

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO**

THE NAVAJO NATION, a sovereign Indian
Nation, et. al,

Plaintiffs,

v.

URBAN OUTFITTERS, INC., a Delaware
Corporation, et al.

Defendants.

CIVIL ACTION NO:

No. 1:12-cv-00195-KG-LAM

**PLAINTIFFS' MOTION AND MEMORANDUM FOR SUMMARY JUDGMENT ON
COUNT ONE (TRADEMARK INFRINGEMENT)**

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I. INTRODUCTION

Pursuant to Fed. R. Civ. P. 56, Plaintiffs the Navajo Nation, the Diné Development Corporation, and the Navajo Arts & Crafts Enterprise (“NACE”) (collectively, “Plaintiffs” or the “Nation”) move for summary judgment against Urban Outfitters, Inc. (“UO”), Urban Outfitters Wholesale, Inc., Anthropologie, Inc., and Free People of PA, L.L.C. (collectively, “Defendants”) for trademark infringement in violation of the Lanham Act’s § 32. This is a clear-cut case of trademark infringement: the Nation has multiple valid federally registered trademarks in “Navajo,” which Defendants used to advertise and sell their goods, namely jewelry, clothing, and accessories, and thereby profited handsomely. Defendants’ use is not only likely to cause confusion (which is the legal standard), but according to Plaintiffs’ consumer survey, actually caused confusion. Defendants have admitted to using the Nation’s trademark (and in fact willfully continued to use it after the Nation requested that they cease and desist). Defendants have taken the position in this litigation that the Nation has somehow lost its ability to control its mark because the mark is so valuable that some other third parties have also infringed on the Nation’s intellectual property. Accordingly, they argue, they get a “free pass” to infringe on the Nation’s trademark. But trademark law does not allow one bad actor to be given a pass just because others are also breaking the law, and, in fact, as the Attorney General of the Navajo Nation has testified, the number of infringing uses has been silenced since the filing of this lawsuit, which the Nation has now spent over three years litigating. The moral proverb embedded in trademark law is applicable here: “two wrongs don’t make a right,” such that this motion should be easy to decide. Plaintiffs respectfully request the Court grant Plaintiffs’ motion for summary judgment on Count One of the Third Amendment Complaint, violation of Lanham Act § 32.¹

II. STATEMENT OF MATERIAL FACTS

1. The Nation, its members, instrumentalities and enterprises have been using the “Navajo” mark

¹ Plaintiffs have conferred with defense counsel in asking for concurrence pursuant LR 7.1, which they have declined to grant, and this motion will be opposed.

to market and sell goods for at least 150 years. Damon Decl., ECF No. 306 at ¶¶ 2-3. The Nation has been using its mark since at least 1943 and 1944, when the federal government, under the auspices of the Indian Arts and Crafts Board (“IACB”), registered eight “Navajo” marks with the United States Patent and Trademark Office (“PTO”). Tsosie Decl., ECF No. 246 at ¶ 5, 7, 10; *see also*, ECF No. 295-1 at 11 (Navajo trademark registrations indicating first use 1943); *e.g.*, Reg. No. 0407184, publicly available at: <http://tmsearch.uspto.gov> (providing registrant was the IACB). The Nation has continued to use the “Navajo” mark for many goods and services, including jewelry, clothing, and accessories to the present. Swope Decl., ECF No. 293 at ¶¶ 2-4; Tsosie Decl., ECF No. 246 at ¶ 10; Damon Decl., ECF No. 306 at ¶ 2; McGough Decl., ECF No. 262 at ¶ 5; *see also* ECF No. 292 at § I.B. ¶¶ A-N.

2. Currently, Navajo Nation instrumentalities including NACE, the Navajo Nation Department of Economic Development (“DED”), the Navajo Times, the Navajo Nation Oil & Gas Company (“NNOGC”), the Navajo Agricultural Products Industry (“NAPI”), and the Navajo Nation Gaming Enterprise (“NNGE”), own 108 active federally registered Navajo trademarks. Tsosie Decl., ECF No. 246 at ¶¶ 18-19; Damon Decl., ECF No. 306 at ¶¶ 10-31. These instrumentalities spend more than \$3.8 million annually using the marks to promote products and services. *Id.* at ¶ 34. Combined, these entities earn more than \$ 300 million in revenue annually. *Id.* at ¶¶ 10-31.

3. Plaintiffs market and sell Navajo goods through retail and wholesale channels, tradeshow, and worldwide via the website www.goNavajo.com. McGough Decl., ECF No. 262 ¶¶ 5, 6, 9, 11, 19. NACE alone had annual sales of approximately \$13.5 million in 2013. *Id.* at ¶¶ 13-14. NACE opened its first retail store in 1941 in Fort Wingate, New Mexico, and has been selling goods under the “Navajo” mark continuously since the 1940s. *Id.* at ¶ 5. Today, it operates six retail stores, one in New Mexico and five in Arizona, and a wholesale store in New Mexico. *Id.* NACE also operated a store in Gallup, New Mexico from 2006 to 2008. *Id.* NACE’s branding strategy includes national magazines, radio and online advertisements, email blasts, direct mailers, print advertisements. *Id.*

at ¶ 18.

4. Many of the Nation’s approximately 300,000 registered members—who are authorized users of the “Navajo” marks—have long engaged in the sale and advertising of Navajo goods, including jewelry, clothing, and accessories. *See* Tsosie Decl., ECF No. 246 at ¶ 11; McGough Decl., ECF No. 262 at ¶ 16; Ballenger Decl., ECF No. 247 at ¶¶ 2, 5-8. NACE, in 1989, testified that the Nation has an estimated 14,000 silversmiths, weavers and other craftspeople who contribute “millions of dollars annually,” that NACE purchased “over \$500,000 worth of Navajo handcrafted items each year,” and that the “contribution to the American economy is several times that figure.” ECF No. 261-2 at 4 (legislative history). The testimony is supported by evidence showing that in 1988, an estimated \$150 million of Navajo arts and crafts were wholesaled annually off the Navajo reservation. ECF No. 454-1 (1988 newspaper article).

5. Numerous other authorized retailers also market and sell Navajo goods. *See, e.g.,* Butler Decl., ECF No. 248 at ¶¶ 2-7; Foutz Decl., ECF No. 249 at ¶¶ 2-7; Garland Decl., ECF No. 251 at ¶¶ 2-4; Zeller Decl., ECF No. 250 at ¶¶ 11-17; Licata Decl. ECF No. 453 at ¶¶ 5-10; McGough Decl. ECF No. 454 at ¶¶ 11-12. For example, 75 retail members of the Indian Arts and Crafts Association market and goods under the “Navajo” mark in 22 different states and five countries. Zeller Decl., ECF No. 250 at ¶¶ 3-12. At least three of those members also sell Navajo products online through eBay. *Id.* at ¶ 13. 54 members also sell Navajo products in the wholesale channel, and another eight members sell Navajo products exclusively through wholesale. *Id.* at ¶¶ 14-15.

6. There are ten registrations at issue for Plaintiffs’ trademark infringement claim for the classes of goods of jewelry, clothing and accessories: Reg Nos. 2061748; 2237848; 2573986; 2976666; 3602907; 3787515; 3787518; 3793381; 3829700; 3846651. ECF No. 295-1 (trademark registrations). Five of the “Navajo” marks relevant here are incontestable marks, and as such, are conclusively presumed valid. Licata Decl., ECF No. 320 at ¶ 3 (Reg. Nos. 2061748; 2237848; 2573986; and 2976666), & www.uspto.gov (Reg. No. 3602907). All of the Nation’s registered

“Navajo” marks did not require proof of secondary meaning at the time of registration. *Id.* at ¶ 4. In fact, the PTO initially refused applications of the Nation’s licensee until proof was given of the licensee’s association with the Nation. ECF No. 320-11 at 3 (USPTO Office Action).

7. Dictionaries that Plaintiffs consulted confirm that the Navajo have long been famous for the products they produce. ECF Nos. 296-1, 297-1, 298-1 (dictionary definitions). For instance, the 1927 volume of Webster’s New International Dictionary explains that the Navajo’s “silversmith work and blankets are famous.” *Id.* at 3. The American Heritage Dictionary provides that “the Navajo are . . . skilled weavers, potters, and silversmiths.” ECF No. 297-1 at 34. The Fairchild Books Dictionary of Fashion states that the Navajo are “[n]oted for metalworking in iron, copper, and silver; blankets woven in distinctive geometric designs; and for handmade silver jewelry often set with turquoise. The latter is not only a classic fashion in the Western states, but is also popular throughout the U.S.” ECF No. 243 at 1. *See also* ECF No. 298-1 at 40 (definition of “navajo rug” and “navajo blanket”); Order, ECF No. 52 at 21 (finding definition demonstrates that “the term conveys information that the source of the rug or blanket is the Navajo tribe or a member thereof”). “Navajo” is also found in thousands of media articles, where the use with a “Navajo” product indicates its source, the Navajo people. Stygall Rep., ECF No. 300-1 at 3, 10, 12, 17.

8. The CEO of NACE has testified that the Nation and Defendants are competitors. ECF No. 256-8 (McGough Tr.); McGough Decl., ECF No. 262 at ¶ 15. Defendants have taken the litigation position in dismissing Plaintiffs’ consumer protection act claim that “Plaintiffs in this case are not buyers of Defendants’ goods. Instead, they are business competitors . . .” ECF No. 55 at 6. The Court relied on the fact that the parties were “business competitors” in dismissing Plaintiffs’ New Mexico Unfair Practices Act claim. ECF No. 81 at 17.

9. Defendants marketed and sold products using the “Navajo” mark through retail stores, the Internet, and catalogs. Urban Outfitters Wholesale marketed and sold products using the “Navajo” mark through wholesale. ECF No. 294-8 at 4 (Defs.’ Resp. to Pls.’ Interrogatories). Defendants

admitted to using the “Navajo” mark in commerce by listing hundreds of goods in response to Plaintiffs’ interrogatory question asking Defendants to identify “goods sold with the ‘Navajo’ mark.” ECF No. 88-1 at 9 (Interrogatory No. 6); ECF No. 320, Ex. 7 (Defs.’ Exs. B, D, F (goods sold using “Navajo” in response to Pl.’s Interrogatory No. 6)). Defendants sold goods including jewelry, apparel, and apparel accessories using the “Navajo” or “Navaho” marks, which are among the same classes of goods under which the Nation’s trademark is registered. ECF No. 294-3 at 4 (Defs’ Resp. to Pls.’ Interrogatories).² All the items Defendants sold using the “Navajo” mark that are the subject of this motion are in the Wagner Damages Report, filed at ECF No. 244-2.

10. UO used the “Navajo” mark on its website, ECF No. 54 at Exs. A, C, and E (Pls. 2nd Amd. Compl.); in direct marketing emails to customers, ECF No. 294-5 (UO direct marketing emails); Raichur Rep., ECF No. 302-1 at 12-14; in internet advertisements; and purchased the mark in conjunction with other words or phrases as a keyword for search engine advertising that directed traffic to its website. *Id.* at 14-16; ECF No. 143-9 (Google search results). UO also used the “Navajo” mark on product hangtags and customer receipts. Declaration of Mary Montgomery (“Montgomery Decl.”) at Exs. A & B, filed herewith. Free People used the “Navajo” mark on their website, ECF No. 54 at Exs. A, C, & E; in metatags on their website, which allowed for searches to offer items using the keyword “Navajo”, ECF No. 294-7 at 228:13-18, 228:21-229:2 (Hayne Tr.); ECF No. 239 at 10, ¶ 13 (Defs’ Mot. re Dilution); and purchased the mark in conjunction

² UO sold home, technology, and lifestyle accessories, *Id.*; men’s and women’s clothing, including shirts, t-shirts, jackets, sweaters, blouses, skirts, and jeans; bags, including backpacks, book bags, shoulder bags, and tote bags; jewelry, including bracelets, earrings, pendants, rings, necklaces, pins; leather belts; beverage containers; underwear and footwear – all using the Navajo mark. ECF No. 294-4 at 12:5-14:16 (Hartman Tr.); ECF No. 244-1 at 2-4 (list re Defs’ use of “Navajo” mark); ECF No. 97-1 at 9 (UO website re Navajo Hipster Panty). Anthropologie sold clothing, bracelets, pendants, rings, necklaces, and pins using the Navajo mark. ECF No. 294-6 at 98:6-9 (Albright Tr.); ECF No. 244-1 at 7. Free People sold backpacks, book bags, shoulder bags, and tote bags; bracelets, earrings, pendants, rings, necklaces, and pins; leather belts; shirts, sweaters, blouses, jackets, t-shirts, and sweatshirts; and footwear using the Navajo mark. ECF No. 294-7 at 304:3-306:17 (Hayne Tr.); ECF No. 244-1 at 5-6.

with other words or phrases as a “keyword” for search engine advertising, Raichur Rpt., ECF No. 302-1 at 14-16. Free People used the “Navajo” mark and search engine optimization to ensure its website would appear in the natural or organic search results for phrases that used the “Navajo” mark, and tried to position the Free People website above www.gonavajo.com (the Nation’s website) in order to divert sales from Plaintiffs. *Id.* at 17-22. Free People also used the “Navajo” mark on product hangtags and customer receipts. ECF No. 299-4 (FP Hangtag); ECF No. 294-7 at 228-21:229:2 (Hayne Tr.).

11. Anthropologie used the “Navajo” mark on its website, ECF No. 54 Exs. A, C, and E; *see also* ECF No. 294-6 at 99:6 (Albright Tr.); and purchased the term as a keyword for search engine advertising. *Id.* at 88:1-8. Defendants also paid marketing affiliates and provided photos and copy material to include in advertisements that directed Internet traffic to Defendants’ websites. ECF No. 294-4 at 228:4-21 (Hartman Tr.). UO failed to take any action to ensure that its marketing affiliates ceased using the copy material that UO provided, even after agreeing to do so. ECF No. 320-4 at 475:18-20, 477:20-478:3 (Hartman Tr.); Declaration of Mark A. Griffin, filed herewith, (“Griffin Decl.”) at Ex. 1 (polyvore.com pages).

12. Second-hand sellers, including on eBay.com, marketed Defendants’ inauthentic goods using the “Navajo” mark, even after Plaintiffs filed this case. Griffin Decl. Ex. 2 (eBay.com page).

13. The value and goodwill associated with Navajo branded goods lies in both the products’ authenticity and also in their reputation for quality. Willie Decl., ECF No. 322 at ¶¶ 7-10; *see also* ECF No. 319 at 27 (Pls.’ Opp. to Defs.’ Tarnishment Mot.). Plaintiffs have long enjoyed a reputation for making high quality goods, which is confirmed by dictionary definitions, including some as old as 1927. *See* § II at ¶ 7. To safeguard the goodwill associated with the “Navajo” mark, Plaintiffs maintain standards and procedures to ensure both quality control and authenticity. *See, e.g.,* McGough Decl., ECF No. 262 at ¶¶ 8-10; *see also* Sec. Supp. McGough Decl., ECF Nos. 454 at ¶ 7 & 454-5. The Indian Arts and Crafts Association, whose members promote and sell Navajo

goods, also requires certification as to the nature and origin of goods and works closely with the IACB and Indian artisans to ensure quality. *See* Zeller Decl., ECF No. 250 at ¶¶ 3-11, 16.

14. Defendants' use of the "Navajo" mark was deliberate, and by using the mark, Defendants profited from Plaintiffs' goodwill. UO's Senior Copywriter confirmed product names were chosen to "be the most positive and enticing" so that customers would want to buy them. ECF No. 299-1 at 41:21-42-8 (Brunner Tr.). Free People's buyer, Ali Reich, said that they were using the goodwill associated with the Navajo mark by testifying that the purpose of selling so-called "vintage" goods (including purported "vintage" Navajo goods) was to "help[] the brand." ECF No. 259-14 at 183:17-25 (Reich Tr.). As more fully explained in Plaintiffs' Opp. to Defs.' Laches Mot., Defendants admit their conduct was intentional. *See* ECF No. 242 at 16-17. "Navajo" was among the top searched terms on the UO website in January 2011. Griffin Decl. at Ex. 3. UO disseminated the top search terms to buyers who chose product names, and to persons tasked with purchasing keywords for Internet search engine advertising. *Id.* at ¶ 5 & Ex. 4; ECF No. 320-2 at 6 (identifying Defendants' "buyers or assistant buyers" as persons who selected the term "Navajo"). In addition, Defendants had a practice of purchasing keyword advertising using the trademarks of other competitors. Griffin Decl. at ¶ 6 & Ex. 5. Defendants' own employees testified that use of "Navajo" would be understood to mean that the goods are made by the Navajo people. *Id.* at Exs. 6-7. (Reich Tr. & Cobine Tr.).

15. Defendants did not use any identifying marks that would have clarified that "Navajo" did not indicate the source of the items. Griffin Decl. at Ex. 8 at 253:2-11 (Hartman Tr.).

16. Though advertised using the "Navajo" mark, there is no contention that UO or Anthropologie sold authentic Navajo goods. ECF No. 320-2 at 21-22 (Rog. 19); ECF No. 260-3 (supplier spreadsheets). While Free People maintains that it sold authentic Navajo goods it marketed as "vintage," there is no material evidence to support that contention. Recently, when the Court ordered Free People to answer Plaintiffs' interrogatory regarding the assertion that the Navajo

Nation supplied goods to Free People, Defendants admitted they “do not have any responsive information enabling them to identify the suppliers . . .” ECF No. 259-10 at 4 (Defs.’ Interrogatory Resp.). The only evidence Free People has put forth is testimony that its “vintage buyer,” Ali Reich, asked a flea market seller at the Golden Nugget flea market in New Jersey to authenticate some of the Navajo goods that Free People had already advertised as Navajo. ECF 320-5 at 63:20-65:6 (Reich Tr.). But Ms. Reich is not an expert under Rule 26, nor is she qualified to provide testimony as to the authenticity of Navajo goods. Ms. Reich’s testimony is also based on inadmissible hearsay. ECF No. 320-5 at 64:2-25 (he told me it was authentic). Further, when asked how one would go about authenticating an item she testified that it would depend on “Who it came from,” *id.* at 57:5-16, and Free People cannot identify the suppliers of the goods it claims are authentic Navajo goods.

17. A consumer survey shows Defendants’ use of the Navajo mark causes actual confusion. Johnson Report, ECF No. 301-1 at 25. The survey showed that when customers were exposed to products bearing the unauthorized use of the “Navajo” mark that were sold at Urban Outfitters, Anthropologie, and Free People websites and stores, more than half (53%) falsely believed that the products came from a Navajo, Indian, or Native American source. When adjusted using the control cell results for comparison, the adjusted source confusion was 49%. Further, after adjustment with the control result, two in five customers (40%) who were exposed to products bearing the unauthorized use of the “Navajo” mark falsely believed that the goods were made by the Navajo, Indians, or Native Americans. *Id.* at ¶ 43. In addition, ten website users were reportedly actually confused by Urban Outfitters’ use of “Navajo” to market woven bracelets and feather earrings. ECF No. 261-3 (*Arizona Republic* article).

18. Defendants have posited that UO first became aware of Plaintiffs’ registered trademark “Navajo” when it received Plaintiffs’ cease and desist letter on October 16, 2011. Defendants posit that Free People and Anthropologie first became aware of Plaintiffs’ trademark upon the filing of

the lawsuit (February 28, 2012). Griffin Decl. Ex. 9 at Nos. 4 and 12 (Interrogatory Responses).

19. The Nation's cease-and-desist letter was forwarded to the legal department shared by all Defendants. ECF No. 243-7 at 525:1-12 (Hartman Tr.), yet it is Defendants' testimony that the legal department did not notify its shared subsidiary clients of their infringement. Contrary to Defendants' litigation position, contemporaneously with receipt of the letter, in October 2011, Steve Hartman, UO's Executive Director of Marketing, testified that he discussed the letter's content with Free People's Director of Marketing, Jed Paulson, and Anthropologie's Executive Director of Marketing, Amy Choyne. ECF No. 243-6 at 41:21-42-1 (Hartman Tr.). Defendants Free People and Anthropologie knew "Navajo" was a registered trademark at least as early as an October 22, 2011 email from Free People's Managing Director, David Hayne, to Hartman, Paulson, Choyne, and others, wherein Mr. Hayne discusses how the three brands are to share marketing costs and states: **“. . . let's discuss at our marketing pow-wow (Navajo registered trademark®).”** ECF No. 440-1 (Oct. 22, 2011 Hayne e-mail) (emphasis added). Before that email was produced as the result of a motion compel, Mr. Hayne testified as Free People's 30(b)(6) witness and claimed to have no recollection that the Navajo Nation had a registered trademark prior to the Nation's filing of the lawsuit in 2012. Griffin Decl., Ex. 10 at 89:-1-91:19 (Hayne Tr.).

20. On October 24, 2011 Defendants sent a letter to the Nation, acknowledging receipt of the cease-and-desist letter and stating that a substantive response would be forthcoming, but a response was never sent. Tsosie Decl., ECF No. 246 at ¶ 14.

21. Defendants continued to use the Nation's "Navajo" mark after October 2011. On October 24 and 28, 2011, an agent of the Nation purchased three items from the Urban Outfitters store in Seattle, Washington. The hangtags and receipts for the items include the "Navajo" mark. Montgomery Decl. at Exs. A & B. Defendants continued to sell their goods under the "Navajo" mark on their Freepeople.com and Anthropologie.com websites in November, 2011, and through February, 2012. *See, e.g.*, ECF No. 97-1 at 27-36 (websites from Nov. 2011). On August 22, 2012,

almost 6 months after the Nation filed this lawsuit, Plaintiffs learned that Defendants were *still* selling goods using the “Navajo” trademark. Decl. Matthew Griffin, ECF No. 42. Defendants twice represented to the Nation in writing that they had stopped using the Navajo trademark. On August 3, 2012, the Nation sent Defendants a letter asking them to confirm that they had discontinued using the Navajo mark in conjunction with their sale of goods in their stores and websites. ECF No. 41-1 at Ex. A. On August 10, 2012, though denying any liability, Defendants confirmed that “each defendant in this action instructed its employees to discontinue use of the term Navajo . . . upon receipt of notice from the Navajo Nation that it objected to such use.” *Id.* at Ex. B (letter from Defs.). On August 31, 2012, the Nation sent a follow up letter to confirm that Defendants had discontinued their infringing use of the Navajo trademark. *Id.* at Ex. C. Defendants chose not to respond to the Nation’s August 31, 2012 letter.

22. On April 30, 2012, Defendants represented to the Court that “within a week of receipt of the [Cease and Desist] letter, the term ‘Navajo’ was removed, such that, for example, the term ‘Navajo’ was removed from the advertising that is attached to the Complaint as Exhibit A . . .” ECF No. 16 at 5. This statement is false. Exhibit A to the Complaint includes the OBEY Wool Navajo 5-Panel hat, which was continued to be sold. On August 22, 2012, six months after filing this lawsuit, Plaintiffs learned that Defendants were still selling the Obey Navajo 5-Panel hat using the “Navajo” trademark. Decl. Matthew Griffin, ECF No. 42. On September 21, 2012 when the Nation discovered Defendants had not stopped selling goods in using the “Navajo” mark (though they represented that they had stopped), Plaintiffs promptly asked for an explanation, and requested a declaration attesting to each Defendant’s discontinuance of use of the term “Navajo” in connection with the sale of Defendants’ products. ECF No. 41-1 at Ex. D. On October, 1, 2012, Defendants responded, admitted to selling the Obey Navajo 5-Panel hat in their store using “Navajo” on the hangtags (because Plaintiffs had taken a photograph). Defendants again stated in their letter that they were unaware that they were continuing to use the trademark “Navajo” to sell their goods.

They stated, “As we previously advised you in our August 10, 2012 letter, each defendant in this action instructed its employees to discontinue use of the term upon receipt of notice from The Navajo Nation that it objected to such use, although under absolutely no legal obligation to do so.” *Id.* at Ex. E. Defendants’ counsel would not explain to the Nation the steps that Defendants took to comply with counsel’s advice, and has not provided any documents indicating such efforts, though requested by Plaintiffs in this litigation.

23. On October 26, 2012, Defendants told the Court, “the Nation attempts to create a record of ongoing infringement by pointing to a *single hat* supplied by third-party OBEY found on August 22, 2012, at an Urban Outfitters store in Evanston, Illinois.” ECF No. 44 at 5 (emphasis added). In fact, on June 16, 2014, almost 20 months later, UO admitted selling 9,759 *units* of this “single” hat, the Obey Navajo 5 Panel, after November 1, 2011. ECF No. 243-3 at 3 (Defs.’ Interrogatory Resp.). UO has generated revenue of \$232,708 on sales of this hat after November 1, 2011 using the “Navajo” trademark. ECF No. 244-2 at 11 (Wagner Rpt.). Altogether, Defendants admitted to selling 13,280 units of different items after November 1, 2011 wherein the “Navajo” mark was included with regard to the marketing or sale of such items, resulting in sales in excess of \$502,000. ECF No. 244-3 at 3 (Wagner Rebuttal Rpt.). Documents recently produced as a result of the Court granting in part Plaintiffs’ motion to compel (*see* Order, ECF No. 212) show that Defendants sold 14,186 *additional* items after November 2011 wherein the “Navajo” mark was included with regard to the marketing or sale of such items, including sales well into 2012 and 2013. Griffin Decl., Ex. 11 at 7 (Wagner Supplemental Report). Thus, the evidence shows that Defendants would not stop selling items using the “Navajo” mark, and sold at least 27,000 items using the “Navajo” mark after November, 2011, generating more than \$740,000 in sales. Wagner Rebuttal Report, ECF No. at 244-3 at 3; Griffin Decl., Ex. 11 at 7 (Wagner Supplemental Report).

24. Defendants also kept using the “Navajo” trademark in their affiliate marketing. Through their affiliate marketing relationship, Polyvore.com continued to advertise products using the “Navajo”

mark for purchase on the Urban Outfitters website. Defendants did not notify Polyvore nor direct it to remove the “Navajo” mark. In fact, goods using the “Navajo” mark still existed on Polyvore.com in September of 2014. Griffin Decl. Ex. 1. In addition, the Navajo mark could still be found on Defendants’ active websites in September 2014. *Id.* at Ex. 12.

25. Defendants also continued to use the “Navajo” mark in its keyword advertising as late as May 2014. ECF No. 302-1 at 25-26. Defendants bought pay-per-click (“PPC”) advertising using the “Navajo” mark, both in the keyword bid on and the text of the ads. *Id.* at 11-17.

26. Defendants did not research the “Navajo” mark until at least 2011, after receiving notice of infringement. Griffin Decl. Ex. 9 at Nos. 4 and 12. Defendants’ failure to conduct a trademark search before using the “Navajo” mark to market and sell its goods violates standard industry practice. *See* Fueroghne Rep. ECF No. 361-1 at 7 ¶ 26. When asked whether UO has “a policy of checking to make sure that a name is not a protected trademark before it uses that name for a product,” UO’s 30(b)(6) representative testified that he did not know. ECF No. 259-7 at 222:17-21 (Hartman Tr.). In addition, UO had a guideline that identified terms to avoid when naming products, including “Ethnic,” “Tribal,” “Native,” “Any Native / Group of People,” and “Trade / Brand Names.” Griffin Decl. Ex. 13. UO’s 30(b)(6) witness testified that the guideline was adopted sometime before Defendants received Plaintiffs’ cease and desist letter and that a discussion was had with respect to the use of “Navajo,” but “it was decided that it was okay for it to be used.” Griffin Decl., Ex. 8 at 219:4-6; 220:3-221:9 (Hartman Tr.). When asked how UO ensures that it does not use or infringe upon someone else’s brand name, UO’s Senior Copywriter Kate Brunner testified that: “Well, we don’t have a set way of doing that, so it’s really just our knowledge,” Griffin Decl., Ex. 14 at 68:1-69:10 (Brunner Tr.). She further testified that UO takes no other steps to determine what words are used on other people’s brands and that UO provides no training to its copywriters about using trademarks. *Id.*

III. ARGUMENT

A. The Summary Judgment Standard.

“The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). “[P]ursuant to Rule 56, the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment.” *Sanchez v. BNSF Ry. Co.*, 976 F. Supp. 2d 1265, 1268 (D.N.M. 2013) (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986)). While facts and reasonable inferences are construed in the light most favorable to the nonmoving party, “[a] party moving for summary judgment is entitled to the benefit of any relevant presumptions that support the motion.” *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir. 1982) (presumption of valid trademark meets burden of moving party and in absence of contrary proof requires granting of summary judgment motion).

B. Defendants Are Liable for Trademark Infringement Under § 32 of the Lanham Act.

To prevail on its trademark infringement claim, the Nation must establish that (1) it has a valid and protected trademark; (2) Defendants used a similar mark in commerce; and (3) Defendants’ use of the mark is likely to cause confusion. *Health Care and Ret. Corp. of Am. v. Heartland Home Care, Inc.*, 396 F.Supp.2d 1262, 1266 (D. Kan. 2005) (citing *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 832 (10th Cir. 2005)). The Nation easily meets each element.

1. The Nation Has a Valid and Protected Mark.

a. The “Navajo” Mark Is Inherently Distinctive.

Marks are often classified in categories of generally increasing distinctiveness: generic, descriptive, suggestive, arbitrary and fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (describing categories). The five categories are described in the following manner:

A mark is generic if it is a common description of products [or services] and refers to the genus of which the particular product [or service] is a species. A mark is descriptive if it describes the product’s [or service’s] features, qualities, or ingredients in ordinary language or describes the use to which the product [or service] is put. A mark is suggestive if it merely suggests the features of the product [or service], requiring the purchaser to use imagination, thought, and perception to reach a conclusion as to the nature of the goods [or services]. An arbitrary mark applies a common word in an unfamiliar way. A fanciful mark is not a real word at

all, but is invented for its use as a mark.

Donchez v. Coors Brewing Co., 392 F.3d 1211, 1216 (10th Cir. 2004)(citing *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 344 (2d Cir. 1999)). A mark is distinctive and capable of being protected if it either (1) is inherently distinctive or (2) has acquired distinctiveness through secondary meaning. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S. Ct. 2753 (1992). An inherently distinctive mark may “almost automatically tell[s] a customer that they refer to a brand and . . . immediately . . . signal[s] a brand or a product source. *Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205, 212-213, 120 S. Ct. 1339 (2000). Suggestive, arbitrary and fanciful marks are protectable because they are “inherently distinctive.” *Two Pesos*, 505 U.S. at 768 (suggestive, arbitrary and fanciful marks, “because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection”). Descriptive marks are protectable only after they have acquired “secondary meaning.” “Secondary meaning” means that the public uses the word or symbol as a trademark to identify and distinguish a single source of goods. When a descriptive word has no secondary meaning, it has not acquired distinctive status, and therefore is not protectable. *See Vail Assoc., Inc. v. Vend-Tel-Co., Ltd.*, 516 F.3d 853, 882–883 (10th Cir. 2008) (“Saying that a trademark has acquired ‘secondary meaning’ is shorthand for saying that a descriptive mark has become sufficiently distinctive to establish ‘a mental association in buyers’ minds between the alleged mark and a single source of the product.’”); 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:1 (4th ed. 2012) (“MCCARTHY”). Generic marks are not protectable.

The “Navajo” mark for the classes of goods of jewelry, clothing, and accessories should be found inherently distinctive, as either fanciful, arbitrary or suggestive. It is fanciful because the term “Navajo” is an archaic, invented name, and fanciful when applied to the classes of goods of jewelry, clothing, and accessories. It was originally a pejorative term used by the Spanish when

referring to the members of the Nation.³ It is derived from the Tewa language of the Pueblo Indians, who—like the Spanish—were often adverse to the Nation. Members of the Nation identify themselves as Diné, which means “the People” in their native language.³ Thus, “Navajo” is essentially an invented term and fanciful when applied to the classes of goods of jewelry, clothing, and accessories. This finding is supported by the dictionary and encyclopedia definitions describing both the origin of the name and its applicability to the Navajo people, and sometimes noting that these people are well known for their artisanal products. ECF Nos. 243-1, 296-1, 297-1, & 298-1. Plaintiffs’ linguistic expert, Prof. Stygall, Ph.D., analyzed collected evidence on how the word “Navajo” has been used in the media, and applied a linguistic analysis of those uses to determine that “dictionaries and usage are consistent and concur with each other about the definition of the word and its reference to the Navajo people and their language,” and that when used to refer to a product, the meaning is that it is “made by the Navajo people.” Stygall Rpt., ECF No. 300-1 at 17. The Nation, its instrumentalities, enterprises, and members have claimed this historically pejorative term as their own, and use it to brand their products.

Alternatively, “Navajo” is arbitrary, because though it is a word used to describe an Indian tribe, it is arbitrary as applied to the classes of goods of clothing, jewelry, and accessories. Finally, “Navajo” is at the very least suggestive, because it suggests (or requires thought and perception for the observer to understand) that the goods sold thereunder are associated with the Nation. *See* 2 MCCARTHY §11:64. In sum, the Nation’s “Navajo” mark is inherently distinctive, and is entitled to trademark protection.

b. The “Navajo” Mark Has Acquired Secondary Meaning.

As an initial matter, the Nation takes the position that the Navajo mark is neither descriptive nor generic for the classes of goods of clothing, accessories, or jewelry. While the word “Navajo” refers to the Native American Indian tribe, it is not descriptive of a category or character of goods,

³ *See* A. Benavides, *Benavides’ Memorial of 1630* 45 (Peter P. Forrestal trans., Acad. of Am. Franciscan Hist. ed. 1954).

namely clothing, accessories, and jewelry. *See e.g., Abercrombie*, 537 F.2d at 9, n.6 (explaining “ivory” may be generic to describe a product made from tusks of an elephant, but it is an arbitrary mark as applied to soap). As more fully explained in the Nation’s motion for summary judgment on genericness, incorporated herein, the mark is also not generic. Pls. Genericness Mot., ECF No. 470.

However, if the Court were to find that the Navajo mark is descriptive, it is also protectable because, even if descriptive, it has acquired secondary meaning. A “descriptive term that is not the name of the product . . . can be trademarked if it acquires secondary meaning, that is, if the consuming public comes to associate it with the particular brand of the seller who wants to use it as its trademark.” *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d 169, 172 (7th Cir. 1996).

Commercial strength is a concept analogous to secondary meaning. Secondary meaning refers to the level of distinctiveness that a descriptive mark must attain in the minds of consumers before it is eligible for trademark protection. To acquire secondary meaning, a descriptive mark must have been used so long and so exclusively by one producer with reference to his goods or articles that, in the trade and to that branch of the purchasing public, the mark has come to mean that the article is his product. The difference between commercial strength and secondary meaning is that the former is a range, while the latter is a threshold: a mark may enjoy anything from a high degree of commercial strength to a low degree, but either it has secondary meaning or it does not.

Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1154 (10th Cir. 2013) (citations and quotations omitted). “The majority of courts hold that the USPTO’s “decision to register a mark without requiring proof of secondary meaning creates a rebuttable presumption that the mark is suggestive, arbitrary, or fanciful rather than merely descriptive.” *GTE Corp. v. Williams*, 904 F.2d 536, 538 (10th Cir. 1990).” Order, ECF No. 52 at 14. Here, the Nation’s mark was registered without a requirement of proof of secondary meaning, and thus have a presumption that the mark is not merely descriptive. Licata Decl., ECF 310 at ¶3.

Moreover, this Court has previously found, in denying in part Defendants’ Motion to Dismiss, that “Plaintiffs have alleged enough facts to show, at the very least, secondary meaning” Order, ECF No. 52 at 25. The record now includes proof of the allegations in Plaintiffs’

complaint that “Navajo” has secondary meaning. The Nation and its members have marketed and sold products using the “Navajo” mark continuously for 150 years, and under federally registered trademarks since 1943, and the Navajo mark is commercially strong. *See* § II at ¶¶ 1-7; Pls.’ Cross Mot. on Dilution, ECF No. 319 at 17-25. *See* Swope Decl., ECF No. 293 at ¶¶ 2-4; Tsosie Decl., ECF No. 246 at ¶ 10; Damon Decl., ECF No. 306 at ¶ 2; *see also* Pl. Opp. to Dilution, Blurring, ECF No. 292 at § I.B ¶¶ A-N. *See also* Order, ECF No. 52 at 21 (finding “use of ‘Navajo’ by Defendants could reasonably create a likelihood of confusion among consumers as to whether Defendants’ use of ‘Navajo’ refers to the NAVAJO brand and the Navajo Nation as the source of the product” and citing *Cf. Baglin v. Cusenier Co.*, 221 U.S. 580, 592-3 (1911) (word “Chartreuse,” as applied to liqueur is a valid mark)). Furthermore, the same factors used to determine commercial strength are also used to evaluate secondary meaning. *Water Pik*, 726 F.3d at 1154. Accordingly, because the “Navajo” mark is commercially strong, the mark also meets the lower “threshold” standard of having secondary meaning. *See* § III.B.3.f.ii, *infra*. (discussing commercial strength).

Finally, “Navajo” is a statutorily-protected designation of origin under the IACA, including for goods at issue in this case. *See Native Am. Arts, Inc. v. Waldron Corp.*, 399 F.3d 871, 873-74 (7th Cir. 2005) (IACA makes “Indian” and tribal names “the trademark denoting products made by Indians”). Thus, even if descriptive, and the Nation contends its mark is inherently distinctive, the “Navajo” mark has secondary meaning and is protectable.

c. The “Navajo” Mark Is Entitled to a Presumption of Distinctiveness.

Presumptions apply to the Nation’s federally registered trademarks that shift the burden of validity to Defendants to show that the Nation’s marks are invalid. Registration of a mark serves as prima facie evidence of both the mark’s validity and the registrant’s exclusive right to its use in commerce. 15 U.S.C. § 1115(a) (2002); *Gen. Motors Co. v. Urban Gorilla, LLC*, No. 06-00133, 2010 WL 5395065, at *6 (D. Utah Dec. 27, 2010) (“A certificate of registration of a mark upon the principal register is prima facie evidence of the mark’s validity.”). The Nation owns 108 active

trademarks. Tsosie Decl., ECF No. 246 at ¶¶ 18-19. There are ten registrations at issue in Plaintiffs' trademark infringement claim. *See* § II at ¶ 6.

Moreover, five of the “Navajo” marks in this case are incontestable marks pursuant to 15 U.S.C. 1065, and are conclusively presumed to be valid. *See* II at ¶6; Licata Decl, ECF No. 320 at ¶ 3. A registered mark achieves “incontestable status” if it is in continuous use for five consecutive years, and the required affidavit is filed. 15 U.S.C. § 1065(3). If a registered mark becomes incontestable under 15 U.S.C. § 1065, then the registration provides conclusive evidence of validity. 15 U.S.C. 1115(b). Incontestable marks are conclusively presumed to be protectable marks, either being “nondescriptive or to have acquired secondary meaning.” *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 924 (10th Cir. 1986); *see also Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940 n. 7 (10th Cir. 1983) (Where a mark has gained incontestable status, it “cannot be challenged as lacking secondary meaning; such marks are conclusively presumed to be nondescriptive or to have acquired secondary meaning”); *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 105 S. Ct. 658, 661-63 (1985). Thus these marks can only be challenged as generic. The other five registrations are contestable marks, and as such, their registrations are prima facie evidence of their validity. 15 U.S.C. §1057(b); *Creative Gifts, Inc. v. UFO*, 235 F.3d 540, 545 (10th Cir. 2000) (registration carries with it the presumption that the trademark is valid).

Moreover, as discussed above in Section III.B.1.c, *supra.*, registration by the PTO without proof of secondary meaning creates the presumption that the mark is more than merely descriptive, and thus, that the mark is inherently distinctive. *PaperCutter, Inc. v. Fay's Drug Co., Inc.*, 900 F.2d 558, 563 (2d Cir.1990); *KMMentor, LLC v. Knowledge Mgmt. Prof'l Soc., Inc.*, 712 F. Supp. 2d 1222, 1241 (D. Kan. 2010); *Sally Beauty Co., Inc. v. Beautyco, Inc.*, 304 F.3d 964, 976 (10th Cir. 2002). Here, the Nation's ten registrations entitle their marks to a presumption of validity and inherent distinctiveness because the PTO did not require proof of secondary meaning for any of

the registered marks, so they are presumed to be inherently distinctive. Licata Dec., ECF No. 320 at ¶ 4. Far from requesting secondary meaning, in fact, the opposite is true. The PTO initially refused applications of the Nation's licensee until proof was given of the licensee's association with the Nation. *Id.* at ¶ 16 (Office Action for Reg. No. 2237848). Accordingly, the "Navajo" mark is presumed to be inherently distinctive, which shifts the burden to Defendants to show the mark is not protectable. *See Sally Beauty*, 304 F.3d at 976. And for the Nation's incontestable marks, Defendants' only legal defense is to prove genericness. *Park 'N Fly, Inc.* 105 S. Ct. at 661-63.

2. Defendants Used the Identical "Navajo" Mark in Commerce.

Defendants used the "Navajo" mark in commerce. Defendants sold jewelry, apparel and accessories, using the identical term "Navajo," in the same classes of items covered by the Nation's registrations. *See* § II at ¶¶ 9-11.⁴ Defendants admitted to using the "Navajo" mark in commerce by listing hundreds of goods in response to Plaintiffs' interrogatory question asking Defendants to identify "goods sold with the 'Navajo' mark." ECF No. 88-1 at 9 (Interrogatory No. 6); ECF No. 320, Ex. 7 (Defs.' Exs. B, D, F (goods sold using "Navajo" in response to Pl.'s Interrogatory No. 6)). The goods that are the subject of this trademark infringement motion are listed in the Plaintiffs' expert damages reports, totaled at ECF No. 244-2 at p. 17. Defendants used the "Navajo" mark in numerous ways to advertise their goods. *See* § II at ¶¶ 9-11; ECF Nos. 54-1 52-2 (Comp. ex. showing sale of goods using "Navajo").

3. Defendants' Use of the "Navajo" Mark Is Likely to Cause Confusion.

Defendants' use of the identical term "Navajo" as a trademark to sell the same types of goods sold by the Nation is likely to cause confusion. Likelihood of confusion "is amenable to summary judgment in appropriate cases." *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185

⁴ Plaintiffs move for direct infringement in this motion. There is a subset of 7 items, supplied by New Name, Inc., for which Plaintiffs contend Defendants are, alternatively, secondarily liable, which is the subject of Plaintiffs' secondary liability claims in Counts 7 & 8 of Pl.'s 3rd Am. Compl., ECF No. 82. Should the Court grant this motion, the Court may, or Plaintiffs will, dismiss its secondary liability claims.

F.3d 1084, 1089 (10th Cir. 1999). Generally, “[c]ases where a defendant uses an identical mark on competitive goods . . . are ‘open and shut’ and do not involve protracted litigation to determine liability for trademark infringement.” MCCARTHY § 23:20. Factors to determine whether a likelihood of confusion exists are: “(a) the degree of similarity between the marks; (b) the intent of the alleged infringer in adopting its mark; (c) evidence of actual confusion; (d) the relation in use and the manner of marketing between the goods or services marketed by the competing parties; (e) the degree of care likely to be exercised by purchasers; and (f) the strength or weakness of the marks.” *King of the Mountain*, 185 F.3d at 1089-90. “This list is not exhaustive . . . and no one factor is dispositive.” *Id.* at 1090. (quoting *Universal Money Centers, Inc. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1530 (10th Cir. 1994)).⁵ Plaintiffs meet each factor of this six-part test.

a. The Degree of Similarity of the Marks.

In confusion of source or sponsorship cases, “the similarity of the marks factor constitutes the heart of [the court’s] analysis.” *King of the Mountain*, 185 F.3d at 1089 (citing *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998)). This “‘first and most important factor’ . . . is gauged on three levels: ‘sight, sound, and meaning.’” *Hornady Mfg. Co. v. Doubletap, Inc.*, 746 F.3d 995, 1001 (10th Cir. 2014) (quoting *King of the Mountain*, 185 F.3d at 1091). Similarities in the marks are given more weight than the differences. *King of the Mountain*, 185 F.3d at 1090.

Plaintiffs meet the similarity factor in spades. The marks at issue are not just similar, but *identical* in sight, sound, and meaning. At issue is Defendants’ use of the English letters that spell “Navajo” in connection with products offered and sold to the public. The same six letters form the Nation’s protected trademark. Those six letters are pronounced the same way (‘na-və hō) or (‘nä-və,hō). See ECF No. 296-1 (dictionary definitions). And as this Court previously explained,

⁵ If any factor is found to be equal among the parties, it should be resolved in the Nation’s favor. See MCCARTHY § 23:64 (citing *Olde Tyme Foods, Inc. v. Roundy’s, Inc.*, 961 F.2d 200 (Fed. Cir. 1992) (“[T]his ‘tie-breaking rule’ is not a presumption or a substitute for evidence.”)).

“‘Navajo,’ has a primary meaning that refers to the Navajo tribe, and its people.” Order, ECF No. 52 at 20 (citing Webster’s Third New International Dictionary of the English Language 1508 (3d ed. 1986)). This Court further explained that “when used as an adjective, the term conveys information that the source of the [item] is the Navajo tribe or a member thereof. Consequently, use of ‘Navajo’ by Defendants could reasonably create a likelihood of confusion among consumers as to whether Defendants’ use of ‘Navajo’ refers to the NAVAJO brand and the Navajo Nation as the source of the product.” *Id.* at 21. *See also* ECF No. 300-1 at 10, 17 (Stygall Rpt.) (finding “Navajo” “refers specifically to a particular people and language,” and when used to refer to products, means the product is made by or manufactured by the Navajo people.). By using “Navajo” in their product names, Defendants falsely denoted that their items are manufactured by, sponsored by or associated with the Navajo tribe, so as to trade off of the goodwill and brand awareness of “Navajo” branded goods. Given the identity of the marks in sight, sound, and meaning, as well as the manner of usage and similarity of goods sold, the “degree of similarity” factor alone supports finding a likelihood of confusion. *See* MCCARTHY § 23:21. Griffin Decl. at Exs. 6 & 7.

b. Defendants’ Intent in Adopting the “Navajo” Mark Supports Finding a Likelihood of Confusion.

Defendants intended to derive benefit from the reputation and goodwill associated with Plaintiffs and the “Navajo” mark. “The proper focus under this factor is whether defendant had the intent to derive benefit from the reputation or goodwill of the plaintiff.” *King of the Mountain*, 185 F.3d at 1091 (quotation omitted). First, the identity of the marks “supports a conclusion that defendants intended to derive a benefit from [the Nation’s] reputation.” *Univ. of Kansas v. Sinks*, 565 F. Supp. 2d 1216, 1248 (D. Kan. 2008); *Klein-Becker USA, LLC v. Englert*, 711 F.3d 1153, 1162 (10th Cir. 2013) (intent to derive benefit from goodwill when mark “was identical”); *Vail Associates*, 516 F.3d 853, 869 (“[A]doption of a mark similar to a preexisting mark not only bears independently upon the likelihood of confusion, but also may support an inference that one

intended to draw upon the reputation of the preexisting mark.”).⁶

Second, courts have found that “[c]apitalizing upon the goodwill associated with Indian-made products is a marketing idea concerned with how to persuade consumers to buy certain goods.” *Flodine v. State Farm Ins. Co.*, No. 99-7466, 2001 WL 204786, *11 (N.D. Ill. Mar. 1, 2001). The same is true here: Defendants’ use of the exact “Navajo” trademark was a conscious marketing decision made to benefit from the goodwill associated with the Navajo Nation and “Navajo” mark in order to entice consumers to buy Defendants’ goods. *See* § II at ¶ 14. Thus, Defendants’ selection and use of the “Navajo” trademark was no accident. *See Utah Lighthouse Ministry v. Found. for Apologetic Info. & Research*, 527 F.3d 1045, 1055 (10th Cir. 2008) (“Evidence that the alleged infringer chose a mark with the intent to copy, rather than randomly or by accident, typically supports an inference of likelihood of confusion.”) (citing *Sally Beauty Co.*, 304 F.3d at 973 and *Planned Parenthood Fed’n of Am., Inc. v. Bucci*, No. 97-0629, 1997 WL 133313, at *3 (S.D.N.Y. Mar. 24, 1997) (defendant used plaintiff’s trademark to intentionally divert Internet traffic to his own websites)).

Third, Defendants traded on the goodwill of the “Navajo” mark by using it to drive Internet traffic to their websites. The intent of an infringer in adopting a mark also weighs in favor of the plaintiff where the infringer “deliberately used the trademark[] to drive internet traffic to their own Web sites.” *Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1240 (10th Cir. 2006). In *Australian Gold*, the Tenth Circuit found that the defendant’s actions were “indicative of an intent to cause consumer confusion” where the defendant displayed the plaintiff’s mark on its websites, used the

⁶ *See also Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1485-86 (10th Cir. 1987) (quoting *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 941 (10th Cir. 1983) (“*Beer Nuts I*”) (“A conscious choice of a mark similar to a mark already established in the marketplace usually supports a finding of a likelihood of confusion ‘because the court presumes that [the alleged infringer] can accomplish his purpose: that is, that the public will be deceived.’”); *Beer Nuts v. Clover Club Foods Co.*, 805 F.2d 920, 927 (10th Cir. 1986) (“*Beer Nuts II*”) (“[D]eliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another which in turn supports a finding of likelihood of confusion.”)).

mark in website metatags, and paid a third party to ensure that the defendant's website was among the top listed websites if the plaintiff's trademark was used in an Internet search query. *Id.* at 1233, 1241. The same facts are present here. *See* § II at ¶¶ 10-11; Raichur Rpt., ECF No. 302-1. Even after Defendants stopped selling the infringing goods, which was well after Plaintiffs filed this case, Defendants continued to use the "Navajo" mark on its websites and in relation to its Internet marketing campaigns. *See* § II at ¶¶ 21, 24, 25. This also shows intent to trade on the "Navajo" mark's goodwill. *See Australian Gold*, 436 F.3d at 1239 ("Defendants continued to use the trademarks to divert internet traffic to their Web sites even when they were not selling Products. Thus, Defendants used the goodwill associated with Plaintiffs' trademarks . . .").

Fourth, as previously briefed in Plaintiffs' opposition to Defendants' laches motion, Defendants admit—indeed, argue—that their conduct was intentional. *See* ECF No. 242 at 16-17.

Fifth, Defendants' intentional conduct was willful. After receiving a cease and desist letter from Plaintiffs, Defendants repeatedly represented to the Court and to Plaintiffs that they had stopped using the "Navajo" mark, while continuing the sale of infringing goods and use of the mark. *See* § II at ¶¶ 19-25. These representations appeared in Defendants' pleadings and in letters to Plaintiffs' counsel, and are evidence of Defendants' willful infringement. *See W. Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1274 (10th Cir. 2005) (willfulness "if the defendant deceives the plaintiff into thinking he has ceased infringing the trademark when in fact the illegal action continues" or submits "misrepresentation to the courts"). The Defendants here continued use of the "Navajo" mark to market and sell their goods, securing almost a million dollars in sales months and even years after receiving notice that they were using the Nation's "Navajo" trademark. This too shows intent. *See Takecare Corp. v. Takecare of Oklahoma, Inc.*, 889 F.2d 955 (10th Cir.1989) (affirming district court finding that defendant's continued use of trademark after notice amounted to a "willful and deliberate infringement").

Finally, Defendants' use of the "Navajo" mark without first conducting research shows

intent. “To show innocent intent, a party must conduct a reasonable investigation into a trademark’s availability.” *Nat’l Products, Inc. v. Aqua Box Products, LLC*, No. 12-0605, 2013 WL 1399346, at *2 (W.D. Wash. Apr. 5, 2013). Defendants did not investigate the “Navajo” mark until at least 2011, after receiving notice of infringement. Griffin Decl. at Ex. 9 (at Nos. 4, 12). The failure to conduct a trademark search before using the “Navajo” mark deviates from standard industry practice. *See* Fueroghne Rpt., ECF No. 361-1 at 17. The failure of Defendants to conduct a trademark search, combined with all the other evidence discussed above, shows Defendants’ consistent and deliberate disregard for Plaintiffs’ trademark rights and is further evidence of intent to trade on the Nation’s goodwill. *See Tamko Roofing Prods., Inc. v. Ideal Roofing Co., Ltd.*, 282 F.3d 23, 33 (1st Cir. 2002) (failure to conduct a trademark search is evidence, along with other behavior, of willful infringement); *International Star Class Yacht Racing Ass’n v. Tommy Hilfiger U.S.A., Inc.*, 80 F.3d 749, 38 U.S.P.Q. 2d 1369 (2d Cir. 1996) (“[Defendant] cannot lay claim to a ‘good faith’ belief that it was not infringing on [plaintiff’s unregistered] mark because it neither fully explored others’ rights to ‘STAR CLASS’ nor ceased its infringing behavior when it was sued.”). *But see King of the Mountain*, 185 F.3d at 1091-92 (failure to conduct a search *alone* does not show intent). In sum, Defendants’ failure to conduct a trademark search, combined with the other evidence on of intentional conduct, supports finding a likelihood of confusion.

c. Evidence of Actual Confusion.

i. Consumer Survey Confusion and Post-Sale Confusion.

Evidence of actual confusion may be introduced through surveys. *Sally Beauty Co.*, 304 F.3d at 974; *Universal Money Centers*, 22 F.3d at 1534, n. 3 (10th Cir. 1994). Surveys indicating confusion of seven to 15 percent of the sample have been held adequate, when supported by other evidence, to prove a likelihood of confusion. *1-800 Contacts, Inc. v. Lens.com, Inc.*, 722 F.3d 1229, 1248-49 (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt. g. at 216–17 (1995)). The Nation has submitted evidence of actual confusion through a consumer survey.

Johnson Rpt. ECF No. 301-1 at 25. The Johnson survey found *as much as a 53% confusion rate*. When adjusted using the control cell results for comparison, the adjusted source confusion was 49%. Further, after adjustment with the control result, two in five customers (40%) who were exposed to products bearing the unauthorized use of the “Navajo” mark falsely believed that the goods were made by the Navajo, Indians, or Native Americans. *Id.* at 43. *See also* § II at ¶ 18. Additional evidence of actual confusion is found in the fact that ten website users, as reported in an October 22, 2011 *Arizona Republic* news article, were confused by UO’s use of “Navajo” to describe woven bracelets and feather earrings. ECF No. 261-3.

The Tenth Circuit has also found that post-sale confusion as to source is actionable under the Lanham Act. *See 1-800 Contacts*, 722 F.3d at 1239 (post-sale confusion “may propagate among potential consumers who see the relevant product after the original buyer has purchased it”); *Gen. Motors Corp. v. Urban Gorilla, LLC*, 500 F.3d 1222, 1227 (10th Cir. 2007) (holding “that the likelihood of post-sale confusion is relevant to the trade dress infringement inquiry”). *See also Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872-73 (2d Cir. 1986). Here, potential consumers are still encountering Plaintiffs’ “Navajo” mark in the marketing of Defendants’ goods. For example, numerous second-hand sellers of Defendants’ goods continue to market the goods using the “Navajo” mark. *See* § II at 11-12. Defendants’ Internet marketing affiliates’ websites also still include copy material provided by Defendants that uses the “Navajo” mark. Griffin Decl. Ex. 1.⁷ This evidence demonstrates actual and potential post-sale confusion in the marketplace as a result of Defendants’ use of the “Navajo” mark, which further supports a finding of a likelihood of confusion

ii. Initial Interest Confusion.

A separate basis for finding a likelihood of confusion is found in evidence showing “initial

⁷ UO failed to take any action to ensure that its marketing affiliates ceased using the copy material that UO provided, even after agreeing to do so. *See* § II at ¶ 11.

interest confusion.” In *Australian Gold*, the Tenth Circuit affirmed the denial of the defendants’ motion for judgment as a matter of law and agreed with the district court on initial interest confusion where the defendants (1) used the plaintiff’s trademarks on their own websites; (2) placed the marks in websites metatags, so that an Internet search for those trademarks would return links to the defendants websites; and (3) paid a website to list the defendants in a preferred position whenever a user searched for the plaintiff’s marks. 436 F.3d 1228, 1240. The same facts are present here: Defendants used the “Navajo” mark on their websites, in direct marketing emails to customers, in Internet advertisements, purchased the mark as a keyword for search engine advertising that directed traffic to the websites, and used the mark as metatags on the websites. Defendants also paid marketing affiliates and provided photos and copy material to include in ads that directed Internet traffic to Defendants’ websites. *See* § II at ¶¶ 11, 24.⁸

d. Similarity of Products and Manner of Marketing.

Defendants sold identical types of products (though different in quality) to those that are sold by the Nation. “‘The greater the similarity between the products . . . the greater the likelihood of confusion.’” *Sally Beauty Co.*, 304 F.3d at 974 (10th Cir. 2002) (quoting *Universal Money*., 22 F.3d at 1532). Courts in the Tenth Circuit separately consider “(1) the similarity of the products and (2) the similarity in the manner of marketing the products.” *Id.* Converging marketing channels increase the likelihood of confusion. *Beer Nuts I*, 711 F.2d at 941. In analyzing the similarity in the manner of marketing the Tenth Circuit has also “considered whether the parties were competitors in consumer markets.” *Sally Beauty Co.*, 304 F.3d at 974.

In refusing to dismiss Plaintiffs’ trademark claim, this Court found that Plaintiffs alleged that Defendants’ infringing use was on similar goods that Plaintiffs market and sell, e.g., clothing,

⁸ Defendants’ own written policies regarding use of their trademarks for sellers on eBay recognize initial interest confusion. For instance, Free People’s written policy provides, in part: “Sellers may not use the Free People® trademarked name in their auction or description simply to gain attention from consumers; this is an illegal trademark infringement and is recognized by the courts as ‘initial interest confusion.’ Only authentic Free People® merchandise may be listed as such.” Griffin Decl. at Ex. 15

jewelry, and other accessories, and that the goods compete in many of the same channels of commerce. Order, ECF No. 52 at 19. The record now confirms that Defendants’ infringing use occurred with respect to the same types of goods covered by the Nation’s trademark registrations, mainly clothing, jewelry, and accessories. *See* § II at ¶¶ 9-11. The Nation also previously filed photographs showing the similar nature of the products sold by Defendants and Plaintiffs. Willie Decl., ECF No. 43 at ¶ 6. The record further shows Defendants marketed their goods in the same manner as Plaintiffs, including through wholesale channels, tradeshow, retail stores, and via the Internet. *See, e.g.*, McGough Decl., ECF No. 262 ¶¶ 5, 6, 11, 19; *See* § II at ¶¶ 9-11. Evidence of the converging marketing channels is also apparent from UO’s Google advertisement for “Assorted Navajo Bracelet,” which was linked to UO’s website and appeared alongside the Google search results for “navajo bracelet.” Those search results included the Nation’s website (“gonavajo.com”), through which the Nation sells its goods. McLaughlin Decl., ECF No. 143-9; McGough Decl. ECF No. 262 at ¶ 11. In addition, some of Defendants’ retail stores are in close proximity to retailers of authentic Navajo goods. For instance, Gertrude Zachary Jewelry, which sells authentic Navajo goods, is located at the same intersection (just 256 feet away) as UO’s store in Albuquerque’s Nob Hill district (Wellesley and Central Ave.). *Id.* at ¶¶ 21, 23.

The parties here are also competitors. *See* McGough Decl., ECF No. 262 at ¶ 15. In seeking to dismiss Plaintiffs’ claim under the New Mexico Unfair Trade Practices Act (“NMUTPA”), Defendants in fact argued that “Plaintiffs in this case are not buyers of Defendants’ goods. Instead, *they are business competitors . . .*” ECF No. 55 at 6 (emphasis added).⁹ Citing Defendants’ argument, the Court dismissed Plaintiffs’ NMUTPA claim. ECF No. 81 at 17-19. Accordingly, Defendants admit the parties are competitors, which is another reason the similarity of products

⁹ Defendants are estopped from now taking a contrary position. *See Bradford v. Wiggins*, 516 F.3d 1189, 1194 (10th Cir. 2008) (quoting *New Hampshire v. Maine*, 532 U.S. 742, 749–50 (2001) (“[J]udicial estoppel is based upon protecting the integrity of the judicial system by ‘prohibiting parties from deliberately changing positions according to the exigencies of the moment.’”)).

factor should be decided in Plaintiffs' favor. *See Sally Beauty Co.*, 304 F.3d at 974.

e. The Degree of Care Likely to Be Exercised by Purchasers.

This factor weighs in the Nation's favor because most of the items were inexpensive and did not require a high degree of care prior to purchasing. "The relevant inquiry focuses on the consumer's degree of care exercised at the time of purchase." *Sally Beauty Co.*, 304 F.3d at 975. "That being said, the effect of purchaser care, while relevant, will be less significant than, or largely dependent upon, the similarity of the marks at issue in that confusingly similar marks may lead a purchaser who is extremely careful and knowledgeable about the instrument that he is buying to assume nonetheless that the seller is affiliated with or identical to the other party." *Basis Int'l Ltd. v. Research in Motion Ltd.*, 827 F. Supp. 2d 1302, 1309 (D.N.M. 2011) (internal quotation omitted). The Tenth Circuit has found that "buyers typically exercise little care in the selection of inexpensive items that may be purchased on impulse." *Beer Nuts I*, 711 F.2d at 941. Many of the goods sold by Defendants using the "Navajo" trademark are inexpensive jewelry, accessories, and clothing items. Defendants sold at least 74 items at issue in this case for \$30 or less. Griffin Decl. at ¶ 16. Accordingly, this factor weighs in favor of Plaintiffs and a finding of a likelihood of confusion. *See Univ. of Kansas v. Sinks*, 565 F. Supp. 2d 1216, 1251 (D. Kan. 2008) (finding factor to weigh in the plaintiff's favor where infringing item was \$15 t-shirt).

f. The Strength or Weakness of the Mark.

As argued in the Nation's motion for summary judgment on trademark dilution, ECF No. 319, the Nation's "Navajo" trademark is both conceptually and commercially strong. "The final factor in determining likelihood of confusion is the strength of the mark—'[t]he stronger the mark, the greater the likelihood that encroachment on the mark will cause confusion.'" *Utah Lighthouse Ministry*, 527 F.3d at 1056 (quoting *Sally Beauty Co.*, 304 F.3d at 975). This factor considers "both conceptual strength, which refers to the placement of the mark along the distinctiveness spectrum, and commercial strength, which refers to the marketplace recognition value of the mark." *Id.* (citing *King of the Mountain*, 185 F.3d at 1093); *see also* MCCARTHY § 11:83.

(i) The Nation’s “Navajo” Mark Is Conceptually Strong.

The Nation’s trademark is conceptually strong. To determine conceptual strength of a trademark, courts place the mark in one of five categories of increasing distinctiveness and strength: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. *Heartsprings*, 143 F.3d at 555. For the reasons stated in § III.B.1.a, the “Navajo” mark is inherently distinctive.

(ii) The Nation’s “Navajo” Mark Is Commercially Strong.

The Nation’s trademark is also famous, and as such, is commercially strong. Commercial strength is “the marketplace recognition value of the mark.” *King of the Mountain*, 185 F.3d at 1093. “Under the commercial strength inquiry, a court looks at the marketplace to determine if a ‘substantial number of present or prospective customers understand the [mark], when used in connection with a business, to refer to a particular person or business enterprise.’ ” *1–800 Contacts*, 755 F. Supp. 2d at 1179. The evidence that shows the “Navajo” mark is famous for trademark dilution purposes, *see* ECF No. 319 at 17-22, also shows the mark’s commercial strength. To evaluate commercial strength, which is conceptually analogous to secondary meaning, courts look to “‘direct evidence, such as consumer surveys or testimony from consumers,’” and “‘circumstantial evidence regarding: (1) the length and manner of [the mark’s] use, (2) the nature and extent of advertising and promotion of the mark and (3) the efforts made in the direction of promoting a conscious connection, in the public’s mind, between the name or mark and a particular product or venture.’” *Water Pik*, 726 F.3d at 1154 (quoting *Donchez*, 392 F.3d at 1218).

Here, Plaintiffs’ market research survey provides direct evidence of commercial strength—it shows that 53% of prospective customers understand the “Navajo” mark, when used in conjunction with clothing, jewelry, and accessories, to identify the source of the good as the Nation. *See* Johnson Rpt., ECF No. 301-1 at 25. The Nation, its instrumentalities, and its people have also been selling goods under the “Navajo” mark for at least 150 years. Tsosie Decl., ECF No. 246 at ¶ 5; Damon Decl., ECF No. 306 at ¶¶ 2-3, and ECF Nos. 306-1 & 306-2 (newspapers); Swope Decl., ECF No. 293 at ¶¶ 2-3, and ECF Nos. 293-1 & 293-2 (Bsumek publication).

Authentic Navajo rugs and blankets were advertised and sold using the mark throughout the country as early as the turn of the 20th century. *Id.*; Damon Decl., ECF No. 306 at ¶¶ 2-3, and ECF Nos. 306-1 & 306-2 (newspapers). There are few trademarks as old in the United States. Moreover, the “Navajo” mark is broadly recognized by the consuming public. Numerous dictionaries include a reference to Plaintiffs’ fame for the goods they sell. *See* § II at ¶ 7. *See Creative Gifts*, 235 F.3d at 545 (evidence of the public’s understanding of mark may come from dictionaries, consumer surveys, newspapers, and other publications). *See also*, Pls.’ Opps. to Dilution Motions, ECF Nos. 292 at 11-13 (discussing commercial strength, incorporated herein) & 319 at 17-19 (discussing commercial strength, incorporated herein). The recognition of “Navajo” in reference to the tribe is in effect a trade name under which the tribe conducts its business, which also shows commercial strength. *See, e.g. USX Corp. v. U.S. Steel, Inc.*, No. 99-2186, 1999 WL 1020251, * 3 (D. Kan. July 6, 1999) (“Defendants are using a trade name that is sufficiently similar to the Plaintiff’s famous trademark and *trade name*”) (emphasis added). Wide recognition of the Navajo tribe, which owns the federal trademark “Navajo” is also found in thousands of media articles, where the Navajo brand is referenced to a product because the adjectival use of the term functions as an indicator of source. Stygall Rpt., ECF No. 300-1 at 3, 12, 17.

Today the mark continues to be used to market millions of dollars’ worth of goods across the United States and internationally. The “Navajo” mark and Navajo goods are widely advertised and promoted through the Nation’s instrumentalities and other independent retailers. *See* § II at ¶¶ 2-5. Accordingly, the “Navajo” mark is both conceptually and commercially strong. The Nation, therefore, meets all six factors required to show a likelihood of confusion and is entitled to summary judgment on its trademark infringement claim.

IV. CONCLUSION

For the foregoing reasons, Plaintiffs’ Motion for Summary Judgment on trademark infringement and unfair competition should be GRANTED.

RESPECTFULLY SUBMITTED this 14th day of May, 2015.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 14th day of May, 2015, I filed the foregoing electronically through the CM/ECF system, which caused the following counsel to be served by electronic means:

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