

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
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3 RHODE-NYC, LLC,  
4 Plaintiff,

5 v. 22 CV 5185 (LGS)

6 RHODEDEODATO CORP., et al.,  
7 Defendants.  
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Hearing  
New York, N.Y.  
July 21, 2022  
10:00 a.m.

10 Before:

11 HON. LORNA G. SCHOFIELD,  
12 District Judge

13 APPEARANCES

14 ORRICK HERRINGTON & SUTCLIFFE LLP  
Attorneys for Plaintiff  
15 BY: ROCHELLE F. SWARTZ  
LISA T. SIMPSON

16 COOLEY LLP  
17 Attorneys for Defendants  
BY: BRENDAN HUGHES  
18 MICHAEL G. RHODES  
REBECCA GIVNER-FORBES

21 Also Present: Purna Khatau  
Phoebe Vickers  
22 Hailey Bieber

23  
24  
25

1 (Case called)

2 THE COURT: Good morning, everyone.

3 Thank you for convening. Do we have anybody on the  
4 west coast?

5 MR. RHODES: Good morning, your Honor, Michael Rhodes.  
6 I'm on the west coast.

7 THE COURT: Thank you for getting up so early.

8 We are here on plaintiff's application for a  
9 preliminary injunction to enjoin the defendants from continuing  
10 to manufacture or sell its allegedly infringing Rhode products  
11 or use the Rhode name or mark.

12 My plan is to hear argument, and then likely I will  
13 render an oral decision. But I think we have to be a little  
14 bit flexible. Let me begin with hearing from the plaintiffs,  
15 who are the movants.

16 MS. SIMPSON: Good morning, your Honor. Thank you so  
17 much for taking the time to hear our client's application.

18 I did want to note that the clients are on the line.  
19 I don't know if they want to put their camera on just for a  
20 moment so I can introduce them. There they are.

21 Your Honor, this is Purna Khatau and Phoebe Vickers.  
22 They are the founders of Rhode. I just wanted to introduce  
23 them. They are here. But they will turn their camera back off  
24 as instructed.

25 THE COURT: Welcome.

1 MS. SIMPSON: Thank you again.

2 We are here today, your Honor. We are trying to save  
3 a brand that has been built over the course of the past nine  
4 years with a lot of work and sacrifice. Ms. Khatau and  
5 Ms. Vickers formed Rhode back in 2013. They built the brand,  
6 Rhode, which launched shortly thereafter. And Rhode is a happy  
7 brand. It features bright colors and fun prints, products that  
8 remind you of travel to faraway places. Since the launch of  
9 the brand, the two founders have worked tirelessly building  
10 their signature styles, fighting to get their products in an  
11 array of retailers, managing the brand's online presence,  
12 monitoring for celebrity interest, court influencers, providing  
13 interviews to media outlets, all to get their brand out into  
14 the world and create the goodwill that comes with a trademark.  
15 It worked. They have had good success. They are still a small  
16 brand, but they have had lots of success. They have placed  
17 themselves in a variety of retailers. They are worn by  
18 numerous celebrities. Their sales have increased  
19 exponentially. They find themselves with 200,000 Instagram  
20 followers. They are on the path to success and have been doing  
21 very well.

22 Defendants knew they were out there. They knew that  
23 we had a trademark registration. In 2018, the defendants  
24 reached out, hoping to buy the trademark registration, but  
25 Rhode had been using that mark for four years at that point.

1 They were attached to it and they said no.

2           It turned out that the defendants just really didn't  
3 care. They launched their skin care anyway with full knowledge  
4 of Rhode and its rights, and they did it in possibly the most  
5 confusing creating way that they could, a massive media launch,  
6 blasted to millions of followers, broadcast on major networks,  
7 covered by dozens of news and fashion outlets, and conflating  
8 fashion and beauty all the way along, while also appropriating  
9 several phrases that Rhode uses, like, On the Rhode and Shop  
10 Rhode.

11           Your Honor, there could not be a clearer case of  
12 reverse confusion here. Rhode is no match for the massive  
13 media empire of defendants and what they can bring to bear in  
14 the media.

15           THE COURT: Can I interrupt for just a second and ask  
16 a question about that.

17           I understand that your theory is reverse confusion.  
18 Just accepting everything you said so far, it sounds like it's  
19 not necessarily a bad thing for your clients that someone is  
20 popularizing this name with other product because if people  
21 want to buy clothes with this wonderful brand name Rhode, they  
22 will buy your client's products. Why is that such a bad thing?

23           MS. SIMPSON: Your Honor, that's a common argument  
24 that is made in a reverse confusion case, but it misses the  
25 harm that's being caused, and the harm here is happening every

1 day. Every minute that defendants are out there marketing  
2 their goods, our clients are losing control over their brand.  
3 While they may be getting a bump in recognition, or that sort  
4 of thing, it's not the kind of attention that they want.

5           The attention that they need and the ability that they  
6 have is to be able to control their brand, to control their  
7 goodwill, to be able to decide where and when their brand is  
8 launched and talked about in the public, and to be able to  
9 decide whether they are doing a collaboration with someone or  
10 not doing a collaboration with someone. It's the control of  
11 the brand and the goodwill, and the ability to do that that  
12 trademark law is designed to protect. That is indeed an  
13 amorphous thing. That's why we need an injunction. It's not  
14 something you can count in dollars. It's not something you can  
15 quantify. It is a living, breathing thing that goes with the  
16 client -- with the goodwill that goes with the brand.

17           What also is coming with the use here is the whole  
18 panoply of obvious harms that reverse confusion is designed to  
19 protect against.

20           There is also the possibility that folks will assume  
21 eventually that our client is the infringer, our client is the  
22 second-comer, our client is the one that's trying to trade on  
23 Ms. Bieber's goodwill. Those are all very, very real risks.  
24 But it's the loss of identity and loss of goodwill that really  
25 is -- the ability to control their identity is really what we

1 are talking about here.

2 All Rhode has, your Honor, is its brand, and the only  
3 chance it has to save this brand from being erased by  
4 defendant's actions is really this motion that it brings to the  
5 Court.

6 I do have a Power Point deck, your Honor, if I could  
7 share it. I don't need to -- I'm not wedded to it. I'm happy  
8 to answer any questions your Honor has, but there are a few  
9 points that I want to make to directly address some of the  
10 points that were raised by defendants in their motion papers  
11 specifically.

12 THE COURT: I've looked closely at both sides'  
13 arguments. I don't really want a rehashing of the arguments.  
14 I'm very interested in the strength of the mark. If you'd like  
15 to use your Power Point to address the strength of the mark,  
16 I'd be happy to hear that.

17 MS. SIMPSON: OK. If I can share the screen.

18 Do you see the deck, your Honor?

19 THE COURT: I can.

20 MS. SIMPSON: I will skip all this because we have  
21 just talked -- it's all in the papers. But just a background  
22 on the client's success here.

23 THE COURT: Looks like the fun part in color.

24 MS. SIMPSON: This is the fun part. That is true.

25 You can see the client's designs and the fact that it is a fun

1 brand is fully on display here, and then we have got the  
2 various celebrities wearing the brands.

3 This, your Honor, will talk partially to the strength  
4 of the mark. Here is a good listing of all the places that the  
5 mark has been featured. Here of the retailers where it's  
6 available, the blogs on which it is available, the online  
7 retailers where it is available, magazines where it has  
8 received coverage. It's doing quite well. All of these  
9 recognitions go to the strength of the mark. It is really  
10 receiving a lot of coverage. Actually, the fact that  
11 celebrities are wearing the brand also goes to the strength of  
12 the mark. It is out there in the world. People are tagging  
13 it. People are wearing it.

14 This is an indication of their increased sales. In  
15 2021, they made \$9 million after having only made 100,000 in  
16 the very beginning of their launch.

17 THE COURT: Let me just ask a question about that. Do  
18 you know what the growth in sales were? I think that relevant  
19 date is February 2020. I think you need to show that the  
20 strength of the mark as of that date. I guess what I'm trying  
21 to figure out is, I assume I can extrapolate and say, maybe  
22 it's around 8 million, but do you have the February 2020  
23 figures?

24 MS. SIMPSON: I don't have that handy, your Honor, but  
25 I respectfully disagree that that date is relevant.

1 THE COURT: Tell me about that.

2 MS. SIMPSON: I believe you're likely speaking to the  
3 argument that --

4 THE COURT: The question is whether, in my mind, at  
5 least, whether the mark had a secondary meaning in February  
6 2020, which, as I understand it, is the relevant date.

7 MS. SIMPSON: Let me skip ahead, your Honor.

8 THE COURT: OK.

9 MS. SIMPSON: I think --

10 THE COURT: My notes call it the constructive-use date  
11 and that it's the date that defendants filed their trademark  
12 application for Rhode. My understanding is that that is the  
13 relevant date for which you need to establish secondary  
14 meaning. I understand you dispute that it is a descriptive  
15 mark. You would suggest that it's an arbitrary mark or a  
16 suggestive mark, probably not arbitrary. But, in any event, if  
17 we assume for the moment that it's a descriptive mark, why  
18 isn't February 2020 the relevant date?

19 MS. SIMPSON: Well, your Honor, I just disagree  
20 vehemently that it's a descriptive mark. The mark is not  
21 descriptive. The mark is arbitrary. There is no indication  
22 that the PTO has ever viewed this mark as descriptive, not a  
23 single time did it raise descriptiveness as an issue in any of  
24 the applications filed by our side or by their side. The  
25 defendants themselves don't even appear to believe that this is

1 a descriptive mark. Not once in their applications did they  
2 tell the PTO in their duty of candor to the PTO that, oh, yes,  
3 this is a descriptive mark for which we need secondary meaning.  
4 That has never happened.

5 The reason is because Rhode, without the S, is not  
6 primarily a surname. It is not primarily only a surname. It  
7 has plenty of other meanings, Rhode Island being one of them.

8 THE COURT: It's also a first name, and it's a  
9 different spelling of the American woman's name Rhoda. If you  
10 pronounced it in another language like France, where I think  
11 it's predominant, you would say Rhoda. And the fact is, it is  
12 a name.

13 MS. SIMPSON: Your Honor, that's a first name, which  
14 is distinct in the case law from the surname.

15 THE COURT: Both the first name and the surname have  
16 led the courts to the conclusion that the mark is descriptive.

17 In any event, we are getting a little bit far afield.  
18 So you were talking to me about sales figures. I'm actually  
19 very interested in sales figures. A question I had about sales  
20 figures is, if what we are really talking about is whether the  
21 mark was -- whether the sales figures reflect that  
22 distinctiveness. I would want to know that, since I know  
23 nothing about retail sales of women's clothing in this country  
24 except anecdotically and personally. I don't know about it in  
25 any global sense.

1 I don't know if this \$9 million is an exceedingly tiny  
2 portion of the retail clothes market for women, so it's not  
3 suggestive of any distinctiveness or any suggestion that the  
4 brand has a secondary meaning in the market, or is it actually  
5 some meaningful number? I understand that it's meaningful  
6 within the context of the plaintiff's business, but whether  
7 it's meaningful in the context of the market that we are  
8 talking about is I think what I'm interested in.

9 Can you tell me anything about that.

10 MS. SIMPSON: Your Honor, I don't think that's  
11 necessarily the right test. Obviously, there are brands that  
12 have much larger sales figures and that is certainly true. But  
13 here we are talking about a brand and whether it's established.  
14 This brand is clearly established and its sales figures reflect  
15 an upwards trajectory that support that establishment. Its  
16 press and its location in the various stores in which it's  
17 found support that it is indeed a strong mark. And the fact  
18 that it's being worn by celebrities is also supportive that it  
19 is a strong mark.

20 THE COURT: I would say much more than its sales  
21 figures. In fact, the sales figures, I think, perhaps, don't  
22 reflect the same visibility and distinctiveness of the mark in  
23 the market as the factors you're talking about.

24 MS. SIMPSON: That may be true, your Honor. Retail  
25 clothing has a very low-margin business and a reputation is

1 built on more than just sales, and here the client has built a  
2 very strong reputation amongst the fashion world for a  
3 well-known brand. Its designs, its very distinctive designs  
4 are featured in magazines and discussed about how they are  
5 indeed special and interesting. It is getting the coverage  
6 that you would anticipate and expect from a brand that is well  
7 known.

8 THE COURT: I am going to stop you there because we  
9 don't have unlimited time today.

10 Let me hear from the defendants.

11 MS. SIMPSON: I would like to address their  
12 acquiescence argument, your Honor.

13 THE COURT: Let's save that, and let me hear from the  
14 defendants.

15 MS. SIMPSON: Sure.

16 MR. HUGHES: Thank you, your Honor. Brendan Hughes.  
17 I'm here on behalf of the defendants along with my colleagues,  
18 Mike Rhodes and Rebecca Givner-Forbes. In addition, our client  
19 representative, Ms. Hailey Rhode Bieber, is on the call as  
20 well, as you can see.

21 Bottom line here is, Hailey Rhode Bieber and the  
22 defendants did what they were supposed to do. They reached out  
23 to the other side in 2018 when they thought, first, that they  
24 wanted to enter the clothing market underneath the Rhode mark.

25 When they realized that the other side was not willing

1 to sell their registration so that there was space for them in  
2 the clothing market, they then decided, OK, we are going to  
3 pursue the use of the Rhode mark in connection with a skincare  
4 line. They did what they were supposed to do.

5 In February 2020, they filed an application with the  
6 Patent and Trademark Office seeking to register the Rhode mark  
7 in connection with cosmetics. It's at that time that the  
8 Patent and Trademark Office reviewed the parties' respective  
9 marks. They first had some hesitation, thought that there  
10 might be confusion, but ultimately the PTO itself decided to  
11 withdraw its refusal and allow the application to proceed.

12 August of 2020, the Patent and Trademark Office  
13 published the Rhode application for opposition. That's the  
14 period of time in which any party who feels like they are  
15 harmed could oppose our registration.

16 Did plaintiff do so? No, it did not. That was in  
17 August of 2020. So, therefore, that application for Rhode  
18 covering cosmetics has now proceeded through the process of  
19 registration, and by the time in which this Court handles this  
20 case at trial, we will own a registration. Frankly, we will  
21 own a registration for the Rhode mark covering cosmetics in the  
22 next few months now that we have used the marks in commerce.  
23 That was in August of 2020. They had their first opportunity  
24 to oppose it and they did not.

25 Let's fast forward to April of 2021. It was at this

1 time, April 15, 2021, that we first received a demand letter  
2 from plaintiff's counsel. Plaintiff's counsel at first said,  
3 hey, you need to stop all use of the Rhode mark, all use of  
4 Hailey Rhode, all use of the Rhode mark in connection with any  
5 goods and services. Our counsel wrote back the next day and  
6 said that you don't own rights to Rhode universally. You are  
7 using the Rhode mark in connection with clothing. But we have  
8 already made a decision not to use Rhode in connection with  
9 clothing. Your Honor, we've attested to that in our papers.  
10 We are making the statement to you, your Honor. We are not  
11 going to use the Rhode mark in connection with the clothing  
12 line.

13 We told opposing counsel that when they sent that  
14 letter. We told them the next day. And we said and we asked  
15 for their confirmation. We said, please confirm that this  
16 resolves this dispute. In response, about a week later, on  
17 April 28, we got another letter from plaintiff's counsel, and  
18 that letter said -- first of all, thanked us for confirming  
19 that we weren't going to go in the clothing line -- offer a  
20 clothing line under the Rhode mark. They thanked us for that  
21 and then said their primary concern was just that and that they  
22 would monitor our use to ensure that we refrain from entering  
23 the -- offering clothes underneath the Rhode mark but that we  
24 would and could use the mark in connection with beauty and  
25 wellness products. They underlined and bolded beauty and

1 wellness products. That letter included a reservation of  
2 rights. It did.

3           However, in the context of this entire dispute, we  
4 were being instructed by plaintiff's counsel, we were being  
5 told by plaintiff's counsel that they had consented to our use  
6 in connection with -- in connection with cosmetics, in  
7 connection with beauty and wellness products.

8           We followed up the next day and wrote and confirmed  
9 with them that we understood their correspondence on April 28  
10 to mean that the fact that they had withdrawn the demand and  
11 instead what they were doing was monitoring, but we understood  
12 that to be monitoring to make sure that as they sent the letter  
13 that we would stay in the lane of beauty and wellness products.

14           Then what happened next? Silence. We weren't silent.  
15 They were silent. And from April 2021, all the way until two  
16 days before our launch, we heard nothing from the other side.

17           Now, what happened during that period of time?  
18 Interestingly, in August of 2021, our second application for  
19 Rhode, the Rhode logo, was published for opposition. Again,  
20 your Honor, this is the period of time in which anyone who  
21 feels like they will be harmed by our registration of the marks  
22 in connection with cosmetics could oppose. Did plaintiff  
23 oppose? No, they did not. Did they otherwise challenge it?  
24 No, they did not. Did we receive the letter? No. We did not.  
25 They did not send us anything. Again, we have another

1 application. The Rhode logo that has proceeded through that  
2 application process, no opposition, free and clear.

3           When this case is presented to your Honor at trial, we  
4 will have two registrations. This is a dispute and will be a  
5 dispute about two parties who own registrations, one in  
6 connection with clothing and some other household goods, things  
7 like that, and another in connection -- our client in  
8 connection with cosmetics, and specifically we are using the  
9 Rhode mark with a very specified aspect of cosmetics. It's  
10 skincare. It's almost even more medicinal in a way, skincare  
11 line.

12           We used the Patent and Trademark Office process like  
13 an applicant should, to see before commercialization whether or  
14 not we'd have any sort of conflict. The Patent and Trademark  
15 Office essentially told us that we didn't, that it allowed two  
16 applications to make it all the way through. We waited at that  
17 point and it was only at that point that we began to invest  
18 heavily in commercializing and developing our brand.

19           Once we heard from opposing counsel in April 2021,  
20 that's when we really put in all these resources in investing  
21 in the brand. We were frankly very surprised to receive  
22 correspondence two days before launch. At that point the train  
23 had left the station. We already had the products out. And we  
24 were surprised.

25           I know it is upsetting to hear that plaintiff's

1 counsel characterized this as if Hailey Rhode Bieber didn't  
2 really care. Those words that she didn't really care, nothing  
3 could be further than the truth. That we didn't really care  
4 about plaintiff's counsel. Frankly -- frankly, we thought that  
5 we had plaintiff's consent, right? We thought that that's what  
6 we were relying on.

7 But here we are today. They filed this lawsuit and  
8 they brought this preliminary injunction seeking the most -- as  
9 you know, the most extraordinary and drastic remedy right at  
10 the nascent period of our commercialization. Here we are and  
11 they are seeking to stop us immediately at this point because  
12 they are trying to assert rights in their Rhode mark in a world  
13 in which we identified something like 28 other third-party  
14 marks that incorporate Rhode or Rhodes that are coexisting in  
15 the market.

16 THE COURT: What I am going to do is stop you for a  
17 second now. I am going to go back to Ms. Simpson about  
18 acquiescence since I have essentially heard your argument about  
19 acquiescence.

20 MS. SIMPSON: Your Honor, there are two parts of this  
21 acquiescence.

22 Let me just pull this back up.

23 Your Honor, on acquiescence, what the law requires is  
24 really what we need to look at. The law requires conduct that  
25 amounts to an assurance that plaintiff will not assert its

1 trademark rights.

2 I want to be clear here, your Honor. There is no way  
3 that our client consented to what is currently happening. They  
4 did not consent to this massive confusion-inducing media  
5 campaign. That is exactly what Rhode said it did not consent  
6 to, what would not be OK for it and what would cause it to  
7 enforce its rights.

8 I do want to discuss this active consent and what it  
9 requires. It requires an assurance, right, an assurance that  
10 they will not assert rights. We did not give an assurance that  
11 we would not assert our rights. We specifically said, if you  
12 use these marks in a way that is going to cause confusion with  
13 our brand, we will have to contest your client's use. That's  
14 exactly what we said.

15 But there is another piece to this, your Honor, which  
16 says, with knowledge of defendant's conduct, which means this  
17 has to be a knowing consent. You have to understand what you  
18 are consenting to. And Rhode did not give consent, knowing  
19 what defendants were going to do. Defendants were not doing  
20 anything at this time. This is in 2021. The letters back and  
21 forth make clear that there was no product. Nothing had  
22 launched. Nothing had happened. There was no way for our  
23 clients to know what this was going to look like.

24 Rhode really hoped, they hoped with all hope, and  
25 perhaps they were naive, but they really did hope that whatever

1 defendants were planning to do here would not cause confusion  
2 with their brand, that they would take steps to alleviate that  
3 confusion, that they would do something to make it less likely  
4 that there would be confusion, but they didn't.

5 THE COURT: And what did you have in mind?

6 MS. SIMPSON: Your Honor, there is conceivably some  
7 way that this could have happened without it being confusing.  
8 But those are hypothetical worlds and it's not what we have in  
9 front of us. What we have in front of us is a launch that  
10 conflates clothing and cosmetics over and over and over again,  
11 and really does go after exactly what it is that our brand  
12 does.

13 THE COURT: Have you had any discussions with the  
14 defendants about how they might lessen the impact on your brand  
15 in the way that you are describing? You're talking about their  
16 conflating clothing and cosmetics. Have you talked to them  
17 about it? They have already made statements more clearly, more  
18 recently that they don't intend to go into clothing. Might it  
19 be profitable to just talk to them about how to alleviate any  
20 misunderstanding about their possible ventures into clothing or  
21 even current involvement in clothing?

22 MS. SIMPSON: Your Honor, obviously, we are always  
23 happy to talk, always happy to talk. There is a lack of trust  
24 here on the clothing front because every time defendants have  
25 told us that they are not going to go in to clothing, they do

1 something that's completely contrary to that. They promised  
2 they wouldn't go into clothing. Then in May of this year they  
3 filed an entirely new application for clothing and a whole  
4 bunch of other products, And there really just isn't any way I  
5 think reasonably to expect that defendants can stay away from  
6 clothing, given Ms. Bieber's history as a model and the fact  
7 that she is a fashion icon. People look to her for fashion.

8 MR. HUGHES: Your Honor, may I respond?

9 THE COURT: I'll let you respond, but not this second.

10 MS. SIMPSON: I think it would be exceedingly  
11 difficult to extract the two. They are very intertwined. Your  
12 Honor, these parties are operating in exactly the same spaces.  
13 They are operating with the same influencers. They are  
14 operating in the same places on Instagram with the same media  
15 coverage, with the same reporters. They are talking to all the  
16 same people. It's going to be very difficult to draw a line  
17 there.

18 THE COURT: Let me ask the question more broadly.  
19 Have there been any efforts since your case has been filed to  
20 try to resolve it?

21 MS. SIMPSON: We had one very short conversation, your  
22 Honor, but no conversations that I would describe as efforts.

23 THE COURT: I am going to stop you there.

24 MS. SIMPSON: Your Honor, can I just address the PTO?  
25 Counsel spent some time on that.

1           THE COURT: I'd rather just stick with acquiescence  
2 for a moment and hear from the defendant.

3           MR. HUGHES: Yes, your Honor. With respect to  
4 discussing resolution, we remain open to discuss that.

5           With respect to resolution, we remain open to  
6 discussing that. I reached out to Ms. Simpson to discuss what  
7 options were on the table. It did not lead to anything. It  
8 was a short conversation. It was shortly after I learned about  
9 the filing of the preliminary injunction and the complaint. We  
10 are open to it, and we are open to have any discussions with  
11 them, whether it's in mediation, early mediation or otherwise.

12           As I said before, in no way did Ms. Hailey Rhode  
13 Bieber act with reckless disregard of the other's sites. We  
14 understood that we can use the Rhode mark in connection with  
15 cosmetics but that is what is stated in the letter that was  
16 received on April 28.

17           With respect to the clothing issue, our client,  
18 Ms. Hailey Rhode Bieber, has said, under oath, under penalty of  
19 perjury, we are not offering a clothing line under the Rhode  
20 mark. She has said that. We have that declaration. I think  
21 Ms. Simpson is sort of intimating that we are lying. We had  
22 said that under oath. I have written that in this brief. We  
23 will look awful to you, your Honor, if we were to offer a  
24 clothing line underneath the Rhode mark. We have attested to  
25 that.

1           With respect to the application that was filed in May,  
2 we already testified under oath, Ms. Bieber did, that that was  
3 our licensee at the time acting overly aggressive in their  
4 filing that application in the name of HRBeauty. Since then,  
5 we have had them abandon that application. There is currently  
6 not a U.S. application that covers clothing. To the extent  
7 that there needs to be any more clarity on this issue, we are  
8 not offering a clothing line under the Rhode mark, and that is  
9 what it says in our papers, and we have shown that through our  
10 actions abandoning that filing in the U.S.

11           THE COURT: One of the things I'm wondering is, there  
12 does seem to be some mistrust between the parties and that is  
13 understandable. That's often the case in litigation. But I'm  
14 wondering if this, before I rule, might be a particularly  
15 fruitful juncture for you to try to talk to each other with the  
16 help of a mediator.

17           Do you have someone who you could line up quickly? I  
18 know some of the most popular mediators, it takes months and  
19 months and months to get them. Do you think you have any way  
20 to mediate with each other relatively quickly? Because I would  
21 like to address this. Frankly, I think I could address it  
22 today. But I actually don't think that's in the best interests  
23 of this lawsuit as a whole. I think that now might be a very  
24 propitious time for you to talk to each other.

25           MR. RHODES: Your Honor, I'll be lead counsel if the

1 case were to proceed. I'd like to say absolutely. I would  
2 make the point that if the Court were entertaining kind of  
3 creating guardrails around this lawsuit, that we are prepared  
4 to go further than just Mr. Hughes' statements about attesting  
5 to the fact that we are not going to go into clothing under  
6 this particular brand, that we withdraw that May application.  
7 If we can go into a mediation quickly and try to work out a  
8 coexistence agreement, that is the logical solution here.

9           Because our position would be, that these two product  
10 categories are really far afield. You cannot go to a single  
11 retail establishment in the world and find these two products  
12 under the same roof.

13           THE COURT: I am just going to stop you. I don't want  
14 to hear more argument. I would like to hear from Ms. Simpson,  
15 though. Because it sounds to me, actually, that a mediation,  
16 where there were some agreements and not just assurances, might  
17 give some comfort to the plaintiffs here.

18           I understand, I hope you do too, why they are  
19 concerned. Your client on the defense side is this huge kind  
20 of looming presence over their brand. On the other hand, there  
21 are certain arguments that you have to make on the defense  
22 side. It seems to me that if you could talk to each other and  
23 try to resolve this, that might be the way to do it. As you  
24 put it, if you could resolve it thinking about some way to  
25 coexist and to mark very clearly where the lines are of that

1 coexistence, that might give the plaintiffs some comfort.

2 Ms. Simpson, are you amenable to trying to do that?

3 MS. SIMPSON: Your Honor, I have some concerns. Every  
4 day that we wait is causing my client harm. I don't want to go  
5 into some extensive mediation process without some kind of  
6 protection for my client in place. The concept that they are  
7 not going to go into clothing, it just isn't -- it is causing  
8 some concern because they are filing on clothing outside of the  
9 U.S.

10 THE COURT: Let me ask you this. In terms of some  
11 kind of protection, clearly the kind of protection that might  
12 be suitable for the very short term and that might be  
13 acceptable to the defendants is not going to mean to abandon  
14 their mark essentially for the period of the mediation. That's  
15 the relief you're essentially seeking here.

16 What kind of interim assurance are you looking for so  
17 that you can quickly -- I think everybody would like to see if  
18 this can happen quickly. If not, we can go forward with the  
19 lawsuit. But what kind of assurance would be satisfying but  
20 not sort of inconceivable?

21 MS. SIMPSON: Your Honor, that's hard to structure,  
22 honestly, because everything is so intertwined. They are using  
23 Rhode on Instagram. It's causing confusion with my client.  
24 Every picture that's posted is of clothing and Hailey in  
25 clothing, and very often does not feature the product at all.

1 So I think there would be a number of factors that would have  
2 to be in play about how the defendants were behaving while we  
3 had this conversation. But also I know my clients would be  
4 amenable to mediate. I am just trying to figure out how to  
5 give them some protection and also would like to do this on a  
6 super-accelerated schedule.

7 THE COURT: Why don't we do this. You need to talk to  
8 your client, and I can't broker this conversation between the  
9 plaintiffs and the defendants. Today is Thursday. Why don't  
10 take just a few days. How about until Monday. We could make  
11 it whatever day you are all comfortable with to try to work out  
12 a way to have a mediation, to give the plaintiffs some comfort  
13 while it's happening, to set time parameters, and so forth.

14 Does that seem like it could be workable, Ms. Simpson?

15 MS. SIMPSON: Sure. Monday would be good.

16 THE COURT: Mr. Rhodes or Mr. Hughes.

17 MR. HUGHES: Yes, your Honor.

18 THE COURT: Why don't you do that, send me a letter on  
19 Monday, tell me that you have worked out or that you have  
20 almost worked out parameters and what it is you propose, what  
21 it is you propose, and what it is you propose I order, if  
22 anything, and then we will go from there. If somehow that  
23 doesn't work, I will put this back on the calendar for next  
24 week. I'm in trial all week, but I'll put it on the calendar  
25 at the end of the day and deal with it at that point. OK.

1 MR. HUGHES: Thank you, your Honor.

2 THE COURT: I wish you luck. I'll look forward to  
3 hearing from you Monday.

4 (Adjourned)

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