Via Overnight Courier and Electronic Mail
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January 7, 2021

Kevin T. Duncan, Esq.
Duncan Galloway Greenwald PLLC
9625 Ormsby Station Road
Louisville, KY 40223
United States

RE: Carroll Media's Infringement of State Farm's Intellectual Property
OUR FILE: State Farm / Carroll Media

Dear Mr. Duncan:

As you know, we represent State Farm Mutual Automobile Insurance Company ("State Farm") in certain of its intellectual property matters. We write in response to your letter dated November 3, 2021, and your client, Carroll Media's, infringement of State Farm's intellectual property (IP) rights.

As a threshold matter, State Farm has no objection to your client soliciting State Farm agents, and respects Carroll Media's right to compete fairly in the marketplace. State Farm's objection is centered on your client's unauthorized and unfair use of our client's famous trademarks and to suggest a non-existent affiliation and to get a leg up on its competition (which respects State Farm's intellectual property rights). Refraining from using State Farm's IP does not foreclose Carroll Media's ability to solicit State Farm's agents, and importantly, means State Farm will not be averse to Carroll Media.

Regarding allegations raised in your letter, the assertion that "Carroll Media offers digital media marketing services while State Farm sells insurance" to indicate different trade channels does not resolve the matter, legally or otherwise. The current issue has nothing to do with whether insurance carriers and graphics companies operate in the same industry, and such a statement represents a limited understanding of 15 U.S.C. § 1125(a). For your awareness, State Farm has its own marketing and advertising department responsible for digital media marketing and other services.

Putting aside the fact that the State Farm trademark, its red color and logo treatment are famous within the meaning of 15 U.S.C. § 1125(c) (and your client's conduct also represents dilution and blurring, and thus, State Farm is not required to establish confusion), longstanding court holdings and The Lanham Act clearly prohibit trademark use, "which is likely. . . ***to deceive as to the affiliation, connection, or association*** of such person with another person, *or as to the origin,* ***sponsorship, or approval of his or her goods, services, or commercial activities by another person***." 15 U.S.C. § 1125(a) (emphasis added). Carroll Media's unauthorized and infringing use of State Farm's protected brand and trade dress in its solicitation emails to State Farm agents is exactly the kind of the behavior the Lanham Act was intended to prevent. In short, your client's unauthorized use of our client's marks is clearly intended to suggest an affiliation with State Farm and create the false impression that Carroll Media's services are sponsored by, or approved by, State Farm when neither is true.

A proper and full review of the very case law you cite makes evident you have overlooked the foregoing. *Interactive Prod. Corp. v. a2z Mobile Off. Sols., Inc.,* 326 F.3d 687, 694 (6th Cir. 2003) notes that courts determine whether a likelihood of confusion exists by examining and weighing eight different factors, which include the strength of the senior mark, the similarity of the marks, the marketing channels used, the intent of the defendant in selecting the mark and the likelihood of expansion of product lines. Here, putting aside famous issues, an analysis of each factor sides heavily in favor of a likelihood of confusion; that is, Carroll Media is intentionally making use of the exact State Farm logo mark, a strong, famous mark, through the same marketing channels State Farms uses, for advertising services that are well within the likelihood of expansion of State Farm's services.

As clearly stated by the court in *Interactive Products*, and independent of other factors, "[t]he ultimate question remains whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way." *Id*. at 695. It is, in fact, basic black letter law that the intended consumer targets need not believe that the owner of a trademark actually produced the item and placed it on the market or rendered the service in order for confusion to occur. *See Carson v. Here's Johnny Portable Toilets, Inc.,* 698 F.2d 831, 834 (6th Cir. 1983) ("The general concept underlying the likelihood of confusion is that the public believe that "the mark's owner sponsored or otherwise approved the use of the trademark."); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd*., 604 F.2d 200, 204 (2d Cir. 1979) ("In order to be confused, a consumer need not believe that the owner of the mark actually produced the item and placed it on the market."). Carroll Media cannot, therefore, escape liability by claiming consumers will know that its services do not originate directly from State Farm. Such circuitous reasoning is tantamount to suggesting that Clorox is free to use the Gucci stripe on its bleach bottles since Clorox is not in the clothing industry.

Put simply, neither the facts nor the law is on your client's side. All that is required to establish confusion – even when fame is not present – is that consumers are likely to believe that State Farm has sponsored, authorized or has in some way approved of Carroll Media's services. Moreover, confusion of this sort has already happened.

Your assertion that because Carroll Media's infringing use of the State Farm mark occurs "solely in connection with communications prepared for authorized State Farm agents" is similarly

inapposite to law. While it may be the case that the agents have developed a particularized field of knowledge and expertise as it relates to entities who offer insurance, such expertise does not translate to who is supplying their advertising. As a result, it is reasonable for the agents to assume, as they have, that State Farm has authorized your client's solicitation. Of course, as case law makes evident, "even sophisticated purchasers can be confused." *In re Shell Oil Co.*, 992 F.2d 1204, 1208 (Fed. Cir. 1993). Additionally, and most importantly, please be advised that under agreement with State Farm, agents are not authorized to create or use their own advertising that references or uses State Farm's name or trademarks, nor are they allowed to retain vendors to create such advertising. Instead, agents can only use advertising that references or uses State Farm's name or trademarks that is provided by State Farm. This allows State Farm to properly police its trademarks as required by law.

Carroll Media's offer to include a disclaimer that its unauthorized use of the State Farm logo is not intended to suggest sponsorship or affiliation, does nothing more than dilute and weaken State Farm's rights, and does nothing to avoid confusion. *See CFE Racing Products, Inc. v. BMF Wheels, Inc.*, 793 F.3d 571, 595 (6th Cir. 2015) (holding use of a disclaimer not an effective remedy in eliminating the risk of confusion.); *Audi AG v. D'Amato*, 469 F.3d 534 (6th Cir. 2006). Given the high likelihood of and actual confusion with Carroll Media's use of the State Farm logo, the use of a disclaimer would be far from sufficient. Further, the offer for a disclaimer is, in itself, an acknowledgement by Carroll Media of actual or at least potential likelihood of confusion.

Carroll Media's unauthorized use of the State Farm logo and trade dress in its emails soliciting its advertising business is not protected under any fair use doctrine, including without limitation, nominative fair use. There is a myriad of relevant case law on this matter, but *PACCAR Inc. v. TeleScan Techs., L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) is instructive in showing courts consistently hold that use of logos/trade dress is not reasonably necessary and therefore cannot support a defense of nominative fair use. The Sixth Circuit's holding in *PACCAR* is in accord with holdings from courts throughout the nation. *See New Kids on the Block v. New America Pub.*, 971 F.2d 302, 308 n.7 (9th Cir. 1992) ("[A] soft drink competitor would be entitled to compare its product to Coca-Cola or Coke, but would not be entitled to use Coca-Cola's distinctive lettering."); *see, also, Toyota Motor Sales, U.S.A., Inc. v. Tabari,* 610 F.3d 1171, 1181 (9th Cir. 2010) (noting that "use of the stylized Lexus mark and "Lexus L" logo was more use of the mark than necessary and suggested sponsorship or endorsement by Toyota").

Notwithstanding the foregoing, our client always prefers to resolve matters amicably, and hopes Carroll Media wishes to do the same. While State Farm does not hesitate to protect its rights, State Farm shall consider this matter closed if Carroll Media will agree to cease using State Farm's valuable IP without authorization from State Farm. To reiterate, State Farm does not quarrel with your client's right to solicit and/or sell its products and services to its agents, but your client cannot use State Farm's name or trademarks – only State Farm and not its agents can grant such permission. Please confirm to us by no later than January 14, 2022 whether Carroll Media intends to comply.

This letter is written without prejudice to any rights or remedies available to State Farm, all of which are herein expressly reserved.

Very Truly Yours,

/s/ Tsan Abrahamson

Tsan Abrahamson