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Tenth Circuit

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Christopher M. Wolpert
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PUBLISH

UNITED STATES COURT OF APPEALS

FOR THE TENTH CIRCUIT

M WELLES AND ASSOCIATES, INC.,

Plaintiff - Appellant,

v.

EDWELL, INC.

Defendant - Appellee.

No. 22-1248

Appeal from the United States District Court
for the District of Colorado
(D.C. No. 1:21-CV-03342-NRN)

Jonathan L. Hardt, (C. Matthew Rozier, Denver, Colorado, also on the briefs), Rozier Hardt McDonough PLLC, Austin, Texas, appearing for Plaintiff-Appellant.

Matthew Freimuth, (Thomas J. Meloro, New York, New York; Zachary Cobb, Washington, D.C.; Tiffaney A. Norton and Trevor R. Schrader, SGR LLC, Denver, Colorado, also on the brief), Willkie Farr & Gallagher LLP, New York, New York, appearing for Defendant-Appellee.

Before **TYMKOVICH**, **EBEL**, and **BACHARACH**, Circuit Judges.

EBEL, Circuit Judge.

Plaintiff-Appellant M Welles and Associates, Inc. (“Welles”) appeals the decision below which concluded that Defendant-Appellee Edwell, Inc. is not liable for trademark infringement and therefore granted final judgment for Edwell. The marks at issue are undoubtedly similar; Welles uses the mark EDWEL, whereas Edwell uses the mark EDWELL. Even so, the magistrate judge below found that consumers are unlikely to be confused by the marks because Edwell never intended to copy Welles's mark, the parties operate in different markets, consumers are likely to exercise a high degree of care in selecting the parties' services, and there is almost no evidence of actual confusion. On appeal, Welles argues that the magistrate judge applied an erroneous legal standard in analyzing likelihood of confusion, urges this court to adopt a presumption of confusion for cases like this one, and contends that the magistrate judge clearly erred in finding no likelihood of confusion.

Exercising jurisdiction under 28 U.S.C § 1291 and 28 U.S.C. § 636(c)(3), we reject each of Welles's arguments and AFFIRM final judgment for Edwell.

I. BACKGROUND

Since 1992, Welles has provided classes, seminars, and certification workshops mostly in the project management professional space. It primarily targets professionals across a range of industries, including information technology, healthcare, education, and the military. Before the proliferation of the internet, Welles marketed its programs through mass mailings and written advertisements. In the modern internet age, Welles now advertises extensively on social media, Google, and via email.

Welles operates under the brand name EDWEL, which is derived from both the phrase "education done well" and the names of its two founders (James Edwards and Michael Welles). App'x vol. II, at 395. Welles established its internet presence in 1998, at which time it secured the following domain names: Edwel.com, Edwel.net, Edwelprograms.com, Edwel.org, and Edwel.co. Despite owning each of these domains, Edwel.com was the primary website used by Welles. In 2003, Welles secured the additional domain names Edwell.com, Edwell.net, Edwellprograms.com, and Edwell.co, recognizing that these domain names (in which Edwel is spelled with two Ls) were very similar to the one it used.

Welles sought to register the mark EDWEL in 2005. The mark was officially registered in 2016 for "[t]raining, mentoring, and tutoring services in the fields of project management and product management; Educational services, namely, conducting classes, seminars, workshops in the fields of project management and product management." Id. at 396.

Defendant-Appellee Edwell is a nonprofit organization dedicated to improving schoolwide mental health and wellbeing. It began operations during the COVID-19 pandemic when one of Edwell's founders learned of the need for emotional support services among schoolteachers. Edwell adopted the mark EDWELL for its services, which means "to be an educator and be well." Id. at 398. Edwell operates virtually by partnering with schools and providing coaching to teachers to support their mental health. Edwell currently has partnerships with ten K-12 public schools. It does not target colleges or universities and does not offer services to corporations. Edwell uses the domain name Edwell.org.

Welles learned about Edwell in late July 2021 when Mr. Welles received a call from a potential customer asking about classes at Denver North High School. Since

Welles does not offer services to any Denver public school, Michael Welles did a Google search to see why this potential customer may have called. This research led Mr. Welles to discover Edwell, which appeared to be the company partnered with Denver North High School. Welles issued a cease-and-desist letter to Edwell in October 2021 after discovering its website. Following the cease-and-desist letter, Edwell rebranded to "Educator Wellness Project" and transitioned to the domains EducatorWellnessProject.org and TheEducatorWellnessProject.org. App'x vol. II, at 399. This did not last long, though, and Edwell soon transitioned back to its previous mark and domain name.

Welles filed suit against Edwell on December 13, 2021, alleging trademark infringement and unfair competition under the Lanham Act, 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a) and (c), along with related Colorado state law claims that are not at issue on appeal. Soon after the complaint was filed, the parties consented to litigate before a magistrate judge pursuant to 28 U.S.C. § 636(c). On March 24, 2022, Welles filed an amended complaint with additional facts and sought a preliminary injunction. Following discovery on the preliminary injunction, the magistrate judge held a hearing where representative witnesses of both parties testified. After this hearing, the magistrate judge denied the preliminary injunction. The parties thereafter consented to consolidate the preliminary injunction hearing into a trial on the merits pursuant to Federal Rule of Civil Procedure 65(a)(2). The magistrate judge then entered final judgment in favor of Defendant Edwell.

II. STANDARD OF REVIEW

In an appeal from a bench trial, we review the lower court's factual findings for clear error and its legal conclusions de novo. Keys Youth Servs., Inc. v. City of Olathe, 248 F.3d 1267, 1274 (10th Cir. 2001). "[L]ikelihood of confusion is a question of fact subject to the clearly erroneous standard of review." Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 923 n.2 (10th Cir. 1986). Generally, when a lower court makes an error of law in a trademark suit, remand is appropriate for further factual determinations. Id.

III. DISCUSSION

A. Welles's motion to supplement the appellate record is denied.

As a preliminary matter, we address whether to grant Welles's motion to supplement the appellate record with a declaration from Mr. Welles. In this declaration, Mr. Welles states that, after the hearing below, he received two emails from a school employee referring to EDWELL in its request for wellness coaching (which Welles does not offer). Because Welles has not identified any legitimate basis for supplementation, we deny the motion.

Federal Rule of Appellate Procedure 10(e) authorizes us to modify the appellate record "only to the extent it is necessary to 'truly disclose[] what occurred in the district court.'" United States v. Kennedy, 225 F.3d 1187, 1191 (10th Cir. 2000) (quoting Fed. R. App. P. 10(e)). When evidence was not before the district court, Rule 10(e) "does not countenance supplementing the record." Id. This alone ends any potential basis to supplement the record under Rule 10(e). Mr. Welles's declaration was not before the district court, and so Rule 10(e) plainly does not permit supplementation here. See id.

Welles's only avenue for supplementation, then, is the "rare exception" to Rule 10 that permits us to supplement the record pursuant to our "inherent equitable authority." Id. at 1191–92. We have previously recognized that this inherent authority may be used "to correct misrepresentations by the prevailing party, to demonstrate the mootness of the controversy, or to raise an issue for the first time on appeal." Emps. Mut. Cas. Co. v. Bartile Roofs, Inc., 618 F.3d 1153, 1158 n.4 (10th Cir. 2010). These bases for supplementation are not exhaustive; invocation of our equitable authority may also be justified in other situations, like when the item to be added to the record "establishes a fact that both parties agree to be true," or if it bears on our subject matter jurisdiction. Catherine T. Struve, 16A Fed. Prac. & P. § 3956.4 (5th ed. updated April 2023).

Welles has identified no equitable basis which justifies supplementation of the record. The proposed declaration is not meant to correct a misrepresentation, nor does it demonstrate mootness, raise a new issue, or bear on our subject matter jurisdiction. Here, a minor incident apparently arose after trial, which pertained to a single prong of a multi-prong analysis that this court reviews for clear error. This is not a "rare" case that supports invocation of the court's inherent equitable authority to supplement the record. See Emps. Mut. Cas. Co., 618 F.3d at 1158. Welles's motion is therefore denied.

B. The magistrate judge did not err in entering judgment for Defendant Edwell.

On the merits, the crux of this appeal concerns the magistrate judge's determination that Welles had failed to prove a likelihood of confusion between its mark and Edwell's mark. "Likelihood of confusion forms the gravamen for a trademark infringement action." King of the Mountain Sports, Inc. v. Chrysler Corp., 185 F.3d 1084, 1089 (10th Cir. 1999). To determine whether two marks are likely to cause confusion, we consider six factors: (1) "the degree of similarity between the marks, including the marks' appearance, pronunciation, suggestion, and manner of display"; (2) "strength or weakness of the plaintiff's mark"; (3) "the intent of the alleged infringer in adopting its mark"; (4) "similarities and differences of the parties' goods, services and marketing strategies"; (5) "the degree of care likely to be exercised by purchasers of the goods or services involved"; and (6) "evidence of actual confusion, if any." Heartsprings, Inc. v. Heartspring, Inc., 143 F.3d 550, 554 (10th Cir. 1998). This is not an exhaustive list, and "no one factor is dispositive." King of the Mountain Sports, 185 F.3d at 1090 (quoting Universal Money Ctrs., Inc. v. American Tel. & Tel. Co., 22 F.3d 1527, 1530 (10th Cir.1994)).

Welles puts forward three arguments that bear on our analysis. First, Welles contends that the magistrate judge used the wrong legal standard in assessing likelihood of confusion. Second, Welles urges us to adopt a presumption of confusion in certain cases. Third, Welles argues that the magistrate judge clearly erred in the likelihood of confusion analysis. We are not convinced by any of these arguments.

1. The magistrate judge applied the correct standard for likelihood of confusion.

The first issue we address concerns the proper legal standard for the likelihood of confusion analysis. Welles asserts that the magistrate judge erred by analyzing "whether a consumer would be confused as to the substance of the service it would ultimately receive," rather than the source of the service, and thus urges us to review the decision below de novo. Aplt. Br. 31 (emphasis added). At the outset, Welles's argument here is belied by the fact that the magistrate judge cited our decision in Beer Nuts for the proper legal standard—i.e., that "very similar marks may not generate confusion as to the source of the products where the products are very different or relatively expensive." App'x vol. II, at 401 (emphasis added) (quoting 805 F.2d at 925). Notwithstanding this recitation of the proper legal standard, though, Welles points to three instances where, according to Welles, the magistrate judge's analysis allegedly went astray: in the discussion of (1) the consumers' degree of care, (2) the similarity or dissimilarity of the parties' services, and (3) evidence of actual confusion. However, each of these inquiries was directed to the issue of the source of the services rendered. We conclude that none of these instances demonstrate an erroneous application of the legal standard, and thus we decline to review the decision below de novo.

First, while evaluating the likely degree of care to be exercised by consumers, the magistrate judge stated that prospective purchasers are unlikely to be confused here because "both [parties'] endeavors require a significant investment of time and energy"—meaning that consumers were likely to do their due diligence and understand that the services were being offered by different entities. App'x vol. II, at 404. Given this time and energy expended, the magistrate judge found that the chances were "slim to none" that someone looking for Welles's certification class would end up in Edwell's education coaching sessions, or vice versa. Id. at 405.

This was the proper way to analyze this factor, and it resembles our analysis in Heartsprings, Inc. v. Heartspring, Inc., 143 F.3d 550, 557 (10th Cir. 1998). In Heartsprings, we considered whether consumers were likely to confuse defendant's mark used in connection with a school for physically disabled children with plaintiff's mark used in connection with children's educational materials. Id. When considering the consumers' degree of care, we concluded that consumers were likely to exercise care in choosing the defendant's school for their children, due to the cost and the trust it takes to place a child with a caretaker, and so consumers were less likely to be confused by the two marks. Id. at 557. As we made clear in Heartsprings, the relevant inquiry for this factor is the amount of care a consumer is likely to exercise in selecting a product or service, which includes the time and energy expended researching which product to choose. This is exactly what the magistrate judge considered below.

Second, when discussing the similarity or dissimilarity between the parties' two services and marketing strategies, the magistrate judge concluded that the parties have "fundamentally different customers seeking fundamentally different kinds of services." App'x vol. II, at 404. This aligns with our decision in Vail Associates, Inc. v. Vend-Tel-Co. Ltd., where we considered whether consumers were likely to be confused by the marks "SKI VAIL" and "1-800-SKI-VAIL." 516 F.3d 853, 871 (10th Cir. 2008). We upheld the district court's determination that consumers were unlikely to be confused "as to the origin of the service," since Vail Resorts offered various recreational services in Vail, whereas 1-800-SKI-VAIL functioned as a travel agency to connect consumers to services in Vail and had never attempted to pass off its services as high-end services like those offered by Vail Resorts. Id. Like in Vail, the magistrate judge below found that the parties here "have fundamentally different customers seeking fundamentally different kind of services," and therefore that this factor supported a finding of no likelihood of confusion. App'x vol. II, at 404. This too was a proper analysis.

Third, regarding actual confusion, the magistrate judge clearly stated that the evidence of confusion showed "nothing more than isolated instances (if that) and may be dismissed as de minimis." Id. at 405–06. This was not the magistrate judge improperly disregarding consumer confusion as to source, but was instead the magistrate judge concluding that the evidence was too de minimis to establish actual confusion as to source. As far as the legal standard goes, this aligns with our prior decisions and was not an erroneous means of analyzing the issue. See Water Pik, Inc. v. Med-Sys., Inc., 726 F.3d 1136, 1150 (10th Cir. 2013).

2. There is no presumption of infringement for two similar marks used online.

Welles next argues that we should adopt a "presumption of likelihood of confusion" when two entities "use nearly identical marks online and web addresses in generally related fields." Aplt. Br. 40. According to Welles, this would further the national protection of trademarks, which the Supreme Court has said is "desirable." Matal v. Tam, 137 S. Ct. 1744, 1752 (2017) (quoting San Francisco Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522, 531 (1987)). We decline the invitation to adopt this presumption.

As an initial matter, Welles cites no case in which a court has ever adopted a presumption like this one. And there is a good reason no case like this exists. The current likelihood of confusion test gets at this exact question via the "similarity between the marks" factor and the "similarities and differences of the parties' goods, services and marketing strategies" factor. See Heartsprings, 143 F.3d at 554. A presumption for which Welles advocates would therefore create a bifurcated analysis by which a plaintiff must prove only these two factors, then shifting the burden to the defendant to disprove likelihood of confusion by putting forth evidence which bears on the other factors. This would run contrary to our longstanding rule that "[t]he party alleging infringement has the burden of proving likelihood of confusion." Jordache Enters., Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1484 (10th Cir. 1987).

Since there is no law or precedent saying that we must adopt this presumption, nor any reason that we see to do so, we do not adopt such a presumption.

3. The magistrate judge did not clearly err in finding no likelihood of consumer confusion.

Finally, we consider whether the magistrate judge clearly erred in finding no likelihood of confusion. We consider each of the six likelihood of confusion factors and conclude that the magistrate judge did not clearly err in any of its findings.

a) Degree of similarity between the marks

The first factor we consider is the similarity of the marks. This is judged on "sight, sound, and meaning." Heartsprings, 143 F.3d at 554. The magistrate judge found that EDWEL and EDWELL are "nearly identical" and that this factor thus favors Welles. App'x vol. II, at 402. Neither party disputes this finding and it is undoubtedly correct.

b) Strength or weakness of the plaintiff's mark

The next factor is the strength of the plaintiff's mark. This factor depends on a mark's category of distinctiveness, of which there are five levels (each level being progressively stronger): (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. Heartsprings, 143 F.3d at 555. This magistrate judge reasoned that EDWEL derives from "education done well," thereby suggesting the quality of Welles's certification classes. App'x vol. II, at 402. As such, the magistrate judge found that EDWEL is suggestive, meaning that it "suggests rather than describes a characteristic of the product and requires the consumer to use imagination and perception to determine the product's nature." First Sav. Bank, F.S.B. v. First Bank Sys., Inc., 101 F.3d 645, 655 (10th Cir. 1996). Like above, then, the magistrate judge found that factor supported Welles. No party disputes this finding, and we see no error.

c) Intent of the alleged infringer

The next factor is the intent of the alleged infringer, which turns on whether the "alleged infringer adopted its mark for the purpose of deriving benefit from a plaintiff's existing mark." Heartsprings, 143 F.3d at 556. This factor is important because if the defendant adopts a market for the purpose of deceiving the public, then "the court presumes that he 'can accomplish his purpose: that is, that the public will be deceived.'" Beer Nuts, Inc. v. Clover Club Foods Co., 711 F.2d 934, 941 (10th Cir. 1983) (quoting AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 354 (9th Cir. 1979)).

Below, the magistrate judge found that there was "no intent by Edwell to capitalize on the reputation or goodwill established by Welles" because the EDWELL mark came from the concept of "education wellness" and was not intended to "pass off" as Welles's mark. App'x vol. II, at 402–03 (quoting Beer Nuts, 805 F.2d at 927). On appeal, Welles argues that this was erroneous because there is evidence that Edwell ultimately learned about the EDWEL mark when Welles complained, yet Edwell continued to use the EDWELL mark, demonstrating an intent to copy Welles's mark. Specifically, Welles contends that the evidence shows that Edwell ceased using the EDWELL mark after being contacted by Welles, but then later resumed the use of the mark. Separately, Welles also argues that it is implausible that Edwell would not have found the EDWEL mark before it first began using EDWELL, given that Edwell used the only URL address that Welles had not previously acquired, which further demonstrates an intent to pass off its mark as EDWEL.

Welles's arguments pertain to Edwell's knowledge of Welles's mark, but do not speak to Edwell's intent to "deriv[e] benefit" from the Welles's mark, which is the key focus of this inquiry. Heartsprings, 143 F.3d at 556. As noted above, the central reason we are concerned with a defendant's intent is because we can rebuttably presume a defendant has successfully deceived the public if that is the defendant's goal. Beer Nuts, 711 F.2d at 941. Because that is the purpose of this factor, it would be misguided to presume that a defendant intended to deceive the public solely because the defendant was aware of the plaintiff's mark when the evidence shows that defendant had no intent to "deriv[e] benefit" from the plaintiff's existing mark. Heartsprings, 143 F.3d at 556.[1] Indeed, it is entirely plausible that Edwell re-adopted its mark because it had a "good brand" with the EDWELL mark

[1] For example, if a defendant believed its market did not overlap actually or potentially with plaintiff's market, then the defendant might well choose to proceed with its mark with a good faith basis that its use would not cause confusion. Whether Edwell had such a good faith basis is irrelevant, though, because Edwell did not even have actual knowledge of Welles's mark. And whether Edwell should have done a more fulsome trademark search is not relevant unless there is a case to be made that Edwell remained intentionally or deliberately ignorant of the likelihood of confusion. Here, there is no such claim being made.

and this mark "accurately reflected the organization's priority of supporting the well-being of everyone in the school building." App'x vol. II, at 399–400. This is a credible business justification for Edwell to re-adopt its mark that supports a finding that this was not done with an intent to copy Welles's mark. For this reason, and on this record, we cannot conclude that the magistrate judge's finding here was clearly erroneous.

In an attempt to prove otherwise, Welles points to our decision in Western Diversified Servs., Inc. v. Hyundai Motor Am., Inc., 427 F.3d 1269, 1277 (10th Cir. 2005). Specifically, Welles argues that Western Diversified established that the intent factor can weigh against a defendant if the defendant learns of the plaintiff's mark after adopting its mark and then accelerates its use of the mark. This misreads Western Diversified. There, we considered whether there was evidence of willful infringement such that an award of profits would be warranted, recognizing that the intent inquiry for awarding profits is the same as that for likelihood of confusion. 427 F.3d at 1273. Although we found that the defendant there did have knowledge of the plaintiff's mark when it adopted its similar mark, we cautioned that "mere knowledge [of a similar mark] should not foreclose further inquiry," GTE Corp. v. Williams, 904 F.2d 536, 541 (10th Cir.1990), and instructed that courts must look to "the larger factual context of the case," Universal Money Ctrs., 22 F.3d at 1532. Applying this guidance in Western Diversified, we concluded that the defendant had more than just knowledge of the plaintiff's mark but had actually "intended to benefit from [plaintiff's] goodwill." 427 F.3d at 1277. This is not true here. Edwell may have had knowledge of Welles's mark, and it was not clearly erroneous to find that Edwell did not intend to benefit from the goodwill of Welles's mark.

d) Similarities and differences of the goods, services, and marketing

The next factor is the similarity or differences between the goods, services, and marketing at issue. "The greater the similarity between the products and services, the greater the likelihood of confusion." Universal Money Centers, 22 F.3d at 1532 (quoting Exxon Corp. v. Texas Motor Exch., 628 F.2d 500, 505 (5th Cir.1980)). For the purposes of this factor, the parties need not be competitors in the market because trademark rights "protect against the use of a mark on non-competing but 'related' goods." Team Tires Plus, Ltd. v. Tires Plus, Inc., 394 F.3d 831, 833–34 (10th Cir. 2005); see also Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407, 409–10 (2d Cir. 1917) (pancake batter and syrup are related enough that they fall within the same class of goods, even though they do not compete).

In comparing the services at issue here, the magistrate judge found that Welles "conducts classes, seminars, and workshops in the fields of project management and product management," relying on Welles's self-description in its trademark registration statement. App'x vol. II, at 403 (emphasis omitted). In looking at Welles's registration statement, the magistrate judge permissibly relied on Welles's self-described scope of its market.[2] The magistrate judge's analysis was not cabined

[2] We agree with Welles that it would have been erroneous to rely solely on Welles's trademark registration statement to define the relevant market, since trademark holders are permitted to expand markets after registering a mark. See

to this registration statement alone, however, as it also extended to the current state of Welles's operation. Specifically, the magistrate judge found that Welles currently markets to universities, large companies, and individuals seeking to further their business careers. In contrast, the magistrate judge found that Edwell provides "one-on-one coaching and counseling in the area of mental health, stress reduction, and wellness for public school teachers, administrators, and students." Id. at 403–04. In so doing, Edwell focuses exclusively on schoolteachers and does not target universities, large companies, or the development of business careers. Based on these descriptions, the magistrate judge found "substantial differences between the services provided by Welles and Edwell." Id. This evidence supports the district court's finding that the parties occupy different markets.[3]

It is possible that Welles could have demonstrated market similarity based on a plan to expand into the K-12 market, but Welles bore the burden of proving an "intention of entering the field" occupied by Edwell if it was to show a likelihood of

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Applied Info. Scis. Corp. v. eBAY, Inc., 511 F.3d 966, 971 (9th Cir. 2007) (a trademark holder's remedies against confusion cannot be "circumscribed" by the listed goods and services in the registration statement). But the magistrate judge did not rely on this registration statement alone; the judge also looked to Welles's current business focus and marketing efforts.

[3] Contrary to the dissent's claim otherwise, we do not conclude that this factor "strongly favor[s]" Edwell. Dissent at 1. Rather, we are confined to a clearly erroneous standard of review and we simply conclude that there is not enough evidence in this record to demonstrate clear error by the magistrate judge, given the distinctions between the parties' markets that we have laid out. Had we evaluated this factor in the first instance, we may have come to a different conclusion, but that is not the posture of our review.

confusion in this way. Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 504 (2d Cir. 1996). Welles did not put forth any evidence of an intent to expand, however. Without evidence of this sort, we are not left with a "definite and firm conviction that a mistake has been committed" regarding the magistrate judge's finding of dissimilarity of the parties' goods, services, and marketing such that we could reverse this finding for clear error. Vail Assocs., 516 F.3d at 858 (quoting Estate of Trentadue v. United States, 397 F.3d 840, 859–60 (10th Cir. 2005)).

e) Degree of care exercised by purchasers

The next issue is the degree of care exercised by purchasers. We have held that "[b]uyers typically exercise little care in the selection of inexpensive items that may be purchased on impulse." Beer Nuts, 805 F.2d at 926. Conversely, "[t]he greater the value of an article[,] the more careful the typical consumer can be expected to be." Tiffany & Co. v. Costco Wholesale Corp., 971 F.3d 74, 90 (2d Cir. 2020) (quoting Manhattan Indus., Inc. v. Sweater Bee by Banff, Ltd., 627 F.2d 628, 631 (2d Cir. 1980)).

This latter principle is important here. The magistrate judge found that prospective purchasers are unlikely to be confused by the parties' marks because "both endeavors require a significant investment of time and energy," indicating that consumers were likely to do their due diligence and understand that the services were being offered by different entities. App'x vol. II, at 404.[4] As discussed above, we

[4] Although the dissent is correct that the magistrate judge did not specifically address potential confusion generated during an online search, we agree with the

have similarly concluded that consumers are unlikely to be confused when they are likely to spend a lot of time and energy researching a service. See Heartsprings, 143 F.3d at 557. The magistrate judge did not clearly err in finding that—like in Heartsprings—consumers here will "likely conduct substantial due diligence before signing on to a program." App'x vol. II, at 405.[5] This fact is particularly probative to the overall likelihood of confusion finding here.

f) Evidence of actual confusion

The final factor concerns evidence of actual confusion. Welles argues that the magistrate judge erroneously disregarded evidence of a call to Welles asking about services at Denver North High School (where Edwell provided services and Welles did not).[6] As discussed above, though, the magistrate judge did not ignore this evidence. Rather, the magistrate judge found that this single call was "de minimis" because it was just a single instance of confusion. App'x vol. II, at 405. This was

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magistrate judge's finding that consumers are generally likely to exercise care here, given that "[t]hese are not low-cost, impulse purchase items." App'x vol. II, at 404. It follows, then, that consumers online would also exercise due care in selecting the parties' services.

[5] Welles's only argument against this finding pertains to the allegedly erroneous legal standard applied by the magistrate judge, which we discussed in the previous section. As we concluded there, the magistrate judge did not apply an improper legal standard.

[6] Welles also received a call from a potential customer who referred to Welles as "sketchy" because he couldn't find the company on the internet. App'x vol. II, at 397. There is no reference to Edwell anywhere in this call, though, so it does not appear to be evidence of actual confusion (as the magistrate judge recognized).

not clearly erroneous. We have previously held that "isolated, anecdotal instances of actual confusion may be de minimis and may be disregarded in the confusion analysis." Water Pik, 726 F.3d at 1150; see also Int'l Ass'n of Machinists & Aerospace Workers, AFL-CIO v. Winship Green Nursing Ctr., 103 F.3d 196, 200–01 (1st Cir. 1996) ("Just as one tree does not constitute a forest, an isolated instance of confusion does not prove probable confusion."). Welles has just one anecdotal instance of what might be actual confusion, and the district court properly found that to be de minimis. The magistrate judge's finding here was therefore not clearly erroneous.

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In sum, Welles has failed to show that any of the magistrate judge's findings were clearly erroneous. This means that under the posture of this case as it comes to us, just two of the six factors favor a finding of confusion. In this case, these two factors are not enough to demonstrate clear error in the magistrate judge's ultimate finding of no likelihood of confusion. Cf. Coherent, Inc. v. Coherent Techs., Inc., 935 F.2d 1122, 1126 (10th Cir. 1991) (affirming finding of no likelihood of confusion when only the similarity factor favored plaintiff).

IV. CONCLUSION

For the foregoing reasons, we conclude that the magistrate judge did not clearly err in finding that customers are unlikely to confuse Edwell's mark with Welles's mark, and therefore AFFIRM the order granting final judgment for Edwell.

22-1248, *M Welles and Assocs. Inc. v. Edwell, Inc.*

TYMKOVICH, Circuit Judge, dissenting.

This analysis starts from a point of confusion. The marks—Edwel and Edwell—are identical, save for an additional "l". So, what's the difference between the two? For one thing, Edwel came first. And it invested hundreds of thousands of dollars into creating and protecting its brand. Edwell came second. But instead of conducting basic due diligence—not even a rudimentary online search—Edwell blindly used this mark to build its business. So, what's the similarity between the two? Aside from the nearly identical names, both offer coaching, training, and seminars in the online education space.

The majority affirms the district court's finding that the Edwell mark is unlikely to confuse consumers about the source of Edwel's services.[1] I disagree. In my view, the district court misapplied the likelihood of confusion factors: (1) the similarity of the services, (2) the intent of the alleged infringer in adopting the mark, and (3) the degree of care likely to be exercised by the purchasers. Accordingly, that misapplication infected its overall weighing of the rest of the factors. I would reverse and remand.

First, the district court erroneously concluded that the similarity of services factor strongly favored Edwell. *See Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 834 (10th Cir. 2005) (stating that "the district court was wrong to treat this factor as dispositive simply because the defendant did not use the mark on competing goods").

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[1] Presumably, the majority uses "Welles" instead of "Edwel" to avoid confusing the reader.

Our precedent rejects that "a trademark provides protection only when the defendant uses the mark on directly competing goods." *Id.* The district court construed the scope of the services too narrowly. *See Halicki Films, LLC v. Sanderson Sales and Mktg.*, 547 F.3d 1213, 1228 (9th Cir. 2008) (cautioning the district court "to take a sufficiently broad approach" when analyzing the proximity or relatedness of the goods factor). Any court can find *some* differences between businesses and markets at a particular level of generality; a fine-grained analysis can lead courts astray. From the vantage point of the average consumer, Edwel and Edwell share considerable overlap: (1) both are in the educational space; (2) both offer training, coaching, and seminars; and (3) both are available online. While, as the majority points out, the focuses (product/project management vs. wellness training) and the target markets (large corporations and entities vs. K-12 schoolteachers) of Edwel and Edwell differ, they are still similarly situated entities with identical names. The majority thereby overlooks the likelihood of confusion as to affiliation between the two. *See Team Tires Plus*, 394 F.3d at 385 (explaining that "the relevant confusion under trademark law is not limited to confusion of consumers as to the source of the goods, but also includes confusion as to sponsorship or affiliation"); *Perfumebay.com Inc. v. eBay Inc.*, 506 F.3d 1165, 1176 (9th Cir. 2007) (concluding that the district court had a valid basis for an initial interest confusion finding where an in-court demonstration showed consumers might be confused by search results and "assume that Perfumebay is part of eBay's web site or one of eBay's internet stores"); *In re Shell Oil Co.*, 992 F.2d 1204, 1207 (Fed. Cir. 1993) (explaining that "even when goods or services are not competitive or intrinsically related, the use of identical marks can lead to the assumption that there is a common source").

Second, I disagree with the analysis of Edwell's intent in adopting its mark. A couple of facts suggest that Edwell did not act in good faith in establishing its mark. Edwell's leadership failed to hire a trademark attorney, conduct an independent trademark search, or even perform a simple online search of "Edwell." Operating with indifference to the marketplace may fall short of explicit bad faith like in *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 927 (10th Cir. 1986), but Edwell cannot use its surprising incompetence as a shield. *Cf. Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 553, 556 (10th Cir. 1998) (noting that the defendant took "care in selecting and checking its new name" by having an intellectual property attorney conduct a trademark search); *see In re Shell Oil Co.*, 992 F.2d at 1209 (explaining that "[d]oubt is resolved against the newcomer, for the newcomer has the opportunity of avoiding confusion, and is charged with the obligation to do so") (internal citation omitted). Edwell, moreover, initially stopped using the Edwell mark after Edwel notified Edwell of the existence of the Edwel mark. Edwell nevertheless started using the Edwell mark again during this controversy. Edwell clearly recognized the value of the mark. *See generally Jurgens v. CBK, Ltd.*, 80 F.3d 1566, 1571 (Fed. Cir. 1996) (explaining in the patent context that "where one continues his infringing activity, and fails to investigate and determine, in good faith, that he possesses reasonable defenses to an accusation of patent infringement, the infringement is in bad faith"), *overruled in part on other grounds by TC Heartland LLC v. Kraft Food Grp. Brands LLC*, 581 U.S. 258 (2017). And that value dilutes

Edwel's brand protection in the marketplace, which it has zealously protected for over 30 years.

Third, I cannot credit the assumptions about the degree of care consumers would likely exercise. I agree the services (online educational platforms) are meaningfully different from cheaper products such as a can of nuts. *See Beer Nuts*, 805 F.2d at 926–27. But the district court, without any testimony as to the cost of either Edwel's services or Edwell's services, speculated that consumers in this market would exercise a higher degree of care because both "endeavors require a significant investment of time and energy." App. 0404. It did not sufficiently address the confusion created and research required of consumers to sort through the brands during an online search. That reality readily impinges on Edwel's potential consumers—what was once an easy click of the mouse becomes a time-consuming slog through competing websites.

Businesses like Edwel and Edwell heavily invest in building and maintaining their brand. In some cases, the brand becomes a business's most important asset. Courts create unnecessary confusion and waste in the marketplace by allowing infringers like Edwell to expropriate the investment and longevity of brands like Edwel. And here, the result is the unfair dilution of Edwel's brand. Edwell, meanwhile, enjoys the favorable association with a brand—Edwel—that took decades to develop. The majority's decision leaves us in the same place where we started: confused.