.95</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Tangible Personal Property**

| Automobile - 2009 Toyota Camry | $ 14,070.00 |
| Tangible personal property | 3,750.00 |
| **Total Tangible Personal Property** | **17,820.00** |

**Miscellaneous**

| Apple Bank | $ 95,425.46 |
| IRA Retirement Plan Account Account #38527014 | |
| Decedent's 2012 federal income tax refund | 3,828.00 |
| Teacher's Retirement System of the City of New York Monthly Qualified Pension Plan TRS Retirement Account #U0113060 | 4,525.89 |
| **Total Miscellaneous** | **103,779.35** |
Schedule A-2 (Continued)

JP Morgan Chase Bank, N.A.
Chase Premier Plus Checking
Account #954354254 (Continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2014</td>
<td>Interest</td>
<td>$ 0.15</td>
</tr>
<tr>
<td>01/30/2015</td>
<td>Interest</td>
<td>$ 0.14</td>
</tr>
<tr>
<td>02/27/2015</td>
<td>Interest</td>
<td>$ 0.13</td>
</tr>
<tr>
<td>03/31/2015</td>
<td>Interest</td>
<td>$ 0.14</td>
</tr>
<tr>
<td>04/30/2015</td>
<td>Interest</td>
<td>$ 0.11</td>
</tr>
<tr>
<td>05/29/2015</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>06/30/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
</tr>
<tr>
<td>07/31/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
</tr>
<tr>
<td>08/31/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
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<tr>
<td>09/30/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
</tr>
<tr>
<td>10/30/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
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<tr>
<td>11/30/2015</td>
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<td>$ 0.05</td>
</tr>
<tr>
<td>12/31/2015</td>
<td>Interest</td>
<td>$ 0.05</td>
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<tr>
<td>01/29/2016</td>
<td>Interest</td>
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</tr>
<tr>
<td>02/29/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>03/31/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>04/29/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>05/31/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
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<tr>
<td>06/30/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>07/29/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>08/31/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>09/30/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
<tr>
<td>10/31/2016</td>
<td>Interest</td>
<td>$ 0.04</td>
</tr>
</tbody>
</table>

$ 9.59

JP Morgan Chase Bank, N.A.
Chase Plus Savings Account
Account #3016533571

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/24/2013</td>
<td>Interest</td>
<td>$ 37.02</td>
</tr>
<tr>
<td>06/26/2013</td>
<td>Interest</td>
<td>$ 121.86</td>
</tr>
<tr>
<td>07/25/2013</td>
<td>Interest</td>
<td>$ 129.63</td>
</tr>
</tbody>
</table>

Page 2

(9)
### Estate of [Name]

**Schedule C**

**Statement of Funeral and Administration Expenses and Taxes**

#### Funeral Expenses

**Domenick De Nigris Monuments Inc.**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/15/2013</td>
<td>Headstone</td>
<td>$630.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>$630.00</td>
</tr>
</tbody>
</table>

#### Administration Expenses

**1-800 Got Junk**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/24/2013</td>
<td>Removal of trash and other property not saleable or consignable, in order to clean out house prior to its sale</td>
<td>$1,476.34</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>$1,476.34</td>
</tr>
</tbody>
</table>

**Allstate Insurance - 3135 Grand Avenue, Bronx, NY property**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/01/2013</td>
<td>Insurance premium due for policy period 2/27/13-2/27/14</td>
<td>$922.50</td>
</tr>
<tr>
<td>04/01/2013</td>
<td>Insurance premium due for policy period 2/27/13-2/27/14</td>
<td>$500.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>$1,422.50</td>
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</table>

**Allstate Insurance - Automobile Insurance**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/28/2012</td>
<td>Balance of premium due through 10/16/12 (date policy was cancelled)</td>
<td>$42.64</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>$42.64</td>
</tr>
</tbody>
</table>

#### Computershare, as transfer Agent for CVS stock

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/20/2013</td>
<td>Fee for the purchase of Safeco Bond, as required by Computershare in order to redeem lost CVS stock certificates</td>
<td>$165.72</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>$165.72</td>
</tr>
</tbody>
</table>

#### Con Edison - 3135 Grand Avenue, Bronx, NY property - Utilities

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/19/2012</td>
<td>Gas &amp; electric (charges due through 11/8/12)</td>
<td>$449.61</td>
</tr>
<tr>
<td>12/28/2012</td>
<td>Gas &amp; electric (charges due 11/8/12-12/12/12)</td>
<td>$341.67</td>
</tr>
</tbody>
</table>
## Estate of [Name]

### Schedule D

#### Statement of All Creditors’ Claims

**Claims presented, allowed, paid, credited and appearing in the Summary Statement**

**Medical expenses**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Payment</th>
<th>$4.34</th>
<th>$4.34</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/1/2013</td>
<td>Medical expense of Decedent</td>
<td>$</td>
<td>4.34</td>
<td>4.34</td>
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</table>

**Total paid**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$4.34</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>4.34</td>
</tr>
</tbody>
</table>

**Claims presented, and allowed but not paid**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total unpaid**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Claims presented, but rejected, the date and the reason for such rejection**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>$</td>
<td>0.00</td>
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</table>

**Total rejected**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>0.00</td>
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</table>

**Contingent and possible claims**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>None known</td>
<td>$</td>
<td>0.00</td>
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**Total possible**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Personal claims requiring approval by the court pursuant to SCPA Section 1805**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
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</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Total requiring court approval**

<table>
<thead>
<tr>
<th>Description</th>
<th>Payment</th>
<th>$0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Page 1
Schedule I
Statement of Computation of Commissions

For Receiving
Principal

Principal Received (Schedule A) $ 1,820,941.09
Subsequent Receipts (Schedule AA) 0.00
Increases on Principal (Schedule A-1) 22,954.82
Income Collected (Schedule A-2) 4,608.41

Total Principal $ 1,848,504.32
Less Specific Bequests and other non Commissionable Assets 17,820.00

Basis for Principal Receiving Commissions $ 1,830,684.32

5 % on 100,000.00 = $ 5,000.00
4 % on 200,000.00 = 8,000.00
3 % on 700,000.00 = 21,000.00
2.5 % on 830,684.32 = 20,767.11
2 % on 0.00 = 0.00

$ 54,767.11

1/2 Thereof for Receiving $ 27,383.55

For Paying
Principal

Funeral and Administration Expenses (Schedule C)$ 161,924.33
Payment of Debts (Schedule D) 4.34
Distributions of Principal (Schedule E) 973,660.10

Principal on Hand (Schedule G)

Total Principal $ 1,135,588.77
Less Specific Bequests and other non Commissionable Assets 17,820.00

Basis for Principal Paying Commissions $ 1,117,768.77

Income

Administration expenses (Schedule C2) $
Distributions of Income (Schedule E-1) $
Income on Hand (Schedule G-1) $

Basis for Income Paying Commissions $
Aggregate Basis for Paying Commissions $ 1,117,768.77
Schedule I (Continued)

<table>
<thead>
<tr>
<th>% on</th>
<th>$</th>
<th>% on</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>100,000.00 = $5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>200,000.00 = 8,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>700,000.00 = 21,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5</td>
<td>117,768.77 = 2,944.22</td>
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<tr>
<td>2</td>
<td>0.00 = 0.00</td>
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$36,944.22

1/2 Thereof for Paying

$18,472.11

Allocation
Principal:

\[
\frac{1,117,768.77 \times 18,472.11}{1,117,768.77} = \$18,472.11
\]

Income:

\[
\frac{0.00 \times 18,472.11}{1,117,768.77} = 0.00
\]

$18,472.11

Total Commissions Due Each Executor

Total

Receiving $27,383.55
Paying $18,472.11

45,855.66

Total commissions available for allocation: $45,855.66

Less, advance payment made on 4/21/15:

$26,000.00

Balance due: $19,855.66
IN THE MATTER OF ROBERTA W. SEAMAN, DECEASED.
CHARLOTTE LINDNER GAYNOR, APPELLANT, WILLIAM H.
BAXTER, ET AL., RESPONDENTS.
November 21, 1991

4 No. 199

Decided November 21, 1991

This opinion is uncorrected and subject to revision before publication in the New York Reports.

Robert K. Weiler, for Appellant.
David M. Garber, for Respondents.

SIMONS, J.:

The novel question presented by this appeal is whether the right of an adopted-out child to inherit from his natural family extends to his daughter, the petitioner in this proceeding, who is otherwise qualified to inherit under EPTL 4- 1.1, or whether the daughter is precluded by Domestic Relations Law § 117 from sharing in a natural family member's estate. At stake is an estate of approximately $1 million to be distributed either to petitioner, the half-niece of decedent, or to objectants, decedent's first cousins. The Surrogate found that petitioner was not a distributee of decedent and the Appellate Division affirmed for the reasons stated in his opinion (see, Matter of Seaman, 144 Misc 2d 84, aff'd ___AD2d__). We granted leave to appeal and now reverse.

I

Petitioner was related to decedent as follows.

Lloyd I. Seaman (petitioner's grandfather) married twice. His first wife, Gladys, gave birth to Lloyd Dudley Seaman (Dudley), petitioner's father. Lloyd I. Seaman's second wife, Mary, gave birth to a daughter (Roberta), the decedent.
Thus, Dudley was Roberta's half-brother. Dudley predeceased Roberta leaving as his only issue the petitioner, Charlotte, a half-niece of decedent. The objectants, the only other possible distributees, are children of Roberta's aunt and uncles (her mother's sister and her father's brothers).

On these facts, and absent Dudley's adoption, Charlotte would be the sole distributee of Roberta because half-blood relatives are considered whole and she is closer in degree of kinship to decedent than the cousins. Because Dudley was adopted by his mother's second husband, however, the Surrogate held that petitioner was foreclosed from inheriting as an intestate distributee under Domestic Relations Law § 117[f] and § 117[1][e], in the absence of language expressly extending Dudley's rights to his "issue". Respondents contend that the Surrogate's reading of the statute is not only correct but is supported by policy reasons stated by this Court in Matter of Best (66 NY2d 151, 155-157).

We conclude that neither the language of Domestic Relations Law § 117, the legislative history preceding it, nor policy reasons advanced in Matter of Best, support the result. Accordingly, the order should be reversed and the matter remitted to Surrogates Court for entry of a decree in conformance with this decision (see, SCPA 2702).

II

Intestate succession is governed by the Estate, Powers and Trusts Law 4-1.1. As relevant here, the statute provides that if the decedent is survived by "[b]rothers or sisters or their issue and no spouse, issue or parent," the whole of the decedent's estate shall be distributed to the brothers and sisters or their issue per stirpes (EPTL 4-1.1[a][7]). The statute also provides that half-blood relatives are to be treated as if they were relatives of the whole blood (EPTL 4-1.1[d]). Thus, decedent's half-brother, Dudley, would be considered her full brother for purposes of intestate distribution and if he had not been adopted-out, petitioner would qualify as sole distributee since she is his only living issue (EPTL 4-1.1[a][7]).

Estates, Powers and Trusts Law 4-1.1[f] provides, however, that "[t]he right of an adopted child to take a distributive share and the right of succession to the estate of an adopted child continue as provided in the domestic relations law." Inasmuch as petitioner is related to the decedent through decedent's adopted-out half-brother, we turn to the Domestic Relations Law to determine what
limitations, if any, that statute imposes on her right to inherit as an intestate distributee.

Domestic Relations Law § 117[1][b] terminates "the rights of an adoptive child to inheritance and succession from and through the natural parents..." There are exceptions, however, and relevant here is the exception which provides for inheritance if: (1) the decedent is the adoptive child's natural grandparent or is a descendant of such grandparent, and (2) an adoptive parent is married to the child's natural parent (Domestic Relations Law § 117[1][e]). Petitioner's father Dudley came within this provision because Roberta was a descendant of Dudley's natural grandparents (Lloyd I. Seaman's parents), and Dudley's adoptive father married his natural mother. Thus, Dudley's right to inherit from or through either natural parent, as provided in EPTL 4-1.1, did not terminate upon his adoption. From this, it would seem that petitioner's right to so inherit is equally preserved because her right is contingent, in part, on her father's ability to inherit from the natural family following the adoption. This conclusion is supported by the language of the statutes and the legislative history preceding their enactment.

III

Adoption was unknown to the common law of England: it exists in New York only by statute (see, Second Report of Temporary State Commn on Modernization, Revision and Simplification of the Law of Estates, "Intestate Succession and the Adopted Child", 1963 NY Legis. Doc., No. 18-27, Appendix E, pp 148-160; 9 Rohan, NY Civ Prac, EPTL para 4-1.1[11]). Because of this, a legal adoption does not automatically terminate the children's right to inherit from their natural kindred, nor grant them the right to inherit from their adoptive family (see, Second Report of Temporary State Commn on Modernization, Revision and Simplification of the Law of Estates, "Intestate Succession and the Adopted Child", 1963 NY Legis Doc, No. 18-27, Appendix E, pp 148-152). Rather, these inheritance rights are controlled by statute.

In 1887, the Legislature granted adopted children and their heirs the right to inherit from their adoptive parents; their right of inheritance from the natural parents were not altered, however, because the statute failed to sever them (see, L 1887, ch 703; see generally, 9 Rohan, NY Civ Prac, EPTL para 4-1.1[11]; Note, When Blood Isn't Thicker Than Water: The Inheritance Rights of Adopted-out Children In New York, 53 Brooklyn L Rev 1007, 1011-1012
Indeed, in 1896, the Legislature amended the Domestic Relations Law to state explicitly that an adopted child's "rights of inheritance and succession from his natural parents remain unaffected by such adoption" (L 1896, ch 272, § 64). That remained the law until 1963, when the Legislature severed the adopted child's right to inherit from biological kindred, except from a custodial and natural parent who had remarried and consented to the child's adoption by the step-parent (L 1963, ch 406, § 1 [now found in Domestic Relations Law § 117(1)(b),(d)]; see also, Second Report of Temporary State Commn on Modernization, Revision, and Simplification of the Law of Estates, Intestate Succession and the Adopted Child, NY Legis Doc, 1963, No. 18-27, Appendix E, pp 148-160; Rohan, NY Civ Prac, EPTL para 4-1.1[11]; Note, When Blood Isn't Thicker Than Water: The Inheritance Rights of Adopted-out Children In New York, 53 Brooklyn L Rev 1007, 1011-1012 [1988]). In 1987, the Legislature amended the Domestic Relations Law again, this time to restore an adopted child's right of intestate inheritance from and through either natural parent under limited circumstances (see, L 1987, ch 499 [now found in Domestic Relations Law § 117(1)(e)]). It is this amendment which authorized Dudley to inherit from his half-sister's estate.

However, this case concerns the inheritance rights of Dudley's issue, petitioner. Her right to inherit is contingent on her father's ability to inherit from the natural family. This is so because prior to the 1963 amendment, the issue of a predeceased adopted child also retained the right to inherit from the natural family. There are no decisions directly on point, but the prevailing view of the commentators is that the issue of an adopted child retained a right to inherit from the natural family to the extent that the adopted child did because the issue of the predeceased adopted child occupied the same status as the parent would have had he or she survived (see, Rohan, NY Civ Prac, EPTL para 4-1.1[11]; Intestate Succession and the Adopted Child, pp 150, 156; NY Legis Doc, 1963, No. 18-27, Appendix E; see also, Binavince, Adoption and Distribution: A Comparative Study and a Proposal for Model Legislation, 51 Cornell Law Quarterly 152, 165; Legislation, New York's Law of Estate and Distribution: The New York Status of the Adopted Child, 38 St. Johns L Rev 380, 383; cf. Matter of Whitcomb, 170 Misc 579). The issue's right to inherit from the natural family was severed, however, in 1963 when the Legislature severed the adopted child's right to so inherit (see, Domestic Relations Law § 117[1][b]). From this, it follows that when the Legislature restored the right of the adopted-out child to inherit from the natural family under the circumstances specified in Domestic Relations Law § 117[1][e], it also restored the right of
the adopted-out child's issue to do so (see generally, Rohan, NY Civ Prac, EPTL para 4-1.1[11]; Intestate Succession and the Adopted Child; NY Legis Doc, 1963, No. 18-27, Appendix E, pp 150, 156; Recommendation of the Law Revision Commission to the 1986 Legislature, 1986 McKinney's Session Laws of NY, at 2560, 2568-2576). Thus, petitioner's right to inherit through her father from decedent is preserved under Domestic Law § 117[1][e].

The Surrogate concluded that the Legislature did not intend to extend rights granted to the adopted-out child under Domestic Relations Law § 117[1][e] to the child's issue because the Law Revision Commission failed to mention the "descendants" or "issue" of the adopted-out child in its recommendation to the Legislature and because the Legislature excluded any reference to "descendants" or "issue" when it enacted the section. It was unnecessary for the Legislature to expressly refer to the adopted-out child's "issue" when it enacted that provision, however: it implicitly restored those rights to the issue of the adopted-out child when it restored them to the child (see generally, Rohan, NY Civ Prac, EPTL para 4-1.1[11]; Second Report of Temporary State Commn on Modernization, Revision, and Simplification of the Law of Estates, Intestate Succession and the Adopted Child; NY Legis Doc, 1963, No. 18-27, Appendix E, pp 150, 156; Recommendation of the Law Revision Commission to the 1986 Legislature, 1986 McKinney's Session Laws of NY, at 2560, 2568-2576).

This conclusion is further supported by an examination of the language of the provisions of Domestic Relations Law § 117[1] relating to the severance and restoration of the adopted child's right to inherit from the natural family. Subsection [b] of section 117[1] states that the adopted child's right to inherit from or through the natural family "shall terminate" upon the making of the order of adoption except as otherwise provided in that section. The "issue" of the adopted child is not mentioned but it follows logically that the section also implicitly severed the right of the "issue" to take (cf. In re Fodor, 202 Misc 1101, 1103 [adoption statute which severed the natural parents' right to inherit from the adopted child also implicitly severed the natural kindred and blood relatives rights to do so because the substructure which joined the blood relatives with the adopted child was removed and, therefore, anyone who must trace his or her relationship through a natural parent may not inherit from the adopted child]). Subsection [c] of section 117[1] states that the adopted child's right to inherit from or through the natural family "shall not terminate," in limited circumstances, upon the making of the order of adoption. "Issue" of the adopted child is not mentioned in that section either but, because the provisions
of section 117[1][b] and 117[1][e] are symmetrical, it follows that the issue's right to inherit was implicitly restored under that provision (cf. Matter of Monroe's Executors, 132 Misc 279, 281 [foster child's right to inherit from blood relative was preserved because the adoption statute did not expressly dissolve the child's right to inherit from the natural parents and, therefore, the foundation which joined that child to his blood relatives remained unaltered by adoption]).[n 1]

Moreover, inclusion of the word "issue" in Domestic Relations Law § 117[1][e] was unnecessary because whether the issue of a predeceased adopted child inherits through that child from the natural family is determined by the provisions in EPTL 4-1.1, unless otherwise expressly limited in the Domestic Relations Law (see, Carpenter v Buffalo General Electric Co., 213 NY 101, 104 [adoption statute must be read in connection with the provisions of the Decedent Estate Law]; Matter of Landers, 100 Misc 635; EPTL 4-1.1.[f]; see generally, 9 Rohan, NY Prac, EPTL para 4-1.1[6]). The adoption statute and the descent and distribution statute are in pari materia, and should be read and construed together whenever possible. This is so, because the adoption statute does not completely define the incidents of the relation between the adopted child and its natural kindred, but merely determines what limitations, if any, are imposed on that relationship (see generally, New York Jur 2d, Vol 46, Domestic Relations, §§ 506-513; New York Jur, Vol 2, Adoption, §§ 13-22). Indeed, the Law Revision Commission reports on the enactment of Domestic Relations Law § 117[1][e] support this reading of the statutes by referring to EPTL 4-1.1, indicating the Commission's intent to continue the rights of an adopted child and those inheriting by representation, i.e., the surviving issue, to take from the natural family in accordance with the Estates, Powers and Trusts Law (see, Recommendation of the Law Revision Commission to the 1987 Legislature, 1987 McKinney's Session Laws of NY, at 1926, 1929; Recommendation of the Law Revision Commission to the 1986 Legislature, 1986 McKinney's Session Laws of NY, at 2560, 2585-86).

It is also noteworthy that the Law Revision Commission, in its 1987 recommendation for enactment of the current Domestic Relations Law § 117[1][e], stated that it believed "there should be no distinction between the right of inheritance under the laws of intestacy and that under the laws of wills and other instruments where the adopted-out person remains within the natural family unit" (Recommendation of the Law Revisions Commission to the 1987 Legislature, 1987 McKinney's Session Laws of New York, at 1930, 1941-42;
see also, 1986 McKinney's Session Laws of New York, at 2560, 2586-87).
Under section 117[2][b] of the Domestic Relations Law, a class gift in a will or
lifetime instrument includes the adopted children and their issue. While
distinctions exist between the laws of intestacy and the laws of wills, the
Commission sought consistency between them to the extent possible in the case
of adopted-out persons who remain within the natural family unit, even absent
an express reference to "issue" in Domestic Relations Law § 117[1][e].

Finally, the Surrogate concluded that petitioner was not qualified to take
because Domestic Relations Law § 117[1][f] permitted distributees of an
adopted-out child to inherit solely through the adoptive parent, and not through
the replaced natural parent. His conclusion rested on the statutory language that
"[t]he right of inheritance of an adoptive child extends to the distributees of
such child and such distributees shall be the same as if he were the natural child
of the adoptive parent." The manifest purpose of this provision is to ensure that
the distributees of the adopted child are determined in relation to the child's
adoptive family members, and not his natural family members whose ties have
been severed pursuant to the Domestic Relations Law (see, Carpenter v Buffalo
General Electric Co., 213 NY 101; Matter of Riggs, 109 Misc 2d 644; see also,
Second Report of Temporary State Commn on Modernization, Revision and
Simplification of the Law of Estates, "Intestate Succession and the Adopted
Child," NY Legis Doc, 1963, No. 18-27, Appendix E, pp 146, 150). We find no
support for the contention that it was intended to limit the distributees' right of
inheritance to the adoptive family. Thus, absent an express provision to the
contrary in Domestic Relations Law § 117, petitioner could inherit through her
adopted-out father under EPTL 4-1.1[a][7].

IV

The policy considerations advanced in Matter of Best (66 NY2d 151, 155-157)
do not require a different construction of the statute.

In Best, we held that a child born out of wedlock and adopted out of the
biological family at birth was not entitled to share in a trust estate devised by
his biological grandmother to her daughter's issue. In so holding, we identified
several policy considerations militating against the child's claim: We concluded
that recognition of a right to inherit would be inconsistent with the child's
complete assimilation into the adoptive family, would undermine the stability
and finality of administration of estates because there would always lurk the
possibility of uncited and unknown persons, would lead to a breach of confidentiality of adoption records, and would allow the child to inherit from both the biological and adoptive families (see, Matter of Best, 66 NY2d 151, 155-157).

Respondents maintain that these policy considerations apply equally here, where an adopted-out child's issue seeks to inherit from the biological family that has been replaced by the adoptive family. Best is distinguishable, however, because it involved a child who was born out of wedlock and adopted by strangers. In the case before us, the adopted child was adopted by his mother's second husband following her divorce to the child's father -- a form of adoption expressly over which we reserved opinion in Matter of Best (supra, at 155, footnote 1). It is clear that the Legislature considered the distinction between these types of cases, however, when it revised the Domestic Relations Law in 1986 and 1987, following our decision in Best, and restored the inheritance rights of children adopted by close natural kindred (see, Recommendation of the Law Revision Commission to the 1986 Legislature, 1986 McKinney's Session Laws, at 2560, 2562-2565; 1987 McKinney's Session Laws, at 1928, 1930-1931). It concluded that cases such as this, involving the exceptions contained in Domestic Relations Law § 117(e), should be treated differently from other adoptions because they invariably involve situations in which natural family ties are maintained.[n 2]

Moreover, the Law Revision Commission, in its report on the Domestic Relations amendment, acknowledged the various policy concerns raised in Matter of Best (supra) and specifically addressed each. On the issue of disrupting the adopted child's assimilation into the adoptive family, it concluded that complete severance of the natural relationship was not necessary when the adopted person remained within the natural family unit as a result of an intra-family adoption (see, 1986 McKinney's Session Laws, at 2560, 2573, 2582-83; 1987 McKinney's Session Laws, at 1928, 1931-35, 1941-42). The Commission further concluded that the amendments would not create "uncertainty" in titles of property because in most cases there would be knowledge within the family of the identity of all the parties since only children adopted by closely related persons are eligible to inherit under the amendments to Domestic Relations Law § 117, and that this knowledge of the adoption would also prevent the need to breach the privacy of the adoption proceedings (see, 1986 McKinney's Session Laws, at 2560, 2574-75, 2584-85; 1987 McKinney's Session Laws, at 1928, 1940-42). Finally, it discussed the problem
of allowing inheritance from both the natural and adoptive family and concluded that this was a logical consequence when there are adoptions within the natural family unit (see, 1986 McKinney's Session Laws, at 2560, 2575-76; 1987 McKinney's Session Laws, at 1928, 1940-41). Thus, the policy concerns raised in Matter of Best were thoroughly addressed by the Commission when it proposed that the Legislature amend the Domestic Relations Law and reinstate the rights of an adopted child to inherit from the natural family under limited circumstances. Inasmuch as the Legislature by enacting these amendments chose to set aside the concerns of Best, and it did so without limiting the right of the issue of the adopted-out child to inherit from the natural family, we conclude it intended no limitation.

Accordingly, the order of the Appellate Division should be reversed, with costs, and the matter remitted to Surrogate's Courts, for the entry of a decree in accordance with this opinion.

FOOTNOTES

1. It is noteworthy that Domestic Relations Law § 117[1][d], which preserves the inheritance rights of the adopted child from and through a custodial natural parent when the child is adopted by a step-parent, does not expressly refer to the "issue" of an adopted child. Yet, it would seem indisputable that the rights of the "issue" would be implicitly preserved (§ 117[1][d]) in that situation, to the extent not otherwise expressly limited by Domestic Relations Law § 117.

2. Intra-family adoptions are the type of adoptions covered by Domestic Relations Law § 117[1][c] and 117[2][b], and typically include situations where an orphaned child is adopted by a blood relative; where one biological parent dies while still married to the other, and the surviving biological parent eventually marries a new spouse who adopts the child; or where, as here, following divorce of the biological parents the custodial parent remarries and the step-parent adopts the child with the consent of, or after the death of, the noncustodial parent (Recommendation of Law Revision Commission to 1987 Legislature, 1987 McKinney's Session Laws, at 1928, 1931-32). In these types of cases, the Legislature has chosen not to cut off inheritance ties between the adopted-out child and the natural family that has been replaced because of the
likelihood of continued contact with that family. It is true, as noted by the Surrogate, that in the case at bar petitioner apparently had no contact with her father's natural family. However, this fact is irrelevant for purposes of determining whether petitioner is qualified to inherit as a distributee of the decedent. The quantum of contacts or closeness between a distributee and a decedent was already considered by the Legislature when it defined the degree of kinship necessary to qualify adopted-out children and their issue as distributees under Domestic Relations Law § 117 and EPTL 4-1.1.

***

Order reversed, with costs to all parties appearing separately and filing separate briefs payable out of the estate, and matter remitted to Surrogate's Court, Onondaga County for further proceedings in accordance with the opinion herein. Opinion by Judge Simons. Chief Judge Wachtler and Judges Kaye, Alexander, Titone, Hancock and Bellacosa concur.
Estate of Schneider v Finmann

2010 NY Slip Op 05281 [15 NY3d 306]

June 17, 2010

Jones, J.

Court of Appeals

Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431.

As corrected through Wednesday, September 15, 2010

[*1]

Estate of Saul Schneider, Deceased, Appellant,
v
Victor M. Finmann et al., Respondents, et al., Defendant.

Argued May 4, 2010; decided June 17, 2010

Estate of Schneider v Finmann, 60 AD3d 892, reversed.

{**15 NY3d at 308} OPINION OF THE COURT

Jones, J.

At issue in this appeal is whether an attorney may be held liable for damages resulting from negligent representation in estate tax planning that causes enhanced estate tax liability. We hold that a personal representative of an estate may maintain a legal malpractice [*2]claim for such pecuniary losses to the estate.

The complaint alleges the following facts. Defendants represented decedent Saul Schneider from at least April 2000 to his death in October 2006. In April 2000, decedent purchased a $1 million life insurance policy. Over several years, he transferred ownership of that property from himself to an entity of which he was principal owner, then to another entity of which he was principal owner and then, in 2005, back to himself. At his death in October 2006, the proceeds of the insurance policy were included as part of his gross taxable estate. Decedent's estate commenced this malpractice action in 2007, alleging that defendants negligently advised decedent to transfer, or failed to advise decedent not to transfer, the policy which resulted in an increased estate tax liability.

Supreme Court granted defendants' motion to dismiss the complaint for failure to state a cause of action. The Appellate Division affirmed (60 AD3d 892 [2009]), holding that, in the absence of privity, an estate may not maintain an action for legal malpractice. We now reverse and reinstate plaintiff's claim.

Strict privity, as applied in the context of estate planning malpractice actions, is a minority rule in the United States. In New York, a third party, without privity, cannot maintain a claim against an attorney in professional negligence, "absent fraud, collusion, malicious acts or other special circumstances" (Estate of Spivey v Pulley, 138 AD2d 563, 564 [2d Dept 1988]). Some Appellate Division decisions, on which the Appellate Division here relied, have applied strict privity to estate planning malpractice lawsuits commenced by the estate's personal representative and beneficiaries alike (Deeb v Johnson, 170 AD2d 865 [3d Dept 1991]; Spivey, 138 AD2d at 564; Viscardi v Lerner, 125 AD2d 662, 663-664 [2d Dept 1986]; Rossi v Boehner, 116 AD2d 636 [2d Dept 1986]). This rule effectively protects attorneys from legal malpractice suits by indeterminate classes of plaintiffs whose interests may be at odds with the interests of the client-decedent. However, it also leaves the estate with no recourse against an attorney who planned the estate negligently.

We now hold that privity, or a relationship sufficiently approaching privity, exists between the personal representative of an estate and the estate planning attorney. We agree with the Texas Supreme Court that the estate essentially "stands in the shoes of a decedent" and, therefore, "has the capacity to maintain the malpractice claim on the estate's behalf" (Belt v Oppenheimer, Blend, Harrison & Tate, Inc., 192 SW3d 780, 787 [Tex 2006]). The personal representative of an estate should not be prevented from raising a negligent estate planning claim against the attorney who caused harm to the estate. The attorney estate planner surely knows that minimizing the tax burden of the estate is one of the central tasks entrusted to the professional. Moreover, such a result comports with EPTL 11-3.2 (b), which generally permits the personal representative of a decedent to maintain an action for "injury to person or property" after that person's death.

Despite the holding in this case, strict privity remains a bar against beneficiaries' and other third-party individuals' estate planning malpractice claims absent fraud or other circumstances. Relaxing privity to permit third parties to commence professional negligence actions against estate planning attorneys would produce undesirable results—uncertainty and limitless liability. These concerns, however, are not present in the case of an estate planning malpractice action commenced by the estate's personal representative.
Accordingly, the order of the Appellate Division should be reversed, with costs, [*4] and defendants' motion to dismiss the complaint denied.

Chief Judge Lippman and Judges Ciparick, Graffeo, Read, Smith and Pigott concur.

Order reversed, etc.

Footnotes

**Footnote 1:** Now only a handful of jurisdictions apply strict privity to malpractice actions commenced by beneficiaries against estate planning attorneys (see *Robinson v Benton*, 842 So 2d 631, 637 [Ala 2002]; *Nevin v Union Trust Co.*, 726 A2d 694, 701 [Me 1999]; *Noble v Bruce*, 349 Md 730, 752, 709 A2d 1264, 1275 [1998]; *Simon v Zipperstein*, 32 Ohio St 3d 74, 512 NE2d 636 [1987]; *Lilyhorn v Dier*, 214 Neb 728, 335 NW2d 554 [1983]). Numerous jurisdictions have either relaxed the principle of privity or have granted standing to beneficiaries or estates (see *Stanley L. & Carolyn M. Watkins Trust v Lacosta*, 321 Mont 432, 438, 92 P3d 620, 625-626 [2004] [an estate has standing to bring a legal malpractice action]; *Blair v Ing*, 95 Haw 247, 259, 21 P3d 452, 464 [2001] [nonclient may bring a legal malpractice suit]; *Simpson v Calivas*, 139 NH 1, 5, 650 A2d 318, 321 [1994] [named beneficiaries have standing to bring claims in negligence against an estate planning attorney]; *Espinosa v Sparber, Shevin, Shapo, Rosen & Heilbronner*, 612 So 2d 1378, 1380 [Fla 1993] [estate stands in the shoes of the testator and satisfies the privity requirement]; *Schreiner v Scoville*, 410 NW2d 679, 681 [Iowa 1987] [intended beneficiaries may maintain a malpractice action against the decedent's attorney despite the absence of privity]). The *Schreiner* court cited to numerous jurisdictions that had a similar rule in place (see *id.* at 681-682). Texas treats the malpractice claims brought by beneficiaries and personal representatives of decedent's estates differently (see *Barcelo v Elliott*, 923 SW2d 575, 579 [Tex 1996] [nonclient beneficiaries cannot maintain malpractice suits against estate planning attorneys because they lack privity]; *cf. Belt v Oppenheimer, Blend, Harrison & Tate, Inc.*, 192 SW3d 780, 784-786 [Tex 2006] [departed from the *Barcelo* rule in suits brought by the personal representative of the decedent's estate and held that privity existed between the parties]).

**Footnote 2:** "No cause of action for injury to person or property is lost because of the death of the person in whose favor the cause of action existed. For any injury an action may be brought or continued by the personal representative of the decedent" (EPTL 11-3.2 [b]).
SURROGATE’S COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

In the Matter of the Account of SR, as Successor Trustee
of the Trust created March 13, 2006, by

ALVIN COLT,
Grantor.

In the Matter of the Account of SR, as
Executor of the Will of

ALVIN COLT,
Deceased.

MELLA, S.:

These are contested proceedings for the settlement of the accounts of SR (SR, or the
Fiduciary), as executor of the will of Alvin Colt and as successor trustee of a revocable inter
vivos trust created by Colt in March 2006. After the dismissal of certain objections and
withdrawal of others, the only outstanding objections are to the amount of legal fees paid from
the estate and trust to SR’s counsel, M&F, a professional corporation.¹ The court held a hearing
on this issue over four days, at which testimony was taken from AF, a senior attorney and one of
two shareholders of M&F; SR; and LB, counsel for the remaining objecting beneficiaries.²

¹ M&F did not render separate invoices to the estate and trust. The firm billed SR in his
two fiduciary capacities together based on time records that do not distinguish between services
to the estate and services to the trust. The estate pours into the trust, and the court’s analysis of
the fees does not require an allocation of the charges. For purposes of this decision the court
treats the estate and trust as a single entity.

² Prior to taking testimony on the fee issue, and on the record of the April 28, 2015
proceedings, the court denied two motions by SR. As to his motion to dismiss certain objections
for failure to state a ground for relief, or for failure to plead with sufficient particularity, the court
noted that the objections, as amended, stated a valid claim for excessive legal fees and were
sufficiently particular to give adequate notice. The court in its discretion denied SR’s motion for
sanctions under Rule 130-1.1.
M&F seeks approval for total charges of $1,037,183.3 The firm has waived its claim to another $853,880 in time charges, in part because of the limited funds remaining on hand. The amount requested is approximately 33.7% of the total of the estate and trust assets for which the Fiduciary has accounted, that is, principal received, income collected, and realized gains.

Background

Alvin Colt died in 2008 with assets that consisted largely of a brokerage account at Merrill Lynch (worth approximately $1.38 million on date of death) and a condominium apartment (valued at $1.137 million). Much of the contested legal fees in this otherwise routine administration were generated by a controversy as to which of two revocable inter vivos trusts that Colt created held title to the brokerage account and to the condominium. This was a significant issue because the respective beneficiaries of the two trusts are not the same.

Colt created the first trust with himself as trustee in April 2004. This trust purchased the condominium in June 2004, and the deed was recorded in the name of “Alvin Colt Trust, Alvin Colt, as Trustee.” The 2004 trust also held the brokerage account, titled in the name of “Alvin Colt as Trustee” without further specification. The 2004 trust was designated the beneficiary of Colt’s residuary probate estate under a pour-over will he executed on the same date as that of the 2004 trust. The 2004 trust instrument provided on Colt’s death for various cash bequests and a charitable remainder annuity trust, of which his niece, Susan Noack (Noack), was the lifetime annuitant. The remainder was to pass on her death to two designated charities (the Charities).

Of the amount requested, $667,380 has been paid. SR, an attorney, had an “Of Counsel” agreement with M&F, beginning in 2007. It is unclear whether SR should have made an application under SCPA 2111 before compensating the firm. SR and M&F deny they shared fees for this matter.
In March 2006 Colt executed a second revocable trust, again with himself as trustee. On the same day he executed a new will which left his probate estate to the 2006 trust. The new trust instrument made cash gifts to the same persons who were pecuniary legatees under the 2004 trust, but the trust remainder instead now passed outright on Colt’s death: 80% to Noack and 10% to each of two other individuals. There was no further trust after Colt’s death and no provision for the Charities.

Both wills and both trust agreements were drafted by SR, an estate planning attorney, now the executor and trustee. He acknowledges that Colt’s intent was for his assets to pass pursuant to the terms of the later, 2006 trust, and has conceded his mistake in failing to have his client revoke the 2004 trust and fund the 2006 trust with the brokerage account and the condominium (Tr. 311, 317; see also Fiduciary’s Post-Trial Mem. at 3, referring to the Fiduciary’s “admitted error”). With the assistance of the court, the heart of the controversy was settled in late December 2011, when the Charities agreed to accept $37,500 each in satisfaction of their claims.

The Estate and Trust Administration and Current Procedural Posture

The legal work necessary to administer Colt’s estate and trust entailed probate of the 2006 will; negotiation of a contract with the cemetery for perpetual care as directed in the will; sale of the condominium; and the routine tasks of any administration, including paying expenses, filing tax returns, accounting, and distributing the net probate and trust estates to the beneficiaries. In addition to these routine matters, the attorneys devoted very substantial time to litigation that ensued as a direct result of the failure to fund the 2006 trust. The extensive

4 References to pages in the hearing transcript are denoted “Tr. ___.”
proceedings included an action by the Fiduciary in the Supreme Court, commenced in 2009, seeking a declaration that all the assets were property of the 2006 trust; and counterclaims by the beneficiaries for negligence and breach of fiduciary duty, demands for accounting and removal of SR as executor and trustee, and cross-motions for partial summary judgment in that action. In July 2011, the Supreme Court transferred the action to Surrogate’s Court, where SR eventually brought these proceedings to settle his accounts. The currently outstanding objections were filed by Noack and the other two remainder beneficiaries of the 2006 trust (Objectants).^5

*Standards for Fixing Legal Fees*

A fiduciary is allowed to pay from an estate or trust “any reasonable counsel fees he may necessarily incur” (EPTL 11-1.1 [b][22]). It is well established that the Surrogate has the ultimate authority and broad discretion in fixing the fee (e.g. Stortercky v Mazzone, 85 NY2d 518 [1995]; Matter of Verplanck, 151 AD2d 767 [2d Dept 1989]). In determining the reasonableness and necessity of attorneys’ fees, the courts are often guided by the factors enumerated in Matter of Freeman (34 NY2d 1, 9 [1974]): the “time and labor required, the difficulty of the questions involved, and the skill required to handle the problems presented; the lawyer’s experience, ability and reputation; the amount involved and benefit resulting to the client from the services; the customary fee charged by the Bar for similar services; the contingency or certainty of compensation; the results obtained; and the responsibility involved” *(see also Matter of Potts, 213 App Div 59, 62 [4th Dept 1925], aff’d 241 NY 593 [1925]* in fixing fees for settlement of an estate the court should generally consider “the time spent, the difficulties involved in the matters

^5 The Objectants also brought a proceeding to compel distribution of legacies. The decision here will enable the Fiduciary to compute the balance available for distribution, which renders that proceeding moot.
in which the services were rendered, the nature of the services, the amount involved, the professional standing of the counsel, and the results obtained”). The burden of establishing the allowable amount of the fees is on the fiduciary, as the party seeking approval (id.).

**Analysis of Legal Fees Charged**

**Time required.** From the time records submitted, the court finds inefficiencies that were both extreme and pervasive. For example, and despite M&F’s acknowledgment that there were no major issues in the probate proceeding (see Fiduciary’s Post-Trial Mem. at 7), diary entries reflect review upon review of the probate papers, revisions upon revisions, and research of basic procedures that should not have been necessary in a firm that purports to have familiarity with this type of work. More than 20 time entries refer to the probate petition alone, a fairly simple document with no complications. As another example, for May and June of 2009, at least 37 separate entries refer to drafting, revising, reviewing, discussing, and “coordinating” a letter to the Charities. AF testified that his firm had to respond to the Charities’ numerous inquiries, but has not met the Fiduciary’s burden of justifying the extraordinary amount of attention given to this effort, which primarily consisted of furnishing readily available information. In a third example, M&F recorded more than 50 entries for drafting, reviewing, “coordinating,” revising, or editing the stipulation of settlement.

Work devoted to the negotiation of the contract for the sale of decedent’s condominium, preparation for and attendance at the closing, and preparation of a closing statement was all appropriate, but again the fee charged in connection with the sale is excessive. AF testified that his firm expended 42.7 hours for this work, which translated to approximately $15,000 in time charges (Tr. 104, 196, 338). According to his trial testimony, complications stemming from the
question of title were resolved by the title company after "a bunch of phone calls back and forth" (Tr. 41), and the transaction was otherwise routine, with no lending institutions involved on either side.

The court also finds scores of entries for time recorded by the two principals of M&F for conversations with each other, both of whom are attorneys with decades of experience. At their blended rate, these exchanges were billed at approximately $1,000 per hour. While intra-office communications are not per se improper, testimony at the hearing did not provide adequate justification for the extent of these discussions between the senior attorneys.

The court also observes that time has been improperly charged for travel for court appearances, certain executorial duties, and, despite the waiver of some charges for work to support the fees requested, other fees for such work have been included in the invoices (see e.g. Matter of Trotman, NYLJ, May 13, 1998, at 29, col 3 [Sur Ct, Nassau County] [charges for travel time spent on executorial services not compensable]; Matter of Gallagher, NYLJ, Feb. 2, 1993, at 26, col 3 [Sur Ct, Bronx County] [time spent on fee application not compensable]). Based on the above, a substantial reduction in the number of hours that are compensable is appropriate.

Necessity of litigation services provided. Litigation is by far the largest category of work for which M&F seeks compensation. The firm maintains that its time charges were largely attributable to the Objectants' own conduct throughout the litigation. It claims that the firm was obligated to correct or otherwise respond to unnecessary and wasteful actions on the part of the Objectants, related, among other things, to false statements in the Objectants' pleadings; the Objectants' failure to recognize the irrelevancy of the 2004 will after the 2006 will had been probated; inappropriate "gang-buster" mentality regarding settlement; frivolous affirmative
defenses and counterclaims, including a claim for SR's malpractice; delay in concluding the partial settlement with the Charities; badgering the Fiduciary for further distributions without obtaining a court order, contrary to an alleged agreement between counsel; a failed removal proceeding; and unreasonable requests for backup documents.

In analyzing the necessity of the litigation and attendant expense, the court will not substitute its judgment for every strategy employed by M&F, but makes the following observations to address some of the criticism each side has directed at the other. First, it was not inappropriate for the Fiduciary to bring the action for declaratory judgment, in light of the controversy surrounding title to the assets and the Fiduciary's duty to distribute those assets to the proper beneficiaries. Supreme Court was not necessarily the "wrong" court for the lawsuit, as the Objectants contend, and the fees attributable to the discretionary, unopposed transfer of the action to Surrogate's Court are relatively small. Nor was it inappropriate for the Fiduciary to defend himself against the failed application for his removal, or to resist a demand for an accounting that he reasonably believed was premature. Further, the reasonable cost of preparing trust and estate accounts and prosecuting the proceedings for their settlement (whether or not compelled) is a necessary legal expense that is normally reimbursable from the trust or probate estate.

The Objectants argue strenuously that the Charities' claims could have been settled much earlier, based upon the Objectants' allegations that the Charities offered a settlement in early 2009 for a figure substantially less than the legal fees incurred afterwards to settle with them. The evidence suggests, however, that this offer covered only the Charities' claim to an interest in the condominium, and did not include a claim to an interest in the brokerage account. In any
event, whether, when, and at what amount the case could have settled earlier is wholly speculative.

Weighing against the necessity of the litigation fees incurred are charges for the extensive efforts M&F describes to force the Objectants to “correct” their “nonsensical” objections, even going so far as to draft amended pleadings for the Objectants, their own client’s adversaries. Much of this work was not appropriate or required and is non-compensable from the estate. After reasonable attempts at negotiation failed, M&F could simply have moved to dismiss improper pleadings for failure to state a cause of action, could have denied the allegations in the cross-claims and counterclaims, or could have moved for summary judgment on any demonstrably unsupportable claims. The court also deems unwarranted the time spent drafting a complaint against the Objectants’ attorney under Judiciary Law 487, intended to threaten him with an action for treble damages when he did not respond to M&F’s demand to correct alleged misstatements in the Objectants’ pleadings (see Thomas v Chamberlain, D’Amanda, Oppenheimer & Greenfield, 115 AD2d 999, 999-1000 [4th Dept 1985] [“Assertion of unfounded allegations in a pleading, even if made for improper purposes, does not provide a basis for liability under [Judiciary Law 487]”]).

M&F appropriately engaged in settlement discussions with the Charities and with Colt’s niece, Noack, who had the greatest stake in the outcome, although testimony confirmed that much of the negotiation was conducted by Noack’s attorney with little participation by M&F (e.g. Tr. 50). After the figure of $75,000 was agreed upon in December 2011, however, the settlement was not immediately completed because M&F continued to negotiate with the Objectants over, among other things, whether the Fiduciary should personally fund the
settlement, and whether he should be required to waive his commissions (see Tr. 233). In December 2011, if not before, the continued negotiations were for the primary benefit of the Fiduciary, personally, and not in furtherance of the interest of the estate or trust. He did not need the Objectants' consent to conclude the $75,000 agreement with the Charities. His maximum exposure to the Objectants was $75,000, far less than the subsequent legal fees he incurred and approved to protect his own interests. Negotiating with the Objectants after December 2011 was largely unwarranted, and the majority of the legal fees for such discussions is therefore non-compensable by payment from the estate.

Size of the Estate. The legal fees charged must not exceed a reasonable proportion of the size of the estate (e.g. Matter of Efstatithiou, 41 Misc 3d 1219 [A] [Sur Ct, Nassau County 2013], and cases cited therein). Even after M&F's waiver of substantial charges allegedly attributable to time spent, and taking into account the litigation, the 33.7% fee M&F requests is far in excess of a typical fee for the services they performed (see Turano & Radigan, New York Estate Administration § 13.03 [2017 ed] ["The courts often approve attorney's fees ranging up to five percent of the estate for the first $50,000 or so and smaller percentages on higher amounts"]).

The Helno case (NYLJ, Jan. 28, 2014, at 31 [Sur Ct, Kings County]) cited by M&F is distinguishable. There, the court approved fees amounting to 31% of the estate, but the fees were found attributable to the conduct of the beneficiaries themselves, during the administration, and

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6 See EPTL 11-1.1 (b) (13), authorizing a fiduciary to settle claims.

7 The only additional substantive term of this partial settlement was that the assets be treated as if belonging to the 2006 trust, rather than the 2004 trust. It could not have been difficult to strike this part of the bargain. Once the Charities had agreed to accept $75,000, all of the other beneficiaries fared better under the 2006 trust.
the beneficiaries were also the estate fiduciaries. Further, to the extent the beneficiaries here may have driven some of the work performed by M&F, such work was largely unnecessary, as discussed above.

Results Achieved. Achieving a settlement with the Charities for $75,000 was a good result. The assets were never registered in the name of the 2006 Trust, as required by EPTL 7-1.18, which put the Objectants in a difficult legal position. M&F has acknowledged, however, that the settlement negotiations were primarily conducted by Noack’s attorneys (Tr. 50, 163). It took more than three years to reach the settlement, and, even then, M&F concedes it was the court attorney assigned to this matter who was “the crucial part of the settlement” (Tr. 61). M&F is not entitled to any premium for its role in the favorable settlement of the litigation.

Time Spent. The time spent on the various aspects of the trust and estate administration, as opposed to the time required, treated above, is virtually impossible to assess. M&F has submitted hundreds of pages of contemporaneous time records, but in many instances the descriptions of the work performed—especially by the two principals, who command the highest billing rates in the firm—merely indicate “discussions with . . .” or “telephone call with . . .,” omitting any further specification of the particular services provided, as M&F concedes (e.g. Tr. 196). Many other entries bundle the time for various services without allocation. Testimony at the hearing did not provide clarity. M&F disputed the Objectants’ analysis of its time records, but offered very little breakdown of its own. When asked for specifics or confirmation of the Objectants’ tallies, AF responded many times “I don’t know . . .” or “I don’t recall . . .” or “I’d have to do my own calculation . . .” (e.g. Tr. 196-197). In these circumstances, the court’s analysis is necessarily informed primarily by the time periods for which the services were
charged, and M&F’s narrative of the work performed. Total time charges will be afforded relatively little weight (Matter of Kelly, 187 AD2d 718, 719 [2d Dept 1992] [Surrogate not obligated to accept “at face value” diary entries that “fail[ed] to comprehensibly document . . . entitlement to the requested fee”]). Thus, for example, although the court finds (contrary to the Objectants’ position) that it was appropriate for M&F to negotiate with the cemetery to carry out a directive in the decedent’s will, it is not possible to determine from the evidence how much time M&F expended for this work. The same is true for the performance of routine administrative matters, including tax and accounting services.

Nor is the court obligated to make a precise calculation of the charges attributable to each service. As stated in Matter of Nicosastro (186 AD2d 805, 805 [2d Dept 1992]), “The evaluation of what constitutes reasonable counsel fees is a matter within the sound discretion of the court [internal citations omitted] which is in a ‘far superior position to judge those factors integral to the fixing of counsel fees such as the time, effort and skill required . . . and the review of contemporaneous time records.’ ”

In consideration of the foregoing factors, as well as the standing of counsel, the court fixes the fees of M&F for its representation of the Fiduciary in the total amount of $520,000. This conclusion balances a number of elements. The court has given particular weight to the failure of the Fiduciary to carry his burden to justify the necessity of M&F’s charges for the various categories of work, the firm’s failure to detail all of the time records to support the charges, the largely routine nature of the administration, and, significantly, the ratio of the amount of the fee request to the value of the estate and trust.
M&F is directed to refund to the 2006 Trust the difference between the amount paid in legal fees (including any sums paid for “Miscellaneous Reimbursable Expenses”\(^8\)) and the sum of $520,000 as allowed in this decision.

**Commissions**

A fiduciary is presumptively entitled to statutory commissions, but commissions are by no means guaranteed. As the court stated in *Matter of Smith* (91 AD2d 789, 791 [3d Dept 1982]):

"[I]t is well settled that when the fiduciary is derelict in the performance of his or her duties, the denial of commissions is within the discretion of the Surrogate."

Thus, although it is the rare case where commissions are denied, denial is warranted in certain circumstances, some of which are enumerated in *Matter of Cushman* (NYLJ, July 23, 2010, at 34, col 4 [Sur Ct, Bronx County]):

"[T]he allowance of commissions is within the discretion of the court, and the harsh determination that a personal representative should not receive any compensation for administering the estate is limited to those cases involving bad faith, neglect of duty or wanton disregard of the rights of the beneficiaries of the estate [citations omitted]."

This case presents an unusual situation in that much of the substantial legal fees incurred

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\(^8\) M&F's invoices included a flat 2.5% fee added to all its time charges, for what it labels "Miscellaneous Reimbursable Expenses," totaling $14,397.34 through the October 12, 2012 statement. The parties' retainer agreement indicates that these charges were not to reimburse for out-of-pocket expenses but rather for in-house "copying, telephone charges, and faxes" and other expenses that are considered office overhead and are not reimbursable, in absence of an affidavit explaining that the expenses were extraordinary (*Matter of Herlinger*, NYLJ, Apr. 28, 1994, at 28, col 6 [Sur Ct, NY County]).
and approved by the Fiduciary would not have been necessary but for his own wrongdoing. The court will exercise its authority to review sua sponte his commissions as executor and trustee (Stotecky v Mazzone, 85 NY2d 518 [1995]; Matter of Taft, 145 Misc 435 [Sur Ct, Kings County 1932]).

The parties have devoted considerable argument to the question of SR’s potential insulation from a malpractice claim on the grounds, first, that the three-year statute of limitations had expired before the Objectants filed their counterclaim against SR in the Supreme Court action for declaratory judgment; and, second, that the Objectants lacked the requisite privity with SR to give them standing to sue him under New York law.⁹

Contrary to the Fiduciary’s position that the statute of limitations began to run in 2006 when the second trust was executed, the court concludes that Colt’s date of death is the appropriate date of reckoning. The estate planning error here did not lie in the creation of the 2006 Trust or the failure per se to revoke the 2004 Trust, but in the failure to fund the 2006 Trust with the assets of the 2004 Trust (which by its terms allowed Colt to withdraw those assets at any time). The funding could have been accomplished at any point until Colt’s death in May 2008, when both trusts became irrevocable and the provisions for the beneficiaries of both trusts became operative. No harm occurred before then.

In June 2010, the Court of Appeals held that an executor has standing to sue the decedent’s estate planning attorney for malpractice (Schneider v Finmann, 15 NY3d 306). With

⁹ Also pending before the court is SR’s motion for summary judgment dismissing the Objectants’ counterclaim for malpractice in the declaratory judgment action. That motion is being determined in a separate decision rendered contemporaneously with this decision.
any technical barriers removed at that point, any other person serving as executor clearly would be derelict in his or her fiduciary responsibilities for failing to pursue a malpractice claim against SR. Colt’s estate had a claim against SR, in his individual capacity, for damages in the amount of the legal fees necessarily incurred to resolve the trust issues that SR acknowledges he created. SR had an even greater duty to the beneficiaries than a hypothetical disinterested fiduciary, because the wrong he failed to redress was a wrong he himself committed. He breached not only his fiduciary duty to satisfy the estate’s claim against himself, but also his duty of loyalty to the estate, in effect putting his own interests first.

Even if the statute of limitations had expired or SR had been shielded from claims under the privity doctrine, his duty as an executor required that he make the estate whole for the legal fees attributable to his negligence. In Matter of Schultz (104 AD3d 1146 [4th Dept 2013]), the court considered an executor’s standing to object to his co-fiduciary’s account for the co-fiduciary’s failure to collect a loan. Although the objecting fiduciary had no personal interest in the loan, and had releases from the beneficiaries that protected him from liability for his co-fiduciary’s breach, the court concluded that he had standing to object. Relying on the special duty a fiduciary owes to the estate, the court stated:

“An executor’s duty is not fulfilled merely because he or she has obtained releases from liability. The standard of care for a fiduciary cannot be set so low; rather, a fiduciary has a ‘duty of active vigilance in the collection of assets belonging to the estate’”

(id. at 1148-1149 [citations omitted]).

Here, the Fiduciary’s failure to make the estate whole for the harm that he caused was a serious violation of his “duty of active vigilance in the collection of assets belonging to the
The violation was exacerbated by his affirmative approval of the skyrocketing legal fees, for which he offered no evidence of attempts to control. He has demonstrated a gross neglect of duty and a substantial disregard of the rights of the beneficiaries that warrants denial of his commissions.

Accordingly, the Fiduciary’s commissions both as executor and trustee are denied in their entirety, and he is directed to refund commissions previously taken.

Settle decree on accounting in accordance with the foregoing.

Clerk to notify the parties of this decision by mail.

Dated: April 11, 2017

SURROGATE
Surrogate's Court Procedure Act (SCPA)

103 Definitions
When used in this act, unless otherwise required by the context, or unless a contrary intent is expressly declared in the provision to be construed, the words, phrases or clauses hereafter shall be construed as follows:

(14) Distribuee. Any person entitled to take or share in the property of a decedent under the statutes governing descent and distribution.

(19) Estate. All of the property of a decedent, trust, absentee, internee or person for whom a guardian has been appointed as originally constituted, and as it from time to time exists during administration.

201 General jurisdiction of the surrogate's court
1. The court has, is granted and shall continue to be vested with all the jurisdiction conferred upon it by the Constitution of the State of New York, and all other authority and jurisdiction now or hereafter conferred upon the court by any general or special statute or provision of law, including this act.

2. This and any grant of jurisdiction to the court shall be deemed an affirmative exercise of the legislative power under §12(e) of article VI of the Constitution and shall in all instances be deemed to include and confer upon the court full equity jurisdiction as to any action, proceeding or other matter over which jurisdiction is or may be conferred.

3. The court shall continue to exercise full and complete general jurisdiction in law and in equity to administer justice in all matters relating to estates and the affairs of decedents, and upon the return of any process to try and determine all questions, legal or equitable, arising between any or all of the parties to any action or proceeding, or between any party and any other person having any claim or interest therein, over whom jurisdiction has been obtained as to any and all matters necessary to be determined in order to make a full, equitable and complete disposition of the matter by such order or decree as justice requires.

205 Domiciliaries; jurisdiction and venue
1. The surrogate's court of any county has jurisdiction over the estate of a decedent who was a domiciliary of the state at the time of his death, disappearance or internment. The proper venue for proceedings relating to such estates is the county of the decedent's domicile at the time of his death, disappearance or internment.

2. A surrogate shall transfer any proceeding to the surrogate's court of the proper county either on his own motion or on the motion of any party.

3. Notwithstanding the foregoing provisions of this section, the surrogate's court of any county has jurisdiction over, and is a proper venue for, the proceedings of any decedent who was a domiciliary of the state at the time of his or her death and who died as a result of wounds or injury incurred as a result of the terrorist attacks on September eleventh, two thousand one.
707 Eligibility to receive letters
Letters may issue to a natural person or to a person authorized by law to be a fiduciary except as follows:
1. Persons ineligible
   (a) an infant
   (b) an incompetent
   (c) a non-domiciliary alien except one who is a foreign guardian as provided in subdivision four of section one thousand seven hundred sixteen of this chapter, or one who shall serve with one or more co-fiduciaries, at least one of whom is resident in this state. Any appointment of a non-domiciliary alien fiduciary or a New York resident fiduciary hereunder shall be made by the court in its discretion
   (d) a felon
   (e) one who does not possess the qualifications required of a fiduciary by reason of substance abuse, dishonesty, improvidence, want of understanding, or who is otherwise unfit for the execution of the office.
2. Persons ineligible in court's discretion. The court may declare ineligible to act as fiduciary a person unable to read and write the English language.

710 Objections which require bond from fiduciary not otherwise required to file bond
4. No fiduciary shall remove property of the estate without the state without the prior approval of the court and upon filing a bond if required by the court

1001 Order of priority for granting letters of administration
1. Letters of administration must be granted to the persons who are distributees of an intestate and who are eligible and qualify, in the following order:
   (a) the surviving spouse,
   (b) the children,
   (c) the grandchildren,
   (d) the father or mother,
   (e) the brothers or sisters,
   (f) any other persons who are distributees and who are eligible and qualify, preference being given to the person entitled to the largest share in the estate, except as hereinafter provided:
      (i) Where there are eligible distributees equally entitled to administer the court may grant letters of administration to one or more of such persons.
      (ii) If the distributees are issue of grandparents, other than aunts or uncles, on only one side, then letters of administration shall issue to the public administrator or chief financial officer of the county.
2. If the sole distributee has died or is an infant, incompetent or conservatee, his fiduciary, committee or conservator, if he is eligible and qualifies shall be granted letters of administration. The court may deny letters to a guardian or committee of the person only.
3. (a) Where all the distributees have died or are infants, incompetents or conservatees the court may grant letters of administration to a fiduciary, committee or conservator of a deceased distributee or infant, incompetent or conservatee distributee, if he is eligible and qualifies. If the
court exercises its discretion preference shall be given to the fiduciary, committee or conservator of the distributee entitled to the largest share in the estate.
(b) Where all such distributees are equally entitled to share in the estate the court may grant letters of administration to one or more of their fiduciaries, committees or conservators, if they are eligible and qualify.

7. Letters of administration may be granted to a trust company or other corporation authorized to act as fiduciary upon the acknowledged and filed consents of all distributees inclusive of those who may be non-domiciliary aliens, provided that all such persons are otherwise eligible, except that the guardian of the property of an infant distributee, the committee of the property of an incompetent distributee or the conservator of property of a conservatee appointed within the state of New York may so consent on behalf of his ward.
8. When letters are not granted under the foregoing provisions and an appointment is not made by consent as hereinafore provided then letters of administration shall be granted in the following order:
   (a) to the public administrator, or the chief fiscal officer of the county, or
   (b) to the petitioner, in the discretion of the court, or
   (c) to any other person or persons.
9. Letters of administration may be granted by the court in any case in which a paper writing purporting to be a will has been filed in the court and proceedings for its probate have not been instituted within a reasonable time or have not been diligently prosecuted.

2307 Commissions of fiduciaries other than trustees
Except as otherwise provided in paragraph (f) of this subdivision on the settlement of the account of any fiduciary other than a trustee the court must allow to him the reasonable and necessary expenses actually paid by him and if he be an attorney of this state and shall have rendered legal services in connection with his official duties, such compensation for his legal services as appear to the court to be just and reasonable and in addition thereto it must allow to the fiduciary for his services as fiduciary, and if there be more than one, apportion among them according to the services rendered by them respectively the following commissions:
(a) For receiving and paying out all sums of money not exceeding $100,000 at the rate of 5 percent.
(b) For receiving and paying out any additional sums not exceeding $200,000 at the rate of 4 percent.
(c) For receiving and paying out any additional sums not exceeding $700,000 at the rate of 3 percent.
(d) For receiving and paying out any additional sums not exceeding $4,000,000 at the rate of 2 1/2 percent.
(e) For receiving and paying out all sums above $5,000,000 at the rate of 2 percent.
(f) If the will makes provisions for specific rates or amounts of commissions for a corporate executor, or, if a corporate executor has agreed to accept specific rates or amounts of commissions, or, if the will provides that a corporate executor shall receive commissions as provided or stipulated in the corporate executor's published schedule of fees in effect at such time or times such commissions become payable, including a stipulated minimum commission and asset base for calculating such commissions, a corporate executor shall be entitled to be
compensated in accordance with such provisions, agreement or schedule, as the case may be, even though such provisions, agreement or schedule are not executed in accordance with the provisions required for wills and are not attested as required for the recording of deeds in this state.

Such commission shall be computed separately for receiving and for paying out sums of money, at one-half the statutory rates for receiving and at one-half the statutory rates for paying out sums of money.

**Estates, Powers and Trusts Law (EPTL)**

**1-2.5 Definitions; Beneficiary**
A distributee is a person entitled to take or share in the property of a decedent under the statutes governing descent and distribution.

**3-2.1 Execution and attestation of wills; formal requirements**
(a) Except for nuncupative and holographic wills authorized by 3-2.2, every will must be in writing, and executed and attested in the following manner:

(1) It shall be signed at the end thereof by the testator or, in the name of the testator, by another person in his presence and by his direction, subject to the following:

(A) The presence of any matter following the testator's signature, appearing on the will at the time of its execution, shall not invalidate such matter preceding the signature as appeared on the will at the time of its execution, except that such matter preceding the signature shall not be given effect, in the discretion of the surrogate, if it is so incomplete as not to be readily comprehensible without the aid of matter which follows the signature, or if to give effect to such matter preceding the signature would subvert the testator's general plan for the disposition and administration of his estate.

(B) No effect shall be given to any matter, other than the attestation clause, which follows the signature of the testator, or to any matter preceding such signature which was added subsequently to the execution of the will.

(C) Any person who signs the testator's name to the will, as provided in subparagraph (1), shall sign his own name and affix his residence address to the will but shall not be counted as one of the necessary attesting witnesses to the will. A will lacking the signature of the person signing the testator's name shall not be given effect; provided, however, the failure of the person signing the testator's name to affix his address shall not affect the validity of the will.

(2) The signature of the testator shall be affixed to the will in the presence of each of the attesting witnesses, or shall be acknowledged by the testator to each of them to have been affixed by him or by his direction. The testator may either sign in the presence of, or acknowledge his signature to each attesting witness separately.

(3) The testator shall, at some time during the ceremony or ceremonies of execution and attestation, declare to each of the attesting witnesses that the instrument to which his signature has been affixed is his will.

(4) There shall be at least two attesting witnesses, who shall, within one thirty day period, both attest the testator's signature, as affixed or acknowledged in their presence, and at
the request of the testator, sign their names and affix their residence addresses at the end of the will. There shall be a rebuttable presumption that the thirty day requirement of the preceding sentence has been fulfilled. The failure of a witness to affix his address shall not affect the validity of the will.

(b) The procedure for the execution and attestation of wills need not be followed in the precise order set forth in paragraph (a) so long as all the requisite formalities are observed during a period of time in which, satisfactorily to the surrogate, the ceremony or ceremonies of execution and attestation continue.

4-1.1 Descent and distribution of a decedent's estate

The property of a decedent not disposed of by will shall be distributed as provided in this section. In computing said distribution, debts, administration expenses and reasonable funeral expenses shall be deducted but all estate taxes shall be disregarded, except that nothing contained herein relieves a distributee from contributing to all such taxes the amounts apportioned against him or her under 2-1.8. Distribution shall then be as follows:

(a) If a decedent is survived by:

(1) A spouse and issue, fifty thousand dollars and one-half of the residue to the spouse, and the balance thereof to the issue by representation.

(2) A spouse and no issue, the whole to the spouse.

(3) Issue and no spouse, the whole to the issue, by representation.

(4) One or both parents, and no spouse and no issue, the whole to the surviving parent or parents.

(5) Issue of parents, and no spouse, issue or parent, the whole to the issue of the parents, by representation.

(6) One or more grandparents or the issue of grandparents (as hereinafter defined), and no spouse, issue, parent or issue of parents, one-half to the surviving paternal grandparent or grandparents, or if neither of them survives the decedent, to their issue, by representation, and the other one-half to the surviving maternal grandparent or grandparents, or if neither of them survives the decedent, to their issue, by representation; provided that if the decedent was not survived by a grandparent or grandparents on one side or by the issue of such grandparents, the whole to the surviving grandparent or grandparents on the other side, or if neither of them survives the decedent, to their issue, by representation, in the same manner as the one-half. For the purposes of this subparagraph, issue of grandparents shall not include issue more remote than grandchildren of such grandparents.

(7) Great-grandchildren of grandparents, and no spouse, issue, parent, issue of parents, grandparent, children of grandparents or grandchildren of grandparents, one-half to the great-grandchildren of the paternal grandparents, per capita, and the other one-half to the great-grandchildren of the maternal grandparents, per capita; provided that if the decedent was not survived by great-grandchildren of grandparents on one side, the whole to the great-grandchildren of grandparents on the other side, in the same manner as the one-half.

(b) For all purposes of this section, decedent's relatives of the half blood shall be treated as if they were relatives of the whole blood.

(c) Distributees of the decedent, conceived before his or her death but born alive thereafter, take as if they were born in his or her lifetime.
(d) The right of an adopted child to take a distributive share and the right of succession to the estate of an adopted child continue as provided in the domestic relations law.  
(e) A distributive share passing to a surviving spouse under this section is in lieu of any right of dower to which such spouse may be entitled.

**Domestic Relations Law (DRL)**

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1.  (a) After the making of an order of adoption the birth parents of the adoptive child shall be relieved of all parental duties toward and of all responsibilities for and shall have no rights over such adoptive child or to his property by descent or succession, except as hereinafter stated.

   (b) The rights of an adoptive child to inheritance and succession from and through his birth parents shall terminate upon the making of the order of adoption except as hereinafter provided.

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