IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

APPLE, INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 1:21cv1003 (TSE/JFA)
	)	
GANG CAO,	)	
	)	
Defendant.	)	
	)	

PROPOSED FINDINGS OF FACT AND RECOMMENDATIONS

This matter is before the court on plaintiff's motion for default judgment pursuant to Federal Rule of Civil Procedure ("FRCP") 55(b)(2). (Docket no. 20). In this action, plaintiff Apple, Inc. ("plaintiff" or "Apple") seeks entry of default judgment against defendant Gang Cao ("defendant" or "Cao"). Pursuant to 28 U.S.C. § 636(b)(1)(C), the undersigned magistrate judge is filing with the court his proposed findings of fact and recommendations, a copy of which will be provided to all interested parties.

Procedural Background

On August 30, 2021, plaintiff brought this action seeking (1) *de novo* review of a decision by the Trademark Trial and Appeal Board ("TTAB") pursuant to 15 U.S.C. § 1071(b)(1), (2) reversal and vacatur of the TTAB's decision sustaining defendant's opposition to plaintiff's application for federal trademark registration, and (3) a declaratory judgment that plaintiff's trademark is valid and enforceable. (Docket no. 1). On September 3, 2021, plaintiff filed a motion for an order directing service upon defendant—a resident of Canada—by registered international mail pursuant to 15 U.S.C. § 1071(b)(4) or, alternatively, service by registered mail on defendant's U.S. counsel in the TTAB opposition proceeding. (Docket no.

12). The court granted plaintiff's motion on September 8, 2021 and directed plaintiff to serve defendant by mailing a copy of the summons and complaint by registered international mail with return receipt to defendant's last known address. (Docket no. 15). On October 12, 2021, plaintiff filed an affidavit certifying compliance with the court's September 8, 2021 order and confirming that defendant indicated by email to plaintiff's counsel that he received a copy of the complaint, summons, notice, and order directing service by registered mail. (Docket no. 16).

On December 6, 2021, the District Judge entered an order directing plaintiff to seek an entry of default from the Clerk of the Court pursuant to Federal Rule of Civil Procedure 55(a) and to file thereafter a motion for default judgment and a notice of hearing for January 14, 2022 at 10:00 a.m. (Docket no. 17). On December 7, 2021, plaintiff filed a request for entry of default as to defendant, (Docket no. 18), and default was entered on December 8, 2021, (Docket no. 19). On December 18, 2021, plaintiff filed a motion for default judgment, a memorandum in support, and a notice of hearing for January 14, 2022.[1] (Docket nos. 20, 21, 22). At the hearing on January 14, 2022, counsel for plaintiff appeared, but nobody appeared on behalf of defendant.

Factual Background

The following facts are established in the complaint. (Docket no. 1) ("Compl."). Plaintiff is a California corporation with its principal place of business in California. (Compl. ¶ 11). Plaintiff designs, manufactures, and markets smartphones, personal computers, tablets,

[1] Plaintiff did not serve defendant with a notice pursuant to *Roseboro v. Garrison*, 528 F.2d 309 (4th Cir. 1975) and Local Civ. R. 7(K). Plaintiff's position is that a *Roseboro* notice was not warranted because the rule applies to a defendant who has appeared personally *pro se*, and defendant never appeared or pleaded in response to the complaint, personally or by a representative. The undersigned notes that defendant had twenty-seven (27) days to respond to plaintiff's motion for default judgment before the hearing and that he will have fourteen (14) days to file a response to this report and recommendation. For these reasons, any failure to comply with Local Civ. R. 7(K) was harmless.

and related accessories, software, and services. (Compl. ¶ 17). On September 9, 2015, plaintiff announced a new feature for its iPhone product line, which it named "Live Photos." (Compl. ¶ 18). The Live Photos feature allows users to record a still image alongside a snippet of video for one and a half seconds before and after the photo is taken and combines them into a hybrid medium. (Compl. ¶ 18). Users can press down on the image, which is then transformed from a still photo into a short moving image with sound. (Compl. ¶ 18). After plaintiff announced the Live Photos feature at an Apple Special Event in San Francisco, several national media sources ran stories that highlighted it, and searches for "live photos" on Google increased significantly. (Compl. ¶¶ 19, 20, 21). The Live Photos feature has been included in iPhone and iPad devices and Mac computers, and plaintiff has promoted it in television commercials, print ads, and on plaintiff's website. (Compl. ¶¶ 22–27). National media sources have continued to report on plaintiff's Live Photos feature since its launch in 2015. (Compl. ¶ 28).

Defendant is an individual residing in West Vancouver, British Columbia, Canada. (Compl. ¶ 12). Defendant has never offered any products or services using the phrase "live photos" or filed an application for trademark registration of "live photos," and defendant does not offer a product similar to plaintiff's Live Photos software. (Compl. ¶ 30). As of September 2015, defendant was the registrant of two domain names containing the phrase "live photos"—livephoto.com and livephoto.ca. (Compl. ¶ 31). Defendant registered these domain names in 2011, but they were listed for sale until plaintiff's announcement of the Live Photos feature in 2015. (Compl. ¶¶ 31, 32). Following plaintiff's Live Photos announcement, defendant registered sixteen (16) other domains that included the phrase "live photos," but he did not use any of the domains to promote or sell any products. (Compl. ¶ 32). Defendant used the livephoto.com and livephoto.ca domains to host static images until December 2017, at which

point he deactivated both websites, and both websites remained inactive as of the proceedings before the TTAB.[2] (Compl. ¶ 32).

In January 2016, plaintiff filed a trademark application with the United States Patent and Trademark Office ("USPTO" or "PTO") to register the mark "LIVE PHOTOS" for "[c]omputer software for recording and displaying images, video and sound." (Compl. ¶ 1). The assigned USPTO examiner determined that the LIVE PHOTOS mark was suggestive and approved plaintiff's application for publication without requiring proof of secondary meaning. (Compl. ¶ 49). On January 17, 2018, defendant filed an opposition with the TTAB against plaintiff's LIVE PHOTOS trademark application, alleging that the proposed mark was generic and/or descriptive and that defendant would be damaged by its registration. (Compl. ¶ 34). The parties filed briefing and participated in an oral hearing before the TTAB on June 17, 2021. (Compl. ¶ 35). On June 28, 2021, the TTAB sustained defendant's opposition to plaintiff's trademark application. (Compl. ¶ 36). The TTAB found that defendant had standing to oppose plaintiff's application and that the term "LIVE PHOTOS" is generic, descriptive, and had not acquired distinctiveness. (Compl. ¶¶ 36, 37). On August 30, 2021, plaintiff filed a complaint seeking judicial review of the TTAB decision and a declaratory judgment that the LIVE PHOTOS mark is valid and enforceable. (Compl. ¶¶ 43–57).

Proposed Findings and Recommendations

FRCP 55 provides for the entry of a default judgment when "a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend." A defendant in default admits the factual allegations in the complaint. *See* FRCP 8(b)(6) ("An allegation—other

[2] Following the TTAB decision on June 28, 2021, defendant modified the domains with an "Under Construction" placeholder. (Compl. ¶ 33).

than one relating to the amount of damages—is admitted if a responsive pleading is required and the allegation is not denied."); *see also GlobalSantaFe Corp. v. Globalsantafe.com*, 250 F. Supp. 2d 610, 612 n.3 (E.D. Va. 2003) ("Upon default, facts alleged in the complaint are deemed admitted and the appropriate inquiry is whether the facts as alleged state a claim."). FRCP 55(b)(2) provides that a court may conduct a hearing to determine the amount of damages, establish the truth of any allegation by evidence, or investigate any other matter when necessary to enter or effectuate judgment.

Jurisdiction and Venue

A court must have both subject matter jurisdiction and personal jurisdiction over a defaulting party before it can render a default judgment. This court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a) because this matter involves a federal question arising under the Lanham Act. This court also has subject matter jurisdiction over this claim as an appeal from a TTAB decision under 15 U.S.C. § 1071(b).

This court has personal jurisdiction over defendant under 15 U.S.C. § 1071(b)(4). A civil suit challenging a decision of the TTAB may be instituted against an adverse party as shown by the USPTO records at the time of the decision complained of. *Id.* This court has jurisdiction over adverse parties residing in foreign countries in a § 1071(b)(1) action. 15 § 1071(b)(4). Personal jurisdiction is therefore proper because the complaint alleges that defendant—an adverse party in the underlying TTAB action—resides in Canada. (Compl. ¶¶ 12, 34). Venue is proper pursuant to 28 U.S.C. § 1391(b)(3), (c)(3) because defendant is a resident of a foreign country and is subject to this court's personal jurisdiction.

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