I. INTRODUCTION

A company’s trademark can be its single greatest source of “intangible value.”1 From 2010 to 2019, over 38.7 million trademark applications were filed worldwide.2 The Coca-Cola Company expressed its first trademark in 18873 and owns trademarks to “Coca-Cola,” to the graphic representation of its name, and to its bottle shape.4 Trademarks serve two functions: (1) identifying and distinguishing one’s goods or services from those produced or sold by another, and (2) indicating the source of the goods or services.5 Alongside these two purposes, trademark law has two goals: (1) protect consumers from confusion and deception, and (2) protect a plaintiff’s infringed trademark as property.6

Without trademarks, low-quality products or services sold by a vendor would be untraceable to their origin,7 including anonymous sources.8 Trademarks incentivize sellers to achieve and maintain a positive reputation for predictable quality of goods or services.9 As such, trademarks convey a message to the consumer that the mark’s owner controls the quality of the goods or services sold thereunder.10 When a trademark owner licenses its mark to another, the licensor has a duty to maintain the quality of the licensee’s products or services.11 Licensing without quality control is known as “naked
licensing.”12 and, in the eyes of the United States Court of Appeals for the Second Circuit, is a “fraud on the public and unlawful.”13 Licensing “done wrong”—e.g., naked licensing—can extinguish trademark protection.14

In Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.,15 decided by the United States Court of Appeals for the Eighth Circuit in May 2020, a trademark owner faced no consequences for the serious consumer confusion caused by his uncontrolled licensing arrangement—he was instead awarded damages.16 This Note argues that the Eighth Circuit mishandled the facts of this case and disregarded the precedent of its sister circuits in approving a licensing arrangement devoid of control by the licensor over the licensee. In doing so, the court fueled consumer and doctrinal confusion. Rather than affirming the lower court’s opinion in a conclusory fashion, the Eighth Circuit should have required more of the licensor—at least some semblance of control—and determined that the trademark was abandoned due to naked licensing.

To begin, this Note provides the facts and procedural history of Lawn Managers in Parts II.A and II.B, respectively. Section III lays out the state of trademark law before the court’s decision in Lawn Managers and focuses on trademark licensing, requisite quality control, and naked licensing. Section IV provides a detailed look at the Eighth Circuit’s analysis of the case, including the majority and dissenting opinions.

This Note then offers an analysis and discussion of the court’s opinions in Section V. This Section contends that the Lawn Managers majority mischaracterized facts, cut corners, and fell short in its naked license analysis, incorrectly finding trademark infringement when it should have found trademark abandonment. Ultimately, this Note argues that approving a trademark license without an ongoing relationship to supervise and avoid misleading uses of the mark contradicts the primary purpose of trademark law: protecting consumers from deception. Finally, this Note concludes by explaining that through its decision in Lawn Managers, the Eighth Circuit added fuel to two fires: consumer confusion and perplexing precedent.

II. FACTS & PROCEDURAL HISTORY

A. Facts

Plaintiff Lawn Managers, Inc. (“Lawn Managers”), a lawn care business, is entirely owned by Randall Zweifel and was incorporated in Missouri in 1981.17 On November 14, 2011, Lawn Managers registered a specific logo, which contained the words “Lawn

13. McCARTHY ON TRADEMARKS 3, supra note 10, § 18:48 (citing Societe Comptoir de L’Industrie Cotonnieres Etablissements Boussac v. Alexander’s Dep’t Stores, Inc., 299 F.2d 33, 35 (2d Cir. 1962)).
15. 959 F.3d 903 (8th Cir.), cert. denied, 141 S. Ct. 819 (2020).
16. Lawn Managers (Lawn Managers II), 959 F.3d at 906. The Eighth Circuit also addressed the issues of unclean hands and damages in this case. See id. at 912–14. These issues are not included in the scope of this Note. This Note focuses on trademark licensing and abandonment via naked licensing.
Managers,” with the United States Patent and Trademark Office.\textsuperscript{18} Defendant Progressive Lawn Managers, Inc. (“Progressive”), another lawn care business, is entirely owned by Linda Smith and was incorporated in Missouri in 2012.\textsuperscript{19} Before their divorce in 2012, Randell Zweifel and Linda Smith were married and each owned fifty percent of Lawn Managers and its assets, including the trademark at issue.\textsuperscript{20} Zweifel and Smith worked together in this business for about seventeen years.\textsuperscript{21}

On May 1, 2012, a Missouri state court issued Zweifel and Smith’s divorce decree, into which their April 17, 2012, marital settlement agreement was incorporated.\textsuperscript{22} The divorce decree provided that Smith would give up her share in Lawn Managers—assigning her fifty percent interest to Zweifel\textsuperscript{23}—and create a new company, Progressive Lawn Managers.\textsuperscript{24} As part of the decree, Smith would also receive a license to use the plaintiff’s name, Lawn Managers, for two years and a portion of the plaintiff’s assets, such as lawn equipment, vehicles, facilities, and financial credit.\textsuperscript{25} Under this agreement, Smith would be “using the name Progressive Lawn Managers, Inc. doing business as Lawn Managers.”\textsuperscript{26} The residential customer lists of Lawn Managers were divided by zip code, per the decree, and awarded to each party.\textsuperscript{27} Each party agreed not to solicit business in the areas awarded to the other for two years.\textsuperscript{28}

Pursuant to a settlement agreement reached in July 2014, the defendant’s license to use the plaintiff’s trademark was extended until December 31, 2014.\textsuperscript{29} The 2014 settlement agreement also replaced the zip code nonsolicitation agreement with a two-year noncompete agreement for residential customers, expiring July 25, 2016.\textsuperscript{30} The 2014 agreement further provided that Lawn Managers and Progressive were not prohibited from entering zip codes previously awarded to the other, as long as the entry was for purposes of servicing or signing up commercial customers, as opposed to residential.\textsuperscript{31} The licensing agreement contained no express contractual right of quality control over Progressive by Lawn Managers, and there was no evidence of actual control over Progressive by Lawn Managers.\textsuperscript{32}

\textsuperscript{18} Id. at 980.
\textsuperscript{19} Id. at 978.
\textsuperscript{20} Id.
\textsuperscript{21} Id. The Eighth Circuit chose to round up when describing the duration of the relationship between Zweifel and Smith, explaining that the two “were married and together owned and operated Lawn Managers for nearly 20 years.” Lawn Managers II, 959 F.3d at 906.
\textsuperscript{22} Lawn Managers I, 390 F. Supp. 3d at 978.
\textsuperscript{23} Lawn Managers I, 959 F.3d at 906.
\textsuperscript{24} Lawn Managers I, 390 F. Supp. 3d at 978.
\textsuperscript{25} Id.
\textsuperscript{26} Lawn Managers II, 959 F.3d at 906.
\textsuperscript{27} Lawn Managers I, 390 F. Supp. 3d at 978.
\textsuperscript{28} Id.
\textsuperscript{29} Id. at 979.
\textsuperscript{30} Id.

\textsuperscript{31} Id. As a result of this 2014 agreement, residential customers assigned to Progressive would watch Lawn Managers vehicles service their neighborhoods, all the while being told that Lawn Managers could not service their zip code. Id.

\textsuperscript{32} Lawn Managers, Inc. v. Progressive Lawn Managers, Inc. (Lawn Managers II), 959 F.3d 903, 909 (8th Cir.), cert. denied, 141 S. Ct. 819 (2020).
Through advertising and representations to third parties, Progressive employed various uses of the names Lawn Managers and Progressive Lawn Managers between 2012 and 2014. As explained by the United States District Court for the Eastern District of Missouri, “[f]rom 2012 to 2015, there was constant and obvious consumer confusion, due to the post-divorce proceedings and the resulting two-year license agreement.” Beginning in January 2015, the defendant employed a logo that used a “very small font size” for the word “Progressive,” placed to the left of “Lawn Managers.” In the logo, the word “Progressive” was placed in a banner in an image of grass. Regarding the defendant’s signs posted in customers’ yards, the district court concluded that given the size of the signs, only the words “Lawn Managers” would be reasonably legible.

The plaintiff did not register the “Lawn Managers” trademark with the United States Patent and Trademark Office until February 17, 2015. On November 23, 2015, counsel for the plaintiff notified the defendant via letter that it considered Progressive’s logo to infringe upon the plaintiff’s registered mark, “Lawn Managers.” Counsel for the defendant responded the following month to relay the message that the defendant refused to change either its logo, signage, or current business practices.

Between January 2016 and October 2017, Lawn Managers received more than 140 phone calls that demonstrated significant customer confusion in the following ways: (1) customers called one company in an attempt to reach the other, (2) customers called the wrong company with questions about their accounts, and (3) customers attempted to cancel service with the wrong company. In February 2016, the defendant returned checks to customers—checks intended for the plaintiff—that customers had mistakenly sent to the defendant. The defendant returned these checks along with company letterhead stationary that referred to the plaintiff as the “High Ridge location” and the defendant as the “Home Office.”

The Eighth Circuit noted that “some employees who worked for Lawn Managers before the divorce went to work for [Progressive].” From 2012 to October 2017, when the plaintiff’s crews serviced commercial property in the defendant’s zip codes, they observed that work performed by the defendant’s crews was consistent with the

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33. Lawn Managers I, 390 F. Supp. 3d at 979.
34. Id. (describing “phone calls to one party meant for the other party and checks that had to be hand-sorted to make sure they went to the correct company”).
35. Id.
36. Id.
37. Id. at 980.
38. Id. at 979–80.
39. Id. at 980.
40. Id.
41. Id.
42. Id.
43. Id.
plaintiff’s standards. However, the plaintiff’s crews neither communicated their observations to the defendant nor made an effort to supervise the defendant’s work.

Beginning in 2012, once their divorce decree was issued, and throughout the pendency of this action, Smith and Zweifel “ha[d] been engaged in multiple, ongoing contempt proceedings related to their divorce.” In early 2013, Smith filed her first motion for contempt against Zweifel.

B. Procedural History


On June 11, 2018, United States Magistrate Judge Noce issued a memorandum opinion holding, among other things, that (1) Zweifel did not abandon the trademark and (2) Smith’s business infringed on the trademark of Zweifel’s business. On appeal, the defendant argued that the infringement issue should not have been reached because Zweifel granted a naked license to Smith and thereby abandoned the “Lawn Managers” trademark.

III. PRIOR LAW

This Section provides pertinent background information by way of examining the state of trademark law before the court’s decision in Lawn Managers. Part III.A provides a short overview of trademark infringement and relevant defenses thereto. Part III.B discusses trademark licensing and the requisite element of quality control. Part III.C introduces the concept of naked licensing—licensing without controlling quality. Part III.D concludes this Section by detailing the deficiencies in the law of trademark licensing.

45. Lawn Managers I, 390 F. Supp. 3d at 981.
46. Id.
47. Id.
48. Lawn Managers II, 959 F.3d at 907.
49. Id.
50. Lawn Managers I, 390 F. Supp. 3d at 978.
51. Id. at 978, 982.
52. Id. at 978.
53. Id. at 975; see also Lawn Managers II, 959 F.3d at 907 (“The court found that through the licensing agreement, Zweifel had granted a license to Smith to use the Lawn Managers trademark, and that the license had not been a naked license.”).
54. Lawn Managers II, 959 F.3d at 908.
55. Id.
A. Trademark Infringement and Relevant Defenses

The Eighth Circuit, in alignment with its sister circuits, has long recognized that distinct trademarks are entitled to stronger protection than ordinary marks. In order to prevail on a claim of trademark infringement, a plaintiff must prove that the defendant’s use of the plaintiff’s mark is likely to cause confusion as to the origin of a product or service. The likelihood of confusion—the “hallmark of any trademark infringement claim”—may be inferred when an allegedly infringing party intends to advertise or sell its products or services as the offerings of another. In 1980, the Eighth Circuit specified six factors to consider in determining whether a likelihood of confusion exists:

1) the strength of the trademark owner’s mark; 2) the similarity between the trademark owner’s mark and the alleged infringing mark; 3) the degree to which the allegedly infringing services competes with the trademark owner’s services; 4) the alleged infringer’s intent to confuse the public; 5) the degree of care reasonably expected of potential customers; and 6) evidence of actual confusion.

Because this analysis is case-specific, the six factors may vary in weight.

A claim of infringement may be countered using a number of defenses. “Descriptive fair use” may be a defense to trademark infringement when the mark used by the
infringer is “descriptive or geographically descriptive” of the goods, services, or business in question. Consent establishes another defense to infringement. When an alleged infringer’s use falls within the “scope of the owner’s consent as manifested by an agreement between the parties,” an infringement claim will fail. For example, a party who has a valid license to use a mark cannot be an infringer of the licensed trademark as long as the licensee is not in breach of the license agreement. Trademark abandonment is another prominent defense against trademark infringement.

Trademark abandonment is a factual issue. A party claiming trademark abandonment has the burden of proving by clear and convincing evidence that the trademark holder abandoned the mark. Trademark abandonment is statutorily defined by Section 45 of the Lanham Act—a mark is deemed “abandoned” if either of the following occurs:

1. When [a mark’s] use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances.
2. When any course of conduct of the owner causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark.

Abandonment may be inferred from circumstances that demonstrate the intent to discontinue a trademark’s distinctiveness. Courts are usually disinclined to find abandonment. As such, the party asserting trademark abandonment bears what some scholars refer to as a “formidable” evidentiary burden. Once a trademark is deemed abandoned, it becomes part of the public domain—free for all to use.

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65. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. c (A.M.L. INST. 1995) (“Fair use is a reasonable and good faith use of a descriptive term that is another’s trademark to describe rather than to identify the user’s goods, services, or business.”); see also 15 U.S.C. § 1115(b)(4) (explaining that use “of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin” is a defense to infringement).
66. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 29.
67. See id. § 33 cmt. b (“A licensee is not subject to liability to the licensor for any use of the mark that is within the scope of the license, even if the licensor fails to exercise control over the licensee’s use.”).
68. MCCARTHY ON TRADEMARKS 3, supra note 10, § 18:40.
69. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 30.
70. MCCARTHY ON TRADEMARKS 3, supra note 10, § 17:5.
71. See Cnty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church, 634 F.3d 1005, 1010 (8th Cir. 2011).
74. Everett O. Fisk & Co. v. Fisk Tehrs.' Agency, 3 F.2d 7, 9 (8th Cir. 1924).
75. See MCCARTHY ON TRADEMARKS 3, supra note 10, § 17:12.
76. E.g., id. § 17:1.
77. Id.
B. Trademark Licensing and Quality Control

Over a century ago, as part of what J. Thomas McCarthy, senior professor of law at the University of San Francisco,\(^\text{78}\) calls the “old view” of trademark licensing,\(^\text{79}\) the Eighth Circuit held that trademarks could not be assigned or licensed without transferring the business or property for which the mark is used.\(^\text{80}\) In the 1930s, the conceptual view of trademarks shifted from sole reliance on product source in favor of the concept that a trademark indicates not only product origin but also product quality.\(^\text{81}\)

Section 5 of the Lanham Act, enacted in 1946, cemented the trademark owner’s right to license the use of their mark without automatically forfeiting ownership rights.\(^\text{82}\) Pursuant to Section 5, legitimate use of a mark by “related companies”\(^\text{83}\) must benefit the trademark owner and must not affect the mark’s validity, provided such use is not meant to deceive the public.\(^\text{84}\) Today, courts tend to uphold the validity of trademark licenses when the licensor retains adequate control to ensure that the licensee’s products or services meet the quality standards the public expects upon seeing the mark.\(^\text{85}\)

In 2010, the United States Court of Appeals for the Ninth Circuit offered three inquiries to analyze whether adequate control was exercised between a trademark owner (licensor) and a licensee:

1. Does the trademark owner have a contractual right to control the nature and quality of the use of its mark?
2. Has the trademark owner actually controlled the nature and quality of the use of its mark?
3. Has the trademark owner reasonably relied on a licensee to control the nature and quality of the use of its mark?\(^\text{86}\)

An uncontrolled license—also known as a naked license—allows the use of a mark on products or services for which the mark’s owner is unable to guarantee the level of


\(^{79}\) \textit{McCarthy on Trademarks 3, supra note 10, § 18:39}.

\(^{80}\) Macmahan Pharmacal Co. v. Denver Chem. Mfg. Co., 113 F. 468, 474–75 (8th Cir. 1901); \textit{cf. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 33 cmt. a (AM. L. INST. 1995)} (“Unlike an assignment . . . a license does not transfer ownership of the designation.”).

\(^{81}\) \textit{McCarthy on Trademarks 3, supra note 10, § 18:26; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 33 cmt. a (“The narrow conception of trademarks as indications of physical source was eventually replaced by a recognition that trademarks may signify other connections between goods bearing the mark and the trademark owner . . . . ”)}.

\(^{82}\) \textit{See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 33 cmt. a; 15 U.S.C. § 1055; McCarthy on Trademarks 3, supra note 10, § 18:42}.

\(^{83}\) \textit{See 15 U.S.C. § 1127 (“The term ‘related company’ means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.”)}.

\(^{84}\) \textit{Id. § 1055}.

\(^{85}\) \textit{See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 33 cmt. a; McCarthy on Trademarks 3, supra note 10, § 18:42}.

\(^{86}\) \textit{McCarthy on Trademarks 3, supra note 10, § 18:55 (citing FreecycleSunnyvale v. Freecycle Network, 626 F.3d 509, 512 n.1 (9th Cir. 2010)).}
failure to execute an agreement that provides for monitoring or mandating the quality of goods or services to which a trademark is applied supports a finding of naked licensing. Courts have held that naked licensing is “inherently deceptive and constitutes abandonment of any rights to the trademark by the licensor.”

A 1959 decision by the Second Circuit has become the case “most often cited for the proposition that the Federal Lanham Act permits licensing with quality control.”90

As explained by the court, “controlled licensing does not work an abandonment of the licensor’s registration, while a system of naked licensing does.”91

In his partial dissent, Judge Lumbard of the Second Circuit argued that the absence of an explicit contract provision for inspection and supervision over a licensee’s operations does not automatically establish that such a license does not comply with the Lanham Act.92 While the majority relied on and upheld the district court’s findings regarding licensee control, Judge Lumbard dissented in part due to a lack of evidence in the record regarding actual supervision of licensees by the licensor.93

In 1964, the United States Court of Appeals for the Seventh Circuit addressed the issue of whether reliance on a licensee’s control over product quality constituted reasonable measures to ensure the quality of the goods bearing the trademark.94 The Seventh Circuit upheld the district court’s finding that the defendant’s reliance on its licensee’s quality control measures should be deemed adequate supervision to protect the quality of the marked goods.95 Relying on the forty-year length of the licensing agreement and the absence of any complaints about product quality, the court found neither a naked license nor abandonment of the defendant’s trademark.96

Two years later, in Taffy Original Designs, Inc. v. Taffy’s Inc.,97 the United States District Court for the Northern District of Illinois found sufficient control between a licensor and licensee despite the dissolution of their previous partnership.98 The partners were sisters who worked together for seventeen years before dissolving their business relationship.99 After dissolution, when two distinct corporations were organized, “the work of the sisters remained the same as did their close business relationship.”100 Not

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87. Restatement (Third) of Unfair Competition § 33 cmt. b; see also Neo4j, Inc. v. PureThink, LLC, 480 F. Supp. 3d 1071, 1077 (N.D. Cal. 2020) (“A ‘naked license’ occurs when a trademark owner grants a trademark license then fails to monitor the quality of goods that the licensee produces under that trademark to such an extent that the trademark can be deemed abandoned.”).

88. FreecycleSunnyvale, 626 F.3d at 516.

89. Id. at 515–16 (quoting Barcamerica Int’l USA Tr. v. Tyfield Imps., Inc., 289 F.3d 589, 598 (9th Cir. 2002)).

90. McCarthy on Trademarks 3, supra note 10, § 18:42.


92. Id. at 368 (Lumbard, J., dissenting in part).

93. Id. at 368–69.

94. See Land O’Lakes Creameries, Inc. v. Oconomowoc Canning Co., 330 F.2d 667, 669 (7th Cir. 1964).

95. Id. at 670.

96. Id.


99. Id. at *1.

100. Id. at *9.
only did the licensor make several visits to the licensee’s stores to confirm satisfaction of product quality but there was only one singular incident of consumer confusion.

The next year, the Eighth Circuit addressed the issue of whether an equipment manufacturer—which registered the trademark “Lindsay”—was guilty of uncontrolled licensing, thereby constituting abandonment under 15 U.S.C. § 1127. Uncontrolled licensing, as explained by the court, occurs when a trademark owner licenses another individual or entity to manufacture its products but fails to control the quality of such products made by the licensee, resulting in public deception. The court found no abandonment, relying on the fact that the equipment manufacturer did not license the former franchised dealer to make products under the “Lindsay” trademark; the dealer was only authorized to retail “Lindsay” products.

By 1968, few courts had encountered the question of an uncontrolled license’s legal effect on trademark rights. In the courts that did, a total abandonment rule was typically invoked—meaning that trademark rights were wholly, not partially, forfeited. As demonstrated by Taco Cabana International, Inc. v. Two Pesos, Inc., the question of licensor control applies not only to trademarks but also to trade dress—the “total image of a business.”

In 1991, the United States Court of Appeals for the Fifth Circuit found that the licensing of a restaurant’s trade dress did not result in abandonment. In Taco Cabana, an agreement between two brothers, referred to as a “cross-license arrangement,” allowed two restaurant groups—each one managed by a different brother—to utilize the same trade dress. The court acknowledged that an owner may license its trademark or trade dress, while retaining ownership rights, as long as the owner upholds sufficient control over quality of products or services sold by the licensee using the mark or

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101. Id.
102. Id. at *7.
103. Heaton Distrib. Co. v. Union Tank Car Co., 387 F.2d 477, 484 (8th Cir. 1967); see also Comment, Trademark Licensing: The Problem of Adequate Control, 1968 DUKE L.J. 875, 890 n.83 (1968) (“The theory behind the ‘abandonment’ concept is that when others are allowed to use a trademark without control, the mark comes to denote only the article involved and the name becomes public property and may be used by anyone making the article.”).
104. Heaton, 387 F.2d at 485.
105. Id.
107. Id.
110. Taco Cabana, 932 F.2d at 1121.
111. Id. (noting that the cross-license arrangement was not closely governed by precedent).
The court applied a relaxed, less formal standard because the two brothers maintained a close working relationship, having operated a restaurant group together for eight years before executing the licensing agreement. The brothers maintained both their knowledge of and the consistency of quality standards used across the restaurants. As such, the court found no diminishment of proprietary rights in the restaurants’ trade dress and no naked license.

In Transgo, Inc. v. Ajac Transmission Parts Corp., the Ninth Circuit found adequate supervision over the licensee largely because ninety percent or more of the parts sold by the licensee under the mark were manufactured by the licensor. The licensor received no complaints regarding parts produced by the licensee. Moreover, the licensor and licensee had been associated with each other for over ten years. In the licensor’s view, the licensee was second only to the licensor “in overall knowledge and ability in product development for the market.” The court found no abandonment on the part of the licensor.

As exemplified by these cases, in order for a licensor to justifiably rely on its licensee for quality control, “there must be some form of special relationship between the parties, such as a familial relationship or a long period of close business association.” However, the Ninth Circuit has held that, while reliance on a licensee’s quality control efforts is a relevant factor, “such reliance is not alone sufficient to show that a naked license has not been granted.”

C. Trademark Licensing Without Quality Control: Naked Licensing

The Ninth Circuit first addressed the issue of naked licensing in 2002. In Barcamerica International USA Trust v. Tyfield Importers, Inc., the court concluded that a company had engaged in naked licensing of its “Leonardo Da Vinci” trademark for wines. This licensor entered into a licensing agreement with a vineyard in 1988, only to replace it shortly thereafter with a new licensing agreement in 1989. Neither
agreement contained a provision for quality control over the licensee’s operations.\footnote{128} The 1989 licensing agreement granted the vineyard-licensee an exclusive license to use the “Leonardo Da Vinci” trademark in the United States across its beverage products.\footnote{129} In practice, the only quality control efforts made by the licensor were as follows: (1) its principal would informally taste the wine, and (2) its principal “relied on the reputation of a ‘world-famous winemaker’ employed by [the vineyard-licensee] at the time the agreements were signed.”\footnote{130}

In \textit{Barcamerica}, the Ninth Circuit found no evidence that the licensee was familiar with or relied on the licensor’s efforts to control product quality.\footnote{131} The only evidence of quality control offered by the licensor was its conducting random wine tastings and the reliance on the vineyard-licensee’s reputation.\footnote{132} However, the licensor failed to provide details on when, how frequently, and under what circumstances the wine was randomly tasted.\footnote{133} The court emphasized that the licensor not only failed to demonstrate any awareness of or reliance on the particular quality controls practiced by the licensee but also neglected to show any continuing effort to monitor product quality.\footnote{134} Moreover, the licensor and licensee did not share a close working relationship, which is required to demonstrate sufficient control when no formal agreement is in place.\footnote{135}

Eight years later in \textit{FreecycleSunnyvale v. Freecycle Network},\footnote{136} when presented with the same issue, the Ninth Circuit felt compelled to provide an overview of naked licensing because the issue had been so rarely encountered by the court and its sister circuits.\footnote{137} In \textit{FreecycleSunnyvale}, the court once again determined that a company had engaged in naked licensing.\footnote{138} The licensor executed no express license agreement with its licensee.\footnote{139} As such, the court required the licensor to establish there was actual control through supervision or inspection.\footnote{140} The licensor unsuccessfully asserted that it exercised actual control over the use of its trademarks in four ways.\footnote{141}

The first of four arguments made by the licensor, in an attempt to show that it exercised actual control, involved its website’s etiquette standard and its incorporation of the Yahoo! service terms.\footnote{142} This argument failed because licensees were not required to adopt such a standard, nor was that standard consistently interpreted or applied.\footnote{143} Further, licensees were not required to use Yahoo! or agree to its service terms as a

\begin{thebibliography}{10}
\bibitem{128} Id.
\bibitem{129} Id.
\bibitem{130} Id.
\bibitem{131} Id. at 596.
\bibitem{132} Id.
\bibitem{133} Id. at 597.
\bibitem{134} See id.
\bibitem{135} Id.
\bibitem{136} 626 F.3d 509 (9th Cir. 2010).
\bibitem{137} \textit{FreecycleSunnyvale}, 626 F.3d at 515.
\bibitem{138} Id. at 512.
\bibitem{139} Id. at 516.
\bibitem{140} Id. at 516–17.
\bibitem{141} Id. at 517.
\bibitem{142} Id.
\bibitem{143} Id.
\end{thebibliography}
condition of using the trademarks. The licensor also relied on the fact that etiquette guidelines were listed on its website. This argument failed because the guidelines were voluntary and adaptable. The licensor had no success with the other two arguments it asserted.

After establishing the lack of actual control by the licensor over the licensee, the Freecycle Sunnyvale court placed significant weight on the absence of a close working relationship between the parties. Prior to the licensor’s eventual request that the licensee cease its use of the marks, one singular email served as the “first and only” written communication regarding trademark usage. Although no close working relationship existed in this case, the court explained that reliance on a licensee’s own quality control efforts is insufficient to establish that a naked license has not been granted.

One year later, in 2011, the Seventh Circuit found a naked license—and therefore trademark abandonment—in Eva’s Bridal Ltd. v. Halanick Enterprises, Inc. The plaintiffs had licensed the shop name “Eva’s Bridal” to various family members. Three years after opening a particular store, the plaintiffs agreed to sell the store for $10, pursuant to the requirement that the purchasers pay $75,000 annually for the right to use the “Eva’s Bridal” name and trademarks. Once the license expired, the purchasing licensees stopped paying the royalty fee but continued to operate the store. Five years after the expiration date of the license agreement, the plaintiffs filed suit against the licensees for their use of the mark without remitting the $75,000 yearly payment.

The trial court in Eva’s Bridal dismissed the suit on the ground that the plaintiffs had abandoned the mark through engaging in naked licensing. The agreement between the plaintiffs and licensees contained neither instructions for operating the store in a particular manner nor a provision for supervision over the licensees. Unique to this case, the licensor admitted she never tried to control a single aspect of the method by which the licensees operated the store or used the marks. After rejecting the argument that licensors may surrender control over licensees that run “high quality” businesses,
the Seventh Circuit explained that the licensor’s self-interest largely dictates how much control is sufficient. \(^{159}\) The court chose not to—and saw no need to—specify further, as the plaintiffs in *Eva’s Bridal* retained no control at all.\(^{160}\)

As exemplified by the trademark licensing case law discussed above, licensors have both the right and the duty to control quality upon licensing a trademark for use by another for its product or service.\(^{161}\)

### D. Deficiencies in the Law of Trademark Licensing

In 2013, while assessing whether a licensor had granted a naked license, the Northern District of California explained that the Ninth Circuit had not settled on “an exact standard of proof required for establishing a naked licensing claim.”\(^{162}\) The standard of proof for proving naked licensing has instead been described as “stringent.”\(^{163}\) A stringent standard applies because a finding of naked licensing indicates involuntary trademark abandonment and forfeiture of protection.\(^{164}\) This standard has been described as a “burden of strict proof.”\(^{165}\)

Not only has the standard of proof not been expressly specified but the amount of control needed to meet the requirement of quality control over trademark licenses also remains largely undefined.\(^{166}\) As explained in the Third Restatement of Unfair Competition, the Lanham Act does not define the necessary amount or method of supervision.\(^{167}\) In 2011, the Seventh Circuit attempted to answer the question of “How much control is enough?” by asserting that the “licensor’s self-interest largely determines the answer.”\(^{168}\) A general rule of thumb was proposed in *McCarthy on Trademarks and Unfair Competition*, a leading treatise on trademark law: “the scope of quality control must be commensurate with the scope of uses of the mark permitted in the license.”\(^{169}\)

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159. *See id.* at 790–91 (“How much authority is enough can’t be answered generally; the nature of the business, and customers’ expectations, both matter.”).

160. *Id.* at 790–91.

161. *See McCarthy on Trademarks 3*, *supra* note 10, § 18:42.

162. *Monster*, Inc. v. Dolby Lab’ys Licensing Corp., 920 F. Supp. 2d 1066, 1076 (N.D. Cal. 2013) (describing the Ninth Circuit’s declination to “hold expressly whether the standard is ‘clear and convincing evidence’ or a preponderance”); *cf.* Cnty. of Christ Copyright Corp. v. Devon Park Restoration Branch of Jesus Christ’s Church, 634 F.3d 1005, 1010 (8th Cir. 2011) (noting that the party claiming trademark abandonment has the burden of proof by clear and convincing evidence).


166. *McCarthy on Trademarks 3*, *supra* note 10, § 18:55 (describing the amount of inspection and control required as “difficult, if not impossible to define.”).

167. *Restatement (Third) of Unfair Competition § 33 cmt. c* (AM. L. INST. 1995) (“The ultimate issue is whether the control exercised by the licensor is sufficient under the circumstances to satisfy the public’s expectation of quality assurance arising from the presence of the trademark on the licensee’s goods or services.”).


In 2018, proposed legislation related to control over a trademark licensee, which would amend the Lanham Act,^170 failed to receive a vote. The bill’s stated purpose was to “clarify that the licensing of a mark, and any control or exercise of control thereof for certain purposes, does not create an employment or principal-agent relationship.”^172 The bill sought to make clear that product logos and product quality are not evidence of joint employment—they are brand controls employed to protect trademarks. Although this bill failed to receive a vote, it demonstrates that Congress recognizes the close nexus between licensing a trademark and control of a licensee’s use of the mark.

IV. COURT’S ANALYSIS

A. Majority Opinion

In *Lawn Managers, Inc. v. Progressive Lawn Managers, Inc.*, the Eighth Circuit held that the plaintiff lawn care company, Lawn Managers, did not grant a naked license and abandon its trademark. The majority opinion began its discussion by noting that the defendant company, Progressive, did not challenge the trial court’s finding of trademark infringement, but instead claimed that Zweifel (owner of Lawn Managers) granted a naked license to Smith (owner of Progressive). The Eighth Circuit “review[ed] the district court’s legal conclusions de novo and its factual findings for clear error.”^176

After describing the “stringent standard” for proving insufficient control—necessary for a finding of naked licensing—Judge Kelly explained in his majority opinion that determining the adequacy of control exercised by the licensor (or lack thereof) is a “fact-specific inquiry.”^177 Because the licensing agreement did not contain an express right of control, and because there was no evidence of actual control by Lawn Managers, the appeal turned on whether Lawn Managers could reasonably rely on Progressive to maintain the quality of services sold under the Lawn Managers trademark.^178

Where a “special relationship” exists, explained the court, a licensor may reasonably rely on a licensee to control the product or service quality. After a brief rundown of three appellate decisions that found no naked licenses—one where a

^171. H.R. 6695.
^172. Id.
^175. Id. at 908.
^176. Id.
^177. Id. at 908–09.
^178. Id. at 909.
^179. Id. (explaining that “courts have also stressed the lack of evidence showing deviant quality in the products or services provided by the licensee”).
forty-year relationship existed, one where two friendly brothers “cross-licensed their
dress,” and one where the licensor manufactured ninety percent of the products sold
by the licensor—the majority concluded that Progressive failed to meet its high
burden. The court determined that Zweifel could reasonably rely on Smith’s quality
control, thereby meeting its duty of control as licensor.

The majority rested its finding of reasonable reliance on three aspects of the
case: (1) the terms of the licensing agreement; (2) the couple’s joint operation of the
Lawn Managers business for approximately seventeen years; and (3) the absence of
evidence of deviations in quality by the licensee, Progressive. The licensing agreement
provided that Zweifel and Smith would operate “parallel, almost identical companies
using the same name” but in different zip codes. After the licensing period expired,
“so too did Smith’s permission to use the name Lawn Managers.”

According to the court, it was reasonable “to expect”—or, assume—that Smith was
familiar with the quality control policies and procedures used at Lawn Managers and that
she would use the same protocols at Progressive after the divorce. To corroborate this
finding, the court highlighted the district court’s finding that the work crews hired by
Progressive had previously been employed by Lawn Managers. The “carryover of
workers” from Lawn Managers to Progressive demonstrated “a continuity of services,”
explained the court. In light of these findings, the court chose not to “find an
abandonment simply for want of all the inspection and control formalities” suitable for
cases that involve more formal licensing agreements.

Notwithstanding the de novo standard of review applied to the district court’s legal
conclusions, the majority acknowledged that the district court’s “findings of fact and
conclusions of law paint a picture of Smith . . . doing her best to emulate Zweifel and
Lawn Managers.” Smith employed a website advertisement that “described Progressive as having been in business for a number of years,” which was not true at the
time. Rather than focusing on the statement’s falsity, the majority saw it as evidence
that “Progressive intended to hold itself out as Lawn Managers and to advertise the same
quality of services that Lawn Managers had always provided.” Further, because

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180. The Fifth Circuit used the term “cross-license arrangement” to refer to the agreement that allowed
two different restaurant groups to use the same trade dress. See Taco Cabana Int’l, Inc. v. Two Pesos, Inc., 932
181. Lawn Managers II, 959 F.3d at 909–10.
182. Id. at 910.
183. Id.
184. Id. (describing the agreement as permitting Lawn Managers and Progressive to operate “virtually
the same business for a fixed period of time”).
185. Id.
186. Id.
187. Id.
188. Id.
189. Id. (quoting Taco Cabana Int’l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1121 (5th Cir. 1991), aff’d
sub nom. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992)).
190. Id. at 908.
191. Id. at 910.
192. Id.
193. Id.
Progressive was operating in the same geographic area as Lawn Managers—though in different zip codes—the court relied on the fact that Lawn Manager staff members were able to observe work done by Progressive.194

While mere confidence in the licensee’s ability to sustain quality is insufficient to demonstrate reasonable reliance, the majority relied on the fact that other courts have held that a “special relationship” may “confer” sufficient quality control.195 With no emphasis on the divorce-related litigation—in which Smith filed multiple motions for contempt against Zweifel196—the court focused on the pair’s lengthy relationship, prior to its dissolution.197 Writing for the majority, Judge Kelly reiterated that the pair was bound by the separation agreement to “continue operating parallel lawn care businesses” for a fixed period of time after their divorce.198 The Eighth Circuit concluded that the district court did not err in determining that the business relationship between Zweifel and Smith “was more than sufficient” to provide Lawn Managers with adequate assurance of the service quality Progressive would offer.199

Although Zweifel’s relationship with Smith “was adversarial,” Judge Kelly emphasized that the record contained no evidence that “the companies Zweifel and Smith run . . . were adversarial toward one another.”200 Despite the fact that Zweifel testified that he could not ask Smith if he could monitor the quality at Progressive—because Zweifel and Smith were not in communication—the court relied on testimony given by Lawn Managers’ general manager that he had observed the quality of Progressive’s work.201 The number of times he observed such quality was not discussed.202

Although the court heavily relied on the business relationship between Zweifel and Smith, the majority asserted that evidence of their acrimonious relationship post-divorce, on its own, was insufficient to conclude that Lawn Managers could not rely on Smith’s experience and expertise to sustain the service quality offered by Progressive during the life of the licensing agreement.203 Based on the “particular facts and circumstances in th[e] record,” the Eighth Circuit held that the district court did not err in determining that Progressive did not meet the high burden of proving the existence of a naked license.204

B. Dissenting Opinion

Writing in dissent, Judge Kobes argued that because the license at issue created public deception, Lawn Managers forfeited its trademark.205 The dissent began by

194. See id.
195. Id. at 910–11.
196. See id. at 907.
197. See id. at 911.
198. Id.
199. Id.
200. Id.
201. Id.
202. See id.
203. Id.
204. Id.
205. Id. at 917 (Kobes, J., dissenting).
reminding the majority that “trademarks are also public rights.”206 Because Zweifel admitted that there was “no way possible” for him to control the quality of Progressive’s services, Judge Kobes asserted that the majority extended the “reasonable reliance” doctrine too far in its failure to find a naked license.207

Further, this decision by the majority marked the “first time a court has approved a license without an ongoing relationship to monitor and prevent misleading uses of the mark.”208 Judge Kobes announced that he would not break from the consensus formed by the Eighth Circuit’s sister circuits, which have found naked licensing when a licensor does “not retain any control.”209 While a close business relationship may substitute for formal controls, noted Judge Kobes, a prior relationship is not sufficient absent some indication of ongoing control.210

The dissent asserted that despite a recitation of the appropriate legal standards, the majority found that the licensor retained sufficient control over its licensee by having “none at all.”211 As such, the public is left unprotected from the deception produced by naked licensing.212 Unlike the case at hand, according to the dissent, the cases cited by the majority “all show some form of licensor control.”213

According to Judge Kobes, not only did the majority hold that a “special relationship” by itself confers sufficient quality control but it also allowed the licensor to rely on the licensee because of a prior relationship that soured before the licensing agreement was in place.214 Focusing on the contents of the agreement itself, Judge Kobes explained that the “three-sentence license” simply allowed Progressive to “do[ ] business as Lawn Managers” and enabled Smith to utilize the Lawn Managers name for two years following the divorce.215

Supplementing the details provided by the majority, the dissent emphasized the fact that although the general manager of Lawn Managers had observed work done by Progressive, such observation immediately stopped upon Zweifel’s and Smith’s separation.216 Judge Kobes then pointed out that the majority cited “no case where casual

206. Id. at 915.
207. Id.
208. Id.
209. Id. (quoting Eva’s Bridal Ltd. v. Halanick Enters., Inc., 639 F.3d 788, 791 (7th Cir. 2011)).
210. Id.
211. Id.
212. Id.
213. Id. at 915–16 (explaining three different fact patterns: (1) one Ninth Circuit case involved licensor reliance on its own quality control because it manufactured ninety percent of the parts trademarked by the licensee, (2) one Seventh Circuit case involved a licensor who retained the right of monitoring all labels and products carrying the mark, and (3) one Fifth Circuit case contained evidence on the record of “bilateral quality monitoring” (quoting Taco Cabana Int’l, Inc. v. Two Pesos, Inc., 932 F.2d 1113, 1121 (5th Cir. 1991), aff’d sub nom. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992))).
214. See id. at 916.
215. Id. (alteration in original) (“[The license] did not limit or guide Progressive’s choices in offering services, training employees, purchasing equipment, or adhering to quality standards.”).
216. Id.
observation, without an ongoing relationship, is sufficient to permit the mark holder to
reasonably rely on the licensee.”

The dissent also focused on two other consequences of the majority’s
opinion: (1) “constant and obvious consumer confusion,” and (2) the inability to square
the Eighth Circuit’s decision with those of its sister circuits. Judge Kobes explained
that Progressive’s impersonation of Lawn Managers with no assurance that the services
were of the same quality and source resulted in the same public harm that trademarks
aim to avoid.

It was undisputed that Zweifel and Smith had no relationship after they divorced,
and that any business oversight was limited to “casual observation.” As such, Judge
Kobes could not accept that a licensor who was not in communication with the licensee
“somehow maintained a special relationship that permits a court to infer an indicia of
control over quality.” The dissent concluded, in agreement with the sister circuits of
the Eighth Circuit, that Lawn Managers should be required to show some sign of quality
control.

V. PERSONAL ANALYSIS

Aside from identifying the correct issue—whether Lawn Managers could
reasonably rely on Progressive to maintain quality of services sold under the Lawn
Managers trademark—the majority opinion provided no more than the patina of
judicial review. Instead of actually “review[ing] the district court’s legal conclusions de
novo and its factual findings for clear error,” the majority mischaracterized facts, cut
corners, and fell short in its naked license analysis, incorrectly finding trademark
infringement by Progressive. The majority erred in its analysis of three major aspects of
this case: (1) the relationship between Zweifel and Smith; (2) the lack of quality control
exercised by the plaintiff over the defendant; and (3) the substantial public deception and
consumer confusion that arose from, and persisted because of, the licensing arrangement
between the parties.

Part V.A argues that the Eighth Circuit erred in its (mis)characterization and
(mis)analysis of the relationship between Zweifel and Smith, which led to its
misapplication of federal court precedent. Part V.B then examines the mistakes the court
made in finding reasonable reliance by Zweifel on Smith’s quality control “efforts”—or
lack thereof. Finally, Part V.C analyzes the consequences of the court’s decision: the
perpetuation of public deception and consumer confusion, the very outcomes that
trademark law is meant to prevent.

217. Id. at 916–17 (describing a Ninth Circuit case in which the court “rejected the mark holder’s assertion
of quality control through informal wine tastings”).

218. Id. at 917 (quoting Lawn Managers, Inc. v. Progressive Lawn Managers, Inc. (Lawn Managers I),
390 F. Supp. 3d 975, 979 (E.D. Mo. 2018), aff’d, 959 F.3d 903 (8th Cir.), cert. denied, 141 S. Ct. 819 (2020)).

219. Id.

220. Id.

221. Id.

222. Id. at 918.

223. Id. at 909 (majority opinion).

224. Id. at 908.
A. The Relationship Between Zweifel and Smith

The majority not only overstated the duration of the relationship between Zweifel and Smith,225 but it also overemphasized its significance and role in this case. Moreover, the majority downplayed the contentious non-relationship between Zweifel and Smith after their divorce,226 manifested by a complete breakdown of communication between the two.227 The majority chose to lean on the licensing agreement (which allowed Smith to operate an “almost identical compan[y] using the same name”228 and contained no contractual right of control229) and the pair’s prior relationship (which ceased to exist after 2012230) to find in favor of the plaintiff.

In its decision, the majority selectively chose when the relationship between Zweifel and Smith carried weight, and when it did not. The court emphasized the former business relationship between Zweifel and Smith in order to justify reliance by Lawn Managers on Progressive to maintain quality.231 On the next page of its opinion, however, the majority asserted that evidence of the hostile post-divorce relationship, on its own, was insufficient to conclude that Lawn Managers could not rely on Smith’s experience and expertise to sustain the service quality offered by Progressive during the licensing agreement.232 Therein lies another inconsistency of the majority opinion—is it the relationship between companies or the one between owners that determines the reasonableness of the plaintiff’s reliance? The court disregarded the hostility between Zweifel and Smith by explaining that the relationship between the companies remained intact, but it cannot avoid the fact that the plaintiff’s alleged reliance was on Smith—not Progressive.

As such, the majority’s dependence on Taco Cabana, Transgo, and Land O’Lakes Creameries, Inc. v. Oconomowoc Canning Co.233 to decide this case was misplaced. These cases involved strong, ongoing licensor-licensee relationships—Lawn Managers did not. Unlike the majority, Judge Kobes properly took notice of and applied necessary weight to the fact that communication had ceased entirely between Zweifel and Smith.234

225. Rather than utilizing the facts found by the district court, including the fact that Zweifel and Smith worked in the Lawn Managers business together for seventeen years, the Eighth Circuit magnified their relationship in its statement that the two owned and operated the business for nearly twenty years. See id. at 906; Lawn Managers, Inc. v. Progressive Lawn Managers, Inc. (Lawn Managers I), 390 F. Supp. 3d 975, 978 (E.D. Mo. 2018), aff’d, 959 F.3d 903 (8th Cir.), cert. denied, 141 S. Ct. 819 (2020).

226. The majority briefly noted that the relationship between Zweifel and Smith was adversarial but concluded that there was no evidence that the companies the two operate were adversarial. See Lawn Managers II, 959 F.3d at 911.

227. Id. (“Zweifel testified that he was not in a position to ask Smith whether he could oversee the quality at Progressive—because they ‘were not talking at that time.’”).

228. Id. at 910. “When there is a dispute over who owns a trademark, the worst possible solution is to allow mark ownership to be shared among the warring parties.” 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:40 (5th ed. 2017).

229. Lawn Managers II, 959 F.3d at 909; see also supra note 88 and accompanying text.

230. In early 2013, Smith filed her first motion for contempt against her ex-husband Zweifel, which was followed by cross-motions from both parties. Lawn Managers II, 959 F.3d at 907.

231. Id. at 910.

232. See id. at 911.

233. 330 F.2d 667 (7th Cir. 1964).

234. See Lawn Managers II, 959 F.3d at 916 (Kobes, J., dissenting).
None of the cases relied on by the majority “hold[s] that a defunct, adversarial business relationship is sufficient” licensor control.\footnote{Id. at 915.}

Moreover, even if the relationship between the parties were not adversarial, reliance on a licensee’s quality control efforts is not alone sufficient to show that a naked license has not been granted.\footnote{Id. at 916 (Kobes, J., dissenting) (emphasis added) (quoting the majority opinion at 959 F.3d 909).}

\subsection*{B. Quality “Control”}

If a trademark owner is not required to control the quality of goods and services sold under a trademark, then quality will inevitably fluctuate from that which the mark conveys to consumers.\footnote{Id. § 18:55.} Today, trademark licensing is permitted only in circumstances under which the licensor retains sufficient control over the quality of goods and services sold under the mark by a licensee.\footnote{Id. § 18:55.} However, if the trademark owner reasonably relies on the licensee to control the quality of the use of its trademark, then the test of adequate control may be met.\footnote{Id. § 18:55.} In \textit{Lawn Managers}, the Eighth Circuit held that the district court correctly found that the trademark owner could reasonably rely on the licensee’s quality control efforts and thereby meet the duty of control as licensor.\footnote{Lawn Managers II, 959 F.3d at 910.} In the words of Judge Kobes, the majority held that Progressive “‘ha[d] not met its high burden’ to prove naked licensing by overlooking key evidence.”\footnote{Id. at 916 (Kobes, J., dissenting) (emphasis added) (quoting the majority opinion at 959 F.3d 909).}

The majority’s finding of reasonable reliance by Zweifel on Smith’s quality control efforts was predicated on the following factors: (1) the pair’s seventeen-year history, (2) a lack of evidence of quality abnormalities at Smith’s company, and (3) the licensing agreement’s generous terms.\footnote{Id. at 910 (majority opinion).} Not only can these three factors be seriously contested but the list of factors \textit{not} explored by the majority is also quite substantial. First, Zweifel’s and Smith’s historical relationship ran 180 degrees counter to their relationship after divorcing, as discussed in Part V.A. Second, a lack of evidence of quality deviations does not equate to the maintenance of quality control. Third, a licensing agreement that allows for the operation of “parallel, almost identical companies using the same name and similar equipment and vehicles . . . in different zip codes” lends more to consumer confusion than it does to reliance on quality control.\footnote{Id. at 910 (majority opinion).}

The majority noted that Progressive employed workers that had previously worked for Lawn Managers, thereby suggesting continuity of services.\footnote{Id. at 910 (majority opinion).} The court did not corroborate this conclusion of continuity, and it did not consider the potentially significant reasons why these employees left—or were released from—Lawn Managers. Instead, the court moved on, attempting to bolster its conclusion by acknowledging that
Lawn Managers crews—which presumably could have been new hires—were able to observe work being done by Progressive. The ability to observe does not equate to the exercise of supervision, let alone control. In other words, just because Lawn Managers crews could observe work done by Progressive does not mean, or show, that Lawn Managers demonstrated any supervision or quality control.

In Barcamerica—a case discussed by the majority and the dissent in which the Ninth Circuit found a naked license—the Ninth Circuit relied on Taffy, an unreported case in which reasonable reliance, and thus no naked license, was found. The case at hand is unlike Taffy. The plaintiff’s crews did not continually oversee the defendant’s work. None of the types of “close working relationships” recognized by the Ninth Circuit as allowing the licensor to rely on the licensee’s own quality control efforts was present in Lawn Managers.

The Third Restatement of Unfair Competition posits that trademark owners are justified in relying on the expertise and reputation of the licensee if there is no evidence demonstrating deviations in quality. However, the Restatement warns, “if the risk to the public from inadequate supervision is substantial, greater control such as periodic inspections of facilities or products may be necessary.” Therefore, because the risk to the public not only was substantial but also actually materialized as significant consumer confusion, greater control was necessary in this case.

C. The Court’s Allowance (Approval?) of Public Deception and Consumer Confusion

The majority explained that it would be straying from the law’s purpose to find an abandonment simply for lack of control and inspection formalities appropriate in cases involving more formal licensing transactions. The majority invoked the following sentiment expressed by the Fifth Circuit in 1991: “Where the particular circumstances of the licensing arrangement persuade us that the public will not be deceived, [the court] need not elevate form over substance and require the same policing rigor appropriate to

245. See id.
247. McCarthy on Trademarks 3, supra note 10, § 18:57 (listing the types, “(1) a close working relationship between brothers for eight years; (2) a licensor who manufactured 90% of the components sold by a licensee and with whom it had a 10 year association and knew of the licensee’s expertise; (3) sisters who were former business partners and enjoyed a 17-year business relationship; and (4) a licensor with a close working relationship with the licensee’s employees, and an agreement provided that the license would terminate if certain employees ceased to be affiliated with the licensee” (footnotes omitted)).
248. Id.
250. E.g., Lawn Managers, Inc. v. Progressive Lawn Managers, Inc. (Lawn Managers I), 390 F. Supp. 3d 975, 979 (E.D. Mo. 2018) (describing “phone calls to one party meant for the other party and checks that had to be hand-sorted to make sure they went to the correct company”), aff’d, 959 F.3d 903 (8th Cir.), cert. denied, 141 S. Ct. 819 (2020).
more formal licensing and franchising transactions.”

There are two issues with the Eighth Circuit’s reliance on this sentiment in Lawn Managers: (1) the public was significantly deceived, and (2) the license cemented in Zweifel and Smith’s court-issued divorce decree was not an informal transaction.

The majority only briefly mentioned the substantial consumer confusion that arose from the licensing agreement in Lawn Managers, primarily noting that Progressive exacerbated said confusion. The district court explained that the plaintiff received more than 140 phone calls that demonstrated significant customer confusion. That court also explained that it was “difficult to trace causation from confused customers to an infringing act of [Progressive] instead of to [Lawn Managers’] two-year license.” To avoid substantively grappling with the consumer confusion issue, the Eighth Circuit took advantage of reasoning employed by the Fifth Circuit and provided in the Third Restatement of Unfair Competition without acknowledging explicit exceptions carved out for cases of public deception—a category into which Lawn Managers easily falls.

The dissent, on the other hand, aptly concluded that the majority had approved a license that caused “constant and obvious consumer confusion.” As explained by the Fifth Circuit, “[t]he purpose of the quality-control requirement is to prevent the public deception that would ensue from variant quality standards under the same mark.” Observation by happenstance of the defendant’s work does not amount to robust quality control, and in this case, it failed to reduce widespread consumer confusion.

A trademark conveys the message that the mark’s owner controls the quality of the goods or services sold under the mark. Absent such control, this message is dishonest, and without quality control, the goods or services are not “genuine.” In Lawn Managers, the plaintiff allowed the defendant to operate an identical company without controlling the quality of the defendant’s output, which carried the plaintiff’s name. Communication between the owners of the plaintiff and the defendant had ceased, further eliminating any potential of quality control. Hundreds of current and potential customers were deceived. Judge Kobes correctly concluded that “trademarks are . . . public rights,” and “[w]hen the mark holder abuses the mark by deceiving the public, those rights are lost.” The majority should have found that the plaintiff abandoned the trademark by engaging in naked licensing.

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252. Taco Cabana, 932 F.2d at 1121 (emphasis added).

253. Lawn Managers II, 959 F.3d at 907–08.

254. See supra Part II.A (“Lawn Managers received more than 140 phone calls that demonstrated significant customer confusion in the following ways: (1) customers called one company in an attempt to reach the other, (2) customers called the wrong company with questions about their accounts, and (3) customers attempted to cancel service with the wrong company.”), see also Lawn Managers I, 390 F. Supp. 3d at 980.

255. Lawn Managers II, 959 F.3d at 914 (alteration in original) (quoting the district court opinion).

256. Id. at 917 (Kobes, J., dissenting) (quoting the district court opinion).

257. Taco Cabana, 932 F.2d at 1121.


259. Id.

260. Lawn Managers II, 959 F.3d at 915 (Kobes, J., dissenting).
VI. CONCLUSION

In upholding the validity of a trademark that was the subject of an uncontrolled license, the court added fuel to two fires: consumer confusion and perplexing precedent. No other court has approved such a license absent an ongoing relationship—one that would allow monitoring and prevention of misleading trademark use. What was uncertain before this case, the amount of control required to avoid naked licensing, has been made even less clear—though in the eyes of the majority, none is sufficient.

Going forward, parties would be wise to avoid trademark sharing or splitting altogether, a solution that seems simple in theory but is perhaps impossible in practice. Further, licensing agreements should incorporate express control provisions in order to avoid the murky area that is reasonable reliance. When such agreements fail to facilitate control in fact, courts will have to undertake case-by-case analyses. One should hope that future courts will engage in a thorough, overt analysis in these situations, which was not what the Eighth Circuit exhibited in *Lawn Managers*. 