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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 IOW, LLC, an Arizona limited liability
10 company; and When Enterprises Corp., a
Delaware corporation,

11 Plaintiffs/Counterdefendants,

12 v.

13 Michael Breus and Lauren Breus, husband
14 and wife,

15 Defendants/Counterclaimants.

No. CV18-1649-PHX-DGC

AMENDED ORDER

16
17 Plaintiffs IOW, LLC (“IOW”) and When Enterprises Corp. (“WEC”) brought this
18 action against Dr. Michael Breus and Lauren Breus, asserting claims for breach of contract
19 and the implied covenant of good faith and fair dealing, misappropriation of trade secrets,
20 unjust enrichment, trademark infringement, and unfair competition. Doc. 1-1 at 1-19.
21 Defendants counterclaimed, seeking to cancel several of Plaintiffs’ registered trademarks.¹

22 Defendants move for summary judgment on all claims (Docs. 76, 79) and Plaintiffs
23 cross-move on Defendants’ counterclaim (Doc. 81). The motions are fully briefed.
24 Docs. 83; 90-93. For the following reasons, the Court will grant Defendants’ motion as to
25 Plaintiffs’ claims and deny the parties’ cross-motions on Defendants’ counterclaim.²

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27 ¹ Plaintiffs also asserted claims against Hachette Book Group, Inc. and Little,
Brown, and Company (*id.* at 11-13), which were later dismissed with prejudice (Doc. 35).

28 ² This order amends and supersedes the Court’s initial summary judgment order
(Doc. 94), which erroneously denied summary judgment on Plaintiffs’ trademark

1 **I. Background.**

2 Dr. Breus is a clinical psychologist, board certified in clinical psychology and sleep
3 disorders, who studies how his patients' chronobiologies effect their treatment. Docs. 77
4 at 1-2; 84 at 2.³ Chronobiology is the science of the human body's natural circadian
5 rhythms, and a chronotype is an individual's internal circadian rhythm that influences her
6 sleep cycle and activity. Doc. 77 at 2. Dr. Breus has authored three books and numerous
7 blogs discussing chronobiology and circadian rhythms. *Id.* at 2-3; Doc. 84 at 2.

8 In December 2013, Dr. Breus met Randy Miller, the sole member of IOW and the
9 majority shareholder of WEC. Docs. 77 at 7; 83 at 3. Miller told Dr. Breus about his
10 business, WHEN, and shared his ideas for an online counseling platform branded around
11 the name, "If or When" or "If not Now When," where coaches would help customers
12 achieve their goals based on the concept of: "If I don't do it now, when will I do it?"
13 Doc. 77 at 7. Dr. Breus and IOW entered into a Confidentiality Agreement regarding their
14 discussions in January 2014, but had no other agreements. *Id.* Dr. Breus provided no
15 services to Plaintiffs and was never identified as an associate by their promotional
16 materials. *Id.* In February 2015, IOW assigned the Agreement to WEC, which now owns
17 all intellectual property related to the WHEN business. *Id.* at 10.⁴

18 The present dispute concerns Dr. Breus's third book, *The Power of When*. Dr. Breus
19 and his ghostwriter, Valerie Frankel, began collaborating on the book in November 2014.
20 *Id.* at 3. Originally titled *The Overnight Solution*, the book posits that an individual can be
21 healthier and more productive by adjusting when she accomplishes certain tasks. *Id.* at 3-4.
22 Based on extensive research, the book identifies four general chronotypes that inform when
23 a person should do certain activities, and includes a "Bio-Time Quiz" that helps readers
24 identify their chronotype. *Id.* In August 2015, Dr. Breus acquired the domain name
25 _____
26 infringement and unfair competition claims (Counts Five and Six). *See* Docs. 101, 114.

27 ³ Citations are to page numbers attached to the top of pages by the Court's ECF
28 system, not to original numbers on the document pages.

⁴ The Confidentiality Agreement is dated January 10, 2013 on the first page, but the
parties agree it was executed in 2014. *See id.* at 7; Docs. 84 at 2; 84-9 at 2.

1 thepowerofwhen.com to use as a promotional website for the book, which went live in
2 August 2016. *Id.* at 5. He also registered thepowerofwhenquiz.com to publish his
3 Bio-Time Quiz, which went live in July 2016. *Id.*

4 The parties agree that Dr. Breus never disclosed information about Plaintiffs or
5 Miller to his ghostwriter or publisher, Little, Brown, and Company (“LB”). *Id.* at 7. But
6 Plaintiffs assert that Dr. Breus, in developing the concept for his third book, used and
7 incorporated information that he discussed with Miller and that was subject to the
8 Confidentiality Agreement and trade secret protections. *Id.*; Doc. 84 at 3.

9 **II. Summary Judgment Standard.**

10 A party seeking summary judgment “bears the initial responsibility of informing the
11 district court of the basis for its motion, and identifying those portions of [the record] which
12 it believes demonstrate the absence of a genuine issue of material fact.” *Celotex Corp. v.*
13 *Catrett*, 477 U.S. 317, 323 (1986). Summary judgment is appropriate if the evidence,
14 viewed in the light most favorable to the nonmoving party, *see Matsushita Elec. Indus. Co.*
15 *v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986), shows “that there is no genuine dispute
16 as to any material fact and the movant is entitled to judgment as a matter of law[.]” Fed.
17 R. Civ. P. 56(a). Summary judgment is also appropriate against a party who “fails to make
18 a showing sufficient to establish the existence of an element essential to that party’s case,
19 and on which that party will bear the burden of proof at trial.” *Celotex*, 477 U.S. at 322.
20 Only disputes over facts that might affect the outcome of the suit will preclude summary
21 judgment, and the disputed evidence must be “such that a reasonable jury could return a
22 verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248
23 (1986).

24 **III. Plaintiffs’ Claims.**

25 **A. Breach of Contract.**

26 **1. IOW’s Standing.**

27 A plaintiff must establish that it has standing to bring suit. *Lujan v. Defs. of Wildlife*,
28 504 U.S. 555, 560-61 (1992). Three elements are required for Article III standing: (1) an

1 injury-in-fact, (2) causation between the injury and the allegedly wrongful conduct, and
2 (3) a favorable decision from the court is likely to redress the injury. *Id.* at 560.

3 Plaintiffs allege that Defendants breached the January 2014 Agreement by using
4 confidential business strategies and concepts in developing and marketing *The Power of*
5 *When*. Doc. 1-1 at 8. Defendants argue that IOW lacks standing because it assigned the
6 Agreement to WEC in February 2015, before Dr. Breus titled or published his book, and
7 that IOW has no injury because WEC now owns all alleged intellectual property of the
8 business. Doc. 76 at 17. IOW responds that it was under common control with WEC
9 during the relevant time and therefore constitutes an “affiliate” under the Agreement and
10 can enforce the confidentiality obligations. Docs. 83 at 5; *see* 84-9 at 2-3.

11 The Agreement deems confidential certain information disclosed by the “Owner”
12 to the “Recipient. *See* Doc. 84-9 at 2-3. The terms Owner and Recipient are defined to
13 include “affiliates of the parties,” meaning “any person or entity controlling, controlled
14 by[,] or under common control with a party.” *Id.* Defendants do not dispute that IOW is
15 an “affiliate” under the Agreement and was under common control with WEC at the time
16 of the alleged breach. They assert instead that IOW must be a primary party in interest to
17 enforce the Agreement’s terms, citing *Stratton v. Inspiration Consolidated Copper Co.*,
18 683 P.2d 327 (Ariz. Ct. App. 1984), which states that to “recover under the third party
19 beneficiary doctrine, the contract relied upon by the third party must reflect that the parties
20 thereto intended to recognize [it] as a primary party in interest.” Doc. 91 at 2.

21 IOW does not argue that it is a third-party beneficiary or that it qualifies to sue for
22 breach of the Agreement as a third-party beneficiary. Nor does it address specifically how
23 it otherwise satisfies the elements required for Article III standing. IOW states that “the
24 rights and obligations under the [Agreement] extend to affiliates of the parties under
25 common control,” that it “continued to be covered under the terms of the [Agreement],”
26 and that it owned the proprietary information when Defendants first began breaching.
27 Doc. 83 at 5-6. The broad definitions of Owner and Recipient, which include “affiliates,”
28 appear to expand the scope of information deemed confidential. But saying that an

1 affiliate's information is to be treated as confidential under the Agreement is not the same
2 as saying that the affiliate is a party to the Agreement with rights to sue for breach. And
3 other than the Agreement language, IOW cites no evidence in the record showing when it
4 was injured, what cognizable injury it suffered as a non-party "affiliate," or any legal
5 authority supporting its standing argument. IOW has failed to establish standing to assert
6 the breach of contract claim, and the Court will grant Defendants' request for summary
7 judgment on this claim. See *Celotex*, 477 U.S. at 322; *Lujan*, 504 U.S. at 560-61.

8 2. WEC's Claim.

9 To prevail on a breach of contract claim, a plaintiff must show the existence of a
10 contract, its breach, and resulting damages. See *Thomas v. Montelucia Villas, LLC*, 302
11 P.3d 617, 621 (Ariz. 2013); *Snow v. W. Sav. & Loan Ass'n*, 730 P.2d 204, 210 (Ariz. 1986).
12 "[I]nterpretation of a contract is generally a matter of law," *Powell v. Washburn*, 125 P.3d
13 373, 375 (Ariz. 2006), but whether a party has breached the contract is a question for the
14 trier of fact, see *Walter v. F.J. Simmons*, 818 P.2d 214, 218-19 (Ariz. Ct. App. 1991); *Shiloh*
15 *Custom Homes, Inc. v. Drywall*, No. 1 CA-CV 07-0677, 2009 WL 690600, at *7 (Ariz. Ct.
16 App. Mar. 17, 2009). A party breaches a contract when it "fail[s], without legal excuse, to
17 perform any promise which forms the whole or part of a contract." *Snow*, 730 P.2d at 210.

18 WEC alleges that Defendants breached the Agreement by using confidential
19 business strategies and concepts to their advantage (Doc. 1-1 at 8), including WEC's
20 trademarks, branding, and business models (Doc. 83 at 6-8). Defendants argue that WEC
21 has no evidence that Dr. Breus shared WEC's confidential information with others. Doc.
22 76 at 8-10.

23 WEC asserts that Dr. Breus "utilize[d] the confidential materials received from
24 [WEC], which included the confidential proposed trademarks and branding of WHEN
25 selected by Mr. Miller." Doc. 83 at 6. But WEC's unexplained record citations do not
26 support this assertion. The citations reference Defendants' statement of facts regarding Dr.
27 Breus's collaboration with Frankel, Defendants' characterization of *The Power of When*,
28 and Defendants' disputed contention that Dr. Breus acquired the domain names at LB's

1 instruction. *Id.* (citing Doc. 77 at 3, 5). WEC also cites its statement of facts, which
2 identifies the date on which Dr. Breus released the book, quotes the book’s synopsis and
3 selected content, and quotes part of the book’s forward, written by Dr. Mehmet Oz. *Id.*
4 (citing Doc. 84 at 7-8). WEC then discusses how, before Miller met Dr. Breus, Miller
5 asked his attorney to perform a trademark search on Power of When, and that he and his
6 attorney “considered that phrase to be highly confidential” until it was publicly disclosed
7 in an August 2016 trademark application. *Id.* But this evidence does not show that
8 Defendants disclosed confidential information in violation of the Agreement.⁵

9 WEC contends that *The Power of When* and the book’s marketing materials and
10 programs mimic the WHEN programs, ideas, and brand models. Doc. 83 at 6-7. But
11 WEC’s cited evidence again fails to support these assertions. WEC cites its statement of
12 facts, which reasserts that the Agreement covered financial and business-related
13 information related to the WHEN business, including the phrase “the power of when,”
14 again discusses when Dr. Breus released his book, and quotes parts of the book’s content,
15 synopsis, and forward. *Id.* (citing Doc. 84 at 6-8). Defendants do not dispute that Miller
16 shared with Dr. Breus many of the things WEC alleges (*see* Doc. 91 at 3 n.1), but WEC’s
17 citations do not show that Dr. Breus ever disclosed that information to others in violation
18 of the Agreement. The evidence simply describes information purportedly covered by the
19 Agreement, and quotes portions of *The Power of When*.

20 WEC argues next that the origin of Dr. Breus’s book title is disputed and creates an
21 issue of fact regarding breach. Doc. 83 at 7. Defendants cite evidence that Dr. Breus’s
22 publisher, LB, conceived the title in a meeting where Dr. Breus was not present and later
23 suggested the title to him via email. Doc. 76 at 9-10 (citing Doc. 77-2 at 8-13). WEC
24 responds with the following evidence. Doc. 83 at 7. In a series of emails between Dr.
25 Breus, Frankel, Dr. Breus’s agent, Alex Glass, and Tracy Behar of LB, Behar stated that
26 Glass and she had discussed Perfect Timing, When to Do Everything, and Time of Your

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28 ⁵ Indeed, Dr. Breus told Miller he intended to title his book *The Power of When* in
December 2015. Prior to filing his trademark application on August 28, 2016, Miller never
told Dr. Breus not to use the title. *See* Doc. 77-3 at 60.

1 Life as title options, and that Frankel liked The Science of When. *See* Doc. 84-14 at 2-3.
2 Glass responded that he liked The Science of When and that Dr. Breus liked Perfect Timing
3 and Time of Your Life. Behar suggested The Power of When several days later. *Id.* Based
4 solely on these communications, WEC contends that “serious question[s] of credibility”
5 preclude summary judgment because Glass and Dr. Breus discussed title options before
6 Behar suggested The Power of When and Frankel had also previously suggested a similar
7 title. Doc. 83 at 7.⁶

8 These emails are the sole basis for WEC controverting Behar’s sworn testimony that
9 she and LB conceived the title without input from Dr. Breus. *See* Docs. 77 at 5; 84 at 3.
10 The email discussion involves no communication by Dr. Breus, and Glass stated
11 specifically that Dr. Breus’s title suggestions were Perfect Timing and Time of Your Life.
12 *See* Doc. 84-6 at 2. Behar testified about how the title was suggested. She testified that
13 she immediately disliked the book’s working title, The Overnight Solution, and described
14 the common title-change process that the publisher engaged in of emailing and meeting to
15 brainstorm alternatives. Doc. 77-2 at 8-13. She testified that The Power of When title was
16 developed in a meeting involving only the publisher, marketing director, managing editor,
17 and paperback publisher. *Id.* at 15. She explained that Frankel came up with The Science
18 of When, but the publisher found the word “science” too technical-sounding so she
19 suggested “power,” which Behar then suggested via email to Dr. Breus, Frankel, and Glass.

20 This evidence clearly contradicts WEC’s assertion that the book title came from Dr.
21 Breus’s violation of the Agreement, and WEC presents no contrary evidence. WEC’s
22 argument that credibility issues preclude summary judgment is likewise not supported by
23 any evidence undercutting the truthfulness of the email exchange or the participants’
24 testimony about it. “[M]ere allegation and speculation do not create a factual dispute for

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26 ⁶ WEC cites Glass’s email statement that he received “a text from [Dr. Breus] with
27 some thoughts,” and argues that Dr. Breus’s subsequent deletion of those texts has
28 precluded WEC from knowing whether Dr. Breus suggested The Power of When as a title.
Doc. 83 at 4 n.1. WEC develops no spoliation argument, and otherwise cites no evidence
that the deleted messages pertain to book title suggestions. Without more evidence or
explanation, the absence of text messages is insufficient to create a dispute of material fact.

1 purposes of summary judgment.” *Sudre v. The Port of Seattle*, NO. C15-0928JLR, 2016
2 WL 7035062, at *7 (W.D. Wash. Dec. 2, 2016) (quoting *Nelson v. Pima Cmty. Coll.*, 83 F.
3 3d 1075, 1081-82 (9th Cir. 1996)); *see also Tropigas de Puerto Rico, Inc. v. Certain*
4 *Underwriters at Lloyd’s of London*, 637 F.3d 53, 59 (1st Cir. 2011) (“theoretical
5 possibilities alone are inadequate to block the swing of the summary judgment ax”). And
6 the Court has no obligation to search the record for evidence creating a dispute of fact that
7 WEC fails to identify. *See Carmen v. S.F. Unified Sch. Dist.*, 237 F.3d 1026, 1031 (9th
8 Cir. 2001); *Keenan v. Allan*, 91 F.3d 1275, 1279 (9th Cir. 1996); *see also Independent*
9 *Towers of Wash. v. Washington*, 350 F.3d 925, 929 (9th Cir. 2003).

10 WEC argues that even if Dr. Breus did not suggest *The Power of When* as a book
11 title, he had a duty under the Agreement not to use it. Alternatively, WEC argues that a
12 dispute of fact exists regarding whether the Agreement created such a duty. Doc. 83 at 8.
13 WEC cites two paragraphs of its statement of facts in support of this assertion, but the
14 citations refer to 41 pages of the record and cite no specific pages. Such a general reference
15 fails to identify evidence “so that it could conveniently be found.” *Carmen*, 237 F.3d
16 at 1031. In any event, Dr. Breus’s duties under the Agreement are questions of law, not
17 fact. WEC fails to explain why, in the absence of evidence that Dr. Breus disclosed
18 confidential information, summary judgment is inappropriate. WEC has failed to present
19 evidence showing breach, an essential element on which it would bear the burden of proof
20 at trial. *See Celotex*, 477 U.S. at 322. The Court will grant Defendants summary judgment
21 on the breach of contract claim (Count One).

22 **B. Breach of the Implied Covenant of Good Faith and Fair Dealing.**

23 Under Arizona law, every contract “implies a covenant of good faith and fair
24 dealing.” *Rawlings v. Apodaca*, 726 P.2d 565, 569 (Ariz. 1986). The implied covenant
25 “prohibits a party from doing anything to prevent other parties to the contract from
26 receiving the benefits and entitlements of the agreement. The duty arises by operation of
27 law but exists by virtue of a contractual relationship.” *Wells Fargo Bank v. Ariz. Laborers*,
28 38 P.3d 12, 29 (Ariz. 2002). “A party may breach the implied covenant even in the absence

1 of a breach of an express provision of the contract by denying the other party the reasonably
2 expected benefits of the agreement.” *Nolan v. Starlight Pines Homeowners Ass’n*, 216
3 Ariz. 482, 489 (Ariz. Ct. App. 2007).

4 Plaintiffs allege that Dr. Breus breached the Agreement’s implied covenant of good
5 faith and fair dealing by developing, marketing, and selling confidential material covered
6 by the Agreement, and engaging in self-dealing in bad faith to advance his interests to
7 Plaintiffs’ detriment. Doc. 1-1 at 9.

8 Defendants argue that IOW lacks standing because it assigned the Agreement to
9 WEC before the titling and publication of Dr. Breus’s book, meaning that IOW had no
10 contractual relationship with Dr. Breus at the time of the alleged injury. Doc. 76 at 17.
11 IOW does not meaningfully respond. *See* Doc. 83 at 5-6. As with its breach of contract
12 claim, IOW fails to explain why it has standing to raise a breach of implied covenant claim
13 without a contractual relationship with Dr. Breus. *Id.* Nor does IOW cite any evidence of
14 an injury it suffered while still a party to the Agreement. *See id.* IOW asserts that Dr.
15 Breus interfered with its rights under the Agreement, but cites only a sentence of its
16 statement of facts which refers to 67 pages of the record and includes no specific page
17 citation. *See id.* (citing Doc. 84 at 6). IOW’s general and unsupported assertions are
18 insufficient to establish standing, as well as elements of its claim – namely that Dr. Breus
19 prevented IOW, as a party to the contract, from receiving the Agreement’s benefits. *See*
20 *Celotex*, 477 U.S. at 322; *Carmen*, 237 F.3d at 1031; *Wells Fargo*, 38 P.3d at 29.⁷

21 Defendants argue that WEC’s claim fails for lack of evidence that Dr. Breus
22 breached the Agreement or used any material that he learned from Miller. Doc. 76 at 10.
23 WEC asserts that even if Dr. Breus did not breach the Agreement, his actions interfered
24 with its rights under the Agreement and he competed directly with WEC while “supposedly
25 collaborating with Plaintiffs under the [Agreement].” Doc. 83 at 9. Other than a general

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27 ⁷ Defendants assert that IOW lacks standing to raise all claims (*see* Docs. 76 at 17,
28 91 at 2), but their arguments focus only on IOW’s contract-based allegations. They present
no other claim-specific arguments. The Court will not address general arguments that
Defendants’ summary judgment motion fails to explain. *See Celotex*, 477 U.S. at 323.

1 citation to two exhibits totaling 67 pages, WEC cites no supporting evidence in the record
2 for these assertions. WEC states that Miller repeatedly told Dr. Breus to “hold all business
3 activities close to the vest,” but fails entirely to cite evidence showing that Dr. Breus
4 breached or interfered with the Agreement. Again, the Court will not search the record for
5 evidence to support WEC’s arguments. *See Carmen*, 237 F.3d at 1031; *Keenan*, 91 F.3d
6 at 1279; *Independent Towers*, 350 F.3d at 929.

7 Indeed, Defendants’ cited evidence shows that Miller repeatedly testified that
8 numerous aspects of Dr. Breus’s book appeared nowhere in WHEN programs or materials,
9 including chronobiology, chronotypes, and instructing people on when to perform certain
10 tasks. *See Doc. 77-3* at 8, 12, 17, 19-20, 22-23, 26, 28-33, 40-42. Miller also testified that
11 numerous aspects of the WHEN business did not appear in the book, including online
12 counseling services, membership and service levels, and WHEN’s gratitude tool. *Id.*
13 at 35-36, 38-39. When asked specifically what confidential information was disclosed in
14 *The Power of When*, Miller answered: “I think we’ve covered that it’s not confidential
15 information. It’s more of a misappropriation of use of ‘WHEN,’ ‘Power of WHEN,’ and
16 other uses of ‘WHEN’ throughout the book.” *Id.* at 43. Miller admitted that his business’s
17 use of the word “when” was not confidential. *Id.* at 47-46. And the Agreement excludes
18 from confidentiality any information that is or becomes publicly available through no
19 wrongful act of the Recipient or which is disclosed to the Recipient by a third party. *See*
20 *Doc. 84-9* at 2. The Court will grant summary judgment for Defendants on Plaintiffs’
21 breach of the implied covenant of good faith and fair dealing claim (Count Two).

22 **C. Misappropriation of Trade Secrets.**

23 **1. Arizona Law.**

24 “To establish a claim for misappropriation of a trade secret, the claimant must first
25 prove a legally protectable trade secret exists. Arizona has adopted the Uniform Trade
26 Secrets Act (‘UTSA’), which codifies the basic principles of common law trade secret
27 protection.” *Calisi v. Unified Fin. Servs., LLC*, 302 P.3d 628, 631 (Ariz. Ct. App. 2013).
28 The UTSA states:

1 “Trade secret” means information, including a formula, pattern, compilation,
2 program, device, method, technique or process that both:

3 (a) Derives independent economic value, actual or potential, from not being
4 generally known to, and not being readily ascertainable by proper means by,
5 other persons who can obtain economic value from its disclosure or use.

6 (b) Is the subject of efforts that are reasonable under the circumstances to
7 maintain secrecy.

8 A.R.S. § 44-401(4)(a)-(b). “Because the hallmark of a trade secret is secrecy, the two-part
9 inquiry under the UTSA focuses on: first, whether the subject matter of the information is
10 secret; and second, whether reasonable efforts have been taken to keep the information
11 secret.” *Calisi*, 302 P.3d at 631. “[A] trade secret is not simply information as to single or
12 ephemeral business events. Rather, a trade secret may consist of a compilation of
13 information that is continuously used or has the potential to be used in one’s business and
14 that gives one an opportunity to obtain an advantage over competitors who do not know of
15 or use it.” *Cosmetic Alchemy, LLC v. R & G, LLC*, No. CV-10-1222-PHX-GMS, 2010 WL
16 4777553, at *4 (D. Ariz. Nov. 17, 2010) (quoting *Enter. Leasing Co. of Phx. v. Ehmke*, 3
17 P.3d 1064, 1068 (Ariz. Ct. App. 1999)).

18 A plaintiff must also show an “actual or threatened misappropriation.” *TDCCS LLC*
19 *v. Ethical Prods. Inc.*, No. CV-19-01312-PHX-SMB, 2019 WL 1242961, at *3 (D. Ariz.
20 Mar. 18, 2019) (citing *Calisi*, 302 P.3d at 631-32). “Misappropriation involves the unfair
21 taking for profit, at little or no cost, of property acquired by another through investment of
22 substantial time and money.” *Spindle, Inc. v. Clark*, CIV 16-2613-PHX-MHB, 2017 WL
23 10635897, at *17 (D. Ariz. Feb. 22, 2017).

24 **2. Discussion.**

25 Plaintiffs assert that that their misappropriated trade secret consists collectively of
26 the physical materials provided to Dr. Breus, the general structure of the WHEN business,
27 and Miller’s proposed trademarks to be used with the business. Doc. 83 at 9-10.
28 Defendants assert that Plaintiffs identify no cognizable trade secret because they fail to

1 identify secret or protected elements of the WHEN system, and trademarks, by definition,
2 cannot be secret. Doc. 76 at 10-11.

3 Under the UTSA, Plaintiff must show that the identified subject matter was secret
4 and that they took reasonable efforts to keep it secret. *See Calisi*, 302 P.3d at 631; A.R.S.
5 § 44-401(4). Plaintiffs assert that since Miller’s relationship with Dr. Breus began, they
6 have “made clear that the majority of their business information, including the general
7 business model, the specific WHEN programming, training manuals, and proposed
8 trademarks were all trade secrets.” Doc. 83 at 9-10. Plaintiffs cite generally three
9 paragraphs of their statement of facts, which refer to 67 pages of the record with no specific
10 page citations. *Id.* at 10 (citing Doc. 84 at 6). Plaintiffs do not show that the identified
11 information was secret, nor do they explain how they took reasonable efforts to keep it
12 secret. The Court will not search for supporting evidence where it “is not set forth in the
13 opposing papers with adequate references so that it [can] conveniently be found.” *Carmen*,
14 237 F.3d at 1031; *see also Keenan*, 91 F.3d at 1279.

15 Referring to a 41-page exhibit with no specific page citations or explanation,
16 Plaintiffs assert that while they were creating their “revolutionary” business model, “no
17 one else was doing what they were proposing,” and the program would “upend the self-help
18 marketplace once it was launched.” Doc. 83 at 10. These unsupported assertions fail to
19 show that Plaintiffs’ programs and business model “derive[d] independent economic value
20 . . . from not being generally known to, and not being readily ascertainable” by others.
21 A.R.S. § 44-401(4); *see Calisi*, 302 P.3d at 631. Nor do they show that Plaintiffs “made
22 reasonable efforts to maintain the secrecy of the information [allegedly] transferred.”
23 *Cosmetic Alchemy*, 2010 WL 4777553, at *5.

24 Defendants cite Miller’s testimony that the trade secret disclosed in Dr. Breus’s
25 book is “WHEN” and “Power of WHEN,” that he did not own the trademark Power of
26 WHEN until August 2016 when he filed a public trademark application, that the
27 information disclosed in Dr. Breus’s book was “not confidential information,” and that it
28 was no secret that he used “when” in connection with his business. Docs. 76 at 10-12; 77-3

1 at 42-43, 47, 60. Plaintiffs fail to meaningfully engage Defendants’ arguments and
2 evidence or to cite specific portions of the record showing that the identified information
3 was secret and that they took “such precautions as are reasonable under the circumstances
4 to preserve the secrecy of the information.” *Joshua David Mellberg LLC v. Will*, 96 F.
5 Supp. 3d 953, 974 (D. Ariz. 2015).⁸

6 Defendants also argue that no evidence of misappropriation exists. Doc. 76
7 at 12-13. They assert that Dr. Breus’s book was the product of extensive research and
8 includes hundreds of citations to published articles and other materials, none involving
9 Plaintiffs or Miller. *Id.* at 12. They note that Miller testified that he had no reason to
10 believe Dr. Breus did not use those identified sources in researching and writing the book.
11 Doc. 77-3 at 44. Plaintiffs do not address this argument or cite any evidence of
12 misappropriation. *See* Doc. 83 at 9-10.

13 Because Plaintiffs fail to establish the elements of their trade secrets
14 misappropriation claim (Count Three), the Court will grant summary judgment in favor of
15 Defendants. *See Celotex*, 477 U.S. at 322.

16 **D. Unjust Enrichment.**

17 A party is unjustly enriched when it “has and retains money or benefits which in
18 justice and equity belong to another.” *City of Sierra Vista v. Cochise Enters., Inc.*, 697
19 P.2d 1125, 1131 (Ariz. Ct. App. 1984). The elements of unjust enrichment are “(1) an
20 enrichment; (2) an impoverishment; (3) a connection between the enrichment and the
21 impoverishment; (4) absence of justification for the enrichment and the impoverishment,
22 and (5) an absence of a remedy provided by law.” *Id.*; *see also Freeman v. Sorchych*, 245
23 P.3d 927, 936 (Ariz. Ct. App. 2011).

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26 ⁸ Plaintiffs cite a page of testimony by a trademark attorney, which they
27 mischaracterize as showing that “proposed trademarks are trade secrets until they are made
28 public.” Doc. 83 at 10. The lawyer’s testimony was simply that he advises his clients who
are interested in filing a trademark application to not disclose information about their
application to others for various reasons. *See* Doc. 84-11 at 3-4. The testimony does not
address Plaintiffs’ purported trade secrets, and Plaintiffs cite no authority showing that
proposed trademarks are per se trade secrets until made public.

1 Plaintiffs allege unjust enrichment based on Defendants’ receipt of trade secret
2 information and business materials. Doc. 101 at 10. Defendants argue that Plaintiffs’ claim
3 fails because they have no evidence of misappropriation that would constitute an
4 impoverishment. Doc. 76 at 13. Plaintiffs do not meaningfully respond. They discuss
5 some legal authority regarding unjust enrichment and assert that Dr. Breus benefitted from
6 his relationship with Plaintiffs, where they “disclosed volumes of confidential and
7 proprietary business plans and materials to him” without compensation. Doc. 83 at 11-12.
8 But they fail to address Defendants’ argument, and provide no citation to the record
9 supporting any elements of their unjust enrichment claim. The Court will grant summary
10 judgment on this claim (Count Four). *See Celotex*, 477 U.S. at 322.

11 **E. Infringement and Unfair Competition Under the Lanham Act.**

12 **1. The Lanham Act and *Rogers*.**

13 “The Lanham Act provides a cause of action for the owner of a registered trademark
14 against any person who, without consent of the owner, uses the trademark in commerce in
15 connection with the sale or advertising of goods or services, when such use is likely to
16 cause confusion.” *Marketquest Grp., Inc. v. BIC Corp.*, 862 F.3d 927, 932 (9th Cir. 2017)
17 (citing 15 U.S.C. § 1114(1)). “In general, claims of trademark infringement under the
18 Lanham Act are governed by a likelihood-of-confusion test.” *Twentieth Century Fox*
19 *Television v. Empire Distrib., Inc.*, 875 F.3d 1192, 1196 (9th Cir. 2017); *see AMF Inc. v.*
20 *Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979); *Brookfield Commc’ns, Inc. v. W.*
21 *Coast Entm’t Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999). To prevail on an infringement
22 or unfair competition claim under the Lanham Act, a plaintiff must prove that it has a valid
23 trademark and the defendant used a similar mark in commerce that is likely to cause
24 consumer confusion as to the source, affiliation, connection, or association of the
25 defendant’s goods or services. *3 Ratonas Ciegos v. Mucha Lucha Libre Taco Shop I LLC*,
26 No. CV-16-04538-PHX-DGC, 2017 WL 4284570, at *2 (D. Ariz. Sept. 27, 2017) (citing
27 *Eclipse Assocs. Ltd. v. Data Gen. Corp.*, 894 F.2d 1114, 1118 (9th Cir. 1990)).
28

1 “When the allegedly infringing use is in the title of an expressive work, however,
2 [the Ninth Circuit] instead appl[ies] a test developed by the Second Circuit in *Rogers v.*
3 *Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to determine whether the Lanham Act applies.”
4 *Twentieth Century Fox*, 875 F.3d at 1196; *see Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d
5 894, 902 (9th Cir. 2002) (“We agree with the Second Circuit’s analysis and adopt the
6 *Rogers* standard as our own.”). Under *Rogers*, courts “apply the [Lanham] Act to an
7 expressive work only if the defendant’s use of the mark (1) is not artistically relevant to
8 the work or (2) explicitly misleads consumers as to the source or the content of the work.”
9 *Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 264 (9th Cir. 2018) (citing *Mattel*, 296 F.3d
10 at 902); *see Rogers*, 875 F.2d at 999. The *Rogers* test “strike[s] an appropriate balance
11 between First Amendment interests in protecting artistic expression and the Lanham Act’s
12 purposes to secure trademarks rights.” *Gordon*, 909 F.3d at 264. “Effectively, *Rogers*
13 employs the First Amendment as a rule of construction to avoid conflict between the
14 Constitution and the Lanham Act.” *Id.*

15 In *Gordon*, the Ninth Circuit clarified the burdens of proof under *Rogers*. 909 F.3d
16 at 264. *Gordon* explained that a defendant must first “make a threshold legal showing that
17 its allegedly infringing use is part of an expressive work protected by the First
18 Amendment.” *Id.* If the defendant makes this showing, “then the plaintiff claiming
19 trademark infringement bears a heightened burden – the plaintiff must satisfy not only the
20 likelihood-of-confusion test but also at least one of *Rogers*’s two prongs.” *Id.*

21 Plaintiffs allege that they own twelve trademarks that use the word “when,”
22 including the “Power of When” mark, and that Defendants’ publication of *The Power of*
23 *When* is likely to cause consumer confusion related to Plaintiffs’ marks and therefore
24 constitutes infringement and unfair competition under the Lanham Act. Doc. 1-1 at 11-12
25 (Count Five); *see* Doc. 82 at 2-3.⁹ Defendants argue that their publication and promotion

26
27 ⁹ Plaintiffs concede that *The Power of When* is not confusingly similar to and does
28 not infringe their “FYW” and “Life Can Be Better” marks. Doc. 81 at 5. The Court
accordingly will grant summary judgment on Count Five with respect to these marks. *See*
Doc. 92 at 2-3.

1 of *The Power of When* are protected activities under the First Amendment because the book
2 is an expressive work, and the Lanham Act does not apply because Plaintiffs cannot satisfy
3 either *Rogers* prong. Doc. 76 at 14-16. The Court agrees with Defendants.

4 **2. The Threshold Showing of an Expressive Work Under *Rogers*.**

5 As noted, Defendants bear the initial burden of showing that the allegedly infringing
6 use of Plaintiffs' marks "is part of an expressive work protected by the First Amendment."
7 *Gordon*, 909 F.3d at 264; *see also Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1241 (9th Cir.
8 2013) ("The *Rogers* test is reserved for expressive works."). Plaintiffs contend that
9 Defendants fail to make their threshold showing because *The Power of When* "is a non-
10 fiction, self-help book that is not an artistically expressive fictional work." Doc. 83 at 13.
11 But Plaintiffs cite no legal authority holding that only fictional books can be expressive.

12 This Circuit has described an expressive work as one that "evinces an intent to
13 convey a particularized message, and in the surrounding circumstances the likelihood was
14 great that the message would be understood by those who viewed it." *Gordon*, 909 F.3d
15 at 268 (citations omitted). Under this standard, the Court concludes that Defendants have
16 met their initial burden of demonstrating that *The Power of When* is an expressive work.

17 The book explains the relationship between a person's natural circadian rhythms
18 and their effect on the person's ability to perform routine tasks. Doc. 77 ¶ 9. The book is
19 organized into three parts: "Chronotypes," "The Best Time to Do Everything," and "The
20 Power of When for Life." *Id.* ¶¶ 13-15. In part one, Dr. Breus identifies four general
21 chronotypes, which he names after animals – lion, dolphin, bear, and wolf. *Id.* ¶ 13. Part
22 two explains when during the day it would be best to tackle specific tasks based on a
23 person's particular chronotype. *Id.* ¶ 14. Part three discusses how a person's chronorhythm
24 changes both seasonally and over time as they age. *Id.* ¶ 15. Dr. Breus concludes the book
25 with a "Master Clock" for each chronotype that graphically depicts the advice presented in
26 the text, and a "Bio-Time Quiz" that helps readers identify their particular chronotype. *Id.*
27 ¶¶ 16-17. *The Power of When* is the product of hundreds of hours of research and review

28

1 of numerous articles in the field of chronobiology, over 200 of which are explicitly cited
2 in the book. *Id.* ¶ 12; *see* Doc. 72 ¶¶ 8-15; Doc. 72-3.

3 Given Dr. Breus’s creativity in developing and expressing his theories, categorizing
4 and naming the chronotypes, and organizing the book, *The Power of When* is an expressive
5 work worthy of First Amendment protection. *See Rogers*, 875 F.2d at 997 (“Movies, plays,
6 books, and songs are all indisputably works of artistic expression and deserve protection.”);
7 *see also Gordon*, 909 F.3d at 268-69 (finding greeting cards expressive even though they
8 “may not share the creative artistry of Charles Schulz or Sandra Boynton”); *Brown*, 724
9 F.3d at 1241 (finding the *Madden NFL* video game to be protected by the First Amendment
10 even if it “is not the expressive equal of *Anna Karenina* or *Citizen Kane*”). “Because
11 [D]efendants have met their initial burden, the burden shifts to [Plaintiffs] to raise a triable
12 issue of fact as to at least one of *Rogers*’s two prongs.” *Gordon*, 909 F.3d at 269.¹⁰

13 3. The First Prong of the *Rogers* Test.

14 *Rogers*’s first prong requires the plaintiff to prove that the defendant’s use of the
15 plaintiff’s trademark is not “artistically relevant” to the defendant’s expressive work. *See*
16 *Gordon*, 909 F.3d at 269. This is a demanding test. The first prong is met only when the

17
18 ¹⁰ In its original summary judgment order, the Court stated that “it is where a mark
19 ‘assumes . . . cultural significance that First Amendment protections come into play[.]’
20 Doc. 94 at 20 (quoting *Mattel*, 296 F.3d at 900). The Court noted that some district courts
21 have found that *Rogers* applies only where trademarks “have entered the cultural lexicon”
22 or “have cultural significance.” *Id.* (citing *Rebellion, LLC v. Perez*, 732 F. Supp. 2d 883,
23 887-88 (N.D. Cal. 2010); *Warner Bros. Entm’t v. Global Asylum, Inc.*, No. CV 12-9547
24 PSG (CWx), 2012 WL 6951315, at *15-16 (C.D. Cal. Dec. 10, 2012)). The Court now
25 realizes that this was an incorrect statement of the law. The cultural significance inquiry
26 required under *Rebellion* and *Global Asylum* has been rejected by several district courts.
27 *See Twentieth Century Fox Television v. Empire Distrib. Inc.*, 161 F. Supp. 3d 902, 906
28 (C.D. Cal. 2016) (citing cases). The Ninth Circuit made clear in *Twentieth Century Fox*
that while the cultural significance of a mark may be relevant to the first prong of the
Rogers test, “the only threshold requirement for the *Rogers* test is an attempt to apply the
Lanham Act to First Amendment expression.” 875 F.3d at 1198; *see Gordon*, 909 F.3d
at 267 (noting that *Twentieth Century Fox* rejected the argument that “the *Rogers* test
includes a threshold requirement that a mark have attained a meaning beyond its source-
identifying function”); *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095,
1100 (9th Cir. 2008) (noting that the fact the trademark at issue was not a cultural icon
“miss[es] the point,” and concluding that the use at issue was protected by the First
Amendment even though the mark had “little cultural significance”). Thus, the initial
inquiry under *Rogers* — whether Defendant has shown that the work is expressive and
entitled to First Amendment protection — does not depend on whether the mark has
acquired cultural significance.

1 mark has zero relevance to the defendant’s expressive work. As the Ninth Circuit has
2 explained, “the level of artistic relevance of the trademark . . . to the work merely must be
3 above zero.” *Id.* (citations omitted). “Indeed, ‘even the slightest artistic relevance’ will
4 suffice; courts and juries should not have to engage in extensive ‘artistic analysis.’” *Id.*;
5 *see E.S.S.*, 547 F.3d at 1100 (explaining that “only the use of a trademark with *no* artistic
6 relevance to the underlying work *whatsoever* does not merit First Amendment protection”)
7 (emphasis in original).

8 The “Power of When” mark is certainly relevant to Dr. Breus’s book, and Plaintiffs
9 do not argue otherwise. *See* Doc. 83 at 15-16 (arguing only that a factual dispute exists
10 regarding the second *Rogers* prong); *see also Brown*, 724 F.3d at 1243-44 (finding that the
11 plaintiff failed to satisfy the first *Rogers* prong where “the content of the *Madden NFL*
12 *games* – the simulation of NFL football – is clearly related to Jim Brown, one of the NFL’s
13 all-time greatest players”); *Mattel*, 296 F.3d at 902 (“Applying *Rogers* to our case, we
14 conclude that MCA’s use of Barbie is not an infringement of Mattel’s trademark. Under
15 the first prong of *Rogers*, the use of Barbie in the song title clearly is relevant to the
16 underlying work, namely, the song itself.”).

17 **4. The Second Prong of the *Rogers* Test.**

18 *Rogers*’s second prong requires the plaintiff to prove that the defendant’s use of the
19 mark “explicitly misleads consumers as to the source or the content of the work.” *Gordon*,
20 909 F.3d at 264-65; *see Rogers*, 875 F.2d at 999. “The Ninth Circuit has been clear that
21 the use of a mark in the title of a work, divorced from other explicitly misleading actions,
22 is not enough to bar First Amendment protection.” *Twentieth Century Fox*, 161 F. Supp.
23 3d at 909 (citing *Mattel*, 296 F.3d at 902); *see E.S.S.*, 547 F.3d at 1100 (explaining that
24 “the mere use of a trademark alone cannot suffice to make such use explicitly misleading”);
25 *Brown*, 724 F.3d at 1245 (“It is well established that the use of a mark alone is not enough
26 to satisfy [the second] prong of the *Rogers* test.”); *Gordon*, 909 F.3d at 266 (“[I]f the use
27 of a mark alone were enough to satisfy *Rogers*’s second prong, ‘it would render *Rogers* a
28 nullity.”) (quoting *Mattel*, 296 F.3d at 902).

1 Plaintiffs assert that their “customers, potential customers, and potential investors
2 were misled into believing that Breus and his book were affiliated with, or part of Plaintiffs’
3 business and services.” Doc. 83 at 16 (citing Doc. 84 ¶ 64). Plaintiffs cite to Miller’s
4 testimony that “one of [Plaintiffs’] team members, Dr. Nancy Friedman, immediately
5 contacted [Miller] when she saw the book and asked if this was the same ‘sleep doctor’
6 who [they] had been working with[.]” Doc. 84-1 at 4, ¶ 23. This evidence shows, at most,
7 that Dr. Friedman was confused as to whether Plaintiffs sponsored, or were affiliated with,
8 Dr. Breus’s book.

9 More is needed to satisfy the second *Rogers* prong. “[I]t is not enough to show that
10 ‘the defendant’s use of the mark would confuse consumers as to the source, sponsorship or
11 content of the work’; rather, the plaintiff must show that the defendant’s use ‘explicitly
12 misled consumers.’” *Gordon*, 909 F.3d at 267 (quoting *Twentieth Century Fox*, 875 F.3d
13 at 1199); *see Rogers*, 875 F.2d at 1000 (“[Our] construction of the Lanham Act . . . insulates
14 from restriction titles with at least minimal artistic relevance that are ambiguous or only
15 implicitly misleading but leaves vulnerable to claims of deception titles that are explicitly
16 misleading as to source or content[.]”). “To be relevant, evidence must relate to the nature
17 of the behavior of the identifying material’s user, not the impact of the use.” *Brown*, 724
18 F.3d at 1246; *cf. Gordon*, 909 F.3d at 270 (explaining that “past[ing] Disney’s trademark
19 at the bottom corner of a painting that depicts Mickey Mouse” could suffice to satisfy
20 *Rogers*’s second prong).

21 Because Plaintiffs present no evidence that Defendants made “an ‘explicit
22 indication,’ ‘overt claim,’ or ‘explicit misstatement’” that *The Power of When* is affiliated
23 with Plaintiffs or their business, Plaintiffs have failed to demonstrate a triable issue on the
24 second *Rogers* prong. *Twentieth Century Fox*, 875 F.3d at 1199.¹¹

25
26
27
28 ¹¹ Plaintiffs cite to Exhibit C of Defendants’ statement of facts (*see* Doc. 84 at 12, ¶ 64), but the specific pages referenced pertain to the Confidentiality Agreement and do not show that Defendants explicitly misled consumers.

1 **5. Conclusion.**

2 Defendants have made their threshold legal showing under *Rogers* that *The Power*
3 *of When* is an expressive work protected by the First Amendment. Because Plaintiffs have
4 failed to create a triable issue as to either prong of the *Rogers* test, the Lanham Act does
5 not apply. *See Rogers*, 875 F.2d at 999.¹² The Court will grant summary judgment on the
6 Lanham Act claims of unfair competition and trademark infringement (Count Five).¹³

7 **F. Unfair Competition under Arizona Law.**

8 Arizona’s common law doctrine of unfair competition encompasses the related
9 claims of “trademark infringement, false advertising, ‘palming off,’ and misappropriation.”
10 *SellPoolSuppliesOnline.com LLC v. Ugly Pools Ariz. Inc.*, No. CV-15-01856-PHX-BSB,
11 2017 WL 6420464, at * 14 (D. Ariz. June 9, 2017). “Under Arizona law, ‘the ultimate
12 question’ for unfair competition is always whether trade is being unfairly diverted, and
13 whether the public is being cheated into the purchase of something which it is not in fact
14 getting; the courts interfere solely to prevent deception.” *Great Am. Duck Races Inc. v.*
15 *Kangaroo Mfr. Inc.*, No. CV-17-00212-PHX-ROS, 2019 WL 3238469, at *10 (D. Ariz.
16 July 18, 2019) (citation and quotation marks omitted). Plaintiffs allege that Defendants are
17 liable for unfair competition because their acts “amount to an unauthorized interference
18 with the normal operation of IOW and WEC’s business [to] divert a material portion of the
19 profit,” giving Defendants the unfair competitive advantage of not having to develop
20 original content. Doc. 1-1 at 12-13.

21 “The Ninth Circuit has made clear that the *Rogers* test applies [equally] to trademark
22 infringement claims under [the Lanham Act], and to state-law unfair competition claims[.]”

23 _____
24 ¹² Defendants promotional activities are also protected by the First Amendment as
25 an extension of their protected use of the Power of When mark. *See Doc. 76* at 14-15. The
26 Ninth Circuit has held that while “promotional efforts technically fall outside the title or
27 body of an expressive work, it requires only a minor logical extension of the reasoning of
28 *Rogers* to hold that works protected under its test may be advertised and marketed by
name.” *Twentieth Century Fox*, 875 F.3d at 1196-97. Plaintiffs’ arguments to the contrary
are unavailing. *See Doc. 83* at 15.

¹³ Given this ruling, the Court need not decide whether WEC lacks priority with
respect to the Power of When mark. *See Doc. 76* at 16-17.

1 *Stewart Surfboards, Inc v. Disney Book Grp., LLC*, No. CV 10-2982 GAF (SSX), 2011
 2 WL 12877019, at *8 (C.D. Cal. May 11, 2011); *see E.S.S.*, 547 F.3d at 1101) (“Since the
 3 First Amendment defense applies equally to ESS’s state law claims as to its Lanham Act
 4 claim, the district court properly dismissed the entire case on Rockstar’s motion for
 5 summary judgment.”); *Mattel*, 296 F.3d at 902 & n.2 (affirming summary judgment on
 6 state law unfair competition claims where the plaintiff failed to satisfy the *Rogers* test with
 7 respect to the Lanham Act claims). Because Plaintiffs fail to present evidence sufficient to
 8 establish either prong of the *Rogers* test, the Court will grant summary judgment on
 9 Plaintiffs’ state law unfair competition claim (Count Six). *See id.*

10 **IV. Defendants’ Counterclaim.**

11 Defendants move for summary judgment on their counterclaim seeking to cancel
 12 several of WEC’s trademark registrations. Doc. 79; *see* Doc. 97-1 at 12-16. WEC cross
 13 moves for summary judgment. Doc. 81.

14 **A. Undisputed Facts.**

15 Defendants and WEC agree on the following. *See* Docs. 80; 82 at 2-3. WEC owns
 16 fourteen federally-registered trademarks, all covering “personal growth and motivation
 17 consulting services” (“the Registered Trademarks”). The Registered Trademarks were
 18 filed as “intent to use” applications under 15 U.S.C. § 1051(b), and statements of use were
 19 filed with the U.S. Patent and Trademark Office (“PTO”) on the following dates.

Registered Mark and Registration Number	Alleged Date of First Use of Mark In Commerce	Date Statement of Use Filed with USPTO
FYW (4989579)	12/18/2015	2/4/2016
LIFE CAN BE BETTER (5177872)	12/13/2016	1/25/2017
WHENSDAY (5105635)	1/21/2016	2/4/2016
WHEN IS NOW (4937814)	12/18/2015	2/7/2016
WHEN WAY OF LIFE (4994021)	12/18/2015	2/7/2016
FIND YOUR WHEN (4937110)	12/18/2015	2/4/2016

1	WHEN ADVISOR (4937104)	1/5/2016	2/5/2016
2	MYWHEN (4983678)	4/13/2016	4/28/2016
3	WHEN CAREER ADVISOR		
4	(5161586)	5/26/2016	2/27/2016
5	WHEN HEALTH ADVISOR		
6	(5161586)	4/13/2016	4/28/2016
7	WHEN ZEN (5060177)	7/7/2016	7/20/2016
8	WHENNESS PROGRAM (5008777)	4/13/2016	4/28/2016
9	WHEN (4994111)	1/1/2015	1/31/2016
10	POWER OF WHEN (5233930)	12/13/2016	4/10/2017

12 WEC’s advisors were not trained on matters relating to these marks until the Fall of
13 2016, and members of a beta test that presumably used services related to the marks did
14 not complete surveys until 2017 and 2018. WEC produced a WHEN member status page
15 showing no activity earlier than June 30, 2017, and produced communications with
16 members of the beta test group in 2017. WEC’s March 2017 press release stated that “Plans
17 for WHENZEN facilities will be unveiled in mid-2017.” WEC’s marketing materials claim
18 that the global market for its services is \$1.9 trillion.

19 **B. Standing.**

20 WEC argues that Defendants lack standing to seek cancellation of the FYW and
21 Life Can Be Better marks because WEC does not claim that Defendants infringed those
22 marks, and WEC concedes that Defendants’ use of “The Power of When” mark is not
23 confusingly similar to and does not infringe those marks. Doc. 81 at 5. But “[s]tanding is
24 determined by the facts that exist at the time the complaint is filed.” *Clark v. City of*
25 *Lakewood*, 259 F.3d 996, 1006 (9th Cir. 2001). Although Plaintiffs have recently conceded
26 their claim that Defendants infringe the FYW and Life Can Be Better marks, Plaintiffs
27 originally asserted all fourteen registered marks against Defendants. Doc. 1-1 at 11-12.
28 Defendants therefore have standing to challenge the validity of all fourteen marks.

1 **C. Validity of WEC’s Registered Trademarks.**

2 Defendants argue that WEC’s marks are void because they were not in use when
3 WEC filed its statements of use. Doc. 79 at 6-9. The parties dispute the applicable standard
4 for determining when marks are in use for purposes of registration. Defendants
5 acknowledge that the Ninth Circuit uses a totality-of-the-circumstances test to determine
6 what constitutes sufficient use to establish priority of rights. Doc. 79 at 7. But they assert
7 that, for purposes of trademark registration, an owner must actually render services within
8 the statutory period, citing *Couture v. Playdom, Inc.*, 778 F.3d 1379, 1382 (Fed. Cir. 2015).
9 *Id.* WEC responds that the totality-of-the-circumstances test applies when determining
10 whether use supports valid registration. Doc. 81 at 6.

11 **1. Applicable Standard.**

12 “Under the [Lanham] Act, the owner of a trademark used in commerce may register
13 the mark with the PTO.” *Gordon*, 909 F.3d at 263 (citing 15 U.S.C. § 1057(b)). As part
14 of the application, an owner must show the mark’s use in commerce in connection with the
15 services listed in the application, and may assert that the mark is already in use to satisfy
16 the requirement. *See* 15 U.S.C. § 1051(a). If the mark is not in use, an owner with “a bona
17 intention” to use the mark must within six months file a declaration that “the mark is in use
18 in commerce and specifying the date of the [owner]’s first use of the mark in commerce
19 and those goods or services specified in the notice of allowance on or in connection with
20 which the mark is used in commerce.” *Id.* § 1051(b)(1)-(3), (d)(1).

21 “Use in commerce” is defined in the relevant statute as “the bona fide use of a mark
22 in the ordinary course of trade, and not made merely to reserve a right in a mark.” 15
23 U.S.C. § 1127; *see also Chance*, 242 F.3d at 1156-57 (discussing Congress’ 1988
24 amendment passing stricter standards for finding use). For goods, “a mark is in ‘use in
25 commerce’ when (1) the mark has been placed on the goods or their containers, labels or
26 the documents associated with the goods or their sale, *and* (2) the goods are ‘sold or
27 transported in commerce.’” *Karlstorz Endoscopy AM., Inc. v. Surgical Techs., Inc.*, 285
28 F.3d 848, 855 (9th Cir. 2002) (emphasis added) (citing 15 U.S.C. § 1127). For services, a

1 mark is deemed to be in use when “it is used or displayed in the sale or advertising of
2 services and the services are *rendered in commerce*.” 15 U.S.C. § 1127 (emphasis added).
3 Thus, “[f]or both goods and services, the ‘use in commerce’ requirement includes (1) an
4 element of actual use, and (2) an element of display.” *Chance*, 242 F.3d at 1159 (citing
5 § 1127).

6 As discussed above, the Ninth Circuit applies a totality-of-the-circumstances test to
7 determine common law priority of trademark rights, weighing a number of factors. *See*
8 *id.*; *Rearden*, 683 F.3d at 1203-05 (discussing caselaw and “threshold requirement” of
9 showing first use); *see also* 2 McCarthy on Trademarks § 16:13. In adopting this test for
10 disputed priority, the Ninth Circuit purported to be defining whether a service has “actually
11 been ‘rendered in commerce’” under § 1127 of the Lanham Act. *See Chance*, 242 F.3d
12 at 1159. But § 1127’s definition for “use in commerce” is also the statutory definition
13 available for § 1051’s registration provisions. The Ninth Circuit did not distinguish
14 between use that establishes common law priority rights and use that supports federal
15 trademark registration.

16 Courts and commentators recognize that “[t]here are two different standards of ‘use’
17 depending on whether the issue is the kind of ‘use’ which will . . . support the validity of a
18 trademark registration,” termed “actual use,” or which will “establish priority of use over
19 a rival which results in ownership of the disputed mark,” called “analogous use.”
20 2 McCarthy on Trademarks § 16:14. “To be a basis for federal registration as a trademark,
21 . . . a mark [must *actually be*] used on or in connection with the goods [or services].” *Id.*
22 Although “the analogous use doctrine, where it applies, eases the technical requirements
23 for trademarks and service marks [in cases where a claimant] asserts *priority* on the basis
24 of earlier analogous use of the mark[.]” the doctrine “has not been stretched so far as to
25 obviate the requirement that [a party] show *eventual* actual use” for purposes of
26 registration. *Am. Express Co. v. Goetz*, 515 F.3d 156, 161-62 (2d Cir. 2008) (emphasis
27 added); *see Seal Shield*, 2014 WL 11350295, at *3-*7 (discussing analogous versus actual
28 use and noting the Ninth Circuit’s totality-of-the-circumstances test, but stating that “the

1 Ninth Circuit most often applies this test to determine whether pre-sales activities are
2 sufficient to establish proprietary rights”); *FN Herstal SA v. Clyde Armory Inc.*, 838 F.3d
3 1071, 1080-82 (11th Cir. 2016) (differentiating between analogous use to establish priority
4 and actual sales, citing McCarthy on Trademarks).

5 Despite these distinct use requirements, WEC urges the Court to apply the totality-
6 of-the-circumstances test to determine whether it has actually used its trademarks under
7 § 1051. The cases cited by WEC all apply the Ninth Circuit’s totality-of-the-circumstances
8 test to determine common law priority of trademark rights, and include no cases applying
9 this more flexible approach to determine whether a registered trademark owner has actually
10 provided services sufficient to support federal statutory registration. *See* Doc. 81 at 6-7;
11 *Chance*, 242 F.3d at 1156 (“the primary issue we deal with here is one of priority of use”);
12 *Rearden*, 683 F.3d at 1203 (discussing “threshold requirement” and stating that the
13 “standard test of ownership is priority of use”); *Brookfield*, 174 F.3d at 1053 (discussing
14 “seniority” of rights); *Kythera Biopharmaceuticals, Inc. v. Lithera, Inc.*, 998 F. Supp. 2d
15 890, 900 (C.D. Cal. 2014) (ruling on motion to dismiss citing *Chance*, *Rearden*, and
16 *Brookfield*, not clearly distinguishing between use to support priority or registration).

17 Moreover, many courts and the McCarthy treatise have recognized the difference
18 between use that supports priority and use needed for registration, and have found that
19 actual use of a mark is required for registration even if a lesser showing establishes priority.
20 This distinction makes sense under general trademark law because an owner of an
21 unregistered trademark has common law rights different from a registered owner’s rights.
22 Indeed, “cancellation of a trademark registration does not necessarily translate into
23 abandonment of common law trademark rights.” *Crash Dummy Movie, LLC v. Mattel,*
24 *Inc.*, 601 F.3d 1387, 1391 (Fed. Cir. 2010); *see also Halicki*, 547 F.3d at 1226
25 (differentiating between ownership of an unregistered trademark versus registered). And
26 while registration confers certain legal rights (logically requiring a higher showing of
27 actual use), “[r]egistration does not create a mark or confer ownership; only use in the
28 marketplace can establish a mark.” *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 979

1 (9th Cir. 2006); *see also Matal v. Tam*, 137 S. Ct. 1744, 1752-53 (2017) (“Without federal
2 registration, a valid trademark may still be used in commerce . . . Federal registration,
3 however, confers important legal rights and benefits[.]”) (internal quotations omitted).

4 Thus, although the Ninth Circuit applies the totality-of-the-circumstances test to
5 establish priority, and adopted this test by purporting to interpret § 1127, it seems clear that
6 the totality-of-the-circumstances test should not apply when determining whether a
7 trademark owner has “used” her trademark for purposes of federal registration under
8 § 1051. *Cf. Halicki*, 547 F.3d at 1226 (“It is axiomatic in trademark law that . . . the party
9 claiming ownership must have been the first to *actually use* the mark in the sale of goods
10 or services.”) (emphasis added). Under the statutory definition of “use in commerce,” the
11 Court would find registration valid only if an applicant’s statement of use shows that (1) the
12 mark is *actually being used* in the ordinary course of the services trade, “not merely to
13 reserve a right in the mark,” and that (2) the mark is being “used or displayed in the sale or
14 advertising of the services [which actually] are rendered in commerce.” 15 U.S.C.
15 §§ 1051(d)(1), 1127 (emphasis added); *see Couture*, 778 F.3d at 1281-82 (collecting cases
16 and citing *McCarthy on Trademarks*, stating “[t]o qualify for registration, the Lanham Act
17 requires that the mark be both used in the sale or advertising of services and that the
18 services themselves have been rendered”); *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir.
19 1998) (federal registration rights “exist[] only ‘as a right appurtenant to an established
20 business or trade in connection with which the mark is employed”); *cf. Electro Source,*
21 *LLC v. Brandess-Kalt-Aetna Grp., Inc.*, 458 F.3d 931, 936 (9th Cir. 2006) (“Section 1127
22 thus provides that ‘use’ of a trademark defeats an allegation of abandonment when: the use
23 includes placement on goods sold or transported in commerce; is bona fide; is made in the
24 ordinary course of trade; and is not made merely to reserve a right in a mark.”).

25 The Court is constrained, however, by the Ninth Circuit’s holding in *Chance*, which
26 cited § 1127’s “use in commerce” definition and announced the totality-of-the-
27 circumstances test for “distinguish[ing] whether a service has actually been ‘rendered in
28 commerce.’” *Chance*, 242 F.3d at 1159. *Chance* explicitly recognized that its totality-of-

1 the-circumstances test for “the ‘use-in-commerce’ requirement of § 1127” is “more flexible
2 than the approaches taken by other courts.” *Id. Chance* did not limit its holding to the
3 priority context, and purported to interpret § 1127, the section which the Court must look
4 to for the meaning of “use in commerce” for purposes of registration. The Court will
5 therefore apply the totality-of-the-circumstances test to determine whether WEC has
6 rendered its services in commerce to support valid trademark registrations under § 1051.

7 **2. WEC’s Evidence of Use.**

8 WEC asserts that it had genuine, commercial, pre-sales activities before it launched
9 its business, including presenting its service offerings to 10-15 prospective customers in
10 PowerPoint presentations and in online and in-person meetings; creating branded apparel
11 and websites; creating and distributing sales materials; creating and using training manuals
12 and customer tools, including health journals; creating and marketing various service
13 levels; raising investor capital; getting evaluations of trainings, performing beta tests and
14 compiling surveys; and issuing press releases. Doc. 82 at 5-6. WEC asserts that it “used
15 the marks in a sufficiently public manner in its pre-sales activities to identify and
16 distinguish its services,” specifically in its presentations and press releases. Docs. 81 at 8;
17 82 at 6.

18 Defendants contend that WEC’s pre-sales activities are insufficient under an actual-
19 use analysis, but do not appear to controvert these factual assertions or the supporting
20 evidence. *See* Doc. 92 at 7-8. Rather, all of Defendants’ arguments rely on the stricter
21 actual-use test and WEC’s activities after launching. *See* Docs. 79; 92 at 1-10. Defendants
22 argue that if the Court applies a totality-of-the-circumstances analysis, disputes of fact exist
23 regarding whether Plaintiffs’ pre-sales activities were sufficient to support registration.
24 Doc. 92 at 10.

25 WEC cites Miller’s declaration that on December 14, 2016, WEC conducted an
26 online interactive team meeting with a prospective client using a document that bore the
27 Power of When mark. *See* Doc. 82-1 at 2. Miller avers that IOW – which he solely owns
28 – rendered personal growth and motivation consulting services for fees from 2013 through

1 2017, that he rendered free services in 2014 and 2015, that WHEN Advisors were trained
2 in Fall 2016, and that WEC used the marks in actual sales after its launch. *Id.* at 2-3.
3 WEC's training schedule from September 2016 repeatedly includes the WHEN mark, and
4 the 2016 Training Manual includes Find Your When. *See* Doc. 82-6. WEC's other cited
5 evidence, which appears to include internal documents and promotional materials, contains
6 references to the other registered marks, including WHENness, WHEN Advisor, WHEN
7 Way of Life, WHEN is Now, MyWHEN, and FYW. *See* Doc. 69-1 at 8, 16, 19, 24, 46.

8 The Ninth Circuit's test specifically instructs the Court to consider pre-sales
9 activities in determining whether a trademark owner uses its marks in connection with
10 services rendered in commerce. *Chance*, 242 F.3d at 1159; *see Rearden*, 683 F.3d
11 at 1204-06. If the totality-of-the-circumstances test is applied, Defendants do not dispute
12 that WEC's pre-launch activities create issues of fact about whether WEC's activities
13 distinguished the marked services and were a commercially reasonable attempt to market
14 their services. Doc. 92 at 11.

15 WEC contends it is entitled to summary judgment based on this evidence, but the
16 totality-of-the-circumstances test is highly fact-intensive. *See Rearden*, 683 F.3d at 1208.
17 Viewing the evidence in Defendants' favor for purposes of WEC's motion, the Court
18 concludes that a jury reasonably could find that the nature and extent of WEC's pre-launch
19 activities were insufficient to identify its marks and services to an appropriate segment of
20 the public and were not a commercially reasonable attempt to market their services.
21 *Chance*, 242 F.3d at 1159; *Rearden*, 683 F.3d at 1204-06.

22 The Court will deny both motions as to Defendants' counterclaims. *See Anderson*,
23 477 U.S. at 248.

24 **IT IS ORDERED:**

- 25 1. Defendants' motion for summary judgment on Plaintiffs' claims (Doc. 76) is
26 **granted**.
- 27 2. Defendants' motion for summary judgment on its counterclaims (Doc. 79),
28 and Plaintiffs' cross-motion (Doc. 81), are **denied**.

