

19-10670

United States Court of Appeals
for the
Eleventh Circuit

BADIA SPICES, INC., a Florida Corporation,

Plaintiff-Counter-Defendant-Appellee,

– against –

GEL SPICE COMPANY, INC., a New Jersey Corporation,

Defendant-Counter-Claimant-Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
CASE NO. 1:15-cv-24391-MGC

**BRIEF FOR DEFENDANT-COUNTER-
CLAIMANT-APPELLANT**

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**APPELLANT GEL SPICE COMPANY INC.'S
CERTIFICATE OF INTERESTED PERSONS AND
CORPORATE DISCLOSURE STATEMENT**

Pursuant to Fed. R. App. P. 26.1 and 11th Cir. R. 26.1, counsel for Defendant/Appellant Gel Spice Company Inc. submits the following alphabetical list of trial judges, attorneys, persons, firms, partnerships and corporations that are known to have an actual or potential interest in the outcome of this appeal:

1. Badia, Joseph, President Badia Spices, Inc.;
2. Badia Spice, Inc.;
3. Baum, Samson, Gel Chief Financial Officer;
4. Coleman, Ronald D., Mandelbaum Salsburg P.C., attorneys for Defendant/Appellant;
5. Cooke U.S.D.J., Marcia, District Court Judge;
6. Egan, W. John, Malloy & Malloy P.L., attorneys for Plaintiff/Appellee;
7. Engel, Ary, Gel principal;
8. Engel, Gershon, Gel interim Chief Executive Officer;
9. Engel, Jacob, Gel Senior Vice President of Sales;
10. Engel, Sherman, Gel Senior Vice President of Sales;
11. Frank Mendez, Meredith, Malloy & Malloy P.L., attorneys for Plaintiff Appellee;
12. Gel Spice Company, Inc.;

13. Liberty Insurance Corp.;

14. Liberty Mutual Group;

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18. Presti, Jennifer E., Mandelbaum Salsburg P.C., attorneys for
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19. Roth, Philip, Gel Senior Vice President of Operations

20. Ruiz, Oliver A., Malloy & Malloy P.L., attorneys for Plaintiff/Appellee;

21. Sozio, Kate A., Archer & Greiner P.C., former attorney for
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22. Stahl, Ari, Gel Senior Vice President of Finance

23. Stein, Mark E., Mark Stein Law, attorneys for Defendant/Appellant

Pursuant to Fed. R. App. P. 26.1, counsel for Defendant/Appellant Gel Spice
Company, Inc., hereby submits the following corporate disclosure information:

Gel Spice Company, Inc. has no parent company. No publicly-held entity
owns 10% or more of the stock of Gel Spice Company, Inc.

STATEMENT REGARDING ORAL ARGUMENT

Defendant-Appellant Gel Spice Company, Inc. (“Gel”), respectfully requests oral argument in this matter pursuant to Federal Rule of Appellate Procedure 34 and 11th Cir. R. 28-1(c). Gel’s appeal is based on the application, at least in part, of controlling Eleventh Circuit precedent that the district court inexplicably failed to acknowledge in resolving this case and that defendant-Appellee Badia Spices, Inc. (“Badia”) merely contends “is simply wrong.” Gel’s position is that application of well-established precedent conclusively resolves this appeal in its favor, but at the same time neither the district court nor Badia justified, in the record, the legal basis for the district court’s judgment. It is respectfully submitted that affirming that judgment would amount to abrogation of well-established precedent which could only be achieved through a hearing *en banc*. For these reasons, Gel believes that the Court will be significantly aided by oral argument in this appeal. Fed. R. App. P. 34(a)(2)(C).

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**STATEMENT OF SUBJECT MATTER
AND APPELLATE JURISDICTION**

Badia initiated this action in the United States District Court for the Southern District of Florida, which had jurisdiction pursuant to 15 U.S.C. §§ 1114, 1116, 1121, and 1125 and 28 U.S.C. §§ 1331, 1338, and 1367. The district court also had diversity jurisdiction under 28 U.S.C. § 1332.

The district court entered judgment disposing of all claims on January 24, 2019 (Doc.¹ 220) and Gel's Notice of Appeal was timely filed on February 20, 2019. (Doc. 225.) This Court has jurisdiction pursuant to 28 U.S.C. § 1291.

STATEMENT OF ISSUES PRESENTED FOR REVIEW

1. Did the district court err in denying the Gel's motion to dismiss the complaint on summary judgment on the ground that plaintiff's alleged trademarks, COMPLETE SEASONING and its Spanish equivalent, are generic as a matter of law and subject to cancellation pursuant to 15 U.S.C. 1064(3)?

2. Did the district court err in precluding Gel from introducing at trial (i) testimony from Badia's principal that the jury could have found was an admission that COMPLETE SEASONING and SAZON COMPLETA were chosen as product names because they were generic descriptions of Badia's product; (ii) extensive

¹ "Doc." numbers herein correspond to the tab number in the Appellant's Appendix and to the document number assigned on the District Court's docket sheet. Citations to page numbers correspond to the page number of the document reflected in the District Court docket entries, at the top of the document.

third-party evidence demonstrating the weakness of Badia's purported trademarks in the market and that the enforcement efforts it repeatedly relied on as proof of the strength of its purported marks were actually sporadic and ineffective?

3. Did the district court err when instructing the jury on the issues of (i) the meaning of "incontestability" of trademark registrations; and (ii) genericness?

4. Whether the jury's verdict that Badia suffered no actual damages, but nevertheless was entitled to punitive damages, fails to represent a logical and probable decision on the relevant issues as submitted to it?

5. Whether the district court erred in denying Gel's motion for a new trial based on the errors set forth above?

6. Whether, at a minimum, the district court erred in failing to grant or even rule on Gel's motion for a remittitur of the jury's damage award, where, as here, there was no legal or factual basis for a punitive damage award?

STATEMENT OF THE CASE

I. Nature of the Case, Course of Proceedings, and Disposition Below

Badia filed this action against Gel in November 2015 claiming trademark infringement under Section 32 of the Lanham Act (15 U.S.C. § 1114) and unfair competition and false designation of origin under Section 43 of the Lanham Act (15 U.S.C. § 1125) as well as common law trademark infringement and unfair competition. (Doc. 1) Badia sought damages and an injunction against Gel because

of Gel's sale of a blended spice product under the name "Sazon Complete Mix Seasoning," which Badia claimed infringed with its registered trademarks COMPLETE SEASONING and SAZON COMPLETA for a similar product. (Doc. 1.)

In March 2016, Gel filed its Answer, Affirmative Defenses and Counterclaims, denying the claims and asserting the affirmative defense that COMPLETE SEASONING and SAZON COMPLETA were generic terms not entitled to trademark protection. Gel also counterclaimed for cancellation of the registrations of these marks. (Doc. 12.)

Following discovery, Badia and Gel filed cross-motions for summary judgment on their respective claims in September 2016. (Doc. 49, DCDS at 7.)

Oral argument on the parties' cross-motions for summary judgment was held in April 2017, at which time the district court denied both parties' motions from the bench. (Doc. 110 at 32.) Following that ruling, Badia moved the district court to nonetheless dismiss Gel's counterclaim and defenses based on the genericness of Badia's claimed marks based on comments by the district court during oral argument. The district court denied that motion, stating that Badia had "misconstrued" the import of the district court's statements. (Doc. 117 at 2-3.)

The case was tried before a jury from October 29 through November 5, 2018. (Doc. 220.) At the close of Badia's case in chief, Gel moved for judgment as a matter

of law under Fed. R. Civ. P. 50(a). Gel argued, among other things², that Badia's failure to prove a single incident of actual confusion despite six years of competition between Badia's "Complete Seasoning" and Gel's "Sazon Complete Mix Seasoning" ruled out the existence of a likelihood of confusion as a matter of law. (Doc. 186 at 160-71; 189 at 54-83.) The court denied Gel's motion, and after Gel proceeded with its own case as well as cross-motions for judgment, which were also denied (Doc. 189 at 83), Badia's claims were submitted to the jury.

Pursuant to the special interrogatories provided to the jury, it rejected Gel's argument that COMPLETE SEASONING and its Spanish equivalent, SAZON COMPLETA, were generic, and found that Gel willfully infringed Badia's trademarks, awarding Badia \$188,000 as "infringer's profits." The jury also found that Badia had not proved any actual damages but nonetheless also awarded \$376,000 in punitive damages to Badia, which it claimed under Florida unfair competition law. (Doc. 184 at 2-3.)

² Gel also moved at this juncture to dismiss Badia's prayer for a permanent injunction on the ground that that plaintiff not only failed to prove the existence of irreparable harm but all but admitted that no such harm had been suffered by it. Irreparable harm is, of course, an essential requirement for a permanent injunction to issue, regardless of whether infringement is found. *See eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 392, 393 (2006); *North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1228 (11th Cir. 2008) (extending the Supreme Court's reasoning in *eBay* to the Lanham Act which contains similar language as the Patent Act).

After dismissal of the jury, the parties filed timely post-trial motions. Badia moved for a permanent injunction based on various factual submissions obtained after the trial (Doc. 201.) Gel, in turn, renewed its motion for judgment as a matter of law or, in the alternative, motion for new trial and remittitur pursuant to Fed. R. Civ. P. 50(b) and 59. (Doc. 205.) Both motions were fully briefed by January 7, 2019. (Docs. 213, 216.)

On January 24, 2019, the district court entered judgment in favor of Badia based on the jury's verdict. The judgment addressed neither Badia's motion for a permanent injunction or Gel's motion for a new trial. (Doc. 220.)

Gel timely filed its notice of appeal on February 20, 2019 pursuant to Fed. R. App. P. 4(a)(1)(A). (Doc. 225.) Two days later Badia moved for taxable costs and attorneys' fees under the "exceptional case" rubric of the Lanham Act. (Doc. 227 and 228.) In response, and considering the pendency of its appeal, Gel, in turn, on February 27, 2019 moved to stay or dismiss Badia's motion. (Doc. 230.) Badia opposed the motion on March 6, 2019 and the Court, that same day, granted Gel's motion, writing "The Court **STAYS** this case pending resolution of Defendant's appeal." (Doc. 233; emphasis in original.)

Badia moved to dismiss Gel's appeal, which Gel has opposed. (*MOTION to dismiss appeal for lack of appellate jurisdiction filed by Badia Spices, Inc.*

Opposition to Motion is Unknown. [8742712-1] [19-10670] filed April 10, 2019).

That motion is pending before this Court.

II. Statement of Facts

A. “Complete Seasoning”

Gel is a family-owned seasonings company that has been importing and manufacturing spices, seeds, bakery ingredients and other specialty ingredients since 1955. (Doc. 49-2 at 2-3.) Gel does not sell consumer products under its own name; its business consists of private-label manufacturing for grocery and discount stores as well as the sale of products for value-priced sale under several brand names, one of which is “Spice Supreme.” (Doc. 187 at 40-41.)

Gel started selling complete seasoning in 2012 after one of its largest customers, grocery distributor Forte Distribution, Inc. (“Forte”) in South Florida, encouraged Gel to add a complete seasoning product, used commonly in Latin recipes, to its Spice Supreme line value-priced spices and seasonings. (Doc. 49-2 at 3; Doc. 49-3 at 3.) Gel was the only spice company that did not carry a “sazon product,” i.e., a *sazon completa* or complete seasoning at that time. (Doc. 49-5 at 3-5.) Among the ones who did or do, over a dozen sell or have sold complete seasoning spice products under phrases that incorporate the words “complete seasoning” or “*sazon completa*” in whole or in part. (Doc. 49-5 at 4-5; Doc. 49-8; Doc. 49-9.)

Badia, a major retailer of spices and seasonings that focuses on the Hispanic market, dominates the market for complete seasoning, which it sells under the names “Complete Seasoning” and “*Sazon Completa*.” Badia’s Joseph Badia, creator of Badia’s highly lucrative complete seasoning blend and the company’s current President, admitted in his deposition – which was brought to the Court’s attention in Gel’s summary judgment motion – that the choice of product name was obvious for the simple reason that the product was . . . a complete seasoning:

Q. Now why did you choose that name for the product?

A. Because that was the only thing I could think of. It happened. I don’t know why it happened. That’s what we started calling it a long time ago.

Q. You say that was the only thing you could think of. Why? What was it about that choice of a name that made you think of it?

A. It was like a season-all, one product – you know, one-stop shop, complete, yeah.

Q. It was like a complete seasoning?

A. Yes.

(Doc 49-10 at 3.) Notwithstanding, Badia eventually obtained trademark registrations for both terms, which registrations now have “inconstestable” status. (Doc. 1-3 at 1-5.) Both registrations contain significant disclaimers: The registration for COMPLETE SEASONING disclaims the word “seasoning” and, in parallel, the registration for SAZON COMPLETA disclaims the word “*sazon*,” Spanish for “seasoning.” *Id.*

Although Badia secured these registrations, discovery in this matter demonstrated widespread generic use of these words. In August 2016, a Gel employee purchased complete seasoning products from several different manufacturers, marketed under the names, respectively, of Goya Sazonador Complete Seasoning, La Criolla Complete Seasoning, Baldom Dominican Super Complete Seasoning, and Bohio Sazonador Completo. (Doc. 49-2 at 4-5.) Following the close of discovery, but still several months before trial, Gel supplemented the record with newly discovered, i.e., fresh evidence of continued third-party use of “complete seasoning” or “sazon completa” formatives for mixed seasoning products. (Doc. 135-1 and 135-2.)

Gel appreciated the commercial opportunity brought to its attention by Forte, being fully familiar with complete seasoning and how to make it. (Doc. 49-2 at 3-4; Doc. 49-6 at 3-4; Doc. 49-7 at 3-5.) Jeff Strand, Gel’s product development manager, testified that Gel readily formulated and prepared for manufacturing its new Spice Supreme complete seasoning as one in “a general category of spices . . . a lot of companies have their own version of it, just like corn flakes” (Doc. 49-7 at 5.) Accordingly, Gel’s “Sazon Complete Mix Seasoning” is a typical all-purpose or complete seasoning blend, consisting of garlic, onion, oregano, parsley, salt, and MSG. (Doc. 187 at 41.) Gel thus developed artwork for a label and came up with a descriptive name for its complete seasoning product, “Sazon Complete

Mix Seasoning” – varying the wording in order to differentiate its description of the product from the product descriptions used by Badia. Gel was fully aware that Badia claimed trademark rights in COMPLETE SEASONING and SAZON COMPLETA.

B. Badia’s Infringement Claim

Despite the highly descriptive quality of Badia’s supposed trademarks and the difference between them and the product name used by Gel, Badia sued Gel, claiming that “SAZON COMPLETE MIX SEASONING” infringed “COMPLETE SEASONING” and “SAZON COMPLETA.” At trial, Badia introduced no evidence that – despite nearly more than six years of coexistence in the market of what both sides agreed were competing products – any consumer – or anyone else for that matter – had ever confused its products with Gel’s. Nor did Badia introduce a consumer survey supporting its likelihood of confusion claim.

Badia also introduced no evidence of actual harm or damage arising from Gel’s conduct. In fact, Joseph Badia admitted on the stand not only that Gel’s competing product had not affected sales of Badia’s “Complete Seasoning,” but that it could not, testifying at trial as follows:

Q. [H]ave the sales of Sazon Completa been affected by [Gel]’s sale of its product?

A. Listen, we have continually – you know, we have, like, a national footprint. **We continue to grow our business every year 14, 16 percent. And Sazon Completa is no exception.** Because we have more shelf space, we have bigger sales. We have more shelf space, bigger sales.

Q. So does that mean my client's conduct has not had a negative effect on sales of your product?

A. **Your \$200,000 a year for the last five years doesn't compare to the numbers on this product.**

(Doc. 173 at 26 emphasis added.) Similarly, Badia's longtime controller, Ileana Gonzalez, testified unequivocally that in each year from 2010 through 2015, sales for Complete Seasoning only increased despite Gel's entry into the market with its lower-priced, "infringing," i.e. competing, offering. (Doc 186 at 69-70.)

Badia's claims did not include infringement of trade dress infringement, and it has neither claims nor has protectible trade dress in its ordinary, and almost universally-used, spice bottle designs. At trial however – from opening statement, through testimony and in its closing argument – Badia, over Gel's objection, repeatedly brought to the jury's attention supposed similarities between the packaging of Badia's bottles of complete seasoning and Gel's bottles of complete seasoning.

STANDARD AND SCOPE OF REVIEW

This Court reviews the grant or denial of summary judgment *de novo*, without deference to the district court's determination. *B&G Enters., Ltd. v. United States*, 220 F.3d 1318, 1322 (11th Cir. 2000); *Thornton v. E.I. Du Pont de Numours & Co.*, 22 F.3d 284, 288 (11th Cir. 1994). Summary judgment is appropriate if there is no genuine issue of material fact and the moving party is entitled to judgment as

a matter of law. *Whatley v. CNA Ins. Co.*, 189 F.3d 1310, 1313 (11th Cir. 1999). The Court must view all evidence and all factual inferences reasonably drawn from the evidence in the light most favorable to the nonmoving party. *St. Charles Foods, Inc. v. America's Favorite Chicken Co.*, 198 F.3d 815, 819 (11th Cir. 1999).

Review of the denial of a motion for judgment as a matter of law is also *de novo*. *Gupta v. Fla. Bd. of Regents*, 212 F.3d 571, 582 (11th Cir. 2000). This Court applies the same standard as that used by the district court. *Id.* Similarly, in determining whether a directed verdict was appropriate, “the facts and inferences must so overwhelmingly favor the verdict that no reasonable juror could reach a contrary decision.” *Id.* (internal quotations omitted).

This Court also reviews *de novo* whether a jury instruction was a correct statement of law, while reviewing only for an abuse of discretion a district court’s refusal to give a requested jury instruction. *Pizzino v. NCL (Bahamas) Ltd.*, 709 F. App’x 563, 564 (11th Cir. 2017), *petition for reh’g and reh’g en banc denied*, No. 16-16812 (11th Cir. April 19, 2018). “An abuse of discretion is committed only when (1) the requested instruction correctly stated the law, (2) the instruction dealt with an issue properly before the jury, and (3) the failure to give the instruction resulted in prejudicial harm to the requesting party.” *Id.* The Court applies the same deferential standard of review to verdict forms as it applies to the district court’s jury’s instructions. *See McNely v. Ocala Star-Banner Corp.*, 99 F.3d 1068, 1072

(11th Cir. 1996). But, like review of jury instructions, a *de novo* standard applies to the issue of whether the verdict form accurately reflects the law. *Id.*

A district court's ruling on a motion to exclude evidence is reviewed as an abuse of discretion. *Chrysler Int'l Corp. v. Chemaly*, 280 F.3d 1358, 136263 (11th Cir. 2002). "A district court abuses its discretion" in ruling on a motion *in limine* "if it commits an error of law." *United States v. Tobin*, 676 F.3d 1264, 1272-73 (11th Cir. 2012). Likewise, the abuse of discretion standard is applied to the denial of a motion for a new trial, or to alter or amend the judgment or of a motion for remittitur. *Griffin v. City of Opa-Locka*, 261 F.3d 1295, 1315 (11th Cir. 2001).

SUMMARY OF THE ARGUMENT

The district court's errors in this case severely prejudiced Gel's ability to defend itself from Badia's claims and entitles Gel to reversal. The initial, but possibly most important, error by the district court was its failure, on summary judgment, to rigorously analyze the validity of Badia's claimed trademarks in light of Gel's defense that they were generic. The district court not only disposed of its obligation to analyze and apply the applicable law to a key issue that should have militated against any further proceedings in this matter, but ignored – and later precluded from trial – the damning admission of Badia's President, and the creator of Badia's complete seasoning blend product, that the name of the product was chosen because it told

consumers what the product was – i.e., that this name is no trademark at all, and is generic. This was reversible error.

Moreover, summary judgment – and, subsequently, judgment as a matter of law – in Gel’s favor were appropriate because of the lack of any evidence of actual confusion despite five to six years of coexistence in the market. Nor did Badia prove a likelihood of confusion by way of survey evidence. Nor did the district court give adequate consideration, if it gave it any, that in light of the inherently descriptive nature of Badia’s mark, Gel’s product name SAZON COMPLETE MIX SEASONING could not, as a matter of law, be deemed likely to be confused with Badia’s COMPLETE SEASONING or SAZON COMPLETA. Given this Court’s rule that, in considering likelihood of confusion, mark strength and the existence of actual confusion are factors given special weight, this failure constituted reversible error.

In addition, at trial the district court improperly precluded the introduction of evidence available to all parties and disclosed to Badia well before trial and which constituted a powerful rebuttal to numerous key components of its claims, including a wealth of material demonstrating widespread generic use of these same phrases, claimed as trademarks, on the Internet. The district court also excluded, erroneously and with little attempt at justification, evidence proffered by Gel that both contradicted Badia’s claims concerning its trademark enforcement efforts and

supported Gel's claims of extensive third-party use of Badia's claimed marks. This evidence went directly to the issues of genericness, descriptiveness and trademark strength, and the district court's refusal to permit its introduction essentially deprived the jury of any chance to consider the most powerful proof available to support Gel's defenses.

The district court's management of the jury charge process amounted to a continuation of the district court's apparent determination not to permit Gel to present its defenses to the jury in full. At every turn, the district court rejected Gel's request that the jury charge not be larded with repetitive and highly prejudicial references to the undisputed fact that Badia's trademark registrations were "incontestable" – a concept mainly understood well by specialists but which most lay persons, and indeed most lawyers, will readily conflate with misapprehension that the validity of the "trademark" itself cannot be challenged, or that an "incontestable" registration equates to a "strong trademark." Given the unnecessary repetition of this highly misleading terminology in the jury instructions, over Gel's objections, the jury was all but assured to disregard Gel's arguments – despite being based on extensive evidence, or the lack of it – that Badia's claimed marks were generic or weak, and, as a result, much else that Gel had to say.

The district court's administration of post-trial motions both set its errors in stone and demonstrated a continuing lack of interest in engaging seriously with the

outcome-determinative legal and evidentiary issues Gel had placed before the trial court since the summary judgment stage. The district court literally ignored, rather than ruling on, Gel's post-trial motions, and instead mechanically entered judgment based on the jury's flawed verdict. The post-trial motions the district court ignored, though technically resolved *sub silentio*, were not limited to the issues already passed on by the district court, albeit erroneously, on summary judgment and in Gel's two motions for a directed verdict. The district court could not be troubled even to address the seemingly straightforward motions by Gel seeking relief from the jury's obviously inconsistent verdict awarding punitive damages – which, as a matter of black-letter law, are only available upon a finding of actual harm – at the same time as it found that Badia had failed to prove that it suffered any harm at all.

This cascade of errors, almost each of them building on the previous one, by the district court readily justify reversal by this Court.

ARGUMENT

I. THE DISTRICT COURT ERRED IN PERMITTING BADIA'S CASE TO PROCEED DESPITE GEL'S MOTIONS AT MULTIPLE JUNCTURES DEMONSTRATING THAT BADIA'S CLAIMS WERE DEFICIENT AS A MATTER OF LAW.

On April 29, 2017, the district court, ruling from the bench, denied Gel's motion for summary judgment (Doc. 110 at 32.) The legal grounds on which it based this decision, however, were never elucidated – establishing a pattern that distorted

the trial process that was to come by failing to provide the parties with guidance concerning what the law of the case was concerning key issues in the litigation.

In its summary judgment submissions, Gel placed before the district court two main arguments justifying dismissal of Badia's claims. One concerned the genericness of Badia's claimed marks; the other focused on the legal requirements in this Circuit for proving a likelihood of confusion. In its papers, Gel demonstrated that Badia had failed to come forward with evidence sufficient to raise a triable fact of the existence of actual confusion. In fact, there was zero such evidence in the record, which Badia did not dispute. Considering that both Badia's products and Gel's had been sold together in the same marketplace for over half a decade (Doc. 49-1 at 6; 49-3 at 3) Gel argued that, as a matter of law in this Circuit, such a failure of proof made a finding of a likelihood of confusion impossible, and strongly militated against a finding that Badia even had a protectible mark. Gel also noted, as set forth in detail below, the absence of any other actual proof of a likelihood of confusion, including especially a confusion survey by Badia.

In its oral ruling, however, the district court adopted a formulation put forward by Badia to prop up its weak trademark infringement case by conflating Badia's trademark and unfair competition claims with notional trade dress claims involving the two company's spice bottles. But no trade dress claims were ever part of this case:

Now, in this case, I think – I don't want to say that the Defendants agree, but I think the marketplace would well out that Badia does have the stronger mark in this case. Badia argues that Gel's mark is identical. I'm not going to say that it's identical, but there are – there is evidence that it's sufficiently similar to the Badia mark. And the parties admit that the products are identical or closely related. And they go down the same similarity to parties' trade channels and customers.

I don't think that I have sufficient evidence at this time for the remaining factors, the similarity of advertising, Gel's intent, or the issue of actual confusion. There does not seem to be sufficient evidence for me to determine right now that there is [*sic*] actual confusion of consumers in the marketplace between Badia's product and Gel's product. Although I think they look very similar, I don't have sufficient evidence to say that that exists based upon the papers that have been filed with me.

I also don't have any evidence that somehow Gel intended to infringe the mark. Yeah, I mean, I could look and say it looks very similar, but there is no evidence that they went out and designed a mark that was designed to infringe and somehow hurt Badia in the marketplace.

So Defendant and Counterclaimant Gel Spice Company's motion for summary judgment, ECF No. 50, is denied, and Plaintiff's motion No. 52 is denied.

(Doc. 110 at 31-32.)

The district court's repeated invocation of whether or not it “had sufficient evidence” to rule one way or the other on the summary judgment motions before it is a significant “tell.” By all indications, the court had invested little time or attention on the parties' hundreds of pages of evidentiary submissions. These summary judgment motions had been filed after discovery had closed; each party was, at that time, obligated to place before the district court whatever evidence it had to meet its obligation under Fed. R. Civ. 56: to “show that there is no genuine issue of material

fact and that the moving party is entitled to a judgment as a matter of law.” At no juncture in the passage quoted above does the district court even once advert to this standard, i.e., whether or not there is a triable issue of fact on any issue. The formulation, instead, repeatedly refers to whether the district court itself believed it “had” sufficient evidence “to say” one way or the other.

The district courts’ dismissive treatment of Gel’s critical argument concerning actual confusion was reduced to, “There does not seem to be sufficient evidence for me to determine right now that there is actual confusion of consumers in the marketplace between Badia's product and Gel's product” – a proposition (that there “is” actual confusion) that no party ever made; which placed the burden of proof regarding actual confusion on the wrong party (i.e., Gel); and which suggests that the district court simply failed to consider the record before it, which contained no proof of actual confusion whatsoever.

Besides applying an incorrect standard in denying summary judgment to Gel, the district court’s summary judgment ruling – and, by extension, its serial denials of Gel’s trial and post-trial motions on the same issues – also constituted plain error substantively with respect to the elements of proof in a trademark infringement or unfair competition case. Gel sets out these errors below.

A. Badia Failed to Establish the Existence of Protectable Marks.

To prevail on a trademark infringement claim under § 43(a) of the Lanham Act, a claimant must show that (i) its mark is valid and thus protectable; and (ii) defendant adopted an identical or similar mark that made consumers likely to confuse the two products. *Miller's Ale House, Inc. v. Boynton Carolina Ale House, LLC*, 702 F.3d 1312, 1317 (11th Cir. 2012). Badia did not, as a matter of law, demonstrate the existence of a question of material fact to overcome the lack of evidence in the record to support either of these outcome-determinative propositions.

1. Badia's Trademarks are Generic

Trademark protection is only available to “distinctive marks,” meaning claimed marks that are inherently distinctive or have secondary meaning, i.e., identify a source of goods or services. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69 (1991); *Welding Servs. v. Forman*, 509 F.3d 1351, 1357 (11th Cir. 2007). On summary judgment, and at trial, Gel demonstrated that far from being trademarks, the phrases “complete seasoning” and “*sazon completa*” are unprotectable, widely-used generic terms for a category of seasonings considered “complete” in the dictionary sense of having all the necessary or appropriate parts for a given purpose.

Trademark law posits four levels of distinctiveness among trademarks, or would-be trademarks: fanciful (or arbitrary), suggestive, descriptive, and generic. Arbitrary or fanciful marks such as ROLEX for watches or COACH for leather

goods, communicate no message or semiotic association that bears any logical relationship to the goods or services with which they are used. These marks, therefore, are accorded the greatest level of protection under trademark law. Suggestive marks, such as HUMBLE ABODE for home furnishings, allude to some characteristic of the goods or services, but require a mental leap to connect the mark and the product or service. Descriptive marks such as DIAL-A-MATTRESS identify “a characteristic or quality of the service or product” and are only entitled to trademark protection after acquiring secondary meaning, i.e., by a demonstration that, by virtue of long use or other evidence, the public associates the mark with a single source despite its descriptive qualities. *See Welding Servs.*, 509 F.3d at 1357; 2 J. Thomas McCarthy, *McCarthy on Trademarks (“MCCARTHY”)* § 11:16 (5th ed. 2019).

A generic name or term, however, is the word or description “by which the product or service is **commonly** known,” and is no trademark at all, is entitled to no protection and, concomitantly, is not properly entitled to registration. *Welding Servs.*, 509 F.3d at 1358. “Generic marks refer to a particular genus or class of goods or service providers that includes the plaintiff; these marks are not entitled to protection.” *Fla. Int’l Univ. Bd. Of Trs. v. Fla. Nat’l Univ., Inc.*, 91 F. Supp. 3d 1265, 1274 (S.D. Fla. 2015). A generic name can never achieve trademark protection

through acquiring secondary meaning. *See Welding Servs., id.*, 509 F.3d at 1357 (citing *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1185 n.20 (5th Cir. 1980)).

The most useful contemporary formulation of this concept is that of Professor McCarthy, who famously posits two questions that inevitably resolve the question. “A [protectable] mark answers the question ‘Who are you? Where do you come from?’ . . . But the [generic] name of a product answers the question ‘What are you?’” In response to the question ‘What are you?’ many competitive goods or services will give the same answer, regardless of source of origin – e.g., Hunan-style Chinese restaurant, Pilates exercise instruction services, sun block lotion.” MCCARTHY at § 12.1. at n.4 (noting that at least six different circuit courts have utilized the treatise’s “who-are-you/what-are you?” test in examining genericness claims). For these reasons, even if a mark has been registered and has, by virtue of filing the appropriate affidavits of continuous use, been granted “incontestable” registration, **that status will not defeat a meritorious genericness challenge that the mark is generic or “becomes the generic name for the goods” is U.S.C.S. 1064 (3).**

For this reason, although seldom presented with the question, courts have found supposed marks with “incontestable” registrations to be generic *ab initio*. *See PODS Enters. v. U-Haul Int’l, Inc.*, Case No. 12-cv-01479, 2015 U.S. Dist. LEXIS 29849, at *7 (M.D. Fla. Mar. 10, 2015), citing *Retail Servs. Inc. v. Freebies Publ’g*,

364 F.3d 535, 542-43 (4th Cir. 2004); *Liquid Controls Corp. v. Liquid Control Corp.*, 802 F.2d 934, 936–39 (7th Cir.1986). *See also Harley Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812 (2d Cir.1999) (“Our case ... concerns a mark that starts out generic and is sought to be given trademark significance by a manufacturer. That is what *Abercrombie [& Fitch Co. v. Hunting World*, 537 F.2d 4 (2d Cir.1976) (Friendly, J.)] and other cases forbid.”)

It follows, therefore, merely brandishing an “incontestable” registration will not prevent the entry of summary judgment or in this case granting a Rule 50 motion if a defendant establishes genericness as a matter of law. MCCARTHY at § 12:12 (“genericness is a defense to assertion of a term which is the subject of an incontestable registration.”). It is just such brandishing, however, that Badia relied on to get past summary judgment, the subsequent motions by Gel and the jury in its effort to monopolize the generic term, “complete seasoning.”

a. Badia’s Alleged Marks are Generic.

There are two ways a claimed mark can become generic. One is the well-known process called “generization” or “genericide,” whereby a mark becomes so identified with a product or service, regardless of source, that it ceases to retain the secondary meaning it once had. The other is where no secondary meaning could ever have been assigned to the claimed mark, and it is inherently unprotectable. The courts have made it clear that “[e]ven the presumption of validity arising from

federal registration . . . cannot protect a mark that is shown on strong evidence to be generic as to the relevant category of products **prior to the proprietor’s trademark use and registration.**” *Id.* (emphasis added). Thus, registration of a purported trademark does not, *per se*, create an issue of fact sufficient to defeat a summary judgment motion. *Retail Servs. v. Freebies Publ’g*, 364 F.3d 535, 545 (4th Cir. 2004), *abrogated on other grounds*, *Verisign, Inc. v. XYZ.COM LLC*, 891 F.3d 481, 488 (4th Cir. 2018). *See also*, *ZW USA, Inc. v. PWD Sys., LLC*, Case No. 4:14-cv-1500-CEJ, 2016 U.S. Dist. LEXIS 129549, at *20-21 (E.D. Mo. Sep. 22, 2016) (“It is a complete defense to a trademark infringement claim to rebut the presumption that a registered trademark is valid, by proving the trademark is generic . . . i.e., that the registration was issued in error and is subject to cancellation”); *Nw. Corp. v. Gabriel Mfg. Co.*, Case No. 95-cv-2004, 1996 U.S. Dist. LEXIS 19275, at *53 (N.D. Ill. Dec. 10, 1996) (citing 15 U.S.C. § 1065(4)) (a defendant is “free to argue that a mark should never have become incontestible because the mark is generic for the goods”);

As a simple examination of the words demonstrates – as does the record here, as detailed below – the alleged marks in this case, “complete seasoning” in English and “*sazon completa*” in Spanish, are both generic for a category of all-purpose goods known as “complete seasoning.” The intuitive reaction of almost any observer that this is so is consistent with the observation by Professor McCarthy that terms

consisting of an adjective followed by a noun – such as “CUSTOM BLENDED for a genus of gasoline sold at pumps where grades of gas were blended personally for the motorist”³ – are likely to be found generic. MCCARTHY at § 12:19. In fact, even “arguably descriptive terms” such as “complete seasoning” are “so descriptive as to be generic” because they “communicate functional characteristics.” *See id.* at § 12.10 (citing decision finding LITE BEER generic). Such terms are used and understood by consumers, manufacturers and others in the relevant business to describe products that fit into a genus – in this case, that of “all purpose”-type seasoning blends. As such, they are generic. *See id.* at § 12:4 (consumers’ perception is most significant in ascertaining genericness); *see also, Burger King Corp. v. Pilgrim’s Pride Corp.*, 705 F. Supp. 1522, 1524-25 (S.D. Fla. 1988) (test for genericness is “term’s meaning to a usual buyer or other relevant member[] of the public”). *See also, e.g., Citibank, N.A. v. Citibanc Grp., Inc.*, 724 F.2d 1540, 1550-51 (11th Cir. 1984) (“‘City Bank’ is a generic term which cannot receive trademark protection. ‘City Bank,’ like ‘town barber shop,’ denotes a class of businesses.”) (Vance, C.J., dissenting); *Premier Nutrition, Inc. v. Organic Food Bar, Inc.*, 327 F.

³ Other terms describing categories of this nature, in particular food-related items, listed by McCarthy – where a claimed trademark is used by a manufacturer for its supposed “proprietary blend” or recipe of a product but where the term was found to be generic – include CANDY BOUQUET (floral-type gift arrangement of candies), COFFEE FLOUR (flour containing coffee cherry skins and pulp), CUBE STEAK (tenderized steaks), FRESH ORGANICS (fresh fruits and organic vegetables), PRETZEL CRISPS (pretzel crackers), SHREDDED WHEAT (baked wheat biscuit) and, of course, COLA (cola). MCCARTHY at § 12:18.

App'x 723, 723-24 (9th Cir. 2009) (“Organic Food Bar” is generic because “the term ‘Organic Food Bar’ answers the question ‘What are you?’ and therefore describes a type of product.”) Similarly, the fact that a certain “company is widely known as the leading producer of a product or that company is called to mind by many buyers when prompted by the product name is not sufficient to infuse a generic name with trademark significance.” MCCARTHY at § 12:11. The district court’s refusal to engage in this analysis, which should have been outcome-determinative, was plain error.

Besides omitting any consideration of inherent genericness, the district court stated that it “couldn’t say” whether there was enough evidence to decide that these terms were generic. This conclusion itself is impossible to square with the fact that Gel’s motion placed before the trial court **the trademark owner’s own generic use of the term he claims as a trademark**, a *de facto* admission which, as McCarthy teaches, is “strong evidence of genericness.” MCCARTHY at § 12.13. This admission, again, consisted of the testimony by Badia founder Joseph Badia that he chose “complete seasoning” as a product name because that “was the only thing I could think of . . . It was like a season-all, one product – you know, one-stop shop, complete, yeah.” To the follow-up question, “It was like a complete seasoning?,” Badia responded, in due candor, “Yes.” (Doc 49-10 at 3.) The district

court's complete refusal to acknowledge the existence of this admission, much less its legal significance, was plain error.

Even if the district court could not take the trouble of ruling substantively on the question of genericness *ab initio*, the record also demonstrated as a matter of law that Badia's supposed marks are generic today. Gel's summary judgment motion, as renewed under Rule 50, included a raft of generic uses of the words "complete seasoning" by dozens of other parties, including a large number of seasoning manufacturers. Such evidence indicates that when consumers encounter the claimed trademark, they associate it primarily with a category of product rather than a source. *Bos. Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 19–20 (1st Cir. 2008). Among these uses are those demonstrated by documents produced by a common competitor of Badia and Gel, Goya, in response to a subpoena for documents served by Gel after Gel learned that Goya and Badia had litigated over this very issue (that matter was settled).

In fact, the full record includes evidence of no fewer than two dozen different third-party spice manufacturers besides plaintiff and Gel that market and sell, or have marketed and sold, a complete seasoning product utilizing the same terms that comprise Badia's alleged marks in their entirety, or are otherwise substantially similar. (Doc. 49-5 at 4-5; Doc. 49-8; Doc. 49-9.) The summary judgment record also contained extensive evidence of persons in the trade (non-manufacturers and

food industry media) using the terms “complete seasoning” and “*sazon completa*” as generic terms to describe the type of “complete” spice blend, rather than the manufacturer. (Doc. 49-8; 49-14-19.) Although the district court erroneously prevented the jury from considering most of this evidence, as discussed below, there was still more than enough of it to establish that the terms “complete seasoning” and “*sazon completa*” are generic. The district court’s failure to consider these facts or to apply the applicable law to the inquiry was reversible error, which the court repeated numerous times during the course of subsequent proceedings.

2. Badia Did Not Establish a Likelihood of Confusion

Beyond the threshold question of trademark validity, which should have been the only one here, is the matter of infringement. This depends on proof of a likelihood of confusion, which must be based on evidence concerning the following factors:

(1) the strength of the plaintiff’s mark; (2) the similarity between the plaintiff’s mark and the allegedly infringing mark; (3) the similarity between the products and services offered by the plaintiff and defendant; (4) the similarity of the sales methods; (5) the similarity of advertising methods; (6) the defendant’s intent, e.g., does the defendant hope to gain competitive advantage by associating his product with the plaintiff’s established mark; and (7) actual confusion.

N. Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1220 (11th Cir. 2008) (quoting *Alliance Metals, Inc., of Atlanta v. Hinely Indus., Inc.*, 222 F.3d 895, 907 (11th Cir. 2000)). Of these, this Court has repeatedly urged that while no single one

of these factors is determinative by itself, **the strength of the mark and evidence of actual confusion are the most important.** See *Frehling Enters., Inc. v. Int'l Select Grp., Inc.*, 192 F.3d 1330, 1335 (11th Cir. 1999); accord, *Fla. International University Board of Trustees v. Fla. National University, Inc.*, 830 F.3d 1242, 1255 (11th Cir. 2016), citing *Aronowitz v. Health-Chem Corp.*, 513 F.3d 1229, 1239 (11th Cir. 2008).

Moreover, “Although likelihood of confusion generally is a question of fact, it may be decided as a matter of law.” *Alliance*, 222 F.3d at 907. Given the factual record before the district court on summary judgment as well as the legal standard, it erred by not dismissing Badia’s claims at that stage and, as shown below, in denying Gel’s subsequent motions for judgment as a matter of law and its motion for a new trial.

a. Badia’s Marks are Inherently Weak.

Badia failed at summary judgment and on trial because of the record regarding the two “most important” elements of a trademark infringement claim in this Circuit: Its marks are unquestionably weak, and there was zero evidence of actual confusion despite extensive and longstanding coexistence in the market.

The primary factors in assessing trademark strength are “the extent of third-party usage and the relationship between the name and the service or good it describes.” *Freedom Sav. & Loan Ass’n v. Way*, 757 F.2d 1176, 1182 (11th Cir.

1985). Another indicator of trademark strength is whether there is a logical correlation between name and product – “if a seller of a product or service would naturally use a particular name, it is weakly protected.” *Id.* at 1182. Marks consisting of or incorporating common English words are weaker than marks comprised of fanciful and fictitious terms. *See Dieter v. B&H Indus. of Southwest Fla., Inc.*, 880 F.2d 322, 327 (11th Cir. 1989).

The fact that Badia’s registrations are “incontestable” does not render Badia’s alleged marks **strong** for likelihood of confusion purposes. *See Dieter*, 880 F.2d at 327. The presumption that incontestable registrations are strong may be rebutted on appropriate grounds. *Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes & of Malta v. Fla. Priory of the Knights Hospitallers of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, The Ecumenical Order*, 809 F.3d 1171, 1184-5 (11th Cir. 2015) (“Although this presumption is legally dubious, it remains the binding law of the Circuit”). One such ground is the defense of genericness, and while “an incontestable mark is generally considered a ‘relatively strong mark,’ this presumption may be rebutted by evidence of extensive third-party use of the mark.” *Fla. Int’l Univ. Bd. of Trs.*, 91 F. Supp. 3d at 1275 (citations omitted). If the reasons set forth above as grounds for finding Badia’s alleged marks generic were not sufficient in that order (and Gel respectfully submits they were),

they certainly suffice to demonstrate that Badia's alleged marks are weak in the extreme.

Moreover, it is important to distinguish between two concepts of trademark "strength" in trademark law. While the term "strength" is used to determine whether a claimant has a valid, protectable mark, *Miller's Ale House, Inc.*, 702 F.3d 1312, 1317 (11th Cir. 2012), this is not identical to the "strength" that is one of the factors to be considered in a likelihood of confusion assessment, as explained by the Second Circuit in *Gruner + Jahr USA Pub., a Div. of Gruner + Jahr Printing & Pub. Co. v. Meredith Corp.*, 991 F.2d 1072 (2d Cir. 1993). *Gruner + Jahr*, like this case, also concerned an incontestable but weak trademark. On appeal, the plaintiff argued that the district court made inconsistent findings in determining the mark to be "strong" by virtue of its incontestable registration status but weak because it was descriptive. Concluding otherwise, the Second Circuit explained:

[Plaintiff] Gruner + Jahr suggests the district court properly found that the registered trademark PARENTS had acquired strong secondary meaning as an incontestable mark and was therefore strong, but that it erred when it inconsistently concluded the mark was descriptive and therefore weak. To the contrary, the district court carefully and, in our view, properly distinguished between the strength of the trademark PARENTS and the weak, descriptive nature of what it called the "mere word 'parents'." Those findings are perfectly consistent.

First, Judge Knapp found that the mark PARENTS was strong since it was an incontestable registered trademark, having necessarily acquired secondary meaning. Thus, Gruner + Jahr's descriptive registered trademark was correctly found to be strong for purposes of protectability. At the same time, 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,” such term being more generic than descriptive.

The district court therefore did not make inconsistent findings when it noted that the “mere word” parents could be considered weak. On other occasions, we have found that the strength of an incontestable registered trademark could be overcome by the use of a descriptive or weak portion of the mark. ...

At the same time, we think it now established that the strength of a descriptive mark made incontestably distinctive for protectability purposes by registration for more than five years is a matter also properly considered by a trial court on the issue of likelihood of confusion. ...

[R]egistering the proper noun “Parents” as a trademark scarcely can be held to have removed it from being available for use by others, [citation omitted] or grant exclusive possession of this property right to the trademark registrant. . . . Consequently, the finding by the district court that the “parents” portion of the mark . . . was extremely weak was not clearly erroneous.

991 F.2d at 1077-78 (citations and internal quotes omitted). Here too, Badia’s marks – COMPLETE SEASONING and SAZON COMPLETA – are so weak when used in connection with a complete seasoning product (i.e., *sazon completa*) that, as a matter of law the only way to find a likelihood of confusion between either of them and Gel’s SAZON COMPLETE MIX SEASONING would have to be premised on record evidence of actual confusion, confusion survey evidence or other affirmative proof of consumer confusion. None of these was in the record before the district court at any point in the proceedings below.

b. There was No Proof of Actual Confusion Despite Years of Coexistence.

It is commonplace that, as a general proposition, a trademark infringement claimant is not required to demonstrate actual consumer confusion in support of its claim. *See Ocean Bio-Chem, Inc. v. Turner Network TV, Inc.*, 741 F. Supp. 1546, 1558 (S.D. Fla. 1990). It is equally well established that actual confusion is nevertheless the best evidence of a likelihood of confusion, *id.*, and becomes more significant and even outcome-determinative where, as here, the junior and senior user of the mark have coexisted in the market for a long period and have competed head-to-head. The absence of actual confusion in such a context means no reasonable jury could find a likelihood of confusion.

Thus, in *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150 (4th Cir. 2014), the Fourth Circuit affirmed the trial court's judgment that the mark SWAP for watches was not likely to cause confusion with SWATCH for watches based largely on the absence of actual confusion despite years of competing, concurrent use:

The district court found that although SWAP had been in use since 2003, Swatch had not adduced evidence of a single instance of actual customer confusion about the origin of the parties' [sic: products; actual] (error in 4th Cir. as published) confusion is generally considered to be the "most important factor" in a likelihood of confusion analysis, ... and that the "absence of any evidence of actual confusion over a substantial period of time ... creates a strong inference that there is no likelihood of confusion." ... On appeal, Swatch does not contend that the record includes any evidence of actual confusion. It argues that the district court accorded too much weight to the lack of actual confusion in its overall analysis. However, as the court noted, **the factors are weighed**

differently depending on the circumstances of the cases, and actual confusion is “often paramount.”

Id. at 162 (emphasis added). *Accord, Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir. 1980) (three instances of confusion in fifteen years of concurrent sales by the two companies weighed against a likelihood of confusion); *USA Nutraceuticals Grp., Inc. v. BPI Sports, LLC*, 165 F. Supp. 3d 1256 (S.D. Fla. 2016) (actual confusion factor weighed in favor of defendant where plaintiff admitted that there was no evidence of actual confusion); *Hi-Tech Pharmaceuticals Inc. v. Dynamic Sports Nutrition, LLC*, 2016 WL 9455017, at *7-8 (N.D. Ga. 2016) (denying preliminary injunction for trademark infringement where there was no evidence of actual confusion in almost ten years of concurrent sales). Here, Badia’s failure to come forward with proof, at summary judgment or at trial, of any evidence of actual confusion should have been deemed fatal to its claims as a matter of law.

The gaping hole left in Badia’s likelihood of confusion proofs by the absence of actual confusion could, in theory, have been filled by survey evidence. Badia came up empty here too. “[P]laintiff’s failure to produce either evidence of actual confusion or a survey weighs heavily against a finding of infringement.” *Wag’N Enterprises, LLC v. United Animal Nations*, 2012 WL 1633410, at *8 (E.D. Va. 2012). *See also, Sabinsa Corp. v. Creative Compounds, LLC*, 609 F.3d 175, 190 (3d Cir. 2010), *cert. denied*, 562 U.S. 1140 (2011) (because there was no survey, “we

could reasonably infer that [plaintiff] expected that any survey results would undermine its case”; Ambro, J., concurring).

Considering the absence of actual confusion after years of coexistence and the lack of survey evidence, Badia’s likelihood of confusion case amounted to nothing other than an invitation to the jury to speculate. Besides erring by permitting the jury to engage in such speculation, the district court also erred by permitting it to do so contrary to the undisputed evidence in the record.

c. There Could be No Confusion Between Badia’s Marks and Gel’s Product Names as a Matter of Law.

The finding of a likelihood of confusion here was also untenable as a matter of law because the product name used by Gel was not identical to the weak mark claimed by Badia, and “[t]he stronger (i.e., the more distinctive) the mark, “the greater the scope of protection accorded it, [and] the weaker the mark, the less trademark protection it receives.” *Frehling Enterprises, Inc.*, 192 F.3d at 1335. Gel’s insertion of the word “mix” between the words “complete” and “seasoning” makes the visual and auditory similarities between Badia’s sufficiently distinct so as to rule out a likelihood of confusion as a matter of law, given the descriptiveness of Badia’s marks. This conclusion is further compelled by the anti-dissection rule, which requires conflicting trademarks to be considered in terms of their **entire impression** rather than broken down into their individualized, isolated components. *Lone Star Steakhouse & Saloon, Inc. v. Longhorn Steaks, Inc.*, 106 F.3d 355, 362

(11th Cir. 1997), citing *Estate of P.D. Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 545-56 (1920).

The district court also erred by refusing, on summary judgment as well as on Gel’s motions for judgment as a matter of law, to even acknowledge the effect of the parties’ respective house marks – product labels identifying the name of the manufacturer or brand – on the two competing bottles. House marks decrease the likelihood of confusion. *Custom Mfg. & Eng’g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 652 n.10 (11th Cir. 2007). It is undisputed that the parties’ competing products were **always sold** in association with their house marks “Badia” and “Spice



Figure 1

Supreme” respectively, displayed prominently at the top of each product label appearing on their bottles as shown in (Doc. 193-17 and 193-18).

These material distinctions in how the products appear to consumers are readily discernable by the different labels and names, as shown in Figure 2 (Doc. 193-16 at 1).



Figure 2

On this record, and given the applicable law, the district court should have entered judgment on Gel's behalf as a matter of law, either at the summary judgment stage or in response to Gel's subsequent motions.

B. The District Court's Errors Extended to Badia's Other Claims

Badia also sought relief for unfair competition under 15 U.S.C. § 1125(a), which is designed to protect against a broader range of deceptive or unfair trade practices than 15 U.S.C. § 1114, which applies only to infringement of registered trademarks. Both provisions, however, apply the same legal standard. *See*

Showtime/The Movie Channel v. Covered Bridge Condo, 693 F. Supp. 1080, 1090 (S.D. Fla. 1988). Thus, as a general rule, the same set of facts which support an action for trademark infringement also support an action for unfair competition. *Babbit Electronics Inc. v. Dynascan Corp.*, 828 F. Supp. 944, 957 (S.D. Fla. 1993); *Marathon Mfg. Co. v. Enerlite Products Corp.*, 767 F.2d 214, 217 (5th Cir. 1985). Similarly, regarding Badia's claims under Florida law, the analysis is also the same. *Custom Mfg. & Eng'g, Inc. v. Midway Servs., Inc.*, 508 F.3d 641, 652-53 (11th Cir. 2007). Thus, failure to establish an element of a federal trademark infringement claim will extinguish such claims under Florida law as well. *See id.* at 653. The errors of the district court set out above apply to all of Badia's claims.

II. THE DISTRICT COURT'S EVIDENTIARY RULINGS CONSTITUTED HARMFUL ERROR AND AN ABUSE OF DISCRETION, JUSTIFYING REVERSAL.

Besides failing to dismiss Badia's claims as a matter of law, the district court committed reversible error in excluding multiple categories of evidence that Gel sought to use at trial. Of all these rulings, the most egregious and harmful were the district court's refusal to permit Gel to offer most of the evidence produced before trial of extensive, contemporaneous third-party use of *sazon completa* and complete seasoning in connection with products competing with Badia's, and its decision to bar the jury from hearing about Joseph Badia's admission concerning the origin of

the product names at issue in the case – both evidence relating to fundamental, core issues in this litigation.

A. The District Court Erred in Excluding Relevant Newly-Discovered Evidence.

On April 5, 2018, and with the parties' motions *in limine* still before with the district court, Gel supplemented its responses to Badia's motions *in limine* no. 1, 2, 3 and 4. Badia's motions sought to exclude third-party evidence – which, as demonstrated above, is directly relevant to the issues of genericness, trademark strength and likelihood of confusion – as irrelevant, misleading, confusing or unfairly prejudicial. (Doc. 82-1 at 4.) What actually happened was that after this material was produced in discovery, Badia engaged in a spurt of “enforcement” to get these products off the market – for the moment until the end of discovery. Badia thus argued that this evidence was misleading because it had become “stale” and was “not an accurate representation of current third-party use and [is] misleading as to any current third-party use of the Badia Marks. (Doc. 135 at 1, citing Doc. 82-1 at 4).

In order to avoid reliance on “stale” evidence, in the fall of 2017 Harry Blumenfeld, a Gel employee and identified trial witness (Doc. 153-1 at 33-35) went shopping online for third party products described as complete seasoning and *sazon completa*. On September 11, 2017 he purchased three different “Complete Seasoning” products from three different manufactures through three different U.S.

retailers – two located in Florida and one in Georgia. (Doc. 135 and 135-1-2.) Still concerned with the “freshness” issue, in February of 2018 Mr. Blumenfeld made three new purchases from these same three retailers. (Doc. 135 and 135-1-2; 153-1 at 31-34). On April 4, 2018, Gel supplemented its production pursuant to Fed. R. Civ. P. 26(e) to include documentation of these sales. (Doc. 153-1 at 31-34). The contents of Gel’s supplemental production made on April 4, 2018 six months before trial, were included in a supplemental briefing to the district court on April 5, 2018 in further opposition to Badia’s motions *in limine* and which directly responded to Badia’s “staleness” claim. (Doc. 135 and 135-1-2.) Badia moved to strike Gel’s supplemental filing on April 20, 2018.

In August 2018, the district court held a pre-trial hearing on the parties’ motions *in limine*, granting and denying them in part. (Doc. 153 at 38-40.) Among the oral rulings made by the lower court on August 16, 2018, was its exclusion from trial, without explanation, of Joseph Badia’s testimony acknowledging the generic origins of Badia’s claimed marks. (*Id.*) This was an abuse of discretion and reversible error.

Despite Gel’s argument that its supplementation of the record concerned **newly discovered evidence** – and not, as Badia had characterized it, “documents not produced in discovery” – the district court nonetheless excluded them, stating:

Any evidence, documents produced outside the discovery period, unless the magistrate judge has ruled previously that it's okay, is out. You guys have had lengthy discovery in this case, plenty of time to turn over

documents. And doing it when you know – you're not just on the eve of trial. You are on the doorstep of the courthouse. It's out.

(Doc. 153 at 39.) The district court's reference to "the magistrate judge" was erroneous, because the issue of Gel's supplemental production of newly-discovered evidence to refute Badia's late "staleness" claim was never before the magistrate judge. Similarly, the district court's description of this production as having been made on "the eve of trial" was difficult to comprehend considering that the supplementary production had been made in April and August of 2018, but the trial took place October 29 to November 5, 2018. Moreover, because the evidence was necessarily newly discovered to refute Badia's late claim, the court's admonition that "You guys have had lengthy discovery in this case, plenty of time to turn over documents" was inapplicable. Gel's motion for reconsideration of this ruling (Doc. 153 at 38.) was denied without explanation.

This was error. While the court refused, as was its wont, to provide legal explanations for its rulings, nothing in the Rules of Civil Procedure justified the exclusion of this important evidence. Fed. R. Civ. P. 37(c)(1), for example, permits a district court to exclude evidence when a party has failed to properly respond to a discovery request – but this applies only items in its "possession, custody, or control." The documents at issue were not produced because, when requested, Gel did not have them in its possession – though they were as available on the Internet for Badia as they were for Gel. Thus, the evidence then available refuted Badia's

representing to the district court that Gel's claim of third-party use was "stale" and no longer accurate. At a minimum, however, neither Gel nor its attorneys knew of the documents during discovery, and only sought it as a substantive and fair response to Badia's repeated "staleness" rationale for excluding the evidence that was already produced. Indeed, Gel was "substantially justified" under Federal Rule of Civil Procedure 37(c)(1) in not producing the documents until it did so for the same reasons.

This Court reviews "a district court's ruling on the admissibility of evidence for abuse of discretion, and evidentiary rulings will be overturned only if the moving party establishes that the ruling resulted in a 'substantial prejudicial effect.'" *Cortes v. Am. Airlines, Inc.*, 177 F.3d 1272, 1305 (11th Cir. 1999). The district court's exclusion decision had a substantial prejudicial effect on Gel's defense. If admitted, the documents cited by Gel would, at a minimum, have established for the jury that in the weeks and months prior to trial, and in direct contravention of Badia's denials of widespread third-party use and the employment of an effective enforcement program, numerous all-purpose seasonings described as "complete seasoning" or "*sazon complete*" were readily available for purchase in the United States (Doc. 135-1-2.) Indeed, many of these competing products originated from Badia's home state of Florida. (Doc. 135-1-2.)

The district court also abused its discretion, when, later at trial, and without explanation, the district court precluded Gel's witness, Harry Blumenfeld, from even testifying about his purchase of non-Badia branded complete seasoning or *sazon completa* products in August 2016 up through the time of trial:

Q. How many online purchases have you made of third-party non-Badia Complete Seasoning or Sazon Completa products?

A. Quite a bit. I don't remember the number, but I made quite a bit of purchases.

Q. Quite a bit? More than ten?

MR. RUIZ: Objection, Your Honor. In limine.

THE COURT: Sustained. Move on, counsel.

A: I'd say about ten.

MR. RUIZ: Your Honor –

THE COURT: The last answer is stricken. They jury is to disregard.

(Doc. 179 at p. 83.) This was the second time during the trial that the district court would erroneously conflate its preclusion rulings with regard to the production of **documents** with first-hand testimony which, contrary to the objection signaled by Badia's counsel, was never the subject of an *in limine* motion or ruling. Gel's efforts to remind the district court of that distinction was unavailing:

MR. COLEMAN: The motion in limine was concerning the documents. I can still ask him questions about facts.

THE COURT: Well, if [Badia] never saw the documents, how would they have been able to prepare their witness to know about these things?

MR. COLEMAN: I'm asking him, based on his firsthand knowledge, whether he's aware of other infringements.

MS. MENDEZ: Part of our motion said documents and testimony regarding any products that were not produced.

THE COURT: The objection is sustained.

(Doc. 173 at p. 55.) The ruling was an abuse of discretion. The district court's suggestion that first-hand witness testimony must rest with or in some way relate to the existence of a document is erroneous – and, here, particularly odd considering that the documents had in fact been produced and were the subject of Badia's motion *in limine*. Moreover, the district court in sustaining the objection erroneously adopted Badia's mischaracterization of both its own motions *in limine* as well as district courts' order resolving them, was error. (Doc. 82-1; 54.) The record shows that the district court's order on Badia's *in limine* motion was confined to documents, not testimony. (Doc. 153 at 38-40.)

Given the significance of third-party use to this trademark case, the district court's evidentiary rulings were plain error, and seriously prejudicial, warranting reversal and a new trial.

B. The District Court Erred in Excluding Plaintiff's Admissions in Deposition.

The district court also granted a motion *in limine* by Badia to exclude testimony concerning one of the most important pieces of evidence in this case: Joseph Badia's admission that he chose to call his complete seasoning "complete seasoning" because that is what it is. The court did not explain its ruling, and Gel's motion for reconsideration was, again, denied without further elucidation. (Doc. 153 at 38-40; Doc. 165.)

This evidentiary ruling by the district court constituted reversible error so serious as to justify reversal by itself. As this Court held in *Wilhelm Pudenz, GmbH v. Littlefuse, Inc.*, 177 F.3d 1204, 1209 (11th Cir. 1999), the Supreme Court in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985) "purposely avoided holding that **all** non-enumerated defenses to incontestability were foreclosed, by declining to decide whether estoppel or laches (both non-enumerated defenses at that time) were available as defenses to an incontestable registration." For this reason, Gel should have been allowed to introduce Mr. Badia's admission at trial to prove genericness *ab initio*, a substantive issue on which the district court never ruled.

Indeed, the district court's failure to explain the legal basis for its ruling on reconsideration after ruling in the course of the proceedings below was itself error.⁴

(Doc. 165.) This Court has continually stressed for well more than a decade the importance for district courts to issue orders containing a reasoned analysis:

Many times, and in many contexts, this Court has admonished district courts that their orders should contain sufficient explanations of their rulings so as to provide this Court with an opportunity to engage in meaningful appellate review. *See Clay v. Equifax, Inc.*, 762 F.2d 952, 957–58 (11th Cir. 1985) (collecting cases in which the Supreme Court and this Court's predecessor Court “urged the district court to state the reason for its decision and the underlying predicate”); *see also Serra Chevrolet, Inc. v. General Motors Corp.*, 446 F.3d 1137, 1151 (11th Cir. 2006) (in imposing sanctions, district court must clearly state its reasons so that meaningful review may be had on appeal); *In re Ford Motor Co.*, 345 F.3d 1315, 1317 (11th Cir. 2003) (granting petition for writ of mandamus where district court “provided no substantive explanation” for its discovery ruling); *Broadwater v. United States*, 292 F.3d 1302, 1303 (11th Cir.2002) (in view of size of record and number of allegations, summary denial of 28 U.S.C. § 2255 motion was inappropriate).

In this case, we conclude that the district court's one-sentence summary denials of defendant-appellants' motions to dismiss wholly fail to provide this Court with an opportunity to conduct meaningful appellate review. While this Court certainly could review the record and applicable case law and render a reasoned decision on the qualified immunity issue, **this is the responsibility of the district court in the first instance**. Accordingly, we vacate the district court's orders denying the defendant-appellants' motions to dismiss and remand the case to the district court to consider the case in full and to enter reasoned orders which discuss the facts alleged in the second amended complaint

⁴ For at least this same reason, the district court's denial *sub silentio* of Gel's motion for judgment as a matter of law or, in the alternative, motion for new trial and remittitur pursuant to Fed. R. Civ. P. 50(b) and 59 was also error. (Doc. 220).

and detail the legal analysis used by the district court to reach its conclusions regarding the motions to dismiss.

Danley v. Allen, 480 F.3d 1090, 1091–92 (11th Cir. 2007) (emphasis added). A district court’s order that fails to contain sufficient explanations for its ruling so as to provide this Court with an opportunity to engage in meaningful appellate review is an abuse of discretion. *See Hong-Diep Vu v. Phong Ho*, 756 F. App’x 881, 883 (11th Cir. 2018), citing *Danley*, 480 F.3d at 1090-91. The district court’s error here similarly justifies reversal and a new trial.

III. THE DISTRICT COURT’S INSTRUCTIONS TO THE JURY ON THE ISSUES OF INCONTESTABILITY AND GENERICNESS WERE ERRONEOUS, MANDATING REVERSAL.

A new trial is required when the district court erroneously submits a question of law to a jury to decide. *S.E.C. v. Yun*, 327 F.3d 1263, 1281 (11th Cir. 2003) (“Our role in reviewing a trial court’s jury instructions is to assure that the instructions show no tendency to confuse or to mislead the jury with respect to the applicable principles of law.” (internal quotation marks omitted). Here the district court erred by mishandling, over Gel’s objections, the issue of “incontestability” in the jury instructions. Instead of explaining to the jury the largely technical and limited significance of “incontestability”⁵ in a case with facts such as these, the district court

⁵ The word “incontestable” is a true misnomer, a label that “is misdescriptive and misleading,” considering that “there may be as many as 21 possible exceptions to” that status. MCCARTHY § 32:147 (5th ed.)

not only failed to do so, but led the jury astray by accepting Badia's invitation to intone the unduly misleading phrase "incontestable" no fewer than nine times in the course of its instructions, leaving jurors with the impression that the validity of Badia's trademark claim – actually, a key issue in the litigation – could hardly be questioned. (Doc. 188 at 2, 3, 10, 15, 17, 24 and 25.)

The "incontestable ownership" section of the Lanham Act provides:

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce ... subject to [certain] defenses.

15 U.S.C. § 1115(b) (emphasis added). Thus, under this provision of the Lanham Act, five years after registering a mark, the registrant may seek to have its rights in the mark declared "incontestable." 15 U.S.C. § 1065. Once a mark has become incontestable, its validity is presumed, subject to specifically enumerated defenses. 15 U.S.C. § 1115(b)(1)–(9) and genericness 15 U.S.C. § 1064(3) and § 1065(4). In other words, the registration of a trademark as incontestable is conclusive evidence of the registrant's exclusive right to use the mark, as well as the registrant's ownership of the trademark, subject to the enumerated defenses. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196 (1985); *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 291 (3d Cir.) (if the trademark has become incontestable, then "validity, legal protectability, and ownership are proved"), *cert.*

denied, 502 U.S. 939 (1991). If one of the defenses is established by proof, registration for incontestable status falls from “conclusive evidence” of the registrant’s right to exclusive use and ownership of the trademark to merely *prima facie* evidence. *Park ‘N Fly*, 469 U.S. at 199 n. 6; *Ford Motor*, 930 F.2d at 291.

It is undisputed that Gel raised the enumerated defense of genericness in its affirmative defenses set forth in its Answer. (Doc. 12 at p. 4-5.) Unsurprisingly, Badia presented proof at trial of the 2004 incontestable registration status for COMPLETE SEASONING and SAZON COMPLETA. (Doc.193-12 and Doc. 193-13.) Under the circumstances of this case, the district court should have instructed the jury that Badia has incontestable ownership of the trademarks COMPLETE SEASONING and SAZON COMPLETA, unless the jury found the existence of genericness, which is a statutorily enumerated defense. The jury should have been instructed that if it found Gel proved the statutorily enumerated affirmative defense, then the incontestable registration is not “conclusive evidence” of Badia’s (*prima facie*) ownership. If Gel failed to establish the affirmative defense it raised, Badia incontestably owns the mark, and then the jury could consider the other issues involved in a trademark infringement analysis.

Instead, however, the court’s instructions treated Badia’s incontestable registrations as a *fait accompli* on the issue of protectability. The flawed instruction, under the heading “Descriptive,” stated:

In this case, I have determined that Badia's trademarks are covered by incontestable registrations on the Principal Register. **The effect of that determination is the registrations are conclusive evidence that Badia's trademarks are at least descriptive with secondary meaning. You must accept that Badia's trademarks were at least descriptive and possessed secondary meaning at the time Badia applied for their registration.**

(Doc. 188 at 15-16; emphasis added.) This language – especially the sentence, “You must accept that Badia's trademarks were at least descriptive and possessed secondary meaning at the time Badia applied for their registration” – instructed the jury that Gel's defense of genericness could not succeed. In fact, at nearly every juncture during the charge conference the district court adopted Badia's insistence that the word “incontestable” be included in yet another place in the instructions. (Doc. 188 at 2, 3, 10, 15, 17, 24 and 25.) The predominance of this endorsement of the USPTO's years-ago determination concerning “complete seasoning” as a trademark in the jury instructions served to undermine the very defense Gel was seeking to assert in the first place. This too, in turn, led a hopelessly confused jury to render an internally inconsistent jury verdict. This evidences impermissible conjecture and speculation unsupported by the evidence introduced at trial regarding the validity of Badia's claimed marks – even from the point of view that such evidence should have been restricted to genericide.

IV. GEL IS ENTITLED TO A NEW TRIAL BECAUSE THE JURY'S VERDICT IS CONTRARY TO LAW.

When ruling on a motion for new trial, a trial judge must determine “if in [her] opinion, ‘the verdict is against the clear weight of the evidence ... or will result in a miscarriage of justice, even though there may be substantial evidence which would prevent the direction of a verdict.’” *Ins. Co. of N. Am. v. Valente*, 933 F. 2d 921, 922-23 (11th Cir. 1991); Fed. R. Civ. P. 59(a). When a court finds the jury’s award of damages excessive it may grant the defendant a new trial, or, in the alternative, order remittitur and reduce the damages. *See Peer v. Lewis*, 2008 WL 2047978, at *4 n.3 (S.D. Fla. 2008).

Gel seeks a new trial (or requests that this Court alter or amend the final judgment or, at a minimum, apply a remittitur) based on the following: (i) the jury failed to follow the Court’s instructions; and (ii) the verdict is contrary to the law and the evidence and tantamount to a compromise verdict.

A. The Verdict was the Result of the Jury’s Failure to Follow the Court’s Instructions and Is Void as a Matter of Florida and Federal Law.

A jury’s failure to follow **just one instruction** warrants a new trial under Fed. R. Civ. P. 59. *J.A. Jones Const. Co. v. Steel Erectors, Inc.*, 901 F.2d 943, 944 (11th Cir. 1990); *see also, See also Stephens v. C.I.T. Group Equip. Fin., Inc.*, 955 F.2d 1023, 1029 (5th Cir. 1992) (jury failed to follow instructions and district court abused its discretion in denying defendant’s motion for new trial or remittitur).

Where a jury fails to follow the court's instructions, it is the court's responsibility to disallow a verdict which has no basis in law or fact. *See, Jones v. Miles Lab., Inc.*, 700 F. Supp. 1127, 1133 (N.D. Ga. 1988) (jury disregarded court's instructions on lost wage claim and while the court understood the jury's sympathy for the plaintiff, the damages awarded were inconsistent with the evidence and the court's instructions).

Other bases warranting a new trial include a compromise verdict, where the damages are excessive, where for other reasons, the trial was not fair to the party moving; and where it may raise questions of law arising out of alleged substantial errors in admission or rejection of evidence or instructions to the jury. *Peer*, 2008 WL 2047978 at *17. When ruling on a motion for a new trial, the court must determine whether the verdict is against the clear weight of the evidence or will result in a miscarriage of justice. *Id.* A court will grant a new trial, for example, when the verdict suggests that the jurors resolved their inability to make a certainty or unanimous verdict on the issue of liability by awarding inappropriate damages. *See Collins v. Marriott Int'l, Inc.*, 749 F. 3d 951, 960 (11th Cir. 2014). Courts also look to the totality of the circumstances, including any indicia of a compromise apparent from the record and other factors which may have caused the jury to return a verdict for damages that are out of step with the liability verdict. *Denton v. R. J. Reynolds Tobacco Co.*, 985 F. Supp. 2d 1331, 1334 (M.D. Fla. 2013). *See*

also, Carter v. Chicago Police Officers M.L., 165 F. 3d 1071, 1083 (7th Cir. 1998) (factors of a jury compromise include damages that are inadequate, a close question of liability and an odd chronology of jury deliberations).

Here the jury plainly failed to follow the Court's instruction and awarded punitive damages under Florida law precisely where the instructions required a finding of actual damages which the jury rejected. Mindful of the high burden a claimant must achieve in being awarded punitive damages, the Court instructed the jury specifically on this issue as follows:

Badia claims that punitive damages should be awarded against Gel for its conduct in committing trademark infringement and unfair competition. Punitive damages are warranted against Gel if you find by clear and convincing evidence that Gel was guilty of intentional misconduct or gross negligence, **which was a substantial cause of damage to Badia**. Under those circumstances you may, in your discretion, award punitive damages against Gel. If clear and convincing evidence does not show such conduct by Gel, punitive damages are not warranted against Gel.

(Doc. 188 at 22.) As shown in Figure 3, the jury expressly **found that Badia suffered no monetary or compensatory damages**.

Do you find that Badia has proven by a preponderance of the evidence that:

8. Badia has suffered actual monetary damages, including damages to compensate for corrective advertising?

Answer Yes or No NO

9. If your answer to Question 8 is "Yes," please provide the amount of damages to be awarded

\$ N/A.

Figure 3

(Doc. 184 at 2.) Despite this finding, and despite the Court’s explicit instruction that punitive damages could be awarded only upon a finding that Gel was guilty of intentional misconduct or gross negligence that **caused substantial damage to Badia**, the jury nevertheless proceeded to award Badia \$376,000 in punitive damages.⁶ (Doc. 184 at 3.) Gel moved for remittitur after trial, but the district court denied the motion *sub silentio* when it entered judgment against Gel in the full amount of the jury verdict. (Doc. 220) Accordingly, the jury’s punitive assessment against Gel is contrary to settled law and entitles Gel to a new trial under Fed. R. Civ. P. 59.

⁶ Badia conceded that its demand for punitive damages was confined to its state-based claim. (Doc. 188 at 22.) But even absent this concession, the Lanham Act requires a showing of actual harm to recover enhanced damages. *See Babbit Electronics, Inc. v. Dynascan Corp.*, 38 F.3d 1161, 1182 (11th Cir. 1994) (“Such an award [of enhanced damages] is discretionary, but it may not be punitive, and **must be based on a showing of actual harm**,” citing *Donsco, Inc. v. Casper Corp.*, 587 F.2d 602 (3rd Cir.1978)(emphasis added)); *Optimum Techs., Inc. v. Home Depot USA, Inc.*, 217 F. App’x 899, 904 (11th Cir. 2007) (“Since Optimum ... has not shown any actual harm, it is not entitled to any enhanced damages.”).

1. The Punitive Damage Award Violates Florida Law.

Because the jury agreed with Gel that Badia was entitled to no actual or compensatory damages, it had no legal basis for awarding punitive damages under Florida law.⁷ Florida's statute on punitive damages provides:

(2) A defendant may be held liable for punitive damages only if the trier of fact, **based on clear and convincing evidence**, finds that the defendant was personally guilty of intentional misconduct or gross negligence.

Fla. Stat. § 768.72(2) (emphasis added). “[I]t is well-established under Florida law that punitive damages are recoverable only where actual damages are shown.” *In re Crown Auto Dealerships, Inc.*, 187 B.R. 1009, 1019 (Bankr. M.D. Fla. 1995), citing *Martin v. United Security Services, Inc.*, 314 So.2d 765, 772 (Fla.1975) and *Stinson v. Feminist Women's Health Center*, 416 So.2d 1183, 1185 n. 1 (Fla. 1st DCA 1982)). “Since no actual damages were shown in this case, Florida law does not permit any award of punitive damages.” *Id.*

⁷ It is also worth noting too that under Florida law punitive damages may be assessed “only if the plaintiff proves **every** element of liability in the underlying cause of action.” *Liggett Group Inc. v. Engle*, 853 So. 2d 434, 452 (Fla. 3d DCA 2003) (*en banc*) (“*Engle I*”) (emphasis added and citation omitted), *affirmed in relevant part by*, 2006 WL 3742610 (Fla. Dec. 21, 2006) (“*Engle II*”); *id.* at 456 (“A claim for punitive damages ... is auxiliary to, and dependent upon, the existence of an underlying claim.”). Accordingly, “where actual damage is an element of the underlying cause of action, an award of compensatory damages must be a prerequisite to an award of punitive damages.” *Id.* at 451 (citation omitted); *id.* at 453 n. 20 (“Where the alleged torts do require actual injury and compensatory damages, those (and all other) elements of liability must be established before punitive damages may be awarded.”).

2. The Jury's Punitive Damage Award Violates Due Process.

Even if Badia could recover punitive damages without proof of actual damages (which it cannot), such an award would violate constitutional due process. Both the United States and Florida supreme courts limit punitive damages awards based on due process considerations. Under the Supreme Court's decision in *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408 (2003), "the amount of compensatory damages must be determined in advance of a determination of the amount of punitive damages awardable, if any, so that **the relationship between the two** may be reviewed for reasonableness." *Id.* at 416 (emphasis added); *accord*, *Engle II*, 2006 WL 3742610, at *11.

Here, where the jury's award was based solely on infringer's profits and the jury determined that Badia had proved no actual harm entitling Badia to damages at all – not even in a nominal amount – the "relationship" between the zero compensatory damages and \$376,000 in punitive damages cannot be reasonable. This factor – the ratio of punitive to compensatory damages – is "perhaps the most commonly cited indicium of an unreasonable or excessive punitive damages award." *BMW v. Gore*, 517 U.S. 559, 580 (1996). It ensures that the punishment is both reasonable and proportionate to the amount of harm to the plaintiff and to the damages recovered because of that harm. *See Campbell*, 538 U.S. at 426. Based on this factor, the Florida Supreme Court vacated the \$145 billion class-wide punitive

award in *Engle* because there had been no determination of class-wide compensatory damages. 2006 WL 3742610, at *8-11. “[P]unitive damages must be proportionate to the actual harm inflicted on the plaintiff, and since the actual harm was not ascertainable, the punitive damages claim must fail.” *Susan Fixel, Inc. v. Rosenthal & Rosenthal, Inc.*, 921 So. 2d 43, 48 (Fla. 3d DCA 2006).

Without an actual or compensatory damages award, there is no way to compare the \$376,000 punitive award and Badia’s actual harm. Put differently, the “ratio” between the punitive and compensatory damages that Badia is attempting to recover – \$376,000 to zero – is either “infinity” or no ratio at all.

3. The Total Damages Awarded to Badia Were Excessive and Should, at a Minimum, Have Been Reduced by way of Remittitur.

As an alternative to ordering a new trial, a district court may “order remittitur and reduce the damages” awarded by a jury. *See Simon v. Shearson Lehman Bros., Inc.*, 895 F.2d 1304, 1310 (11th Cir. 1990); *Peer*, 2008 WL 2047978, at *4 n.3. Remittitur is the procedural process by which a court reduces an excessive jury verdict. *See Moses v. K-Mart Corp.*, 905 F. Supp. 1054, 1057 (S.D. Fla. 1995). In the Eleventh Circuit, “a remittitur order reducing a jury’s award to the outer limit of the proof is the appropriate remedy where the jury’s damage award exceeds the amount established by the evidence.” *Goldstein v. Manhattan Indus., Inc.*, 758 F.2d 1435, 1448 (11th Cir. 1985).

Here there was no basis in the record or at law for the jury's award of punitive damages, let alone the amount of \$376,000 it awarded in Badia's favor. (Doc. 184 at 3.) The jury focus Gel's profit as only \$188,000. (Doc. 184 at 2.) The evidence established, not bad faith or an intent to confuse consumers, but merely an attempt by Gel to compete aggressively by choosing a product name that used generic words that plainly described the product Gel was selling based on widespread usage of the term. Accordingly, although the compromise jury verdict raises serious questions about the validity of the jury's determinations concerning the entire case, should any judgment be entered in favor of Badia it should be reduced to \$188,000, the amount the jury determined were Gel's profits from its sales of Sazon Complete Mix Seasoning. (Doc. 184 at 2.) Again, Gel moved for remittitur on these grounds, but the district court erroneously denied Gel's motion *sub silentio*, providing no explanation for its decision or even acknowledging that Gel had moved.

CONCLUSION

For the reasons stated, this Court should reverse and vacate the district court's judgment in favor of Badia and reverse the district court's denial of judgment in favor of Gel under Rule 50 and on Gel's counterclaims and order the cancellation of Badia's trademark registrations. Alternatively, this Court should reverse and remand

the case for a new trial or, at a minimum, enter an order of remittitur striking the punitive damages portion of the judgment against Gel.

Dated: May 2, 2019

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH FED. R. APP. P. 32(g)

I hereby certify that the instant motion complies with the type-volume limitations set forth in Federal Rule of Appellate Procedure 32, and consists of 14,069 words, as granted by Court Order, filed on April 29, 2019.

/s/ Joel G. MacMull

Joel G. MacMull

CERTIFICATE OF SERVICE

I hereby certify that on May 2, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system. Notice of this filing will be sent to counsel of record by operation of the Court's electronic filing system.

/s/ Joel G. MacMull

Joel G. MacMull