

**No. 21-15561**

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**IN THE UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT**

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**CHEMEON SURFACE TECHNOLOGY, LLC; DEAN MEILING; AND  
MADYLON MEILING**  
Plaintiff - Counter Defendants - Appellants

v.

**METALAST INTERNATIONAL, INC. AND DAVID SEMAS**  
Defendants - Counterclaimants - Appellees

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**APPELLEES' ANSWERING BRIEF**

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Michael D. Hoy (NV 2723, CA 133244)  
HOY CHRISSINGER VALLAS, PC  
50 West Liberty Street, Suite 840  
Reno, Nevada 89501  
(775) 786-8000  
*Attorney for Appellees*

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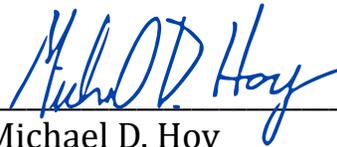
*Attorney for Appellees*

**CORPORATE DISCLOSURE STATEMENT  
(FRAP 26.1)**

Metalast International, Inc., a Nevada corporation, is wholly owned by an individual, not a parent corporation. No publicly-owned corporation owns ten percent or more of its stock.

Dated October 28, 2021.

HOY CHRISSINGER VALLAS, PC



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Michael D. Hoy  
Attorneys for Metalast International,  
Inc.

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## INTRODUCTION

In 2014, Chemeon Surface Technology, LLC ("Chemeon") sued David M. Semas ("Semas") and Metalast International, Inc. claiming that Chemeon owned or should have owned the "Metalast" trademarks. That litigation ended with a January 27, 2015 Settlement Agreement in which Chemeon: [a] agreed that Semas owned the disputed trademarks; and [b] promised that, starting 90 days after judicial confirmation of the Settlement, Chemeon would no longer use "Metalast" "in any fashion or manner whatsoever." After judicial confirmation of the Settlement, Chemeon ignored its covenant, began calling itself "formerly Metalast" on all company letterhead, business cards, invoices and other commercial documents, and began referring to all of its products as "formerly Metalast" in product labels, advertising, technical databases, and safety data sheets. Chemeon commenced this suit six days before the end of the 90-day period for the permitted use of "Metalast."

The District Court entered defense summary judgment on many claims against Semas and his companies for two principal reasons: Chemeon's claims were either barred by the Settlement's release provisions, or Chemeon could not meet its burden of production on the claims. In pretrial practice and the bench trial, Chemeon lost nearly every contested claim. Yet the litigation still

achieved Chemeon's probable goal: to stretch the 90-day grace period to utilize the Metalast brand into more than five years of using the Metalast brand with impunity.

The Opening Brief provides no sense of the breadth of this litigation, or the ruthless manner in which Chemeon used this litigation to bludgeon Semas into submission. For example, even though Chemeon agreed in Settlement that Semas owned the Metalast mark, and released all claims based upon pre-release conduct, Chemeon spent a great deal of this case arguing that the Metalast marks are void and should be cancelled because of Semas's alleged pre-settlement conduct. Chemeon turned this illogical argument into legal scaffolding to make false assertions in the public record followed by press releases that had no business purpose, but maligned Semas personally and misrepresented the District Court's rulings. 2-SER-481-482 (EX 516<sup>1</sup>); 2-SER-485-492 (EX 519-522); 2-SER-516-519 (EX 535, 537).

Chemeon even tried to pressure David Semas by suing his adult children, Greg and Wendi, who worked in the business. Ultimately, the District Court entered defense summary judgment on all claims against Greg and Wendi because Chemeon could muster no evidence to meet its burden of

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<sup>1</sup> "EX" means trial exhibit.

production. Chemeon does not appeal its complete loss to Greg and Wendi Semas, but nevertheless successfully implemented its intimidation strategy, caused real harm to the Semas family, and wasted valuable judicial resources in the process.

The Opening Brief is full of unsupported assertions of fraud and other misconduct. For example, on page 12 Chemeon asserts that Semas filed an application to renew the Metalast word mark under one registration "with the false claim that Semas's use of the mark was ongoing." The brief cites EX 245 (10-ER-2474-2481), which does not establish any false statement. The brief cites 287 (10-ER-2497-2496), which is Chemeon's Petition for Cancellation filed with the USPTO. This merely shows that Chemeon *alleged* fraud, but is not *evidence* of fraud. Further, a trademark owner is not required to show that he was using the mark, only that it was being used with his permission. The Settlement effectively licensed Chemeon's use of the Metalast mark prior to the Settlement, and for an additional 90 days thereafter.

Chemeon also claims that Semas "fraudulently copied" a product label "from Chemeon's database and submitted those marks to the USPTO." Chemeon does not mention the District Court's findings that Chemetall USA and QualiChem, Inc. each created their own shipping labels for Metalast TCP-

HF (1-ER-0018, at ¶¶ 76-77) and does not disclose that Semas obtained the shipping label from Qualichem, not from Chemeon's database. 3-SER-684 (EX 611).

Chemeon complains that Semas threatened to compete with Chemeon by licensing his marks, including Metalast TCP-HF and Metalast AA-200. The District Court found:

Following the Settlement, Semas expected that he would be able to monetize the Metalast brand name. Semas's expectation was reasonable under the circumstances. Dean [Meiling] also testified that Semas could open whatever business he wanted and use the word "Metalast" in that context and monetize its value if he acquired the business.

1-ER-0014, at ¶ 51. Chemeon does not assert that this finding is erroneous.

For the duration of its campaign to smear Semas, Chemeon has repeatedly made arguments that lack legal logic, persistently attempted to relitigate issues already decided, and made the litigation unwieldy and expensive. The Opening Brief is no different: it implicitly suggests that this Court's mission is to review David Semas's character rather than the District Court's factual findings, legal conclusions, and exercise of judicial discretion.

## ISSUES PRESENTED

### A. Enforcement of the Settlement Agreement.

1. Did the District Court correctly interpret and enforce Chemeon's plainly-worded covenant not to use "Metalast" "in any fashion or manner whatsoever" in commerce?
2. Did the District Court correctly reject Chemeon's attempt to conflate trademark and contract law by creating a new legal rule that Chemeon is privileged to use the "Metalast" brand so long as Semas is unable to prove that the breach of contract is also a trademark infringement?
3. Did the District Court correctly reject Chemeon's claim that OSHA regulations require that Chemeon refer to its products as "formerly Metalast" on safety data sheets, and that Chemeon is therefore free to use the "Metalast" name without any license from the trademark owner?

B. Pre-settlement conduct. Did the District Court correctly exclude Chemeon's offer to prove pre-settlement conduct in support of Chemeon's claims to attack the validity of the Metalast marks?

C. Recognition and enforcement of "TCP-HF" and "AA-200" product marks.

1. Where the product marks TCP-HF and AA-200 always followed the METALAST house mark, as "Metalast TCP-HF" or "Metalast AA-200," did the District Court correctly hold that Chemeon has no right, by permanent injunction, to bar the owner of the Metalast house mark from using the product marks as they had traditionally been used, "Metalast TCP-HF" and "Metalast AA-200?"

2. Where Chemeon failed to offer any evidence that consumers associate the product marks, standing apart from the METALAST house marks, with the origin of the products, did the District Court correctly deny Chemeon's request to enforce the product marks by injunction?

3. Where Chemeon failed to offer any evidence that Semas ever used "TCP-HF" or "AA-200" in commerce, did the District Court abuse discretion by declining to enjoin Semas from using those product marks?

D. Cancellation of the Registration No. 2963106.

1. Where Chemeon offered no evidence of competition between Chemeon and Metalast, did the District Court correctly find that

CHEMEON lacked standing to seek cancellation of the METALAST word mark under Registration No. 2963106?

2. If there is no other claim related to Registration No. 2963106, does the District Court have jurisdiction to consider a claim for cancellation of that registration?

E. "Exceptional Case" fee-shifting.

1. Did the District Court err by limiting the effect of Lanham Act "exceptional case" fee-shifting to claims and defenses arising under the Lanham Act?

2. Where CHEMEON lost every contested trademark issue, and where CHEMEON made no attempt to demonstrate any procedural impropriety in the manner in which SEMAS litigated the trademark issues, did the District Court abuse its discretion by denying CHEMEON Lanham Act "exceptional case" fee-shifting?

## STATEMENT OF THE CASE

In January 2013, Semas licensed the rights to a metal-coating process from a Japanese inventor. 1-ER-0006, at ¶ 1. Semas created the "Metalast" brand and marketed the product under a fictitious firm name called Metalast USA. *Id.*, at ¶ 2. Semas formed Metalast International, Inc. ("MI-INC"), *Id.* at ¶ 3. MI-INC registered the METALAST word marks in 1995. 9-ER-2244-26.

Semas also formed a limited liability called Metalast International, LLC ("MI-LLC"), which was used to raise equity and conduct the chemical coating business. *Id.*, at ¶ 6. At all times, MI-INC was the sole manager of MI-LLC (1-ER-0007, at ¶ 8) and Semas controlled MI-INC. 1-ER-0006, ¶ 4.

MI-INC was always the registered owner of the METALAST trademarks. 1-ER-0007, at ¶¶ 10-13, 15. In 1996, MI-INC entered into a license agreement to allow MI-LLC to use the marks. 1-ER-0007-08, at ¶¶ 9, 14, 16. MI-INC's ownership of the trademarks was disclosed to Chemeon's principal, Dean Meiling. 1-ER-0007, at ¶ 13. Through his entities, Meiling became a secured lender to MI-LLC. 1-ER-0008, at ¶ 20. In April 2013, Meiling's company commenced a state court action to impose a receivership on MI-LLC. 1-ER-0009, at ¶ 24. The State Court appointed a receiver, who excluded Semas from MI-LLC operations. 1-ER-0009, at ¶ 25. Ultimately, the State Court

approved a forced sale of MI-LLC assets to Meiling in partial satisfaction of the secured debt. 1-ER-0026, at ¶ 26.

Meiling knew that the METALAST trademarks were always registered by MI-INC, not MI-LLC, so that the USPTO registrations would not be collateral for the loans, and would not transfer in the sale of MI-LLC assets to Chemeon. 1-ER-0039, lines 4-6. Meiling's legal team therefore made several attempts to hijack ownership of the METALAST trademarks. First, Chemeon fabricated a new exhibit to MI-LLC's security agreement to make it appear that the trademarks were part of the collateral for Meiling's loans to MI-LLC. 3-SER-696 (EX 617). MI-LLC never signed this new Exhibit B. Chemeon nevertheless recorded this faked document with the USPTO. 3-SER-686. After the USPTO rejected the attempt to transfer ownership, Chemeon attempted to register the Metalast trademark anew. 3-SER-697 (EX 618). The USPTO also rejected this application. 3-SER-704 (EX 619). Eventually, Chemeon's new application was deemed abandoned. 3-SER-748 (EX 624).

Semas was MI-LLC's largest equity owner and lender. He also guaranteed much of MI-LLC's debt, and pledged his personal assets to secure his guaranties. Meiling insisted that the assets only partially satisfied MI-LLC's

debt guaranteed by Semas. Meiling pursued Semas for the alleged deficiency, forcing Semas into personal Chapter 11 bankruptcy. 1-ER-0009, at ¶ 28.

In the Semas bankruptcy, Chemeon filed an Adversary Complaint against Semas claiming, among other things, Semas's liability on his personal guaranties and claiming that the Metalast trademarks belonged -- or should have belonged -- to MI-LLC, not MI-INC, and should have been transferred to Chemeon as part of the asset sale. 1-ER-0010, at ¶¶ 29-31. See 1-SER-254-268 (EX 502). Chemeon also filed a Proof of Claim alleging its ownership of the Metalast marks. 1-ER-0010, at ¶ 31. See 2-SER-252 (EX 501). Thus, Chemeon was using the bankruptcy to set up a swap of the loan guaranty for the METALAST trademarks.

The parties (David and Susan Semas, Dean and Madylon Meiling) and their counsel participated in a judicial settlement conference. 1-ER-0010, at ¶¶ 32-35. At the conclusion of the negotiation, the Settlement Judge placed the terms of the Settlement on the record. 9-ER-2358-2375. The Settlement

included a mutual release,<sup>2</sup> confirmation that Semas owns the METALAST marks, a license to allow Chemeon to use the METALAST word mark for 90 days, and a covenant by Chemeon that, after the 90-day period, Chemeon would not use Metalast "in any fashion or manner whatsoever." 1-ER-0011, at ¶ 37.

The Settlement Agreement was subject to approval by the Bankruptcy Court. Semas moved for approval of the agreement. 2-SER-287 (EX 504). The motion "underscored the interpretation of the ban provision by Semas, which was far broader than what the Meilings claimed they understood the ban to be." 1-ER-0011, at ¶ 40. From that point, Chemeon was aware that Semas interpreted the ban to prohibit Chemeon's use of "Metalast" in commerce to market, sell, or advertise products. 1-ER-0012, at ¶ 42. Chemeon initially opposed Semas's motion to approve the agreement, claiming that Dean and Madylon Meiling did not understand the terms, and asked that the Bankruptcy Court reject the contract. 2-SER-303-372 (EXs 505-509). Chemeon's counsel

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<sup>2</sup> 1 ER 0010, at ¶ 38. 2-SER-276. Despite the release, in this case Chemeon sued Semas for pre-release conduct on many theories. Following extensive, expensive discovery and pretrial practice on those claims, the District Court entered a defense summary judgment on those claims. 1-ER-0089-0118. Chemeon has not appealed that ruling directly, but nevertheless appeals the District Court's exclusion of evidence of Semas's pre-release conduct.

even called the Settlement Judge to request reopening the negotiation. 1-ER-0012, at ¶ 45. 2-SER-373-390 (EX 510). The Settlement Judge declined. *Id.* The Bankruptcy Court approved the Settlement Agreement. 2-SER-459 (EX 513) At trial, Chemeon's owners testified that they believed the provision barring the use of "Metalast" only applied to letter head, business signs, and the like. 1-ER-0011, at ¶ 39. In the briefing to the Bankruptcy Court, Chemeon argued that it should be entitled to use "formerly Metalast" to market itself and its products under *Kassbaum v. Steppenwolf Productions, Inc.*, 236 F.3d 487 (9th Cir. 2000)("Steppenwolf"). 1-ER-0012, at ¶ 44. 2-SER-313-315 (EX 505). Semas responded to the *Steppenwolf* argument in briefing to the Bankruptcy Court. 1-ER-0012. 2-SER-399 (EX 511). Chemeon then withdrew its opposition to the motion to approve the Settlement (1-ER-0013, at ¶ 47), and the Settlement was approved. Chemeon never appealed approval of the Settlement.

After the settlement conference, Chemeon recognized that Semas owned the METALAST trademarks, and that Semas was free to use the marks to build a new company, so long as Semas did not exploit trade secrets that belonged to Chemeon. 1-ER-0013, at ¶ 49. Following the Settlement, Semas reasonably attempted to sell, license, or otherwise monetize the Metalast brand. 1-

ER-0014, at ¶¶ 50-51. Chemeon never attempted to rescind the Settlement (*Id.*, at ¶ 52) and Semas fully performed the Settlement. *Id.*, at ¶ 54.

Before the Bankruptcy Court approved the Settlement, Chemeon knew that industry specifications from defense contractors and aerospace companies called for "Metalast TCP-HF" products (1-ER-0018, at ¶ 82) and that losing the right to identify its products as "Metalast" would be detrimental to its business. *Id.* at ¶ 83. Chemeon simply ignored the Settlement, and marketed its products as "formerly Metalast" in advertising, labeling, sales documents, technical data sheets, etc. 1-ER-0015, at ¶ 57. Chemeon even told its customers that Chemeon was previously known as "Metalast International, LLC," which was not true. *Id.*, at ¶ 56. Chemeon's principal knew the statement was not true, and acknowledged that Chemeon purchase MI-LLC's assets, but not its equity. *Id.* Chemeon offered no trial evidence that it ever stopped referring to its products as "formerly Metalast," or that it had any plans to stop using that reference in the future. *Id.*, at ¶ 62.

Following extensive pretrial motion practice, Chemeon's remaining claims were: [1] whether Chemeon was entitled to "exceptional case" fees under the Lanham Act; [2] common law trademark infringement; and [3] copyright infringement with respect to two works. The District Court entered

defense judgment in favor of Semas on all of these claims. Chemeon did not appeal the District Court's defense judgment on the copyright claims.

At trial, Semas presented three counterclaims to enforce the Settlement: [1] breach of express contract; [2] breach of the covenant of good faith and fair dealing;<sup>3</sup> and [3] specific performance. Chemeon appeals from the District Court's judgment that the Meilings and Chemeon breached the Settlement, and must now perform the Settlement as promised.

## SUMMARY OF ARGUMENTS

Enforcement of the Settlement Agreement as written. Chemeon insists that its promise not to use "Metalast" "in any fashion or manner whatsoever," does not mean what it says, but must be construed to prohibit only uses of "Metalast" which also constitute infringement of the METALAST trademark. Under applicable Nevada law, the Settlement must be enforced according to its plain, unambiguous terms.

*Kassbaum v. Steppenwolf Productions, Inc.*, 236 F.3d 487 (9th Cir. 2000), *cert denied* 534 U.S. 815, 122 S.Ct. 41 (2001) ("*Steppenwolf*") does not alter the construction of the Settlement under Nevada law. *Steppenwolf* is comprised of

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<sup>3</sup> The District Court ruled that Dean and Madylon Meiling, and their company, had not acted in bad faith because they relied upon advice of legal counsel. This is a concept not recognized in applicable Nevada law. Semas has not appealed this ruling.

two separate analyses. In part I(A), *Steppenwolf* applies California law to construe a contract. Specifically, this decision applies Cal.Civ.Code § 1647 ("A contract may be explained by reference to the circumstances under which it was made, and the matter to which it relates."). Section 1647 is contrary to Nevada law, and is inapplicable. The District Court nevertheless applied this principle (incorrectly) to find that the Settlement would only preclude Chemeon's use of "Metalast" in commerce.

In part I(B), *Steppenwolf* analyzes Lanham Act claims. The trademark analysis stands apart from the contract analysis: the trademark has no bearing on contract interpretation. Further, because Semas dismissed his trademark counterclaims, that portion of *Steppenwolf* has no bearing on this case at all.

Chemeon's claim of a privilege to breach the Settlement Agreement based on an OSHA regulatory mandate. Chemeon asserts that its own promise not to use "Metalast" "in any fashion or manner whatsoever" conflicts with an OSHA regulatory mandate requiring that Chemeon identify its products as "formerly Metalast" on safety data sheets. Chemeon never identified any statute, regulation, administrative ruling, judicial precedent or other binding or persuasive interpretation requiring this. The record is bereft

of evidence that OSHA has ever imposed this requirement on any product disclosures. Further, Chemeon refused to list the manufacturers of products that it purchased and resold on any of its safety data sheets. Even if the use of "formerly Metalast" is mandated by the regulation, Chemeon is not automatically entitled to use the trademark for free, yet never requested a license to use "Metalast" in this fashion. Finally, Chemeon's assertion could apply only to disclosures required by the OSHA regulation. This entire argument has no bearing upon Chemeon's use of "formerly Metalast" in advertising, product labels, or for other purposes.

Rejection of Chemeon's claim for a permanent injunction against Semas's use of "TCP-HF" and "AA-200." Over several decades, Semas created the METALAST house mark and TCP-HF and AA-200 product marks. The house mark and product marks were always used together, "Metalast TCP-HF" and "Metalast AA-200." There is no evidence that the product marks, standing apart from the house mark, were ever used to label or market any products, or that the naked product marks ever acquired any trademark significance as stand-alone marks. Furthermore, TCP-HF is descriptive of chemistry licensed under the "Navy TCP" patent: it simply stands for trivalent chromium pretreatment, hexavalent free. Because the two product marks, standing

alone, were not enforceable trademarks, and because Semas never used those marks in commerce, the District Court properly declined to enter an injunction against Semas's hypothetical use of TCP-HF or AA-200

Pretrial adjudication of Chemeon's claim for cancellation of the Metalast marks. In the Settlement, Chemeon agreed that Semas owned the METALAST trademarks, and released Semas from all claims arising from pre-settlement conduct. Chemeon nevertheless sued for cancellation of Registration No. 2963106 for METALAST (but not four other registrations of METALAST). Because Chemeon offered no evidence that METALAST competes with CHEMEON, the District Court correctly ruled that Chemeon lacks standing to seek cancellation of the registration. Further, cancellation is statutory remedy that must be tied to other claims for infringement of a registration -- something missing in this case because, years before trial, Semas dismissed his counterclaims to enforce the registration.

Rejection of Chemeon's quest for "exceptional case" attorney fees.

Normally, a motion for attorney fees under any fee-shifting statute arrives after the substantive claims and defenses are adjudicated. Here, Chemeon demanded "exceptional case" fee-shifting under the Lanham Act from the very first Complaint, and insisted on presenting evidence for its future fees motion

at the trial on the merits, rather than in a separate post-trial hearing. After the litigation dust settled, Chemeon never prevailed on any contested Lanham Act claim, but nevertheless insists that the statute requires fee-shifting for the entire case because Semas allegedly engaged in bad acts before the Settlement released all claims based on those acts. In sum, Chemeon would employ its new universal "exceptional case" doctrine to build a public record smearing Semas with allegations that are both false and irrelevant to the narrow claims that survived the Settlement release, pretrial motion practice, and trial. Based on the applicable statutory language, a decision not to award "exceptional case" fees is always discretionary: Chemeon has not made a case that any court should rewrite the statute to say that a court in an exceptional case shall award fees.

## **ARGUMENTS**

### **I. THE DISTRICT COURT PROPERLY INTERPRETED AND ENFORCED THE SETTLEMENT AGREEMENT**

The District Court made the following legal rulings: [1] the Settlement is a contract, and its construction and enforcement are governed by principals of contract law; [2] Nevada law governs the formation, interpretation, and enforcement of the Settlement; [3] every word used in the contract must be

given effect if at all possible; [4] courts must consider the contract as a whole, and not interpret a contract to make provisions meaningless; [5] an unambiguous contract must be construed based on the words used by the parties, not from extrinsic evidence; and [6] a contract is not ambiguous unless it is reasonably susceptible to more than one interpretation. 1-ER-0024-0025. Legal issues are reviewed de novo. *Nguyen v. Barr*, 983 F.3d 1099, 1101 (9th Cir. 2020). Chemeon takes no issue with these legal principles.

There is no dispute about the terms of the Settlement itself. 9-ER-2358-75. In the most plain and emphatic words possible, the Settlement bans Chemeon from using Metalast "in any fashion or manner whatsoever." Chemeon would have this Court engraft a new condition on this simple language, so that it reads the Chemeon may not use "Metalast" in any way that creates "marketplace confusion." In this manner, Chemeon conflates contract language with trademark infringement principles. To make this point, Chemeon incorrectly relies upon *Kassbaum v. Steppenwolf Productions, Inc.*, 236 F.3d 487 (9th Cir. 2000), *cert denied* 534 U.S. 815, 122 S.Ct. 41 (2001) ("*Steppenwolf*").

**A. THE DISTRICT COURT DID NOT CONSTRUE THE SETTLEMENT AGREEMENT TO IMPOSE A BLANKET BAN ON UTTERING "METALAST," BUT INSTEAD HELD THAT THE PARTIES ONLY INTENDED TO PRECLUDE CHEMEON'S USE OF "METALAST" IN COMMERCE.**

The Opening Brief says that the judgment of specific performance is an overly-broad "injunction" that precludes from Chemeon from uttering "Metalast." This is incorrect. The District Court considered the Settlement language in light of: [1] the litigation that led to the Settlement; and [2] Chemeon's subjective understanding of the Settlement as set forth in briefs and declarations filed in the Bankruptcy Court. As the District Court put it,

Specifically, they [Chemeon's owners] knew that the Settlement precluded Chemeon from using "Metalast" in any fashion or manner whatsoever as it related to use in commerce, such as on its product labels, and/or other in the selling or marketing of its business or products. This knowledge is underscored by the fact that they complained to the settlement judge that the terms were onerous and would prevent Chemeon from selling products that complied with QPL/PPD, Mil-Spec, or industry contractor specifications. Exs. 505, 506, 507, 509, 510. Thus, the Meilings' post-Settlement Conference conduct establishes that they understood that the contract called for an "absolute prohibition" on the use of "Metalast" from the end of the 90-day period after Bankruptcy Court approval of the Settlement when they used the name in commerce, on its product labels, and in other selling marketing of its business and products.

1-ER-0026, lines 1-11. The Opening Brief asserts no error in these findings (which are supported by the testimony and exhibits) or the underlying legal

analysis. Instead, Chemeon asserts that it has a "fair use" defense to this contract interpretation.

**B. THERE IS NO "FAIR USE" DEFENSE OR EXCEPTION TO A CONTRACTUAL LIMITATION ON SPEECH.**

Chemeon continues to cast its contract analysis as a question of "fair use." "Fair use" is not a contract concept. *E.g. Grosso v. Miramax Film Corp.*, 383 F.3d 965, 968 (9th Cir. 2004), *amended* 400 F.3d 658 (9th Cir. 2005).<sup>4</sup>

Chemeon's entire "fair use" argument rests upon *Steppenwolf*. In *Steppenwolf*, John Kay kicked bassist Nicholas Kassbaum out of the famous band. After *Steppenwolf* stopped recording and performing, Kassbaum paid Kay's company for the exclusive rights to use the name "Steppenwolf" until 1981. That license was cut short under a new 1980 contract in which Kassbaum agreed that he owned no rights to use "Steppenwolf." For the next sixteen years,

... Kassbaum referred to his historical association with *Steppenwolf*, describing himself as a "former member of" or "previous member of" *Steppenwolf*. ... Kassbaum also promoted himself as being a "Former Original Member of *Steppenwolf*,"

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<sup>4</sup> In its answer to Semas's counterclaim to enforce the Settlement, Chemeon asserted an affirmative defense that its "use of Metalast constitutes fair use and is protected by the First Amendment of the United States Constitution." 5-ER-1168, at ¶ 2).

"Original Founding Member of Steppenwolf," and "Formerly of Steppenwolf."

236 F.3d at 489-90. Based on the 1980 contract, the district court issued a permanent injunction against Kassbaum's marketing tied to his prior affiliation with Steppenwolf. This Court reversed, pondering whether Kassbaum could truthfully answer a question about his past on a talk show, distributing a resume, describing his past affiliation with Steppenwolf, or using chalk to inscribe "Steppenwolf" on a sidewalk

*Steppenwolf* contains two separate analyses - a contract analysis and a Lanham Act analysis. The contract analysis applies Cal.Civ.Code § 1647, which provides: "A contract may be explained by reference to the circumstances under which it was made, and the matter to which it relates." Chemeon cites no Nevada case for this principle of contract construction. Indeed, the first rule of Nevada contract law is that unambiguous contracts must be enforced as written. In any event, the District Court effectively applied Cal.Civ.Code § 1647, as set forth above.

The second portion of *Steppenwolf* addresses Lanham Act liability. In this section, this Court examined whether Kassbaum's reference to Steppenwolf would create "a likelihood of confusion about the source of the band's music." The Lanham Act analysis is simply not applicable to this appeal

because Semas dismissed his trademark infringement counterclaims years before trial.

Chemeon persists with an argument that, because the *subject matter* of the Settlement is a trademark, Chemeon could be found in breach if it is found infringing on the METALAST trademark. *Steppenwolf* does not support this leap in logic. *Steppenwolf* does not merge contract and trademark law to create a new principle that any contract constraining the use of a brand name is only enforceable to the extent that use would also constitute a trademark infringement.

Chemeon claims that the Settlement is unenforceable *because* the contractual ban on Chemeon's use of "Metalast" is broader than constraints that would be imposed under the Lanham Act if the Settlement had never been formed. Chemeon's argument is backwards. The Lanham Act guards against customer confusion and protects the trademark owner: the act limits the unauthorized use of marks in certain cases, but grants no affirmative right to anybody to use a trademark. Further, nothing in the Act limits the ability to contract to license or restrict the use of a brand name -- even if the brand name enjoys no trademark protection at all.

Chemeon leans heavily on *State of Idaho Potato Commission v. G & T Terminal Packaging*, 425 F.3d 708 (9th Cir. 2005), which is not on point. In *Potato Commission*, this Court noted the difference between certification marks and trademarks. A certification mark is subject to compulsory licensing to all who meet the requirements for certification. *Potato Commission* merely holds that a no-challenge provision in a certification licensing agreement is unenforceable: as a matter of public policy, a licensee should be able to simultaneously maintain the compulsory certification license while challenging the validity of the certification mark. This concept has no bearing on enforceability of the Settlement.

Chemeon also cites *Massillon-Cleveland-Akron Sign Co. v. Golden State Advertising Co.*, 444 F.2d 425 (9th Cir. 1971), which invalidated a settlement covenant not to contest validity of a plaintiff's patent. The Settlement here does not include a no-contest provision. Chemeon simply agreed not to use Metalast "in any fashion or manner whatsoever," without regard to whether any particular use would constitute a trademark infringement.

The Opening Brief argues that allowing Chemeon to market its own products as "formerly Metalast" somehow protects "consumers who have

formed particular associations with a mark." Chemeon cites *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) ("*Sumpton*"), which states:

Two goals of trademark law are reflected in the federal scheme. On the one hand, the law seeks to protect consumers who have formed particular associations with a mark. On the other hand, trademark law seeks to protect the investment in a mark made by the owner.

*Id.* at 873 (citations omitted). Consumers are protected against false designation of origin of products and services symbolized by a mark. Chemeon twists this concept into the opposite: according to Chemeon, consumers who hold Metalast-branded goods in esteem should be able to find the same product from an alternative vendor, such as Chemeon, which is not permitted to utilize the trademark. That is not a goal of federal law. *Sumpton* involved a claim that cybersquatting -- registration of domain names *avery.net* and *dennison.net* -- constituted trademark dilution. This Court ruled that the plaintiff failed to establish the elements of dilution, and ordered a defense judgment. Nothing in *Sumpton* hints that the Settlement violates public policy, and is therefore unenforceable.

**C. THE DISTRICT COURT DID NOT OVERRULE THE LAW OF THE CASE.**

District Judge Du presided over much of this case. By consent, the case was assigned to Magistrate Judge Baldwin for many pretrial proceedings and

the bench trial. Chemeon claims that Judge Baldwin overruled Judge Du's earlier rulings, violating the "law of the case," and depriving Chemeon of procedural due process.

Under the "law of the case" doctrine, an appellate decision on a legal issue must be followed in subsequent proceedings in the same case. *Etemadid v. Garland*, 12 F.4th 1013, 1020 (9th Cir. 2021). Furthermore, the doctrine is a "guide to discretion," not a "doctrine of inescapable application." *Id.* "We review for abuse of discretion a district judge's decision to reconsider an interlocutory order by another judge of the same court." *Delta Savings Bank v. U.S.*, 265 F.3d 1017, 1027 (9th Cir. 2001)(*quoting Amarel v. Connell*, 102 F.3d 1494, 1515 (9th Cir. 1997)).

Here, Judge Du never made a ruling that Chemeon's use of "Metalast" was a "fair use" under Chemeon's distorted interpretation of *Steppenwolf*. Judge Du denied Semas's motion for partial summary judgment, which argued that every Chemeon's every utterance of "Metalast" was a breach of the Settlement. Judge Du never held or insinuated that Chemeon would be permitted to market its company or products as "formerly Metalast."

After trial, Judge Baldwin succinctly summarized and gave effect to Judge Du's prior ruling:

In ruling on [Semas's] partial motion for summary [judgment] on the counterclaim for breach of contract, Judge Du expressly held that, despite the language in the Settlement Agreement, pursuant to *Steppenwolf*, there could not be an absolute ban on the use of the word "Metalast" in any context whatsoever. (ECF No. 233). Rather, Judge Du determined that an issue of fact existed as to whether the way Chemeon and the Meilings used "formerly Metalast" after the 90-day transition period would fit within the terms of the Settlement Agreement. (*See Id.*). Thus, the court must determine whether the use of the word "Metalast" fit within the terms of the Settlement Agreement.

1-ER-0025, lines 4-11. Judge Baldwin gave effect to both Judge Du's comments and *Steppenwolf*:

Thus, Chemeon is free to write the word "Metalast" in chalk on a sidewalk or inform investors or lenders that it acquired certain assets from MI-LLC. But Chemeon's use was not merely writing words in chalk on a sidewalk -- Chemeon's use far exceeded an accurate historical context. Chemeon utilized the term "Metalast" or "formerly Metalast" in commerce when it appeared on or in press releases, advertisements, business communications such as letters and emails, and commercial forms such as shipping labels, technical data sheets, and safety data sheets. Chemeon's reference to itself as "formerly Metalast" would lead reasonable people to think Chemeon was the company formerly know as Metalast, which is clearly an impermissible use of the name and in contradiction to *Steppenwolf*.

1-ER-0028, lines 1-10. Thus, Judge Baldwin did not countermand an earlier interlocutory order by Judge Du.

**D. THE DISTRICT COURT DID NOT DEPRIVE CHEMEON ANY PROCEDURAL DUE PROCESS**

Chemeon complains,

Despite specifically representing that "she would not revisit or overrule prior orders in this case," Magistrate Judge Baldwin did exactly that by revisiting and overruling the basis for the previous grant of summary judgment on Defendants' **trademark infringement claim**.

Opening Brief, p. 23 (emphasis added). In fact, Defendant never moved for summary judgment on his trademark infringement counterclaim. Defendant dismissed his counterclaims for trademark infringement in September 2016, long before the November 2020 trial. 1-ER-0021, lines 17-20. As discussed above, Judge Du found that genuine issues of material fact precluded summary judgment on Semas's contract claims, not an infringement claim.

The Opening Brief further insists that Chemeon proceeded to trial "on the basis that customer confusion was the key inquiry and under the assumption that there was not an absolute ban on accurate, historical references." Opening Brief, p. 23. If Chemeon's counsel subjectively believed that contract and trademark law merged for this case, that belief is not reflected in the law or Judge Du's orders. There was no surprise, and no deprivation of procedural due process.

**E. CHEMEON'S AFFIRMATIVE DEFENSES TO A DISMISSED COUNTERCLAIM FOR TRADEMARK INFRINGEMENT HAVE NO BEARING ON THE INTERPRETATION OR ENFORCEMENT OF THE SETTLEMENT AGREEMENT**

Semas's original counterclaim against Chemeon included several counts for trademark infringement. 5-ER-1172-1204. Years before trial, those trademark claims were dismissed by stipulation. 5-ER-0999. The Opening Brief argues that fraudulent procurement of the Metalast marks is an affirmative defense to the counterclaim for trademark infringement.<sup>5</sup> Chemeon further claims that Semas's "manipulating intellectual property to harm Chemeon rather than build a new company constitutes unclean hands that should have warranted the denial of his claims."<sup>6</sup> The Opening Brief is unclear, however, how any of this relates to enforceability of the Settlement. The District Court thoroughly analyzed Chemeon's unclean hands defense. 1-ER-0036-39. Indeed, Judge Baldwin relied heavily on Judge Du's prior ruling in *Chemeon Surface Technology, LLC v. Metalast International, Inc.*, 312 F.Supp.3d 944 (D.Nev. 2018), which denied Chemeon's motion for summary judgment

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<sup>5</sup> Opening Brief, part 1(B)(4), p. 32.

<sup>6</sup> Opening Brief, part 1(B)(3), p. 31.

based on an unclean hands defense. Chemeon's brief does not allege any specific error with the District Court's findings or conclusions.<sup>7</sup>

To make any of this relevant to the trial issues, Chemeon would need to show fraudulent inducement of the Settlement. Chemeon never claimed that the Settlement was procured by fraud, and never sought rescission of the Settlement on any ground. 1-ER-0014, at ¶ 52. Further, Chemeon objected to the Settlement, then withdrew the objection. 1-ER-0012 to -0014, at ¶¶ 43-51.

**F. OSHA REGULATIONS DO NOT REQUIRE THAT CHEMEON REFERENCE ITS PRODUCTS AS "FORMERLY METALAST"**

Following the Settlement Agreement, Chemeon advertised, labeled, and referenced its products as "formerly Metalast." Chemeon also referenced its products as "formerly Metalast" on safety data sheets. Chemeon insists that 29 CFR § 1910.1200 requires this designation on safety data sheets. There are several important problems with the argument. Chemeon has not identified any regulatory language that mandates the "formerly Metalast" moniker.

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<sup>7</sup> Chemeon's claim that the MI-INC's ownership of the METALAST marks was hidden. Chemeon did not challenge the finding that the trademarks were always registered in the name of MI-INC, not MI-LLC. 1-ER-0007, ¶ 10. Furthermore, the Settlement finally resolved Chemeon's theory that MI-LLC *should have* owned the registrations, and *should have* conveyed ownership to Chemeon.

Chemeon relies entirely on a document called "OSHA Brief," which Chemeon never offered as evidence. Chemeon never attempted to demonstrate that the OSHA Brief has any legal effect. Further, the District Court found that, even if the OSHA Brief was a legal mandate, Chemeon did not show that the OSHA Brief compelled the addition of "formerly Metalast" on safety data sheets. Finally, Chemeon does not explain how the imagined regulatory mandate to include "formerly Metalast" on safety data sheets somehow sanctions Chemeon's use of "formerly Metalast" on advertising, product labels, and sales documents.

**1. THE OSHA REGULATION DOES NOT REQUIRE "FORMERLY METALAST" ON SAFETY DATA SHEETS**

The District Court carefully parsed 29 CFR 1910.1200, including Appendix D, which specifies how each SDS must identify the substance. The District Court held that nothing in the regulation's text mandated "formerly Metalast" as part of the product identification. 1-ER-0026, lines 8-10. Chemeon indirectly cites<sup>8</sup> 29 CFR 1910.1200(g)(5) and Appendix D. Appendix D simply provides that the "identification" of the production must include: (a)

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<sup>8</sup> At page 26, the Opening Brief cites a pretrial brief, which cites 29 CFR 1910-1200(g)(5), and references Appendix D.

product identifier used on the label; (b) other means of identification; (c) recommended use and restrictions on use; (d) the name, address and telephone number of the manufacturer, importer, or other responsible party; and (e) emergency phone number. Chemeon does not explain how any of the text of the regulation or Appendix D mandates its use of "formerly Metalast" to identify its products. Further, the District Court noted that Chemeon did not cite any judicial or regulatory ruling mandating that Chemeon call itself or its products "formerly Metalast." *Id.*, lines 11-15. Chemeon does not dispute that conclusion. Instead, Chemeon's argument rests solely on an "OSHA Brief."

## **2. THE "OSHA BRIEF" IS NOT A LEGAL AUTHORITY ENTITLED TO ANY JUDICIAL DEFERENCE**

Chemeon argues:

In interpreting its own regulation, OSHA has further explained that a product identifier must include "any other common names or synonyms by which the substance is known." 4-ER-774; 4-ER-780.

Opening Brief at 26. This citation is problematic for several reasons. First, Chemeon is not citing the trial record. Chemeon cites a brief it filed 14 months before trial. Chemeon never offered the OSHA Brief as a trial exhibit and never offered any foundation that the document has any legal effect. 1-ER-0029, lines 15-26.

Chemeon argues that the OSHA Brief is an official interpretation of an agency's own regulation, and is therefore entitled to judicial deference. In support, Chemeon cites *Martin v. Occupational Safety and Health Review Commission*, 499 U.S. 144, 111 S.Ct. 1171, 113 L.Ed.2d 117 (1991). *Martin* notes that the Occupational Safety and Health Act of 1970 assigns regulatory tasks to two entities, the Secretary of Labor and the Occupational Safety and Health Review Commission. *Id.*, at 147. *Martin* reviews a conflict in interpretation by the Secretary and Commission, and holds that the Secretary holds rule-making authority, and the Commission holds adjudicatory authority.

Chemeon offered no foundation that the OSHA Brief is the Secretary's interpretation of 29 CFR 1910.1200. Further, the OSHA Brief itself disclaims:

This brief provides a general overview of the safety data sheet requirements in the Hazard Communication Standard (see 29 CFR 1910.1200(g) and Appendix D of 29 CFR 1910.1200). ***It does not alter or determine compliance responsibilities*** in the standard or the Occupational Safety and Health Act of 1970. Since interpretations and enforcement policy may change over time, the reader should consult current OSHA interpretations and decisions by the Occupational Safety and Health Review Commission and the courts for additional guidance on OSHA compliance requirements....

4-ER-0786 (emphasis added). In sum, on a trial record devoid of any foundation for the admission or consideration of the OSHA Brief, there is no

basis upon which any court could defer to it as an authoritative interpretation of the regulation.

**3. THE DISTRICT COURT PROPERLY RULED THAT THE "OSHA BRIEF" IS NOT EVIDENCE, AND ALSO FOUND THAT CHEMEON'S CONDUCT IS INCONSISTENT WITH ITS INTERPRETATION OF THE "OSHA BRIEF"**

The District Court properly ruled that the OSHA Brief is not evidence because Chemeon failed to offer it or seek judicial notice of it. The Opening Brief offers no argument that this ruling was incorrect, and offers no excuse for its failure to present the OSHA Brief at trial. Chemeon instead maligns the District Court's factual determination that the evidence does not support a finding that "formerly Metalast" is a "common name" or "synonym" for Chemeon products. Factual findings are subject to the deferential, clearly erroneous standard of review. *Red Lion Hotels Franchising, Inc. v. MAK, LLC*, 663 F.3d 1080,1087 (9th Cir. 2011). A factual finding is erroneous if illogical, implausible, or without support in the record. *Id.* Under this standard of review, the Court reverses only if left with a "definite and firm conviction that a mistake has been committed." *Landis v. Washington State Major League Baseball Stadium Public Facilities District*, 11 F.4th 1101, 1105 (9th Cir. 2021).

To make the argument that "Metalast" was a common name for "Chemeon," and its products, Chemeon cites to its own pretrial briefs, and opening statements of counsel -- not trial testimony and exhibits. Opening Brief, pp. 28-29.<sup>9</sup> The Opening Brief points to no evidence that contradicts the District Court's finding.

The District Court also noted that Chemeon was not consistent in applying its alleged understanding of the OSHA regulation. It was undisputed that Chemeon did not formulate most of its products, but instead purchased those products from other manufacturers and did not identify those other manufacturers or product names on its SDSs. 1-ER-0029-30.

The Opening Brief asserts that Chemeon's obligation to identify other common names "extends only to listing names known to it -- i.e., product names manufactured in Chemeon's vertical chain of production." Opening Brief, p. 29. Chemeon's witness even argued that Chemeon need not identify the manufacturer of products it relabels under the Chemeon brand if doing so would disclose a trade secret.<sup>10</sup> Further, Chemeon elected not to disclose the

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<sup>9</sup> 1-ER-6; 3-ER-760-62; and 4-ER-1006 are not cites to the trial record. 6-ER-1254-55 is a cite to opening statements of counsel, not testimony.

<sup>10</sup> Transcript, November 13, 2020, pp. 124-126. This portion of the trial transcript was sealed, and not included in the excerpt of record.

manufacturer of products purchased from SIC Technology and relabeled under the Chemeon brand and product identification. 8-ER-2042-2043.

Chemeon offers no direct explanation why the OSHA Brief (or the regulation) must be read broadly to require "formerly Metalast" when convenient for marketing purposes, but narrowly when Chemeon does not wish to reveal the true source of products it buys from other manufacturers and relabels as its own. Chemeon claims that the duty to list the manufacturer, and the product Chemeon is relabeling is conditioned upon Chemeon knowing the exact chemical composition of the product. Opening Brief, p. 30. But, the OSHA Brief, as interpreted by Chemeon, only lists the name of the products that it purchases from other sellers; it does not require knowledge or disclosure of the chemical solutions.

Finally, Chemeon completely ignores this important point: if Chemeon truly believed that it was required to refer to its products as "formerly Metalast," it could have refused to enter into the Settlement, taken steps to rescind the Settlement based on mistake, or negotiated a license with Semas for the right to use Metalast "in some fashion or manner..." As the District Court aptly said,

Even assuming Chemeon should or must "identify" its products as "formerly Metalast" because, before 2015, the products were

called "Metalast," Chemeon could have licensed the use of "Metalast" for that purpose from Semas. Chemeon has cited no statute, regulation, or judicial authority for the proposition that it is free to use any common name or synonym to identify its products in an SDS.

1-ER-30, lines 8-13. Chemeon did not appeal this legal conclusion.

**II. FOR AT LEAST THREE INDEPENDENTLY SUFFICIENT REASONS, THE DISTRICT COURT CORRECTLY DENIED CHEMEON'S REQUEST FOR A PERMANENT INJUNCTION TO PROTECT "TCP-HF" AND "AA-200" AS STAND-ALONE MARKS.**

Chemeon sought a permanent injunction under 15 U.S.C. § 1116(a).<sup>11</sup>

Because the "TCP-HF" and "AA-200" marks are not registered marks, Chemeon can only seek an injunction against an alleged false designation of origin<sup>12</sup> or false advertising.<sup>13</sup> The limited purpose of trademark protection is to avoid marketplace confusion, to prevent "duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner." *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 806-807 (9th Cir. 2003) ("*Mattel*"). To assess the "likelihood of confusion," courts ask whether the defendant's use of plaintiff's trademark is "likely to cause confusion or to

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<sup>11</sup> 15 U.S.C. § 1125(c)(1) is inapplicable, as it only applies to injunctions against "dilution" of a "famous mark."

<sup>12</sup> 15 U.S.C. § 1125(a)(1)(A).

<sup>13</sup> 15 U.S.C. § 1125(a)(1)(B).

cause mistake, or to deceive as to the affiliation, connection, or association" of the two products." *Id.* Whether the "likelihood of confusion" is more a question of law or one of fact depends on the circumstances of each case. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 347 (9th Cir. 1979) ("*Sleekcraft*"), *abrogated on other grounds by Mattel, supra.*

Because a permanent injunction involves factual, legal and discretionary components, this Court reviews the underlying legal conclusions de novo, factual findings for clear error, and the scope of injunction (if any) for abuse of discretion. *Trueblood v. Washington State Department of Social and Health Services*, 822 F.3d 1037, 1042 (9th Cir. 2016). "The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion." *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006).

MI-LLC marketed and sold products as "Metalast TCP-HF" and "Metalast AA-200." Following the Settlement Agreement, Chemeon marketed products as "Chemeon TCP-HF (formerly Metalast TCP-HF)" and "Chemeon AA-200 (formerly Metalast AA-200)." In this litigation, Chemeon sought a permanent injunction against Semas to prohibit him from ever using "TCP-HF" or "AA-200."

The District Court refused this demand for three independent and sufficient reasons. First, the District Court found that because "TCP-HF" and "AA-200" were never used without "Metalast" preceding them, Chemeon could not enforce "TCP-HF" and "AA-200" as stand-alone marks. 1-ER-0040, lines 22-24. Second, the District Court found that there was no evidence that Semas ever actually used the product marks (or "sub-marks") in commerce. 1-ER-0040, line 25 to -0041, line 15. Third, Chemeon did not offer evidence that actual irreparable harm will occur in the absence of a permanent injunction:

If the defendant has infringed on a trademark but has ceased the offending activity and there is no indication of inclination to repeat the offense, the trademark plaintiff is not entitled to a permanent injunction. [ ] Here, there is no evidence that Semas ever infringed on the "TCP-HF" or "AA-200" claimed marks in the past. Further, there is no evidence that he has threatened to do so in the future. The court finds for Semas on this claim.

1-ER-0041-42.

**A. NO PARTY USED "TCP-HF" AND "AA-200" TO SELL PRODUCTS, EXCEPT AS PRECEDED BY THE HOUSE MARKS "METALAST" OR "CHEMEON"**

"Metalast" is a house mark. "TCP-HF" and "AA-200" are product marks. A product mark is separately enforceable only when that mark, standing alone, indicates the product's origin:

... We also think that McCarthy puts the question correctly: "Whether or not a product mark always used with a house mark possesses a separate trademark significance depends on the manner of use and the commercial impression engendered by that use." J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7.5 (4th ed. 1999). Although McCarthy poses the question, he does not answer it.

If a product mark used in tandem with a famous house mark (in today's world, examples abound: INTEL PENTIUM, FORD MUSTANG, APPLE MACINTOSH, 'KELLOG'S FROOT LOOPS') has independent trademark significance, it should not be a great burden to substantiate the point. As the Board indicated in this case, consumer awareness of the product mark apart from the fame of the associated house mark, whether demonstrated directly or indirectly, is a reliable test of the independence of the product mark from its parent house mark. The nature and context of promotion is an equally reliable measure of mark independence, as is the strength of the public reputation of the product mark.

*Bose Corp. v. QSC Audio Products, Inc.*, 293 F.3d 1367 (Fed.Cir. 2002). This Court cited and applied *Bose* in *Quiksilver, Inc. v. Kymasta Corp.*, 466 F.3d 749 (9th Cir. 2006):

In determining whether a mark has independent trademark significance, we consider whether the mark owner has engaged in "a constant pattern or effort ... to use ... [the product mark] in a manner separate and distinct from [the house mark]." [ ] ... "[C]onsumer awareness of the product mark apart from the fame of the associated house mark," the "strength of the public reputation of the product mark," and the "nature and context of promotion" are also "reliable test[s] of the independence of the product mark from its parent house mark." [ ]

*Id.* at 757-758 (citations and quotations omitted). The Trademark Trial and Appeal Board applied the principle thus:

Opposer argued that its ONE TRUE FIT mark is entitled to a “large cloak of protection” because of its substantial sales, national advertising, and unsolicited media attention. However, ONE TRUE FIT is one of opposer's subbrands (i.e., a product line aimed at a specific target group), and it is never used as a stand-alone mark. In other words, it is never used without the LEE trademark. In all of the exhibits, LEE is the dominant trademark. Consumers do not have an opportunity to disassociate ONE TRUE FIT from the more prominent LEE trademark. **It is incumbent on opposer to produce evidence that product marks can properly be seen as independent of its associated house mark.**

*The H.D. Lee Company, Inc. v. Maidenform, Inc.*, 87 U.S.P.Q.2d 1715, 2008 WL 1976596 at \*11 (TTAB 2008, precedential)(emphasis added).

The trial evidence established Metalast and Chemeon always sold "TCP-HF" or "AA-200" in conjunction with the the house marks. 1-ER-0014, ¶ 70 (as to "AA-200") and ¶ 73 (as to "TCP-HF"). Chemeon does not appeal this factual finding, and points to no record evidence that Chemeon ever used "used" TCP-HF or AA-200, standing apart from the house marks, "in commerce."

Defense and aerospace industry technical specifications referenced "Metalast TCP-HF", not "TCP-HF." 3-SER-661-680 (EXs 593-606). Chemeon's own safety data sheets identify with the house mark preceding the product mark. 3-SER-520-666 (EXs 540-592). When Chemeon updated the product

listing in the defense industry's Qualified Product Listing, it registered the products as "CHEMEON TCP-HF (FORMERLY METALAST TCP-HF)." 3-SER-681-683 (EXs 607-608). Chemeon represents:

As Semas admitted on the last day of trial, "we referred to 'TCP-HF' all the time," without the word "Metalast" preceding it. 9-ER-2217.

Opening Brief at 40. This assertion misstates Semas's relevant testimony:

A. ... I understand what you're saying, Counselor, but we referred to "TCP-HF" all the time and **just never sold it that way.**

Q. Right. That's my point. In common parlance when people are talking to each other, for example, they use the word "TCP-HF" very commonly without "Metalast" in front of it, correct?

A. No, they don't.

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A. But like I say, **the product had to be called "Metalast TCP-HF."**

9-ER-2217, lines 14-21; -2218, lines 18-19 (emphasis added).

Chemeon offered no evidence that "product marks can be properly be seen as independent of its associated house mark." Chemeon argues that Semas stipulated that Chemeon "owned" the product marks. But Semas's counsel was clear that Semas challenged **enforcement** of the product marks, standing alone. Said counsel, "There is no stipulation that those are

protectable in any way, only that they are owned -- if they are protectable, they are owned by CHEMEON." 6-ER-1484, lines 15-21.

**B. NO TRIAL EVIDENCE ESTABLISHES THAT CONSUMERS ASSOCIATE THE PRODUCT MARKS, STANDING APART FROM THE HOUSE MARKS, WITH THE ORIGIN OF THE PRODUCTS**

The Opening Brief claims that "TCP-HF" is non-descriptive, arbitrary or fanciful, leading to the conclusion that it is "inherently distinctive" and therefore achieves independent trademark significance. Chemeon's own witness's testimony refutes that representation.

Chemeon's owner testified that Chemeon never sold a product called "TCP-HF" without the word "Metalast" in front of it. 8-ER-1932, lines 15-18. Chemeon's counsel's examination of his own client made clear that "TCP-HF" is descriptive:

Q. ... There's been a lot of discussion about TCP-HF in this case. To your knowledge, what does TCP-HF stand for?

A. The Navy definition of TCP is trivalent chromium pretreatment, can mean post-treatment as well. HF is hexavalent free, hex free.

8-ER-1976, lines 13-18. Chemeon's counsel then refers to "the Navy TCP patents," and Chemeon's witness identifies competitors who also hold a license to "TCP." 8-ER-1977, lines 5-13. Chemeon cites no evidence that

customers connect "TCP-HF" (rather than just "TCP") to Metalast or Chemeon. Likewise, Chemeon cites no arguments to the District Court that "TCP-HF" and "AA-200" were marks that stood alone from "Metalast."<sup>14</sup>

**C. IT IS UNDISPUTED THAT SEMAS NEVER ACTUALLY USED "TCP-HF" OR "AA-200" IN COMMERCE**

A court may grant a preliminary injunction based on the likelihood of irreparable harm. However, to obtain a permanent injunction in a trademark infringement case, the plaintiff must show "actual irreparable harm" warranting the equitable relief. *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239, 1249 (9th Cir. 2013). Furthermore, irreparable harm may not be presumed from a showing of likelihood of success on the merits of a trademark infringement claim. *Id.* at 1248-49. Chemeon points to no evidence of actual irreparable harm.

To prevail a trademark infringement claim, the plaintiff must prove, *inter alia*, a use in commerce of plaintiff's enforceable mark. 15. U.S.C. § 1125(a). Chemeon offer no evidence that Semas actually used TCP-HF or AA-200 in commerce. Instead, Chemeon pointed to emails in which Semas

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<sup>14</sup> See *Robison v. Alameda County*, 680 Fed.Appx. 568, 570 (9th Cir. 2017) (general rule against entertaining arguments on appeal that were not developed in the district court.)

offered to sell or license the Metalast brand to other companies in the chemical business. 1-ER-0041, lines 5-7. Trial Exhibit 219 mentions "Navy TCP," but not "TCP-HF." 9-ER-2383. Trial Exhibit 220 does not contain "TCP" at all. 9-ER-2388. In Trial Exhibit 218, 9-ER-2376, Semas proposes to buy Chemeon for \$10 million and makes the point that Semas, as owner of the Metalast house mark, has the exclusive right to market "Metalast TCP-HF" and its variants. He was merely making the point that the Metalast house mark had value.

In short, the record shows that Semas was attempting to sell or license the Metalast name, not that he threatened to market products to compete with Chemeon TCP-HF or Chemeon AA-200. Chemeon does not correctly represent the trial record, and makes no case that the District Court's factual findings are clearly erroneous.

**D. CHEMEON OFFERED NO EVIDENCE THAT SEMAS'S "THREATENED" USE OF THE PRODUCT MARKS DID OR WOULD CAUSE CONSUMER CONFUSION**

There is no evidence that Semas ever threatened to market products to compete with Chemeon TCP-HF or Chemeon AA-200. Because there is no evidence that Semas threatened to market any product as TCP-HF or AA-200, it is impossible to evaluate whether a hypothetical, undefined, product would

cause any "confusion in the marketplace." *Mattel, supra*, at 806-807.

*Sleekcraft* outlines eight factors relevant to determining whether a confusion between related goods is likely. *Sleekcraft*, at 348, 349. Chemeon chides the District Court for not evaluating those eight factors. Opening Brief, p. 43. But Chemeon fails to point out record evidence that bears on each factor.

Chemeon focuses on the first two *Sleekcraft* factors, and claims "Semas was attempting to use identical marks for identical types of products in the same industry." Opening Brief, p. 44. As set forth above, no evidence supports that contention. Further, Chemeon points to no record of evidence that bear on any other *Sleekcraft* factors: (4) similarity of the marks; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines. *Sleekcraft* at 348-349.

**III. THE DISTRICT COURT CORRECTLY HELD THAT CHEMEON LACKED STANDING TO SEEK CANCELLATION OF THE METALAST WORD MARK UNDER REGISTRATION NO. 2963106.**

**A. THE DISTRICT COURT *SUA SPONTE* RAISED THE STANDING CONCERN, PROVIDED CHEMEON WITH AMPLE OPPORTUNITY TO OFFER EVIDENCE TO SUPPORT STANDING, AND DISMISSED THE CLAIM FOR CANCELLATION ONLY AFTER CHEMEON FAILED TO MEET ITS BURDEN OF PRODUCTION**

The Opening Brief offers no history on the background of this adjudication. Several years after Chemeon commenced this action, Chemeon sought leave to file a Second Amended Complaint. 1-SER-153 (ECF No. 348). ("SAC"). In the SAC, Chemeon added a new claim seeking cancellation of the Metalast word mark under Registration No. 2963106.<sup>15</sup> While its motion for leave to amend was pending, Chemeon filed a motion for summary judgment demanding cancellation of the Metalast word mark under Registration No. 2963106. 1-SER-061-098 (ECF No. 315). Chemeon's new claim attacked Semas's application for renewal of the mark, claiming that Semas had lied by stating that the mark was in use at the time of the registration. Semas

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<sup>15</sup> The Metalast word mark was maintained under Registration Nos. 2097250, 2097260, 2112864, and 4128211. Chemeon stated that it is not seeking cancellation of the Metalast word mark under those other registrations. ECF No. 343, p. 12, note 28.

responded that Chemeon's use of the mark was effectively licensed through June 9, 2015 by operation of: [1] a 1996 license from MI-INC to MI-LLC (2-SER-239, EX 15); [2] the transfer of the license from MI-LLC to Chemeon under the 2013 asset purchase agreement (9-ER-2348-2357); and [3] the effective termination of the license under the Settlement.

On March 30, 2018, the District Court entered an order denying Chemeon's motion for summary judgment on its claim to cancel the Metalast word mark under Registration No. 2963106. 1-ER-0119-0147. In that Order, the District Court then raised, *sua sponte*, whether Chemeon had standing to seek cancellation of the Metalast word mark, and ordered supplemental briefing on the standing issue. 1-ER-0140-0141. After the parties filed the supplemental briefs, the District Court entered a new Order ruling that "The Court will dismiss the claim seeking cancellation of the Metalast mark (Registration No. 2963106) because the parties supplemental briefing has clarified that plaintiff lacks standing." 1-ER-62, lines 3-4.

**B. THE DISTRICT COURT CORRECTLY INTERPRETED AND APPLIED NINTH CIRCUIT PRECEDENT TO FIND THAT CHEMEON LACKED STANDING TO SEEK CANCELLATION OF THE METALAST WORD MARK**

Chemeon sought cancellation of Registration No. 2963106 (Metalast word mark) under 15 U.S.C. §§ 1064 (cancellation of registration) and 1119 (power of court over registration). The District Court dismissed the claim based on an application of *Star-Kist Foods, Inc. v. P.J. Rhodes & Co*, 35 F.2d 346 (9th Cir. 1984) ("*Star-Kist*") and *Halicki Films, LLC v. Sanderson Sales & Manufacturing*, 547 F.3d 1213, 1228-1229 (9th Cir. 2008) ("*Halicki Films*"). This analysis is contained in Orders entered March 30, 2018 (1-ER-0140) and February 26, 2019. 1-ER-0060.

In *Star-Kist*, two companies selling canned fish litigated over which side could use the "ROSE BOWL" brand and trademark. P.J. Rhodes & Company owned the United States registration to sell canned fish under the "ROSE BOWL" trademark. Star-Kist purchased the "ROSE BOWL" Philippines registration, as well as an unregistered "ROSE BOWL" mark practiced in the United States. Rhodes petition to cancel Star-Kist's Philippines registration, and Star-Kist retaliated with a petition to cancel Rhodes's United States

registration. Star-Kist also applied to the USPTO for registration of "ROSE BOWL."

Star-Kist moved for partial summary judgment on its cancellation claim, asserting that Rhodes had abandoned the mark, and also alleging fraud in the renewal of the United States registration. Rhodes appealed, challenging Star-Kist's standing to seek cancellation. Rhodes did not appeal whether valid grounds for cancellation exist. 735 F.2d at 348. On the standing issue, this Court said,

The Lanham Act requires only "that the cancellation petitioner plead and prove facts showing a 'real interest' in the proceeding in order to establish standing. [ ] While "[n]o absolute test can be laid down for what must be proved," [ ] a cancellation petitioner must show he is "more than an intermeddler" but rather has a personal interest, and that there is a "real controversy between the parties." [ ] Thus, his "allegations alone do not establish standing." [ ] The petitioner, instead, must show a real and rational basis for his belief that he would be damaged by the registration sought to be cancelled, stemming from an actual commercial or pecuniary interest in his own mark." [ ]

*Star-Kist*, at 349 (citations omitted).

In *Halicki Films*, the plaintiff owned the trademark and copyright for the film *Gone in 60 Seconds*, which starred an automobile named "ELEANOR." Halicki Films claimed that it had obtained exclusive rights to an unregistered trademark in ELEANOR. After the film was released, Halicki acquired the

1971 Ford Mustang used in the *Gone in 60 Seconds*. Halicki established a website to sell the DVD and VHS recordings of the movie, and branded baseball caps. Halicki licensed the ELEANOR name and likeness for a line of toy cars, and exhibited the movie's ELEANOR at car shows. In 2000, Disney released a remake of *Gone in 60 Seconds*, which featured a Ford Mustang named "Eleanor." In the remake, "Eleanor" was a 1967 Shelby GT-500, a variant of the Ford Mustang developed by Carroll Shelby. After the release of the remake *Gone in 60 Seconds*, Halicki continued exhibiting the original ELEANOR at car shows. Shelby applied for registration of the ELEANOR word mark for model cars, real cars, and structural car parts, then licensed ELEANOR in connection with the manufacture and sale of vehicles and merchandise related to any 1960s Shelby Mustangs. It was clear that Halicki was the first to use ELEANOR as a mark to identify a Ford Mustang. It was equally clear that Shelby registered ELEANOR to associate to Ford Mustangs. Halicki sued Shelby and others for, among other things, a declaratory judgment instructing the USPTO to cancel Shelby's registration of the ELEANOR mark.

In *Star-Kist* and *Halicki Films*, this Court held that each plaintiff had standing to seek cancelation. In each case, the litigants were fighting over the

exact same word mark, ROSE BOWL in *Star-Kist* and ELEANOR in *Halicki Films*. In each case, the plaintiff plainly had standing to seek cancellation.

Here, Chemeon claims standing to seek cancellation of Registration No. 2963106. Plaintiff was not complaining that METALAST somehow damaged its own brand and trademark, CHEMEON. Instead, Chemeon complained that the continued registration of METALAST interfered with its ability to label itself and its products as "formerly Metalast." The District Court said that Chemeon "has not offered evidence that its own mark in any way is or would be harmed if the Semas's Metalast Mark under Reg.No. 2963106 is not cancelled." 1-ER-0061, lines 8-11. Chemeon has not challenged this factual finding as clearly erroneous.

**C. CANCELLATION IS ONLY A REMEDY, NOT A CLAIM. THERE IS NO PENDING CLAIM RELATED TO REGISTRATION NO. 2963106, AND THEREFORE NO JURISDICTION TO ORDER CANCELLATION OF THAT REGISTRATION.**

Thirty years after *Star-Kist*, this Court returned to the topic of standing to seek registration cancellation in *Airs Aromatics, LLC v. Victoria's Secret Stores Brand Management, Inc.*, 744 F.3d 595, 109 U.S.P.Q.2d 1960 (9th Cir. 2014)("Victoria's Secret"). *Victoria's Secret* holds that cancellation is a remedy that depends on concurrent pendency of an infringement claim:

The plain language of Section 37 states that cancellation is available in "any action involving a registered mark." 15 U.S.C. § 1119. This language specifies that cancellation may only be sought if there is already an ongoing action that involves a registered mark; it does not indicate that a cancellation claim is available as an independent cause of action.

*Id.* at 599. Because the plaintiff had not appealed dismissal of the only claims that could support jurisdiction, there could not basis to revive the cancellation claim. *Id.*

On November 1, 2017, Chemeon filed its Second Amended Complaint seeking, for the first time, cancellation of Registration No. 2963106. The only independent claims involving that registration were Semas's counterclaims for infringement and dilution. But Semas dismissed those counterclaims fourteen months before Chemeon first sought cancellation. Dismissal of those counterclaims rendered moot Chemeon's claim for declaratory relief of non-infringement, and without jurisdiction to consider Chemeon's demand for cancellation. Again, this Court may affirm on any ground supported by the record, even if the ground is not relied upon by the District Court. *Aetna Life Insurance Co. v. Bayona*, 223 F.3d 1030, 1034, n. 4 (9th Cir. 2000). This Court can and should affirm dismissal of the cancellation claim on grounds that there was no other action pending involving Registration No. 2963106.

#### **IV. THE DISTRICT COURT DID NOT ABUSE ITS DISCRETION BY DENYING CHEMEON FEES UNDER THE "EXCEPTIONAL CASE" FEE-SHIFTING PROVISION IN THE LANHAM ACT**

##### **A. CHEMEON IGNORES THE ANALYTICAL FRAMEWORK FOR "EXCEPTIONAL CASE" FEE-SHIFTING, AND THE STANDARD OF REVIEW FOR DENYING FEES**

"The court in *exceptional cases may* award reasonable attorney fees to the *prevailing party*." 15 U.S.C. § 1117(a)(emphasis added). The statutory language suggests these distinct analytical issues:

(1) Is there a legal basis to convert "may" into "shall," so that the District Court *must* award fees in a case that this Court thinks is "exceptional?"

(2) Is Chemeon a "prevailing party" on any Lanham Act claim?

(3) Was the claim upon which Chemeon prevailed "exceptional?"

*SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd.*, 839 F.3d 1179 (9th Cir. 2016)(*SunEarth*) sets forth the analytical framework for "exceptional case" fee-shifting. *SunEarth* holds that the "exceptional case" provisions in the Patent Act, 35 U.S.C. § 285, and the Lanham Act, 15 U.S.C. § 1117(a), are identical, so that judicial precedents discussing "exceptional case" fee-shifting in patent cases are also binding or persuasive in trademark cases. *Id.* at 1180. Thus, the standards in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 134 S.Ct. 1749, 188 L.Ed.2d 816 (2014) control this case. The burden

of proof for fee entitlement is preponderance of the evidence, rather than clear and convincing evidence. *SunEarth* at 1181 (citing *Octane Fitness*). The decision to award fees is reviewed for an abuse of discretion. *Id.* at 1181 (citing *Highmark Inc. v. Allcare Health Management Systems, Inc.*, 572 U.S. 559, 134 S.Ct. 1744, 1748-49, 188 L.Ed.2d 829 (2014)).

A case may be "exceptional" in two distinct ways. First, the case may be "exceptional" based on the relative strength of the party's position considering both applicable law and facts. Second, the case may become "exceptional" if the manner in which it was litigated is unreasonable. The Supreme Court cited a non-exclusive list of factors that bear upon the totality of the circumstances: frivolousness, motivation, objective unreasonableness (as to both facts and law), and the need in particular cases to advance considerations of compensation and deterrence. *SunEarth* at 1180-81.

The District Court cited *Octane Fitness*, considered all totality of the circumstances, and exercised discretion to deny Chemeon's quest for fees. A discretionary act that rests upon an erroneous legal standard or clearly erroneous finding of material fact may constitute an abuse of discretion. *Jeff D. v. Otter*, 643 F.3d 278, 283 (9th Cir. 2011). Further,

Abuse-of-discretion review is highly deferential to the district court. [ ] Under this standard of review, we must "uphold

a district court determination that falls within a broad range of permissible conclusions in the absence of an erroneous application of law." [ ]. We reverse "only when" we are "convinced firmly that the reviewed decision lies beyond the pale of reasonable justification under the circumstances."

*Microsoft Corporation v. Motorola, Inc.*, 696 F.3d 872, 881 (9th Cir. 2012)

("Microsoft"). This Court may reverse a discretionary ruling that applies the correct legal standard in a way that is illogical, implausible, or without support in inferences that can be drawn from the record. *Lambright v. Ryan*, 698 F.3d 808, 817 (9th Cir. 2012), cert. denied 569 U.S. 1026 (2013).

Chemeon does not analyze the denial of fees under these review standards, but simply reargues the case it made below.

**B. THE DISTRICT COURT CORRECTLY EXCLUDED EVIDENCE OF PRE-SETTLEMENT CONDUCT THAT HAD NO BEARING ON THE LANHAM ACT CLAIMS IN THE CASE**

Under the "American Rule," courts lack discretion to award fees absent an explicit and applicable fee-shifting statute. *Easley v. Collection Service of Nevada*, 910 F.3d 1286, 1290 (9th Cir. 2018). The statutory authority for fee-shifting must be "specific and explicit." *Castillo v. Metropolitan Life Insurance Company*, 970 F.3d 1224, 1232 (9th Cir. 2020). Nothing in the Lanham Act authorizes fee-shifting for claims or defenses that do not arise under the

Lanham Act. To put it another way, "exceptional case" fee-shifting must be based on the substantive merits of a trademark claim OR upon the manner in which the trademark claims were litigated. Logically, the District Court said,

The court will consider only Semas's conduct with respect to trademark issues because the authority for "exceptional case" fees exists in the Lanham Act, which does not reach non-trademark claims.

1-ER-0039, lines 20-23. Chemeon ridicules this logic as "outdated" under *Octane Fitness*, which held,

... that an "exceptional" case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.

*Octane Fitness*, at 554, 134 S.Ct. at 1756. Nothing in *Octane Fitness* supports Chemeon's proposed rule that "exceptional case" fee-shifting under the Lanham Act is available for unreasonable litigation of non-trademark claims. Chemeon also cites *San Diego Comic Convention v. Dan Farr Productions*, 807 Fed.Appx. 674, 676 (9th Cir. 2020), which affirmed the award of "exceptional case" fees based upon the "unreasonable manner" in which defendants litigated the case,

highlighting Defendants' failure to comply with court rules, persistent desire to re-litigate issues already decided, advocacy

that veered into "gamesmanship," and unreasonable responses to the litigation.

*Id.* at 676. But nothing in the case suggests that Lanham Act fee-shifting can be applicable to non-trademark claims.

Chemeon does not complain about the substantive merits of Semas's trademark claims or defenses. Chemeon does not complain about the manner in which Semas conducted this litigation. Instead, Chemeon complains only about pre-litigation conduct. *San Diego Comic Convention* references pre-filing "litigation," but does not describe that misconduct. Here, Chemeon seeks fees based on conduct that not only predated this litigation, but also predated the Settlement's release of all claims that might arise from pre-Settlement conduct.

Chemeon complains that the District Court improperly excluded evidence of Semas's pre-settlement conduct directed at third parties, including the USPTO, SEC, IRS, and MI-LLC investors. Opening Brief, p. 52. Chemeon cites its own Offer of Proof, 2-ER-0172-0215, but does not point to the arguments presented to the court, or the judge's ruling. The District Court ruled that Chemeon could offer evidence of pre-release conduct and events: (1) which led to the receivership action in 2013, (2) related to Semas's bankruptcy and Chemeon's adversary proceeding, (3) the formation and

intent of the Settlement Agreement, and (4) post-settlement conduct. 1-ER-0047-0049. As the District Court said, "All of this evidence is directly relevant to Plaintiff's request for "exceptional case" attorneys' fees and Chemeon's defense to the Settlement Agreement.

Although Chemeon points to its Offer of Proof, the Opening Brief makes no attempt to demonstrate how any of that excluded evidence has any bearing on either [1] the substantive merit of a trademark claim or defense; or [2] the manner in which Semas litigated the trademark issues.

**C. THE TOTALITY OF CIRCUMSTANCES DOES NOT COMPEL AN AWARD OF FEES UNDER THE LANHAM ACT'S "EXCEPTIONAL CASE" AUTHORITY**

Chemeon argues the "exceptional case" issue as if it is subject to *de novo* review, rather than the abuse of discretion analysis above. Chemeon makes no argument that the decision not to award fees "lies beyond the pale of reasonable justification under the circumstances." *Microsoft*, supra. Consider Chemeon's specific points:

Semas's Counterclaims for trademark infringements. Early in the case, and long before trial, Semas voluntarily dismissed his trademark counterclaims. 4-ER-0999-1001. Chemeon made no showing that the dismissed counterclaims were frivolous, or that Semas had been unreasonable

in litigating those claims. 1-ER-0040, lines 5-6. Further, Chemeon consented to the dismissal without seeking any attorney fees. 1-ER-0040, lines 13-5.

Chemeon's claim for declaratory relief of no trademark infringement.

Chemeon sought a decree that its use of "formerly Metalast" or "formerly known as Metalast" to describe itself or its products did not constitute an infringement of the Metalast word marks. This claim became moot when Semas dismissed his trademark infringement counterclaims with prejudice.

Chemeon's Claim for cancellation of the logo marks. Chemeon's complaint alleged that Semas had procured the logo mark registrations through fraud. Two years into the case, Chemeon changed its theory and moved for cancellation of the logo marks on grounds that they were not in use, and had been abandoned. 1-SER-075, line 9. Semas complained that Chemeon never pleaded this theory, and it was never litigated. 1-SER-123-125. The District Court (Judge Du) nevertheless addressed the abandonment theory in a hearing on Chemeon's motion for summary judgment:

THE COURT: Do you want to briefly address... can you address the argument as to the abandonment of the logo marks.

MR. HOY: Your Honor, I don't think the logo marks have been used by Mr. Semas within the renewal period, so the logo marks is not a big issue.

THE COURT: Does that mean you concede that the logo marks have been, basically, abandoned?

MR. HOY: Yes.

4-ER-951-952. Thus, the District Court entered an order for cancellation of the logo marks:

Plaintiff argues that registration of the Logo Marks... should be cancelled because Semas and [MI-INC] have abandoned the Logo Marks for the requisite three consecutive years. [ ] At the Hearing, counsel for Metalast Defendants agreed that they have abandoned the Logo Marks, which effectively conceded that summary judgment should issue in favor of Chemeon on this claim. [ ] The Court gave the parties until March 21, 2018, to reach a settlement as to cancellation of the Logo Marks and file a stipulation of dismissal of this claim with the Court. however, the parties were unable to reach an agreement as to the terms of that stipulation. [ ] Given Metalast Defendants' concession that they have abandoned the Logo Marks, the Court grants summary judgment in Chemeon's favor as to this claim.

1-ER-0139, lines 3-14. In short, the "abandonment" theory was neither pleaded nor contested.

Chemeon's common law trademark infringement. Chemeon sued Semas for threatening to use "TCP-HF" and "AA-200." As set forth above, Chemeon lost that claim on the merits.

## CONCLUSIONS AND REQUEST FOR RELIEF

CHEMEON devotes less than a full page to standards of appellate review, and rarely (if ever) attempts to analyze the District Court's rulings in light of those standards. CHEMEON never asserts that any District Court factual finding is clearly erroneous, and does not explain why the District Court abused discretion by denying a request for fees under a permissive statute. Appellees respectfully submit that CHEMEON failed to demonstrate that any legal conclusion was incorrect, that any factual finding is clearly erroneous, or that the District Court abused its discretion in any way. The District Court's Judgment, including pretrial rulings, should be affirmed.

Dated October 29, 2021.

HOY CHRISSINGER VALLAS, PC  
50 West Liberty Street, Suite 840  
Reno, Nevada 89501  
(775) 786-8000



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Michael D. Hoy  
NV 2723, CA 133244  
[mhoy@nevadalaw.com](mailto:mhoy@nevadalaw.com)  
Attorney for Appellees Metalast  
International, Inc. and David M. Semas

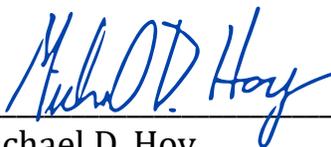
## STATEMENT OF RELATED CASES

Undersigned counsel is not aware of any cases pending in this Court which are "related" to this appeal. Circuit Rule 28-2.6 provides that a disclosure of a "related" case must "describe its relationship to the case being briefed." Cases are deemed related if they: (a) arise out of the same or consolidated cases in the district court or agency; (b) raise the same or closely related issues; or (c) involve the same transaction or event.

Appellants' Opening Brief lists the following four cases as "related," Docket Nos. 20-15223, 20-16688, 20-16931, and 20-17215. Each of these cases appears to pit the member-investors of Metalast International, LLC against Dean and Madylon Meiling and Chemeon Surface Technology, LLC. David Semas and his business entities, including appellee Metalast International, Inc., are not parties to these cases. None of these cases arises from the Settlement Agreement at the heart of this appeal. None of these cases appears to raise any trademark issues. Therefore, the cases are not "related" within the meaning of Circuit Rule 28-2.6.

Dated October 28, 2021.

HOY CHRISSINGER VALLAS, PC



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Michael D. Hoy  
Attorney for Appellees Metalast  
International, Inc. and David M. Semas

## **CERTIFICATE OF COMPLIANCE**

I am the attorney for Appellees. I certify that the type size (14 pts) and type face (proportional, Cambria) comply with FRAP 32(a)(5)(A) and (6). I certify that this Answering Brief contains 13,099 words, excluding the items exempted by FRAP 32(f). For the word count, I rely on Apple Pages, which I used to produce the Answering Brief.

Dated October 29, 2021.

HOY CHRISSINGER VALLAS, PC



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Michael D. Hoy

Attorney for Appellees Metalast  
International, Inc. and David M. Semas

## **CERTIFICATE OF SERVICE**

I certify that on October 29, 2021, I electronically filed the foregoing APPELLEE'S ANSWERING BRIEF with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system. I certify that all participants in this case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

*/s/ Shondel Seth*

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An employee of Hoy Chrissinger Vallas, PC