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In conjunction with
Association of Corporate Counsel - Southern California

Checklist for Suing (or Being Sued) For False Advertising under the Lanham Act

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Offense or Defense: Tackling Lanham Act False Advertising Claims

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Today's Speakers

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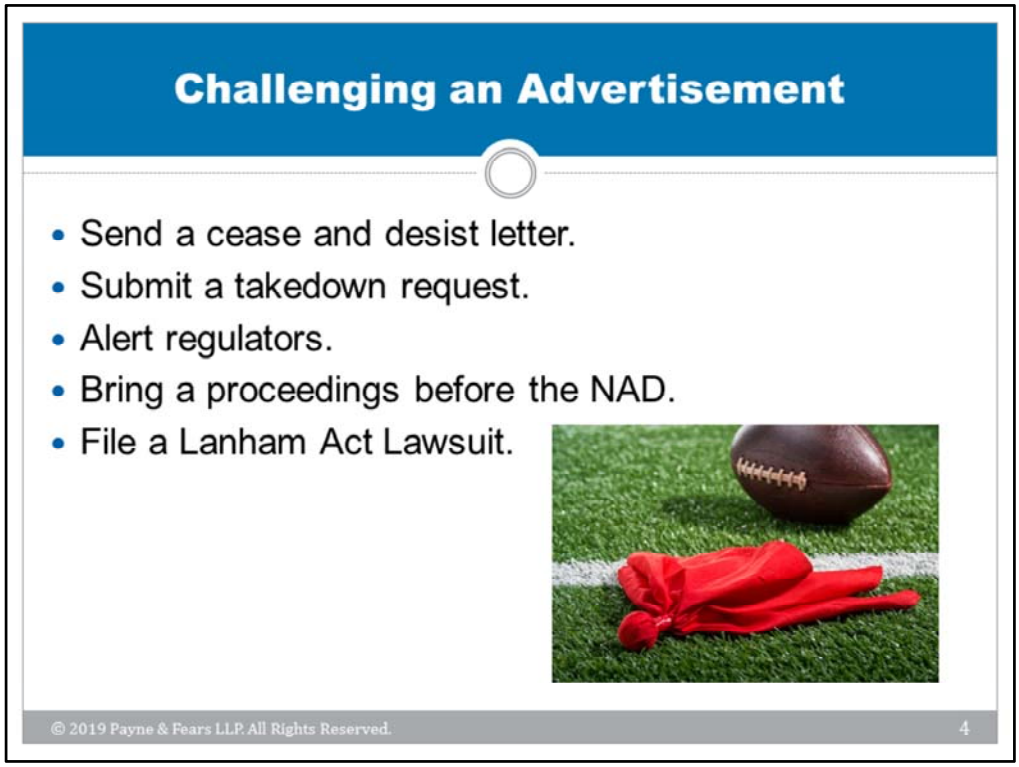
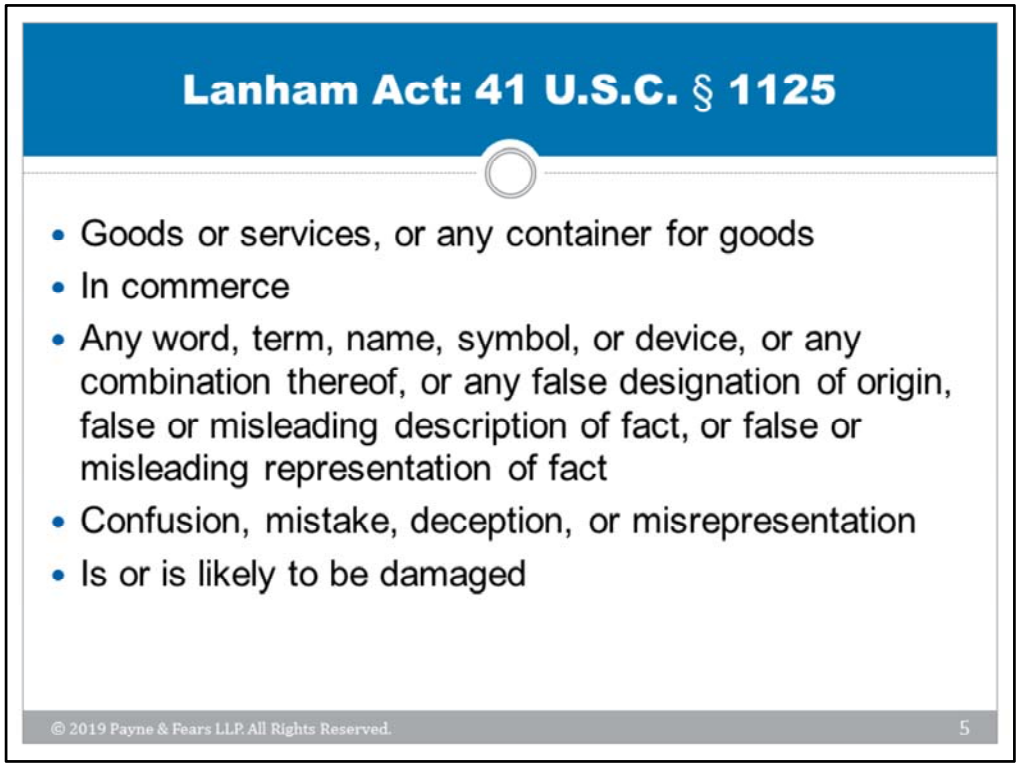
Bud Light Super Bowl Commercial

https://www.youtube.com/watch?v=qgZ3jxm0q3w



Send a cease and desist letter. Demand that advertiser remove the false or misleading advertisement.
Submit a takedown request to the media outlet broadcasting the false advertisement. They may do so if sufficient argument and evidence is presented to show that the ad contains false and misleading information.
Alert regulators of the offending advertisement so that the regulatory body can investigate and take action.
Bring a proceeding before the NAD. The National Advertising Division evaluates alleged false claims and determines if advertiser has a reasonable basis to make the statements. Each side submits briefs. No discovery. Decision usually within 90 days of challenge.
File a Lanham Act Lawsuit.



Although the Lanham Act is often known as a trademark statute, it also protects businesses against the unfair competition of misleading advertising or labeling.

Any person who, on or in connection with any **goods or services**, **or any container for goods**, uses **in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact**, which—

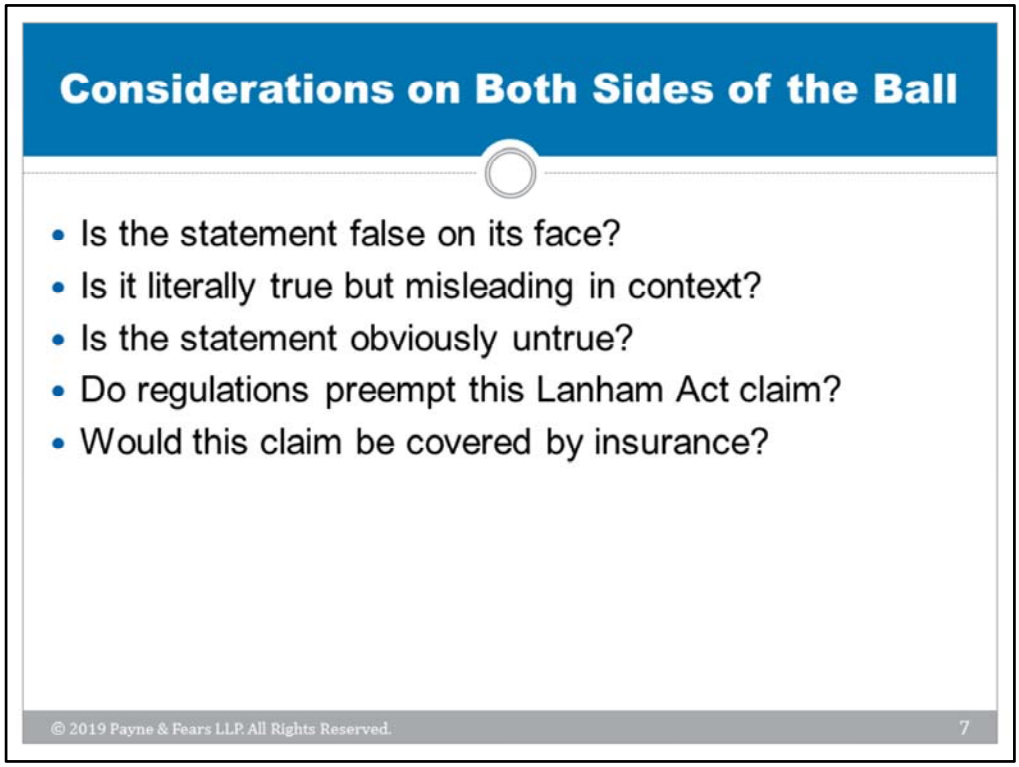
> is likely to cause **confusion**, or to cause **mistake**, or to **deceive** as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> in commercial advertising or promotion, **misrepresents** the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she **is or is likely to be damaged** by such act. 41 U.S.C. § 1125(a)(1)

Importantly, consumers do not have standing under the Lanham Act, only competitors.

Considerations on Both Sides of the Ball

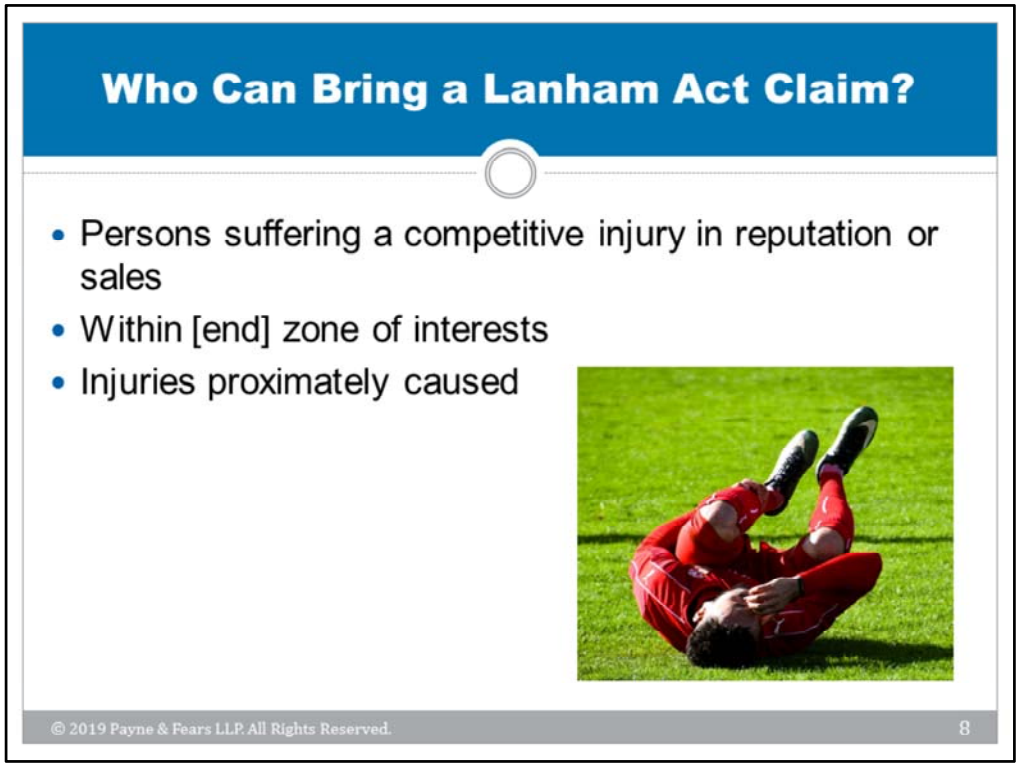
- Have you suffered (or caused) a competitive injury?
- Is the false statement "commercial advertising or promotion"?
- What would be the effect of injunctive relief? What monetary damages would I collect or be obligated to pay?



Other Considerations

Do you have exposure in a potential counterclaim?

Are you comfortable with the potential expense associated with prosecuting a claim?



Only persons suffering a competitive injury have standing to sue for false and misleading advertising under the Lanham Act.

Generally, **consumers do not have standing bring a claim**, even if they are "injured" by the false advertising.

Two-prong test requires that (1) plaintiff's interest fall within the "zone of interests" protected by the law invoked; and (2) plaintiff 's injuries are proximately caused by violations of the statute. *Lexmark v. Static Control Components*, 134 S. Ct. 1377 (2014).

"[A] plaintiff must allege injury to a commercial interest in reputation or sales" to come within the "zone of interests" protected under Section 1125(a) of the Lanham Act.

As to the second prong, "must show economic or reputational injury flowing directly from the deception" triggered by the defendant's advertising, which "occurs when deception of consumers causes them to withhold trade from the plaintiff."

Direct or Non-Direct Competitors Can Sue

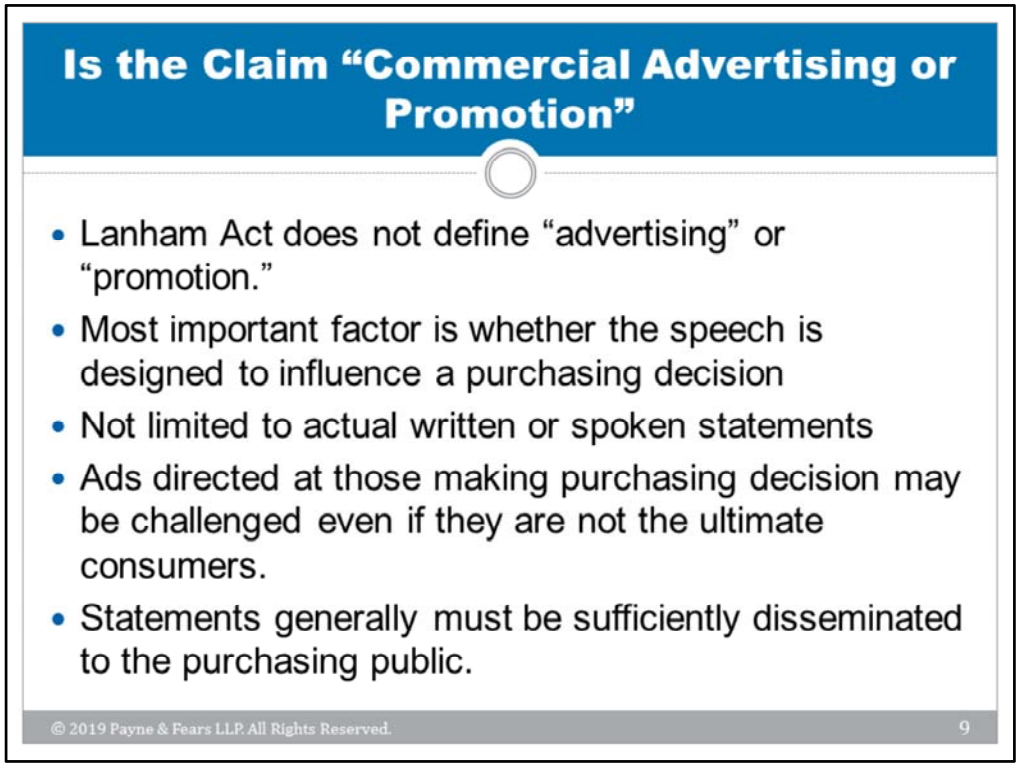
Lexmark v. Static Control (2014)

Static Control designed, manufactured and sold microchips that were necessary for, and had no other use than, refurbishing Lexmark toner cartridges

Static Control alleged that Lexmark expressly disparaged Static Control's products, and that these false statements had a negative effect on the number of microchips that Static Control was able to sell.

SCOTUS held that even though Static Control did not directly compete with Lexmark, it was still within "the class of plaintiffs whom Congress has authorized to sue" under the false advertising provision of the Lanham Act.

Static Control's alleged injuries (lost sales and damages to business reputation) were precisely the types of commercial interests protected by the Lanham Act. [The End Zone]



Lanham Act does not define "advertising" or "promotion."
Most important factor is whether the speech is designed to influence a purchasing decision.
Political speech is not commercial advertising.
Applies to both non-profit and for-profit organizations.
Not limited to actual written or spoken statements

Almost any claim or even depiction or visual representation can constitute false advertising depending on context.

Ads directed at those making purchasing decision may be challenged even if they are not the ultimate consumers.

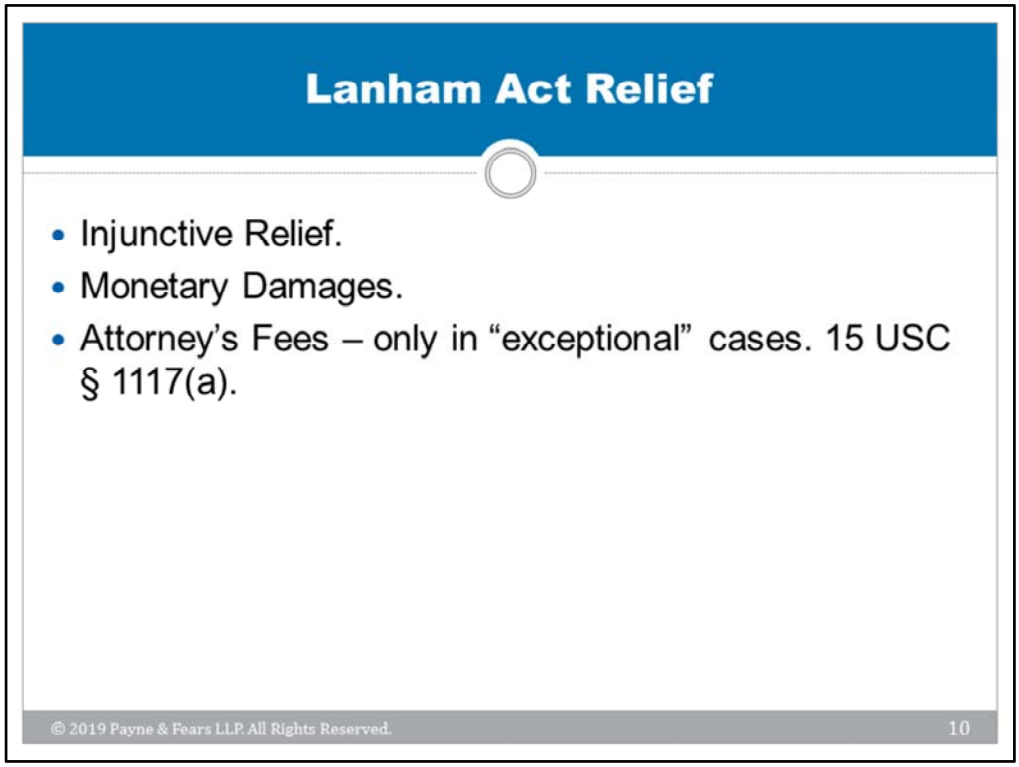
E.g., prescription drug advertising, wholesalers, and retailers.

Statements generally must be sufficiently disseminated to the purchasing public.

Required level of dissemination and relevant purchasing public depends on the industry.

False statements to individual purchasers that are not widely disseminated are not actionable under the Lanham Act because they do not have a "tendency to deceive a substantial segment of its audience." *Open Air Entm't, LLC v. CW Cases*, No. CV1204240GAFDTBX, 2012 WL 12892362, at *5 (C.D. Cal. July 26, 2012) (allegation of false statement to "at least one" customer insufficient).

Exception if the potential consumers in the market are "relatively limited in number." *Coastal Abstract Service, Inc.*, 173 F.3d 725, 735 (9th Cir. 1999).



Injunctive Relief.

Often a plaintiff's primary goal

[Preliminary Injunction] Must show irreparable injury and likelihood of success on the merits of the Lanham Act claim.

Where advertisement specifically calls out a competitor by name, irreparable injury is presumed.

If advertisement only makes claims about a competitor's own product, challenger must provide evidence of actual injury and causation.

Specific evidence of harm must be proved before a permanent injunction will issue. *Schering-Plough Healthcare Products, Inc. v. Neutrogena Corp.,* Civ. No. 09-642-SLR, 2011 WL 2312569 (D. Del. June 8, 2011).

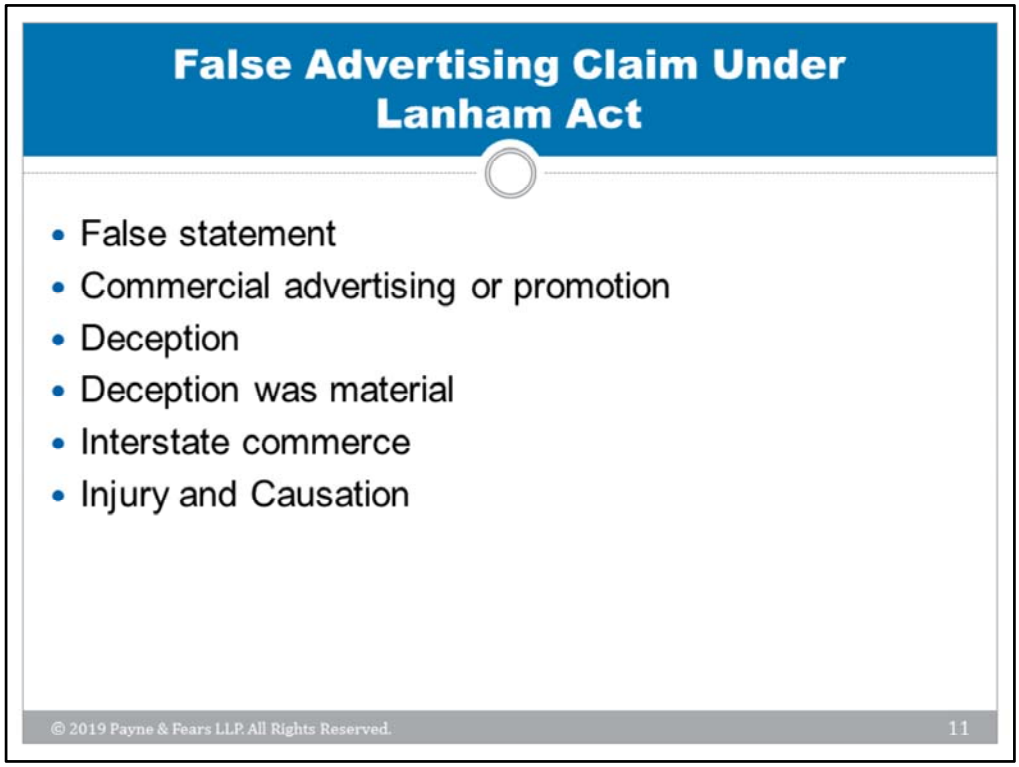
Monetary Damages

Again, if advertisement calls out competitor by name, courts often find that causation and injury are presumed.

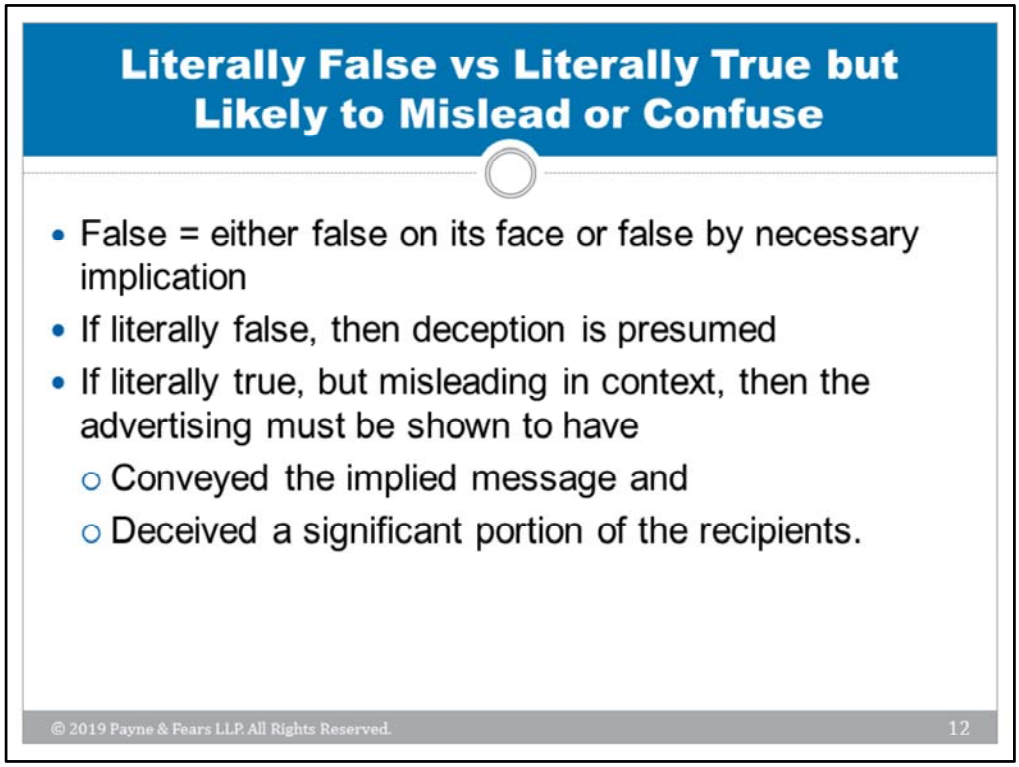
Attorney's Fees – only in "exceptional" cases. 15 USC § 1117(a).

Each circuit has its own standard.

Many consider the existence of "bad faith" or "willfulness." *See Stephen W. Boney, Inc. v. Boney Services, Inc.*, 127 F.3d 821, 827 (9th Cir. 1997) ("a finding that the losing party has acted in bad faith may provide evidence that the case is exceptional" but "other exceptional circumstances may [also] warrant a fee award");



False statement about a product in commercial advertising or promotion
Actually deceived or had the tendency to deceive a substantial segment of its audience
Deception was material to the buying decision (would have made a different choice knowing the truth)
False statement entered interstate commerce
Injury as a result of the false statement
Statements must be verifiable and "capable of being prove[n] false" by scientific methods.



Claim is literally false either if it is false on its face or false by necessary implication, i.e. words or images, in context, imply a false message.

When a statement is literally false, deception is presumed and need not be demonstrated.

If a statement is literally true, but misleading in context, the plaintiff must show that the advertising conveyed the implied message and deceived a significant portion of the recipients.

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Literally false to imply that Miller and Coors use corn syrup in their beer?

Miller Coors does use corn syrup to aid fermentation.

Literally true but misleading?

Is Bud Light Implying that use of corn syrup makes Miller and Coors beers less healthy than Bud Light?

During the brewing process, corn syrup is eaten by yeast, which turns the sugar into alcohol. So the corn syrup is 100% fermented out of the finished product.

Corn syrup vs *high fructose* corn syrup. MillerCoors responded to the ad by clarifying that while they do use corn syrup in the fermentation process, they do not use high fructose corn syrup, which has been linked to obesity and diabetes.

Bud Light uses rice as a source of sugar to aid fermentation.

Experts say there is no nutritional difference using rice or corn as a source of sugar in the fermentation process.

Literally False

Time Warner v. DirecTV Inc. **497 F3d 144 (2d Cir. 2007)**

https://www.youtube.com/watch?v=7d18mZzBQf0

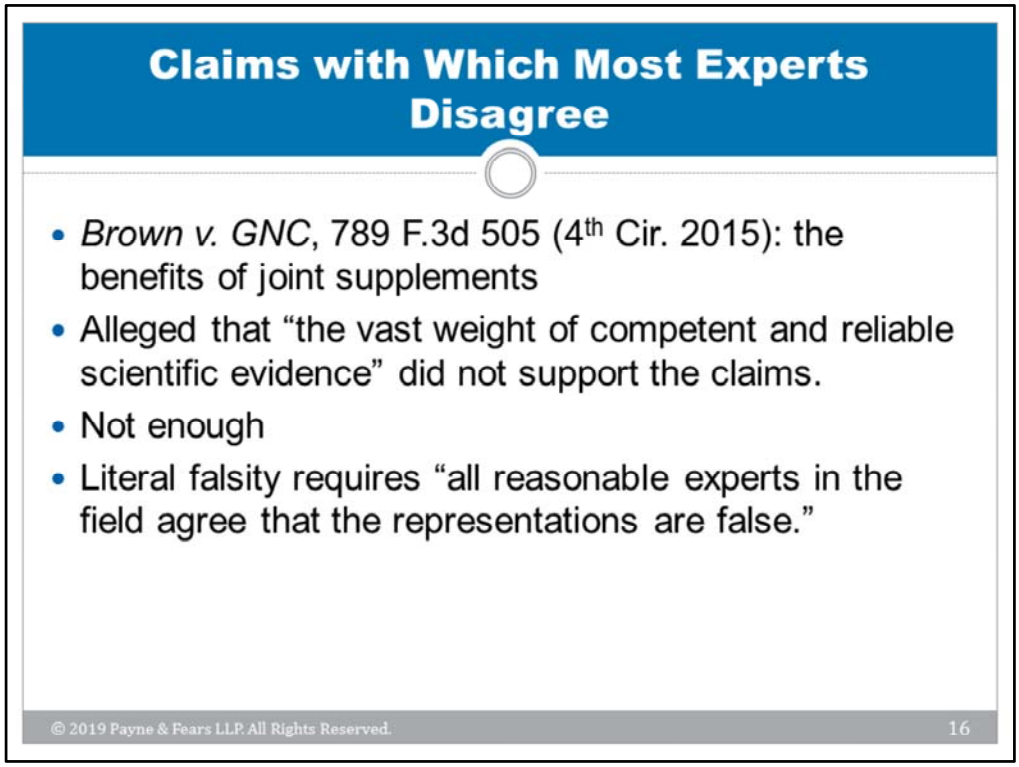
Singer Jessica Simpson states: “You’re just not gonna get the best picture out of some fancy big screen TV without DIRECTV. It’s broadcast in 1080i.”
Court concluded that the statement was literally false since the picture quality did not vary between Time Warner’s cable signal and Direct TV’s signal.
Because it is literally false, no evidence of actual consumer deception was required.

False by Necessary Implication

Time Warner v. DirecTV Inc. **497 F.3d 144 (2d Cir. 2007)**

https://www.youtube.com/watch?v=HE__4bb3r0Y

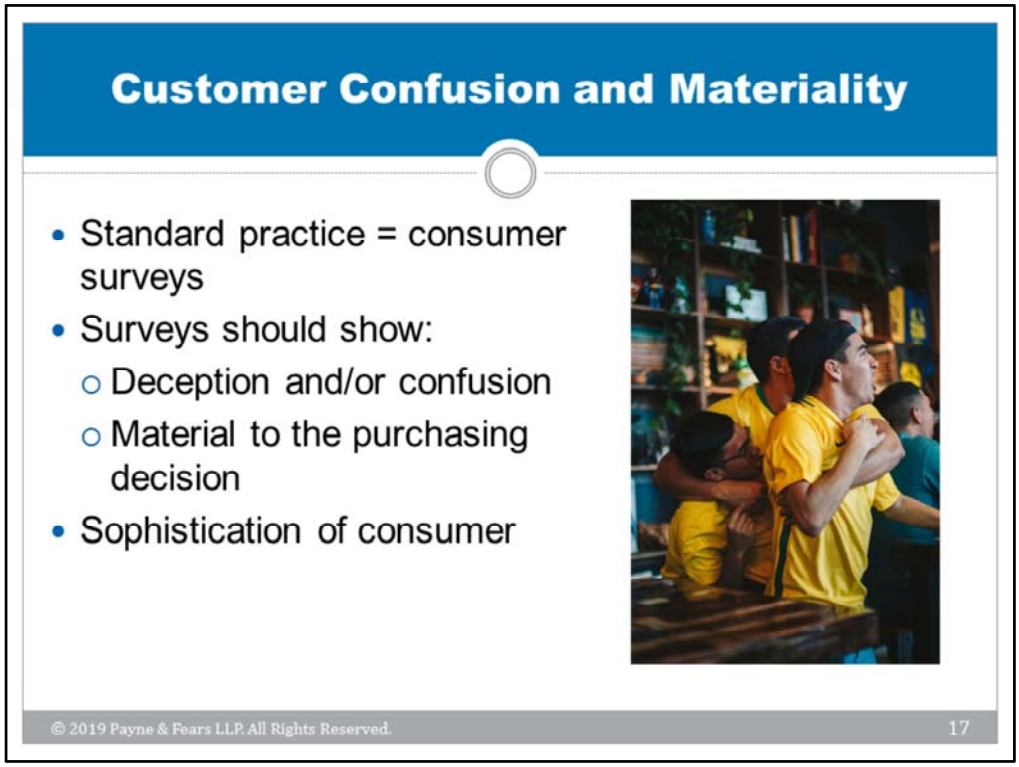
"I wish he'd just relax and enjoy the amazing picture clarity of the DIRECTV HD we just hooked up ... . Settling for cable would be illogical."
The court found this statement false by necessary implication because it implies that the competing cable transmission will not produce a picture with the "amazing" clarity of DirecTV and therefore consumers should reject cable television as "illogical."



Brown v. GNC, 789 F.3d 505 (4th Cir. 2015): plaintiffs alleged that GNC and Rite Aid falsely advertised the benefits of joint supplements. The plaintiffs argued a number of scientific studies had shown that the active ingredients in the supplements were no more effective than a placebo.

Plaintiffs alleged that the benefits claims made on defendant's packaging were false because "the vast weight of competent and reliable scientific evidence" did not support the claims.
Fourth Circuit held this wasn't enough to plead literal falsity.

Literal falsity requires plaintiff to allege that "all reasonable experts in the field agree that the representations are false."



Standard practice in Lanham Act cases is the use of consumer surveys to establish deception, customer confusion and/or materiality.

Surveys should show that consumers were deceived and/or confused and that the allegedly false statement was material to the purchasing decision.

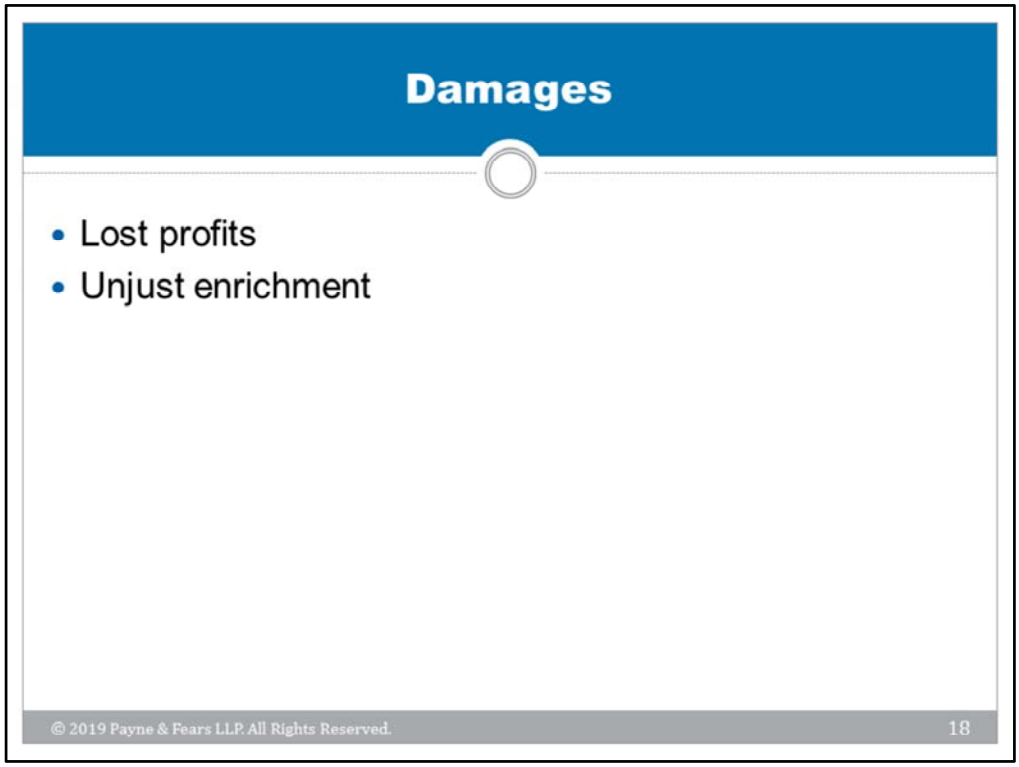
Surveys can be very expensive.

The Fourth Circuit criticized the plaintiff's lack of survey evidence when it upheld summary judgment in favor of the defendant. *Verisign, Inc v XYZ.com, LLC*, 848 F 3d 292 (4th Cir, 2017).

Sophistication of consumer must be taken into account when determining whether advertisement is likely to deceive or is material to purchasing decision.

Consumer in Bud Light commercials – beer drinkers

Compare advertising directed at physicians.



Damages can be measured by either plaintiff's lost profits or defendant's unjust enrichment (sometimes referred to as "disgorgement" of ill gotten profits.)

Common Defenses to Lanham Act Claims

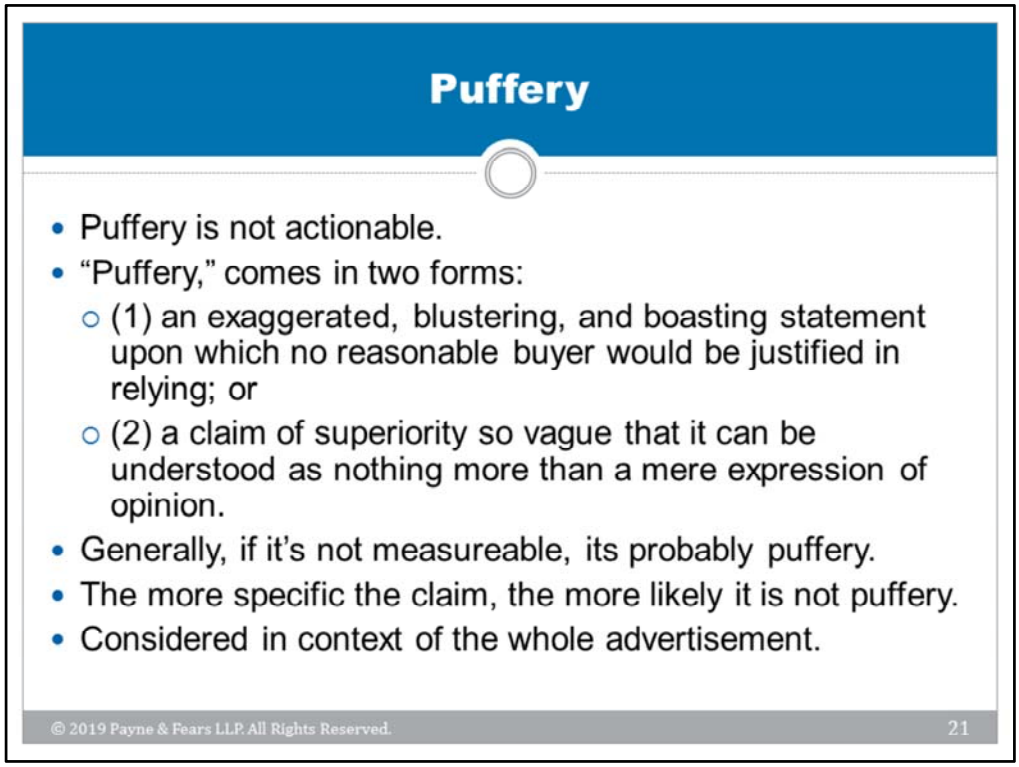
- Statement not false/no consumer/statement not material/no damages
- Puffery and Statement of Opinion
- Agency Preemption
- Insufficient Pleading
- Unclean Hands
- Laches

Unclean Hands. *Certified Nutraceuticals, Inc. v. Avicenna Nutraceutical, LLC*, Case No.: 3:16-cv-02810-BEN-BGS (S.D.Cal., July 30, 2018).(Avicenna was entitled to summary judgment on the Lanham Act claim under the unclean hands doctrine since Certified had itself engaged in false advertising of the same kind)

Laches (see *Hot Wax Inc. v. Turtle Wax Inc*., 191 F.3d 813 (7th Cir. 1999) (dismissed Hot Wax's complaint based on a laches defense)

Puffery
Joe Isuzu Commercial

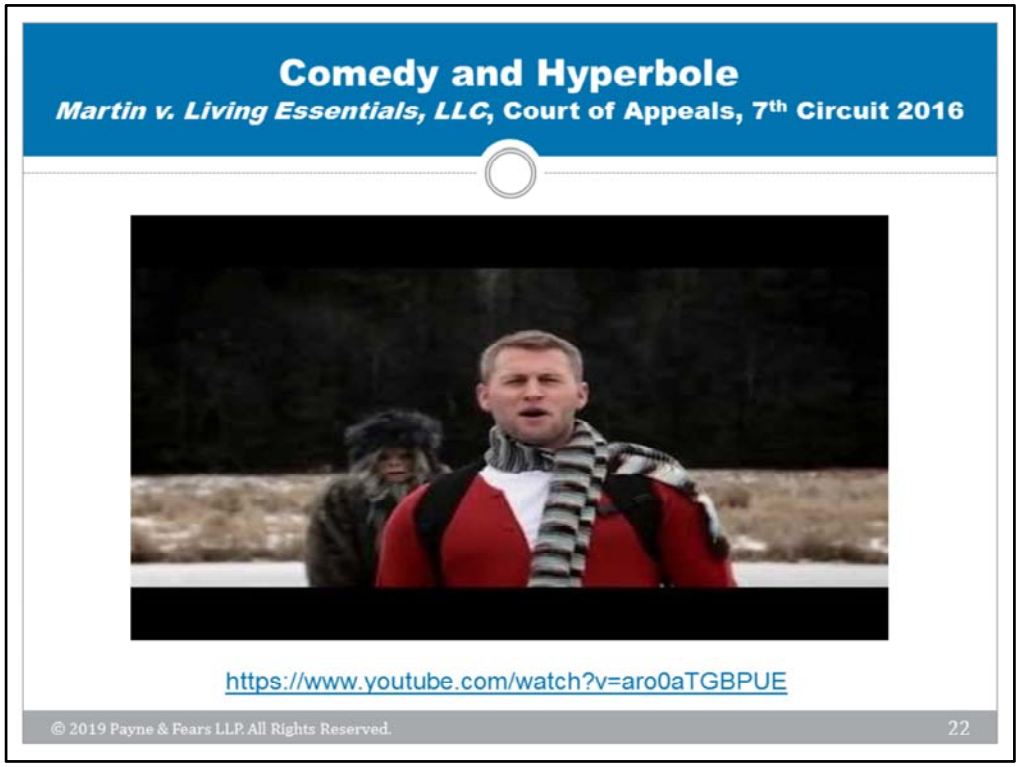
https://www.youtube.com/watch?v=TsUymfKrfqg



Puffery is not actionable under the Lanham Act.
"Puffery," comes in two forms: (1) an exaggerated, blustering, and boasting statement upon which no reasonable buyer would be justified in relying; or (2) a general claim of superiority over comparable products that is so vague that it can be understood as nothing more than a mere expression of opinion. *Pizza Hut v Papa John*, 227 F.3d 489 (5th Cir. 2000) at 496-97.
Generally, if it's not measurable, its probably puffery.
The more specific the claim, the more likely it is not puffery.
When determining whether a statement is mere puffery, "it must be considered in context of the whole" advertisement. *Krommenhock v Post Foods, LLC*, 255 F. Supp 3d 938, 965 (ND Cal, 2017).

Pizza Hut v. Papa John:
"better ingredients, better pizza"

> Appellate Court overturned jury verdict against Papa Johns and found statement to be puffery even though statement was used in connection with ad campaign that claimed its ingredients were fresher than competitors.
> "Better Pizza," "epitomizes the exaggerated advertising, blustering and boasting by a manufacturer upon which no consumer would rely." *Pizza Hut, Inc. v. Papa John's Int'l, Inc.*, 227 F.3d 489, 498 (5th Cir. 2000)



Martin v. Living Essentials, LLC, Illinois federal court dismissed the Lanham Act false advertising claims of Johannes "Ted" Martin, the holder of the Hacky Sack "world record for most consecutive kicks," against Living Essentials, the manufacturer of 5-hour ENERGY drink, finding (among other reasons) that the advertiser's television commercial was "clearly a comedic farce" — "an obvious joke that employ[ed] hyperbole and exaggeration for comedic effect" — and was therefore nonactionable puffery.

From the trial court: Oscar Wilde once observed: "It is a curious fact that people are never so trivial as when they take themselves seriously." Case in point: Plaintiff Johannes T. ("Ted") Martin claims invasion of privacy and false advertising based on a television commercial in which an actor plugging an energy drink claims to have accomplished a series of seemingly impossible feats, all within the five-hour boost of energy the product purports to provide. These include mastering origami "while beating the record for Hacky Sack." Am. Compl. 2, ECF No. 8. Martin, who holds the world record for most consecutive kicks (no knees) in the footbag (*i.e*. hacky sack) singles category and has held that record since 1988 (with the exception of a brief period of 50 days in 1997), takes umbrage at the suggestion that consuming an energy drink could enable someone to break a record—*his* record—that doubtless requires a great deal of athleticism and countless hours of practice. He sees no humor in what he perceives to be an effort to exploit his achievement. But, whether Martin himself finds it humorous or not, the ad is clearly a comedic farce and in no way trades on Martin's identity. Were he to take a step back, Martin might even see that, if anything, the ad promotes the game to which he has given so much of himself (including, perhaps, his sense of humor). In any event, the amended complaint asserts no plausible cause of action and, for the reasons set forth more fully below, is dismissed with prejudice.

"World's Best…"

"the world's best aspirin"

Puffery

"World's Best Fruit and Vegetable Juice" (Tropicana)

NAD determined claim was puffery.

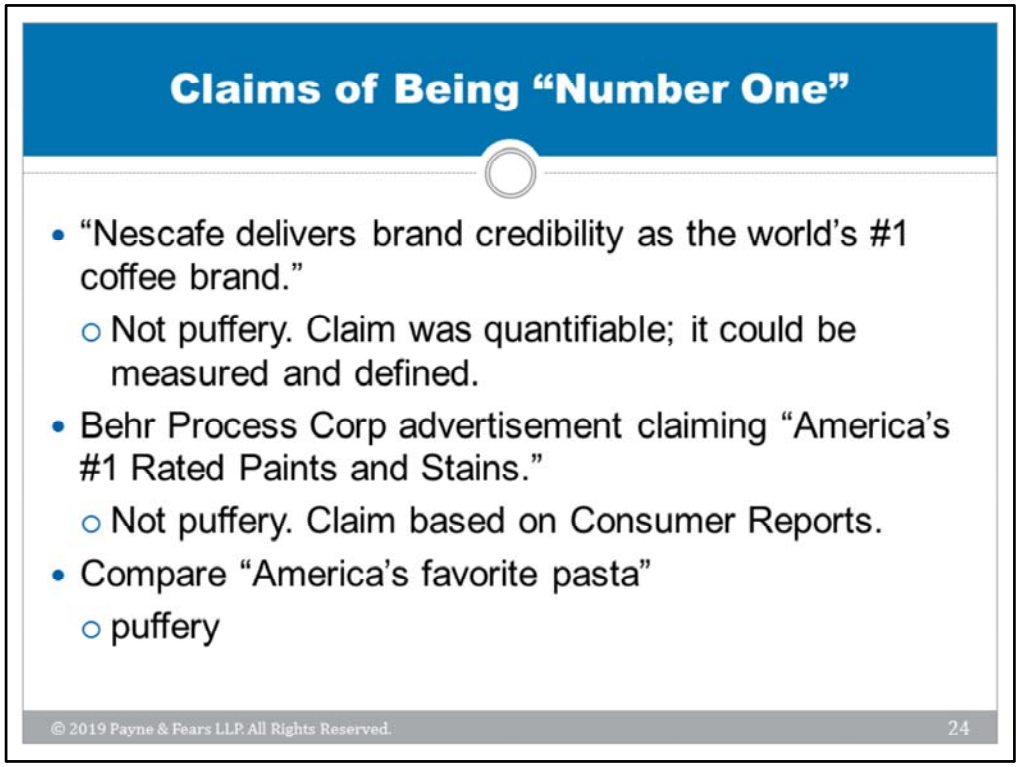
"World's Best Glass Cleaner" (PLZ Aeroscience's ("PLZ") "Sprayway" glass cleaning product (NAD determined claim was puffery.)

In re Boston Beer Co., 198 F.3d 1370, 1372 (Fed.Cir. 1999) (the phrase "The Best Beer in America" was "trade puffery" and such a general claim of superiority "should be freely available to all competitors in any given field to refer to their products or services")

NAD has stated that claims for "world's best" may constitute puffery depending on the context. Considerations according to NAD:

whether the use of the superlative is "vague and fanciful" or

if it used adjectives accompanied by specific attributes suggesting the product was better in a recognizable or measurable way.



Claims of being "Number one"

"Nescafe delivers brand credibility as the world's #1 coffee brand."

NAD determined it was a claim, not puffery. Claim was quantifiable; it could be measured and defined.

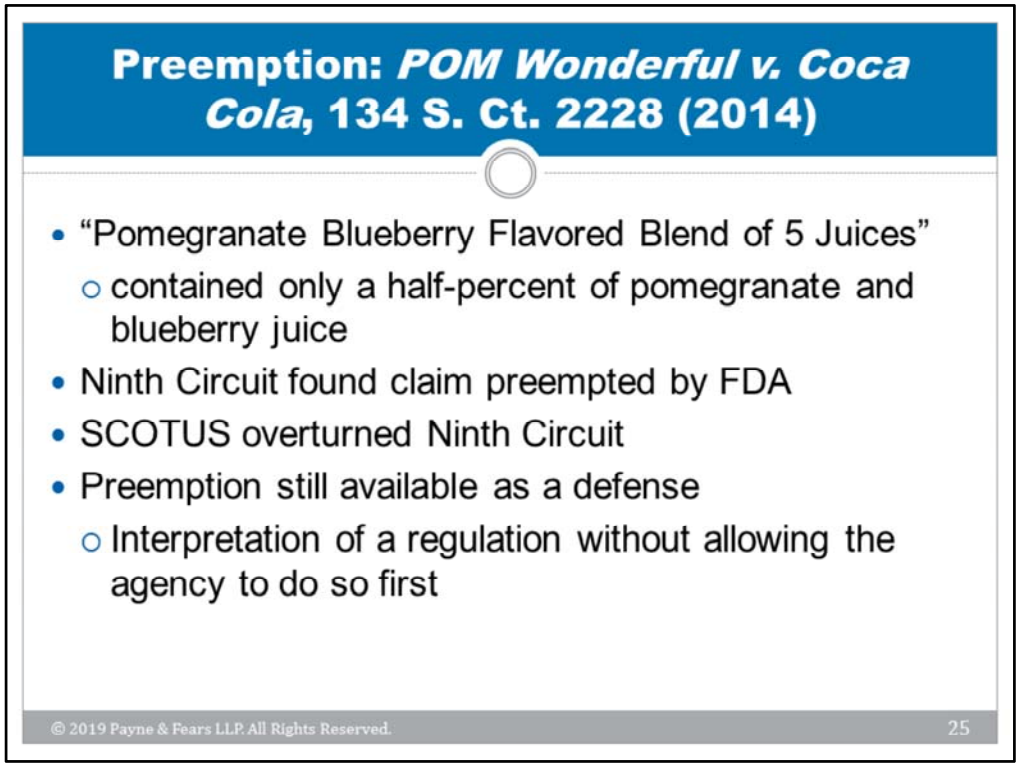
Behr Process Corp advertisement claiming "America's #1 Rated Paints and Stains."

Not puffery. Claim based on Consumer Reports. NAD found Behr could not substantiate that all of its paints were rated number 1.

Compare "America's favorite pasta" *American Italian Pasta Company v. New World Pasta*, 371 F.3d 387 (8th Cir. 2004).

In context, court determined it was puffery

Claims in paragraph did not suggest a benchmark by which the veracity of the statement, "America's Favorite Pasta," could be determined.



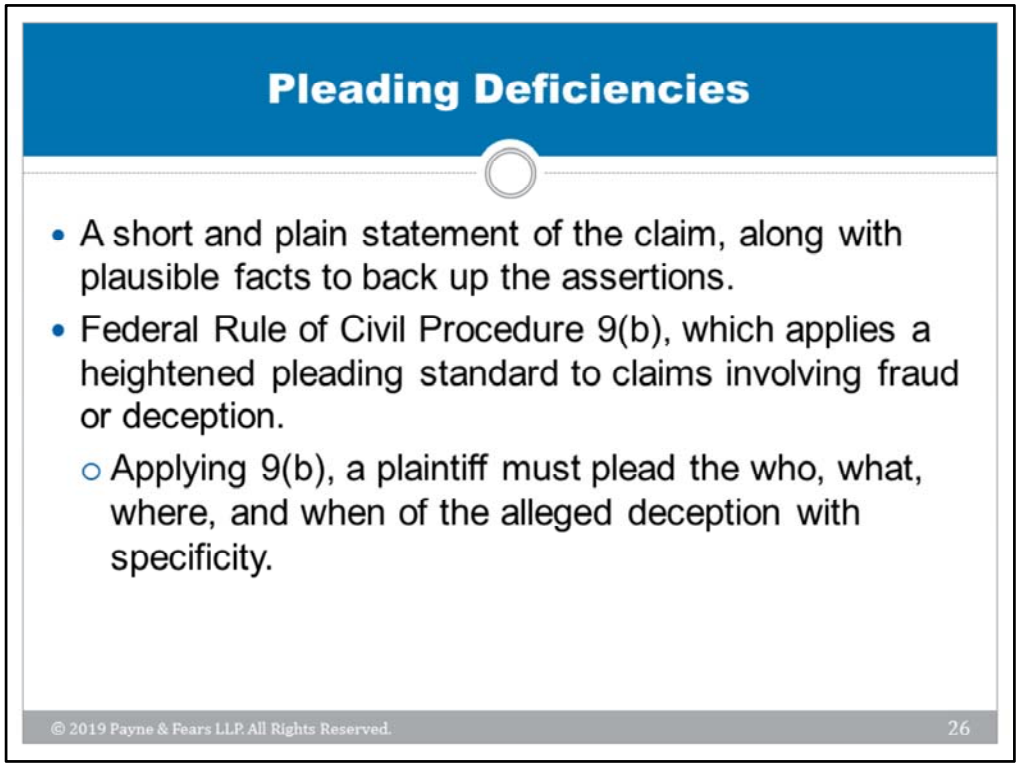
POM Wonderful v. Coca Cola, 134 S. Ct. 2228 (2014): "Pomegranate Blueberry Flavored Blend of 5 Juices" which contained only a half-percent of pomegranate and blueberry juice.

Coke contended that it's label was accurate and complied with FDA guidelines.

Ninth Circuit found claim preempted by FDA since claims complied with FDA.

SCOTUS overturned Ninth Circuit. Held that compliance with FDA regulations does not immunize the content of labels from false advertising challenges under § 43(a) of the Lanham Act.

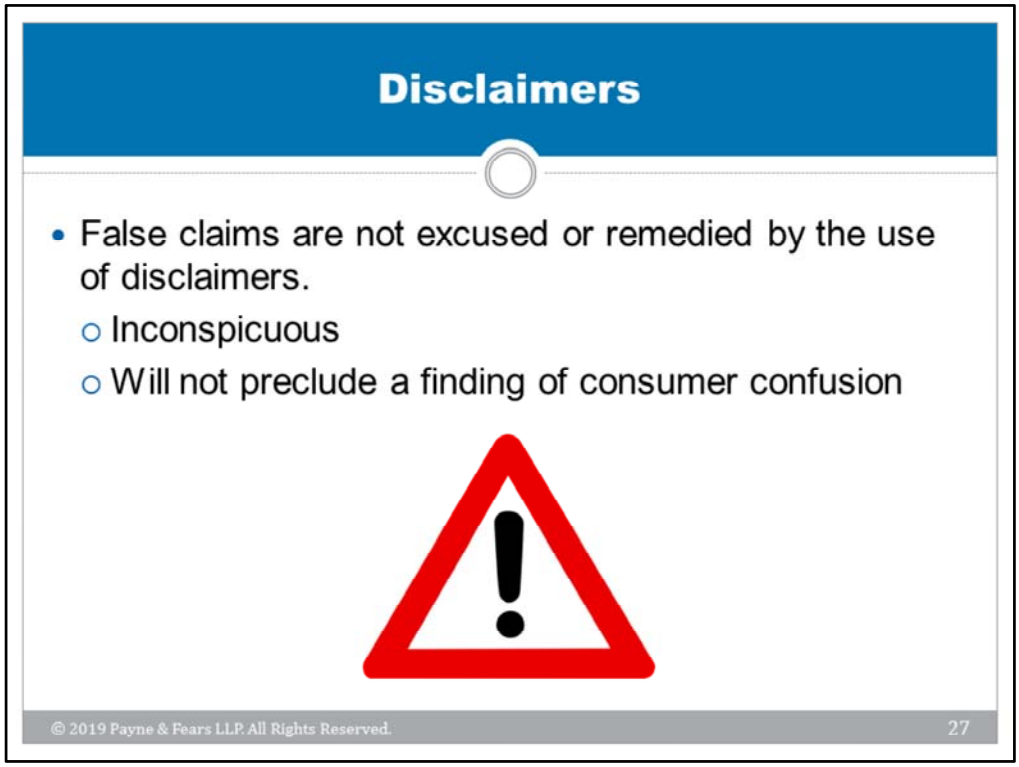
However, Lanham Act claims are still subject to preemption where adjudication of the claim would require to the court to interpret an agency regulation without allowing the agency to do so first. *Concordia Pharm. Inc., S.À.R.L. v. Winder Labs., LLC*, No. 2:16-CV-00004-RWS, 2017 WL 1001533 (N.D. Ga. Mar. 15, 2017).



Under *Twombly/Iqbal* pleading standards, a plaintiff must allege a short and plain statement of the claim, along with plausible facts to back up the assertions.

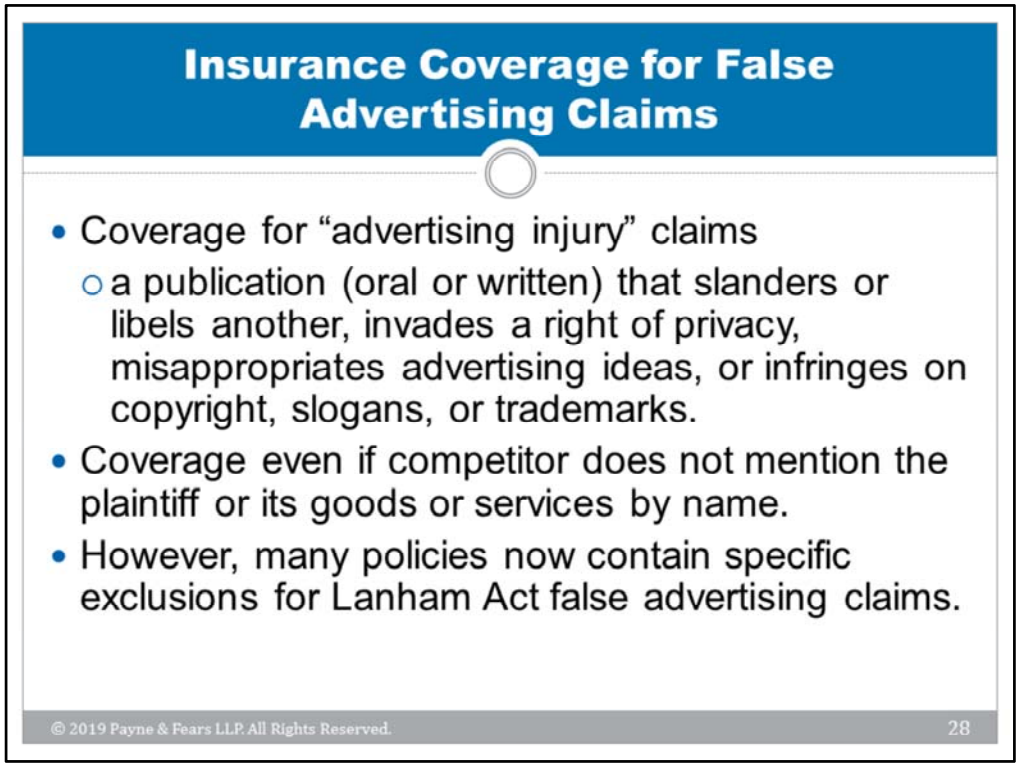
District courts in the Seventh and Ninth Circuits have held that Section 43(a) false advertising claims are subject to Federal Rule of Civil Procedure 9(b), which applies a heightened pleading standard to claims involving fraud or deception.

> Applying 9(b), a plaintiff must plead the who, what, where, and when of the alleged deception with specificity.
>
> *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007). The Court abrogated "the accepted rule that a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief"—the standard for deciding 12(b)(6) motions first stated fifty years earlier in Conley v. Gibson. To replace the old rule, the Court announced a new "plausibility" standard: that a complaint must allege "enough facts to state a claim to relief that is plausible on its face."
> *Ashcroft v. Iqbal*, 129 S. Ct. 1937 (2009). The Court ruled that the *Twombly* "plausibility" standard applies to all cases.



False claims are not excused or remedied by the use of disclaimers. A disclaimer that changes the apparent meaning of the claims and "renders them literally truthful, but which is so inconspicuously located or in such fine print that readers tend to overlook it, will not remedy the misleading nature of the claims." *SmithKline Beecham Consumer Healthcare, L.P. v. Johnson & Johnson–Merck Consumer Pharm. Co*., 906 F.Supp. 178, 182 (S.D.N.Y.1995)

The mere existence of a disclaimer will not preclude a finding of consumer confusion. *See Allen v. National Video, Inc*. 610 F.Supp. at 629.

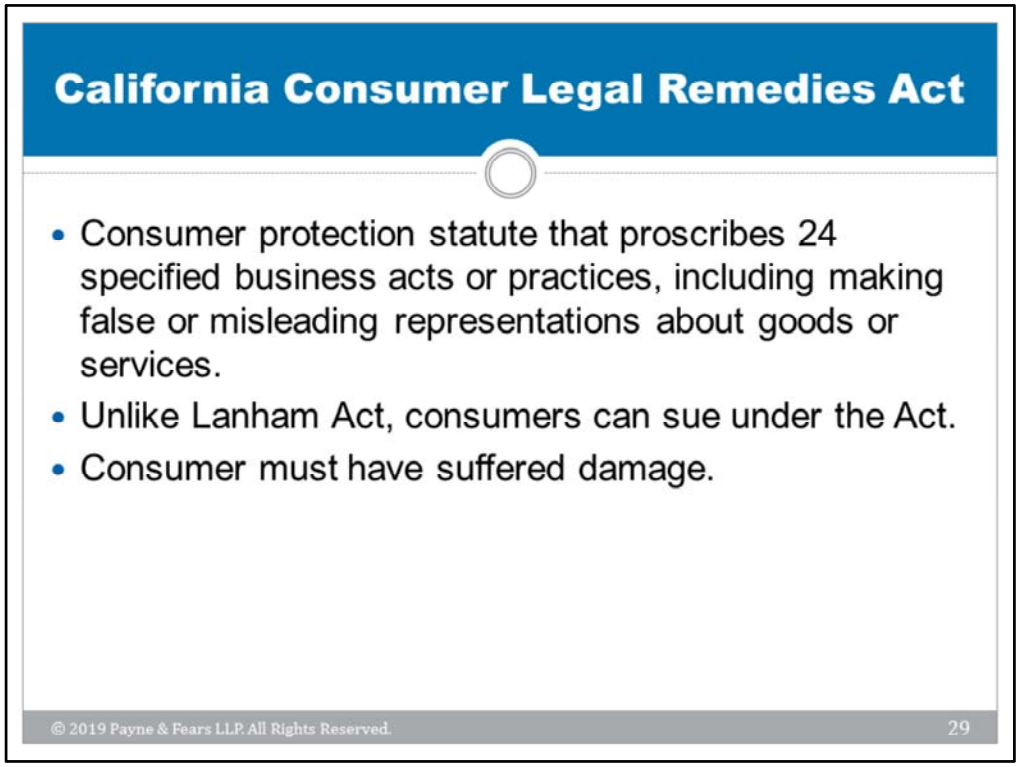


Commercial general liability (CGL) policies generally cover advertising injury claims. "Advertising injury" is typically defined in CGL policies as a publication (oral or written) that slanders or libels another, invades a right of privacy, misappropriates advertising ideas, or infringes on copyright, slogans, or trademarks.

Therefore, generally coverage where a competitor actually denigrates or disparages the plaintiff's goods or services in an advertisement.

There could still be coverage even if competitor does not mention the plaintiff or its goods or services by name. *E. Piphany, Inc. v. St. Paul Fire & Marine Insurance Co*., 590 F.Supp.2d 1244 (N.D.Cal. 2008): coverage sustained because insured's false claims about its own products constituted "implied disparagements" of the claimant's products and hence triggered coverage under the personal injury and advertising injury sections of the CGL-type policy. *Id*. at 1253-54.

Note that many CGL policies now contain exclusions for Lanham Act false advertising claims.



California Consumer Legal Remedies Act, Civil Code Section 1750 et seq.

The Act declares as unlawful several "methods of competition and unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer". Forbidden practices include misrepresenting the source of the good and services, representing reconditioned goods as new, advertising goods without having the expected demand in stock, representing a repair is needed when it is not, representing rebates that have hidden conditions, and misrepresenting the authority of a salesman to close a deal.

The Act is attractive to potential plaintiffs because Cal. Civ. Code § 1780 allows consumers who suffer damage as a result of a practice declared unlawful by § 1770 to obtain actual damages; may seek relief on behalf of others similarly situated (a class action if more than $1,000); an order enjoining the methods, acts, or practices; restitution of property; punitive damages; court costs and attorney's fees; and any other relief that the court deems proper. A prevailing plaintiff is entitled to recover his/her attorney's fees, but a prevailing defendant usually may not recover its attorney's fees.

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Questions?

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Thank you!

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KEY CONSIDERATIONS FOR TACKLING LANHAM ACT FALSE ADVERTISING CLAIMS

- ✓ Have I suffered (or caused) a competitive injury?
- ✓ Is the false statement “commercial advertising or promotion”?
- ✓ Did the statement affect the decision to purchase?
- ✓ What would be the effect of injunctive relief?
- ✓ What monetary damages would I collect (or be obligated to pay)?
- ✓ Is the statement false on its face?
- ✓ Is the statement literally true but misleading in context?
- ✓ Is the statement obviously untrue?
- ✓ Do regulations preempt this Lanham Act claim?
- ✓ Would this claim be covered by insurance?
- ✓ Do you have exposure in a potential counterclaim?
- ✓ Are you comfortable with the potential expense associated with prosecuting a claim?

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Benjamin A. Nix, Chair of the Business Litigation Group, has extensive experience litigating complex business disputes, including trade secrets, non-competition agreements, unfair competition, class actions, trade dress and trademark, copyright, and fiduciary duty. He also counsels clients on a variety of pre-litigation matters, particularly on issues related to trade secrets, non-competition agreements and unfair competition.

Ben heads up a team which handles trade secrets matters and disputes over non-competition agreements. He and the team have successfully defended numerous claims of misappropriation of trade secrets, including defeating applications for emergency relief and preliminary injunctions. In addition, Ben and the team has successfully prosecuted trade secret claims and related matters, including obtaining temporary restraining orders, preliminary injunctions, and permanent injunctions on behalf of the firm's clients. Ben's recent successes for his clients include multiple millions of dollars in awards and settlements, as well as recovery of attorneys' fees and costs.

Ben has been named to the roster of Southern California Super Lawyers by a vote among attorneys consistently since 2004. He also has been recognized as one of the Top 50 Super Lawyers in Orange County in 2005 and again in 2006. He is the past Chair of the Business Litigation Section of the Orange County Bar Association, and is currently a member of the Orange County Bar Association, Administration of Justice Committee.

Before joining Payne & Fears LLP, Ben was an associate in the litigation department at Paul, Hastings, Janofsky & Walker LLP. Prior to that, he served as a judicial extern for the Honorable Stanley Mosk, Associate Justice of the California Supreme Court.

News & Events

Eight Payne & Fears LLP Attorneys Selected as 2019 Southern California Super Lawyers (Jan 2019)

Current Developments in California Law in Confidentiality Agreements (Los Angeles) (Aug 2018)

Practice Areas

Labor and Employment Litigation

Trade Secret and Unfair Business Practices

Wage and Hour Litigation

Business Litigation

Intellectual Property

Industry Experience

Technology & Startups

Bar Admissions

- State of California
- U.S. District Court for the Central, Southern, and Northern Districts of California
- U.S. Court of Appeals for the Ninth Circuit

Professional Memberships and Activities

- Member, Orange County Bar Association, Business Litigation Section (Former Section Chair in 2009)
- Member, Association of Business Trial Lawyers
- Member, Orange County Bar Association, Administration of Justice Committee

Professional Awards and Recognitions

- Top-Rated IP Attorney by American Lawyer Media and Martindale-Hubbell™ 2017
- Southern California Super Lawyers List by Los Angeles Magazine each year from 2004 - 2019
- Top 50 Super Lawyers- Orange County List, 2005 and 2006

Education

- J.D., magna cum laude, University of California, Hastings College of the Law, 1988
- B.A., Political Science, with High Honors, California State University, Fullerton, 1985

Current Developments in California Law in Confidentiality Agreements (Orange County) (Aug 2018)

Payne & Fears LLP Partners Selected by the 2018 Super Lawyers List (Feb 2018)

What California Companies Need to Know to Prepare Strong, Enforceable Confidentiality Agreements (Sep 2017)

Fourteen Payne & Fears LLP Attorneys Recognized in Southern California Super Lawyers and Rising Stars Lists (Jun 2017)

Payne & Fears LLP Partners Named to 2016 Southern CA Super Lawyers List (Feb 2016)

Seventeen Attorneys Named 2008 Super Lawyers (Dec 2008)

Payne & Fears Attorneys Named Super Lawyers and Rising Stars (Aug 2005)

Recent Successes

Unlicensed Contractor Agrees to Drop Million Dollar Suit Against SpaceX

Payne & Fears LLP Obtains Judgment In Favor of Client, Plus Award of Attorneys' Fees and Costs

Payne & Fears LLP Wins Appeal Upholding Grant of Summary Judgment for Client and Award of Attorneys' Fees and Costs

Insights

Keys to the Kingdom: How Confidentiality Agreements Are Key to Keeping Business Information Secret, (Oct 2017)

Recent Developments Regarding Noncompete Agreements, (Jul 2017)

In Landmark Decision, the Supreme Court Strikes Down Key Provision of the Lanham Act that Prohibits Registration of Disparaging Trademarks, (Jun 2017)

The Federal Defend Trade Secrets Act: What Use Is It In California?, (Sep 2016)

Will California Like Social Media Tombstone Announcements or Will Employees Have to Unfriend Their Social Media Client Contacts?, (Jun 2015)

Stemming the Tide of Foreclosures - Recent Developments in Mortgage Foreclosure Legislation , Orange County Lawyer (Oct 2009)

California's New "Foreclosure Prevention Act", (Mar 2009)

PAYNE & FEARS

Daniel L. Rasmussen
Partner

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Dan's expertise is in business litigation and appellate law. He has extensive experience in real property, product liability, contract law, commercial law, corporations, fiduciary relations, unfair competition and business torts.

Dan is an experienced trial lawyer who advises clients in every aspect of litigation, providing strategic counsel on pre-trial tactics, approach to trial and any subsequent appeals.

For three years, he has also served as the outside General Counsel of Stronghold Engineering, Inc. and its affiliates. Stronghold provides its customers with design, engineering and construction services.

Dan's Representative Matters:

- *Baughman v. Disney*, 217 Cal. App. 4th 1438 (2013). Dan, with other attorneys from Payne & Fears LLP, successfully defended the firm's client against allegations that its policy prohibiting two-wheeled vehicles from entering its theme park was a violation of the Unruh Act and California Disabled Persons Act.
- *Frye v. VH Property dba Trump National Golf Club,* BC 470726 (2012). Summary judgment was granted in favor of Dan's client in Los Angeles Superior Court, when the plaintiff in that case sought to certify a class action based on alleged violations of the Unruh Civil Rights Act. Then in a similar action filed by the same plaintiff, Dan's client prevailed on a hotly disputed motion to decertify the class action in Campbell, Frye v. American Golf Corporation, et. al., BC 414740. The plaintiff's motion for class action certification was also denied in the case of Frye v. Los Alamitos Raceway, Orange County Superior Court Case No. 30-2010-00339931.
- *Surrey v. True Beginnings LLC*, 168 Cal. App. 4th 414 (2008). Dan and Julie Bisceglia prevailed at both the trial court and appellate level on the question of whether the plaintiff had standing to pursue discrimination claims against a Texas-based company which provides online dating services to its clients both nationally and internationally.
- *Fisher Tool Co., Inc. v. Gillet Outillage*, 530 F.3d 1063 (9th Cir. 2008). Dan won summary judgment for a New Jersey intellectual property law firm, in an action brought by a California tool distributor and its Taiwanese supplier. The complaint alleged that the client violated federal antitrust law, the Lanham Act and state law when it brought a prior suit against the distributor and supplier for patent infringement, and sought millions in damages. In 2005, Dan and Daniel F. Lula brought a successful motion for partial summary judgment on

Practice Areas

Business Litigation

Business Transactions

Appellate Law (Labor)

Intellectual Property

Appellate Law (Business)

Industry Experience

Health Care

Real Estate & Construction

Bar Admissions

- State of California
- U.S. Supreme Court, 1999
- U.S. Court of Appeals for the Ninth Circuit
- U.S. District Court for the Central, Eastern, Northern and Southern Districts of California

Professional Memberships and Activities

- Member, Business Litigation and Appellate Law Sections of the Orange County Bar Association
- Member, Association of Business Trial Lawyers
- Member, Orange County Chapter of the J. Reuben Clark Law Society; served a two-year term as a member of its board of directors

Professional Awards and Recognitions

- Named to The Best Lawyers in America in the areas of Commercial Litigation, Employment Law-Management, and Labor Law-Management each year since 2006. The Best Lawyers lists, representing 57 specialties in all 50 states and Washington, DC, are compiled through an exhaustive peer-review survey in which thousands of the top lawyers in the U.S. confidentially evaluate their professional peers.
- AV Rated by Martindale-Hubbell®.
- Named to Southern California Super Lawyers list by Law & Politics and the publishers of Los Angeles Magazine in

litigation privilege grounds, which eliminated six of nine claims. After discovery, they persuaded the federal court that the underlying patent case was supported by probable cause and protected by the Noerr-Pennington doctrine, resulting in the dismissal of the three remaining claims against our client. The result was affirmed by the Ninth Circuit Court of Appeals.

- *Abdali v. Owiessy*, (2008). Following a two-week trial, Dan and Mark Earnest prevailed for their client. The verdict was based on breach of both real property and equipment leases.
- *Nanco v. Miller*, (2008). Dan successfully defended their clients in a trial held in the Orange County Superior Court. The allegations of the Complaint included claims for Corporate Securities Law violations, professional negligence, fraud, negligent misrepresentation, breach of fiduciary duty and unjust enrichment.
- *Cohn v. Corinthian Colleges*, 169 Cal. App. 4th 523 (2008). Dan was retained by Corinthian Colleges to defend claims that the company's sponsorship of a promotional giveaway of tote bags on Mothers' Day at Angel Stadium of Anaheim violated California's Unruh Civil Rights Act. Plaintiff's claims were dismissed pursuant to a Motion for Summary Judgment prepared by Dan and Julie Bisceglia. The matter was then affirmed on appeal.
- *Coast Plaza Doctors Hospital v. UHP Healthcare*, 129 Cal.Rptr.2d 650, (Cal. App. 2 Dist. Dec 23, 2002). Dan led an appellate team which secured the first published decision allowing a hospital to sue a health care service plan or HMO directly for reimbursement for emergency and medically necessary services provided to the plan's enrollees, even if that hospital has no contract with the plan or HMO.
- *Pelagalli v. Premier Laser System, et. al.*, (2000). In a case that involved a dispute over the ownership of valuable patent rights, the Federal District Court granted summary judgment in favor of Dan's client.
- *Federal Deposit Insurance Corporation v. Garner, et. al.*, (1999). As counsel for the defendants, Dan successfully steered through complex issues surrounding the closing of a federally chartered financial institution and claims of defalcation against its officers and directors. The five-year litigation included a successful mock trial in federal court which eventually led to a global settlement of hotly disputed claims.
- *Wynn Oil v. ITT Industries* (1997). As counsel for the defendant, Dan obtained summary judgment in favor of the firm's client in a case involving millions of dollars in product liability claims. ITT was also awarded a significant portion of its attorney fees and costs in the matter.
- *United States v. California Mobile Home Park Management Co.*, 107 F.3d 1374, (9th Cir.(Cal.) Feb 27, 1997). As counsel for the defendant, Dan obtained for the defendant both a judgment in United States District Court and an affirmation of the judgment in the Ninth Circuit Court of Appeals against claims of illegal discrimination.
- *Brown v. Orr*, (1996). Dan obtained summary judgment dismissing multi-million dollar claims of negligence, intentional interference with contractual relationships and prospective business relationships, fraudulent misrepresentation, intentional concealment, negligent misrepresentation, business disparagement, and unfair business practices against shareholders, employees and consultants of a medical device manufacturer.
- *Lapin v. Coast Plaza Doctors Hospital* (Los Angeles Sup. Ct. 1995). As lead trial counsel, Dan obtained jury verdict on behalf of the hospital in a case involving alleged mismanagement of funds and breach of fiduciary duty. He also successfully defended companion probate and ERISA actions.
- *Anchor Electric Supply Company v. Molinaro*, (1994). Dan represented Anchor Electric in a successful trial which involved the sale of a luxury yacht.
- *EECO, Incorporated v. Litton Systems, Inc.*, (1989). Dan was the second chair in a 15-day jury trial in which the jury returned a $3.3 million verdict for the client.
- *U.S. Aluminum Corporation/Texas v. Alumax, Inc.*, 831 F.2d 878 (9th Cir. 1987). Dan participated in the successful appeal of a case involving claims of malicious prosecution of an underlying patent infringement action.

each year from 2004. He has also been recognized as one of the top fifty lawyers in Orange County.

Community Involvement

- Mission President of the Church of Jesus Christ of Latter-day Saints in Piura, Peru (2015-2018)
- Irvine California Stake of the Church of Jesus Christ of Latter-Day Saints
- The Boy Scouts of America
- The Orange County Superior Court

Education

- J.D., University of California, Berkeley, Boalt Hall School of Law, 1985
- B.S., Finance, magna cum laude, Brigham Young University, 1982

- *Deauville Savings & Loan Assn. v. Westwood Savings & Loan Assn.*, 648 F. Supp. 513 (C.D. Cal. 1986). Dan's client benefited from a successful Motion to Dismiss.
- *Nutrilite Products, Inc. v. Research Industries Corporation*, (1986). Dan won his first trial in Federal District Court, Los Angeles. The matter involved breach of an option to purchase real property.

Dan served as the firm's Managing Partner from 2007 through 2010. Prior to joining Payne & Fears LLP in 1994, Dan was a partner in the firm of McCauley & Rasmussen, a firm specializing in business litigation. He began his career as an associate in the Litigation Department of Paul, Hastings, Janofsky & Walker LLP.

News & Events

Payne & Fears LLP Attorneys Participate in First Law International Annual Convention (May 2013)

Seventeen Attorneys Named 2008 Super Lawyers (Dec 2008)

Peers Recognize Legal Skills of Payne & Fears Partner (Mar 2006)

Payne & Fears Attorneys Named Super Lawyers and Rising Stars (Aug 2005)

Recent Successes

Payne & Fears LLP Obtains Affirmed Summary Judgment Ruling

Defeated Americans With Disabilities Act Claim

Payne & Fears LLP Wins Appeal for Online Dating Service (Surrey v. True Beginnings LLC, 168 Cal.App.4th 414 (2008))

Payne & Fears LLP Wins Appeal in Unruh Civil Rights Act Suit (Cohn v. Corinthian Colleges, 169 Cal.App.4th 523 (2008))

Published Ninth Circuit Victory in Antitrust and Lanham Act Case (Fisher Tool Co., Inc. v. Gillet Outillage, 530 F.3d 1063 (9th Cir. 2008))

Insights

Gender Discrimination Must Be Intentional to Violate The Unruh Civil Rights Act, (Jan 2009)

California Business Establishments Cannot be Liable for Discrimination "In the Abstract", (Nov 2008)

ABOUT PAYNE & FEARS LLP

Payne & Fears LLP was founded in 1992 in Orange County by James L. Payne and Daniel F. Fears with only two lawyers. Now with seven offices and nearly 50 highly skilled lawyers, Payne & Fears LLP has developed a reputation that is consistent with its founding principles of delivering outstanding legal services in a cost-efficient, flexible and client-friendly manner.

In addition to the firm's premier employment and labor law practice, Payne & Fears LLP today has thriving business litigation and insurance coverage litigation practices that represent a diverse range of businesses and industries, including Fortune 100 companies, financial institutions, health care companies, construction companies and startups. Despite our growth, Payne & Fears LLP maintains great flexibility to meet our clients' varied needs.

Though the firm has changed in many ways since 1992, the core principles of legal excellence and commitment to client service remain unchanged.

PAYNEFEARS.COM

OUR VALUES

Clients deserve to know what motivates the attorneys they are hiring. The attorneys of Payne & Fears LLP share common values about our law practice which drive our commitment to excellence and results.

- We value legal excellence in our written work product and oral advocacy.
- We value prompt and clear communications with our clients to meet their legal needs and business objectives.
- We value working together as a team and putting together the best and most qualified attorneys for the job.
- We value personal achievement, academic excellence, business experience, and community involvement among our attorneys.
- We value technology as a tool to help us be more efficient.
- We value the partnerships we have developed with our clients, helping them to be successful in their businesses and organizations.
- We value integrity and the highest ethical standards in the practice of law.
- We value diversity and continually instill inclusion principles into the fabric of the firm.

OUR COMMITMENT TO DIVERSITY

Diversity and inclusion are fundamental to our success as a law firm. We strive to develop initiatives at Payne & Fears to specifically address diversity and inclusion goals, while also continually inculcating inclusion principles into the fabric of the firm. We recognize that the practice of law and the quality of firm life are enlivened and strengthened by people from different backgrounds. Our Diversity & Inclusion Team, together with the entire firm leadership, implement programs to reinforce our culture of welcoming, including, supporting and promoting diverse attorneys. We have implemented the following initiatives:

- Recruitment and retention strategies to increase diversity at all levels of the firm
- Networking and education events for diverse lawyers
- Collaborative efforts with community groups and bar associations

Our efforts at maintaining our well-earned reputation as a law firm that practices what is preaches includes active support of the National Association of Women Lawyers, California Minority Counsel Program, National Asian Pacific American Bar Association, Orange County Women Lawyers Association, and Asian Americans Advancing Justice.

CALIFORNIA MINORITY COUNSEL PROGRAM

OUR PRACTICE AREAS

Providing employment and labor law, business litigation, and insurance coverage litigation services to a diverse range of businesses and industries.

- LABOR & EMPLOYMENT
  We represent employers in all aspects of labor and employment law and related civil litigation, including employment discrimination, wrongful discharge, labor-management relations, wage and hour litigation, class action defense, and ERISA litigation.

- BUSINESS LITIGATION
  Our attorneys are skilled in representing businesses in trial and appellate court, building a remarkable record of success for our clients. We serve our clients in a wide range of disputes, including contract disputes, business torts, financial institution litigation, real property disputes, product liability, construction law disputes, intellectual property claims and litigation, and corporate matters.

- INSURANCE COVERAGE
  A solid reputation for counseling clients, resolving coverage disputes, enforcing coverage rights, and recovering insurance proceeds exclusively on behalf of policyholders throughout the nation.

PAYNE & FEARS

BUSINESS LITIGATION

The Business Litigation Group of Payne & Fears has a remarkable record of success in representing businesses in both trial and appellate proceedings in state and federal courts, in arbitration, and before administrative agencies. Our goal is always to litigate aggressively but efficiently, in order to achieve the best results at the earliest possible stage of every case.

REPRESENTATIVE SERVICES

- CONTRACT DISPUTES
- BUSINESS TORTS
- REAL PROPERTY DISPUTES
- FINANCIAL INSTITUTION LITIGATION
- TRADE SECRETS AND UNFAIR COMPETITION
- CORPORATE / PARTNERSHIP DISPUTES
- BUSINESS TRANSACTIONS
- CONSUMER CLASS ACTION LITIGATION

REPRESENTATIVE CLIENTS

- CENTRIC PARTS
- FARHEAP SOLUTIONS
- G8 CAPITAL GROUP
- HGGC
- SPACEX
- SPECTRUM BRANDS
- PRECISE AEROSPACE MANUFACTURING
- THE OLSON COMPANY
- TOLL BROTHERS
- TRI-PACIFIC CAPITAL ADVISORS
- ZIONS FIRST NATIONAL BANK

PAYNE & FEARS

EMPLOYMENT & LABOR LAW

We defend employers in employment cases, ranging from single-plaintiff wage and hour actions to complex disparate treatment cases brought on behalf of thousands of employees. While many of our cases are resolved by dispositive motions and early resolution, we are also skilled trial attorneys who successfully take employment cases of every size and type through trial, arbitrations and administrative proceedings.

REPRESENTATIVE SERVICES

- EMPLOYMENT LITIGATION
- ARBITRATION
- CLASS AND COLLECTIVE ACTION LITIGATION
- WAGE AND HOUR LITIGATION
- EMPLOYMENT COUNSELING AND TRAINING
- LABOR-MANAGEMENT RELATIONS
- TRADE SECRETS AND EMPLOYEE MOBILITY

REPRESENTATIVE CLIENTS

- ABM INDUSTRIES
- ALBERTSONS COMPANIES
- AMERICAN MEDICAL RESPONSE (AMR)
- THE BOEING COMPANY
- CENTRIC PARTS
- DSW
- KOHL'S
- MARRIOTT INTERNATIONAL
- NORITZ AMERICA CORPORATION
- TOWERJAZZ
- WALMART
- WILLIAM LYON HOMES

PAYNE & FEARS

INSURANCE COVERAGE

The Insurance Group of Payne & Fears LLP has built a solid reputation for counseling clients, resolving coverage disputes, enforcing coverage rights, and recovering insurance proceeds on behalf of policyholders throughout the nation. We have collectively recovered tens of millions of dollars on behalf of policyholders from insurance companies and insurance brokers under various kinds of policies for a variety of different claims.

REPRESENTATIVE SERVICES

- POLLUTION LIABILITY EXPOSURE
- CONSTRUCTION DEFECTS
- INTELLECTUAL PROPERTY/BUSINESS TORTS
- EMPLOYMENT PRACTICES
- BUSINESS INTERRUPTION CLAIMS
- DIRECTORS AND OFFICERS LIABILITY
- PROFESSIONAL LIABILITY
- FIRST PARTY PROPERTY DAMAGE
- REINSURANCE
- HOSPITAL LIABILITY

REPRESENTATIVE CLIENTS

- PULTE HOMES / CENTEX HOMES / DEL WEBB CORPORATION
- LENNAR
- RANCHWOOD HOMES
- ANDERSON HOMES
- USS CAL BUILDERS
- C.S. LEGACY CONSTRUCTION