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 OPEN ARTIFICIAL INTELLIGENCE, INC.
 and GUY RAVINE

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 OAKLAND DIVISION

OPENAI, INC., a Delaware corporation,
 Plaintiff,

v.

OPEN ARTIFICIAL INTELLIGENCE, INC.,
 a Delaware corporation; and GUY RAVINE,
 an individual,
 Defendants.

OPEN ARTIFICIAL INTELLIGENCE, INC.,
 a Delaware corporation; and GUY RAVINE,
 an individual,

Counterclaimants,

v.

OPENAI, INC., a Delaware corporation;
 SAMUEL ALTMAN, an individual; and
 GREGORY BROCKMAN, an individual,

Counterclaim-Defendants.

Case No.: 4:23-cv-03918-YGR

Assigned to the Hon. Yvonne Gonzalez Rogers

**DEFENDANTS OPEN ARTIFICIAL
 INTELLIGENCE, INC. AND GUY
 RAVINE'S OPPOSITION TO
 PLAINTIFF'S MOTION FOR SUMMARY
 JUDGMENT**

Date: June 17, 2025
 Time: 2:00 p.m.
 Ctrm: 1 – 4th Floor

ISSUES TO BE DECIDED

Pursuant to Local Civil Rule 7-4(a)(3), Defendants Guy Ravine and Open Artificial Intelligence, Inc. (“Defendants”) identify the following issues to be decided:

1. Whether a jury should decide the disputed issues of material fact related to Plaintiff OpenAI, Inc.’s (“Plaintiff”) infringement causes of action (*i.e.*, Plaintiff’s claims for (1) federal trademark infringement and unfair competition; (2) common law trademark infringement) and Defendants’ infringement counterclaims (*i.e.*, Defendants claims for (1) Lanham Act unfair competition; (2) Lanham Act trademark infringement; (3) common law trademark infringement; (4) declaratory judgment of non-infringement of trademark under the Lanham Act; (5) declaratory judgment of non-infringement common law trademark; (6) declaratory judgment of ownership of Open AI mark; and (7) declaratory judgment of trademark invalidity).

2. Whether a jury should decide the disputed issues of material fact related to Plaintiff’s causes of action seeking the cancellation of Defendant’s registration of the Open AI mark on the Supplemental Register (*i.e.*, Plaintiff’s claims for (3) cancellation – fraudulent registration; (4) cancellation – no bona fide use; and (5) cancellation – misrepresenting source).

3. Whether Plaintiff is entitled to summary judgment on each of Defendants’ counterclaims based on the theory that it is an intervening user, even though Plaintiff has not presented any evidence to establish a distinct market and there are disputed facts as to various relevant issues, including who entered the purported market first.

4. Whether Plaintiff is entitled to summary judgment on each of Defendants’ counterclaims based on laches, even though Plaintiff’s theory of laches directly contradicts its prior arguments before this Court (which the Court adopted in issuing a preliminary injunction against Defendant), would bar its own claims, and does not align with the relevant case law or facts of this case.

5. Whether Plaintiff is entitled to summary judgment as to damages, even though the reasonable royalty rate identified by Defendants’ expert is based on methodology that has been accepted by multiple courts and is a non-speculative method of calculating Defendants’ damages.

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INTRODUCTION

As this Court has previously observed, trademark disputes are factual in nature, and, as such, must usually be decided by the jury. To try to get around this, Plaintiff's motion is forced to take particularly strident positions, insisting that Defendants' factual claims have been proven "indisputably false," that there is "no evidence" to contradict Plaintiff's positions, and that there are therefore no less than 80 undisputed material facts in its favor. The record shows otherwise.

As to Plaintiff's claims, documents shows that Plaintiff did not consistently or prominently use the OpenAI mark in connection with its products and services (until after this lawsuit); [REDACTED]; and expert testimony confirms that Plaintiff's mark has not achieved secondary meaning.

As to Defendant's' counterclaims, seven witnesses ([REDACTED]) have testified that they accessed Defendant's website and/or collaboration tools and saw the Open AI trademark in use as far back as March 2015; forensic data shows that Defendants' collaboration tools were used by thousands of people in the United States; expert testimony establishes that Defendants' Open AI trademark is suggestive and not merely descriptive; and contemporaneous email correspondence shows that Plaintiff knew that Defendants were already using and had rights to the trademark, and even offered to purchase those rights.

At trial, a jury could of course weigh this evidence and decide that Plaintiff still has the better case. On summary judgment, however, this evidence must be viewed in the light most favorable to Defendants (and certainly cannot be ignored, as Plaintiff's motion attempts to do). The motion should be denied in its entirety.

STATEMENT OF FACTS

I. BEFORE DECEMBER 11, 2015: DEFENDANTS USE THE OPEN AI MARK IN COMMERCE BEFORE PLAINTIFF'S COMPANY IS EVEN FORMED

Ravine's development of the Open AI brand was unrelated to, and began long before, Plaintiff's company was announced. Ravine is an entrepreneur who has been involved in various companies within the tech industry for the last twenty-five years. RSUF 1. In 2012, Ravine

1 launched a tool called “Wikineering”—a not-for-profit online platform for engineers and
2 researchers to collaborate on various ideas and projects. RSUF 82. In mid to late-2014, Ravine
3 expanded Wikineering by launching an AI-specific discussion page on the platform. *Id.* Ravine
4 became increasingly interested in AI and, by early 2015, decided to focus more on AI than on
5 more generalized engineering issues.

6 On March 25, 2015, Ravine rebranded the AI content on Wikineering as “Open AI.” *Id.*
7 84. This rebranded tool has since come to be known as Defendants’ Initial Collaboration Tool.
8 *Id.* The Initial Collaboration Tool featured the Open AI mark prominently in the upper lefthand
9 corner. Third-party testimony (from at least 5 witnesses) and documents from 2015 confirm that
10 the Initial Collaboration Tool existed in 2015, prominently featured the OpenAI Mark, and had
11 users. *Id.* 85. Results from a forensic analysis also confirm that the websites that hosted the
12 Initial Collaboration Tool were continuously used from April 2014 through 2016. *Id.* 84.

13 On March 26, 2015 (*i.e.*, the day after launching the Open AI-branded Initial
14 Collaboration Tool), Ravine purchased the domain name “open.ai” to use as a website for his
15 Open AI brand. *Id.* 87. Ravine hired Sergey Belkin to design the Open AI logo and the landing
16 page for the open.ai website. *Id.* 88. Approximately two weeks later, on or around April 9, 2015,
17 the open.ai website went live. Documents and testimony from at least 5 witnesses confirm that
18 the landing page prominently displayed the Open AI Mark, explained the purpose of the
19 initiative, and enabled users to sign up via email. *Id.* 90.

20 In the months that followed, Ravine continued to build the Open AI brand. He pitched
21 Open AI to leaders in the tech industry, including, but not limited to, Google’s CEO, Siri’s co-
22 founder, and Stripe’s CEO. *Id.* 91. He also attended various conferences in an effort to generate
23 interest in Open AI. *Id.* 92. Third party testimony and documents confirm Ravine’s efforts to
24 promote the Open AI brand before December 11, 2015. *Id.* 93. In 2015, Ravine spent \$50,000 on
25 his efforts to get his Open AI initiative off the ground, including software development costs,
26 marketing costs, and fundraising activities. *Id.* 94.

27 By December 10, 2015, Defendants’ open.ai website had attracted the attention of a
28 modest but proportionally meaningful portion of the AI research community. At least 711

1 unique users had visited the website, and about 133 users had signed up with their emails.

2 **II. RAVINE CONTINUES TO USE THE OPEN AI MARK IN COMMERCE WITH**
 3 **PLAINTIFF'S KNOWLEDGE AND CONSENT AFTER DECEMBER 11, 2015**

4 On December 11, 2015—nearly *nine months* after Ravine began using the Open AI
 5 branding in connection with his Initial Collaboration Tool, website, and pitches, and had spent
 6 over \$50,000 on his initiative—Altman, Brockman, and Musk publicly announced that they were
 7 forming “OpenAI, Inc.” SUF 1. [REDACTED], had not filed a
 8 trademark registration, and had no goods or services to offer. *Id.* 96.

9 On December 11, 2015, a colleague who knew about Ravine’s Open AI notified Ravine
 10 that Plaintiff had announced that it was forming a company called OpenAI, Inc. *Id.* 97. To
 11 protect the Open AI brand he had been building for nine months, Ravine filed an application to
 12 register the Open AI mark with the USPTO that same day without assistance of counsel. *Id.* 98.

13 That same day, Ravine emailed Altman and Ilya Sutskever (another of Plaintiff’s co-
 14 founders) to see if they were interested in collaborating on Ravine’s preexisting Open AI
 15 business. *Id.* Ravine told Plaintiff about his Open AI, directed them to his websites, and proposed
 16 that the parties work together. *Id.* [REDACTED]
 17 [REDACTED]. *Id.* 100.

18 Shortly thereafter, on December 16, 2015, Brockman met with Ravine in person and
 19 asked Ravine to change his venture’s name to something other than Open AI—but Ravine
 20 declined. *Id.* 101. Brockman then seemed to agree that both of the “Open AI” ventures could co-
 21 exist. *Id.* 74. Plaintiff’s “OpenAI lab” would be a “separate effort” focused on “internal research”
 22 while Ravine’s “Open AI” was focused on developing online platforms for users “to collaborate
 23 on AI algorithms,” *i.e.*, actual software products for end users. *Id.* 102.

24 **III. 2015 TO 2020: BOTH PARTIES CONTINUE TO DEVELOP AND RELEASE**
 25 **PRODUCTS AND SERVICES**

26 Ravine continued to build his Open AI brand. By April 27, 2016, Ravine’s website had
 27 received over 17,000 interactions for thousands of unique users and nearly 1,000 verified email
 28 signups. RSUF 103.

Sometime between April 27, 2016, and July 1, 2016, Plaintiff announced its first public offering: Gym. *Id.* 3. Neither the page announcing Gym nor the GitHub page hosting Gym prominently displayed the OpenAI Mark. *Id.* 4. Plaintiff has produced no backup data showing the number of users of Gym for any given year. *Id.* 3. But Plaintiff's specimen submitted to the USPTO shows that, as of September 21, 2016, the product had only seven contributors. *Id.*¹

Around the same time, in May 2016, Ravine and his team began working on Defendants' *second* publicly released product, which was hosted on hub.open.ai and has since come to be known as "Hub." *Id.* 24. Hub had numerous features, for collaboration and sharing, and cost \$45,000 to develop. *Id.* 104, 113. Third party testimony, forensic analysis, and documents show that Hub was operational from 2016 to 2023, had content and users, and was branded with the Open AI Mark in the upper lefthand corner. *Id.* 24.

On September 21, 2016 (*i.e.*, around the same time that Ravine was launching his second product), Plaintiff filed its first trademark application for "OpenAI" (Plaintiff's "OpenAI Mark"). RSUF 49. In this application, Plaintiff claimed that its first use of the OpenAI Mark occurred on April 27, 2016, *i.e.*, when it announced Gym. *Id.*

In October 2016, Ravine and his team began developing Defendants' *third* publicly released collaboration tool, which has since come to be known as "Beta" or the "Evolved Collaboration Tool." *Id.* 24. After spending approximately 640 hours developing and writing code, and \$15,000, Ravine and his team launched the Evolved Collaboration Tool in January 2017 at beta.open.ai. *Id.* 36, 113. The Evolved Collaboration Tool had various new features, including, the ability for users to edit projects together in real time and, perhaps most uniquely, create hierarchical projects. *Id.* Forensic data, documents, and third-party witness testimony confirm that the Evolved Collaboration Tool was operational and had U.S. users and content. *Id.* 37.

After launching the Evolved Collaboration Tool, Defendants moved the tool to their

¹ While Plaintiff references the number of GitHub users who "starred" OpenAI Gym and OpenAI Universe, its expert admitted he has no data to show people who "starred" the products actually used them or even whether they were located in the U.S. RSUF 3.

open.ai homepage. But third parties began to access the tool and vandalize it. At the same time, Defendants began receiving unsolicited job applications. *Id.* 26. Ravine met with his developers to explore ways to resolve these problems. *Id.* Thereafter, one of his developers, without Ravine’s knowledge or consent, changed the open.ai homepage to redirect traffic to Plaintiff’s website. *Id.* When Ravine discovered this, he instructed the developer to stop the redirect. However, an error caused *unsecured* traffic to the homepage to continue to redirect. This error went unnoticed for quite some time because (1) the vast majority of internet traffic is secured (*not* unsecured), and (2) the error only impacted the open.ai homepage, *not* any of the subdomains on which the collaboration tools were hosted. At all times, secured traffic to the website and all traffic to its subdomains, including beta.open.ai and decentralize.open.ai, was operational and not redirected. *Id.* Documents, witness testimony from at least 7 witnesses, and computer forensic data, and Google Analytics data demonstrate that open.ai was operational and continuously used between April 2015 and March 2024. *Id.* 26. In fact, of the thousands of interactions with Ravine’s open.ai domain, only 790 interactions with Defendants’ domain were redirected. *Id.*

On January 5, 2017, the USPTO issued a non-final Office Action rejecting Plaintiff’s 2016 trademark application for the OpenAI Mark, partially on the grounds that there was a “likelihood of confusion” with Ravine’s Open AI Mark. *Id.* 105. [REDACTED]

[REDACTED] *Id.* 107. Instead, Plaintiff abandoned its application and allowed Ravine to continue using the Open AI Mark. *Id.* 105. Around a month later, on August 1, 2017, Ravine’s Open AI Mark was published to the USPTO’s Supplemental Register. *Id.* 46.

At around the same time, Ravine and his team were finishing work on Defendants’ *fourth* publicly available collaboration tool, “Decentralized.” *Id.* 39. After spending over three thousand

1 hours on development and coding, and \$100,000, Decentralized launched on the open.ai website
 2 in October 2017, where it prominently displayed the Open AI Mark at the top center of the
 3 webpage. *Id.* 39, 113. Decentralized had various unique features, including enabling users to
 4 collaboratively code inside the platform. *Id.* Documents and at least 5 third-party witnesses,
 5 including Plaintiff's 30(b)(6) witness, Rebecca McCurry, confirm Decentralized was operational,
 6 had users, and contained content. Forensic analysis of server archive also shows that
 7 Decentralized was being used between October 25, 2017, and November 16, 2022. *Id.*

8 Between 2016 and 2020, while Defendants were releasing their various collaboration
 9 platforms under the Open AI Mark, Plaintiff was releasing various projects as research
 10 initiatives. *Id.* 4. But, unlike Defendants, Plaintiff did not prominently display the OpenAI Mark
 11 on these goods and services or in connection with promoting the goods and services. *Id.* For
 12 example, Plaintiff released 13 projects on GitHub, but only one project (Baselines) prominently
 13 displayed OpenAI as a trademark. *Id.* Similarly, Plaintiff's blog posts promoting the projects
 14 rarely prominently displayed the OpenAI Mark; in fact, only three of 16 blog posts from 2016 to
 15 2020 prominently displayed the OpenAI Mark. *Id.* Only one blog after 2016 did so. *Id.*
 16 Moreover, Plaintiff has not produced any data showing the number of people who used any of its
 17 products or services between 2016 and 2020.

18 In July 2020, Plaintiff announced its first commercial product—a developer toolkit called
 19 OpenAI API. But, like Plaintiff's prior research projects, OpenAI API was not prominently or
 20 consistently branded with the purported OpenAI Mark. *Id.* 4. By contrast, all of Defendants'
 21 products always prominently displayed the Open AI mark.

22 **IV. 2022 TO 2023: PLAINTIFF RENEWS ITS EFFORTS TO GAIN CONTROL OF** 23 **THE MARK AFTER IT RELEASES CONSUMER-FACING PRODUCTS**

24 On January 26, 2022, just months before announcing DALL-E-2, Plaintiff filed new
 25 trademark applications with the USPTO for the purported OpenAI Mark. RSUF 49. At the time,
 26 Plaintiff knew about Ravine's registration and that Defendants' open.ai website and subdomains
 27 were still in use. [REDACTED]

28 [REDACTED] to Ravine about "acquiring the open.ai domain name and related IP
 [REDACTED]"

rights.” *Id.* 27. Ravine ultimately declined to sell either his domain name or his “related IP rights.” *Id.*

After Altman’s efforts to purchase Ravine’s “IP rights” failed, [REDACTED]

[REDACTED] *Id.* (Ex. 7 at 122-132).

In 2022, both parties released their own AI image generators to the general public. *Id.* 4 (DALL-E2), RSUF 50 (Image Generator), 56 (Layouts). Defendants spent 16 months developing their novel Image Generation Tool, which was first released in August 2022 and added to open.ai in November 2022, at which point it prominently displayed the Open AI Mark. *Id.* Plaintiff announced its DALL-E 2 in April 2022 and allowed a subset of users to access a beta version of the software beginning on July 20, 2022. ² *Id.* 4. Plaintiff thereafter released DALL-E 2 to the general public on September 28, 2022. *Id.* But DALL-E 2 was not branded with the purported OpenAI Mark. *Id.* 4, 100. In fact, the DALL-E-2 product page, as well as five of Plaintiff’s blog posts about DALL-E-2, all failed to use OpenAI as a trademark with this software. *Id.*

On November 30, 2022, Plaintiff also released ChatGPT to the public. Dkt. 228 ¶18.

Plaintiff admits, [REDACTED]

[REDACTED] Dkt. 22 ¶6. But like DALL-E-2, Plaintiff also failed to consistently and prominently display its purported OpenAI Mark in connection with ChatGPT. *Id.* 4, 100. For example, the blog announcement, product page, mobile application, and pricing page from December 2024, all failed to use the purported OpenAI Mark as a trademark. *Id.*

On February 23, 2023, the USPTO issued a nonfinal Office Action refusing Plaintiff’s application to register its purported OpenAI Mark because of a likelihood of confusion with Defendants’ registered Open AI Mark. Six months later, and just weeks before its deadline to

² The original DALL-E was a research project and was not made available to the public.

respond to the USPTO's nonfinal office action, Plaintiff initiated the current suit alleging that Defendants had, "at no point[,] ... used the [mark] as a trademark." Dkt. 1 ¶44.

V. 2023 - 2024: PLAINTIFF'S INTERNAL BUSINESS DOUMENTS SHOW USERS DO NOT ASSOCIATE PRODUCTS WITH OPENAI AND THE MARK HAS LITTLE BRAND AWARENESS

Prior to October 2023, Plaintiff did not consistently use OpenAI as a trademark in association with, or to promote/advertise, its goods and services. The product pages, and even Plaintiff's blog posts, generally highlighted the names of Plaintiff's products but did not separately and prominently display OpenAI as a trademark/source identifier. Similarly, while Plaintiff received earned media, that focused on Plaintiff's famous founders or its products; it did not separately and prominently display OpenAI as a trademark/source identifier. Plaintiff also failed to engage in traditional paid advertising or any marketing campaigns to create awareness of its purported OpenAI Mark as the source of its products. *Id.*

Plaintiff states its most popular products are DALL-E 2 and ChatGPT. Dkt. 22 ¶6. In fact, according to Plaintiff's expert, [REDACTED]

[REDACTED]

Plaintiff has not offered
a secondary meaning survey to rebut these results.

LEGAL STANDARD

“Because of the ‘intensely factual nature of trademark disputes,’ summary judgment is generally disfavored in trademark cases and should be granted ‘sparingly.’” *Monster, Inc. v. Dolby Lab’s Licensing Corp.*, 920 F. Supp. 2d 1066, 1070 (N.D. Cal. 2013).

ARGUMENT

I. PLAINTIFF’S INFRINGEMENT CLAIMS SHOULD GO TO THE JURY

A. There are Material Factual Disputes as to Whether Plaintiff has a Valid Protectible Trademark

Plaintiff contends that the undisputed facts show that its OpenAI Mark is protectable because it achieved secondary meaning among (1) AI researchers by January 1, 2017, and (2) the consuming public by November 16, 2022. Mot. at _; *see also Two Pesos, Inc. v. Taco-Cabana, inc.*, 505 U.S. 763, 769 (1992) (“mark is ... capable of being protected [only] if it either (1) is inherently distinctive or (2) has acquired ... secondary meaning.”). “To determine whether a descriptive mark has acquired secondary meaning, courts consider: (1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive.” *Marketquest Group, Inc. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1262 (2018). This test is “intensely factual” task and “summary judgment is [therefore] generally disfavored.” *P and P Imports LLC v. Johnson Enterprises, LLC*, 46 F. 4th 953, 961 (9th Cir. 2022).

In its motion, Plaintiff does not mention these factors (let alone methodically work its way through them). Instead, it offers a lengthy narrative about the company and how successful its various tools and products have been with researchers and the public. Defendants do *not* dispute that Plaintiff has released popular and successful products. But just because a company sells a popular product does *not* mean that the company’s name has achieved secondary meaning as a trademark. *Grupo Gigante SA De CV v. Dallo & Co., Inc.*, 391 F.3d 1088, 1095-96 (9th Cir. 2004)

1 (“a mark has secondary meaning when, in the minds of the public, the primary significance of a
 2 mark is to identify the source of the product rather than the product itself.” (quotations omitted)).
 3 Skippy may be a household brand of peanut butter, but most people probably could not identify the
 4 company that makes it, *i.e.*, Hormel Foods. And while Plaintiff contends that “no reasonable jury”
 5 could conclude that its name has not achieved secondary meaning given the popularity of its
 6 products, the evidence shows otherwise.

7 The record contains, among other things, (1) documentary evidence, including screenshots,
 8 showing that Plaintiff has not consistently or prominently branded its products with the OpenAI
 9 Mark; (2) [REDACTED]

10 [REDACTED];
 11 and (3) Dr. Chiagouris’s expert opinion that Plaintiff has not achieved secondary meaning. RSUF
 12 9. Indeed, there is evidence sufficient to raise triable issues as to each and every one of the factors
 13 identified in the Ninth Circuit’s model jury [instruction number]:

14 Factor 1 - Consumer Perception (*i.e.*, whether “the people who purchase the product that
 15 bears the claimed trademark associate the trademark with” the alleged owner): The “strongest
 16 evidence” of secondary meaning is “[d]irect evidence [of consumer perception], such as consumer
 17 surveys and direct consumer testimony.” *Hansen Cold Storage Construction v. Cold Systems, Inc.*,
 18 2021 WL 3283827, *2 (C.D. Cal. May 7, 2021). Here, Plaintiff did not commission a consumer
 19 survey or secure any testimony from AI researchers or customers. [REDACTED]

20 [REDACTED]
 21 [REDACTED]
 22 [REDACTED]
 23 [REDACTED]
 24 [REDACTED] *See Grupo*

25
 26
 27
 28 ³ [REDACTED]

1 *Gigante SA De CV*, 391 F.3d at 1095 (“Secondary meaning refers to a mark’s actual ability to
 2 trigger ... a link between a product or service and the source of that product or service.”).

3 The only other evidence that goes to the issue of consumer perception is the parties’
 4 competing expert reports. [REDACTED]

5 [REDACTED]
 6 [REDACTED]
 7 [REDACTED] Such “[c]onflicting expert testimony
 8 on ultimate issues of fact cannot be resolved on summary judgment;” rather, it must go to the jury.
 9 *Garter Bare Vo. Munsingwear, Inc.*, 650 F.2d 975, 979-80 (9th Cir. 1980).

10 Factor 2 – Advertisement (*i.e.*, “[t]o what degree and in what manner [the alleged owner]
 11 may have advertised under the claimed trademark”): [REDACTED]

12 [REDACTED]
 13 [REDACTED]
 14 [REDACTED]
 15 [REDACTED] *See International*
 16 *Jensen v. Metrosound U.S.A.*, 4 F.3d 819, 824 (9th Cir. 1993) (“advertising and promotional
 17 activities may be relevant [but] the true test of secondary meaning is the effectiveness of this
 18 effort”). For example, the record contains evidence that Plaintiff’s research papers and conference
 19 presentations did not consistently and prominently display the OpenAI Mark and media attention
 20 tended to focus not on Plaintiff, but on its co-founders and products. (RSUF 2, 5-6.)

21 Factor 3 - Demonstrated Utility (*i.e.*, “[w]hether the [alleged owner] successfully used th[e]
 22 trademark to increase the sales of its product): Here, while Plaintiff has undoubtedly released
 23 some popular products, there is no evidence in the record—expert or otherwise—showing that the
 24 OpenAI Mark contributed to the popularity of those products. *Sazerac Co., Inc. v. Fetzer*
 25 *Vineyards, Inc.*, 251 F. Supp. 3d 1288 (N.D. Cal. 2017) (“significant sales” did not prove
 26 secondary meaning because those sales “may be attributable to” the company’s “award-winning
 27 bourbon alone, which would not necessarily suggest associating secondary meaning to its trade
 28 dress or marks”). To the contrary, [REDACTED]

RSUF 101.

Factor 4 - Extent of Use (*i.e.*, the “length of time and manner in which the [alleged owner] used the claimed trademark”): The record contains evidence from which a jury could conclude that this factor weighs against a finding of secondary meaning. For example, the record shows that before January 1, 2017 (*i.e.*, the date Plaintiff claims to have acquired secondary meaning with AI researchers), Plaintiff claims to have released only *two* research tools: Gym (in early to mid -2016) and Universe (on December 5, 2016). (*See* RSUF 3; Brockman Decl. ¶ 15.) A jury could reasonably conclude that eight months (or less) of use was insufficient to create secondary meaning among AI researchers. *Continental Laboratory Products, Inc. v. Medax Intern., Inc.*, 114 F. Supp. 2d 992, 1007 n.12 (S.D. Cal. 2000) (secondary meaning rejected after 18 to 20 months).

Moreover, there is evidence showing that, during these eight months, Plaintiff did not use its purported OpenAI Mark in a manner that would lead to secondary meaning. The pages dedicated to Gym on Plaintiff’s website and Github did not display the purported OpenAI Mark other than to call the product “OpenAI Gym.” (*See* Brockman Decl. Ex. B at Dkt. 226-2 at 11; Brockman Decl. Ex. B at Dkt. 226-2 at 16.) In other words, Plaintiff used the term “OpenAI” not to identify the source of the product, like ‘OpenAI Gym Software,’ but rather as a substitute for the product. *See Grupo Gigante SA De CV*, 391 F.3d at 1095-96 (for secondary meaning, mark must “identify the source of the product rather than the product itself”). Plaintiff’s use of the purported OpenAI Mark in connection with Universe was even less prominent: Plaintiff’s webpage did not mention OpenAI except in the url, and the Github page only used the term in the repository name. Brockman Decl. Ex. B at Dkt. 226-2 at 35, 41.

By November 16, 2022, there is little evidence showing that Plaintiff was using its purported OpenAI Mark in a manner that would create secondary meaning in the minds of the general public. (RSUF 4.) For example, neither API’s product page (openai.com/api), nor its pricing page, nor Plaintiff’s blog post discussing API, prominently displayed the OpenAI Mark. *Id.* The same is true of Plaintiff’s other consumer products, including DALL-E-2, ChatGPT, and Sora. (RSUF 4).

On this basis too, a reasonable jury could

1 find that this factor weighs against secondary meaning.

2 Factors 5 and 65 - Exclusivity / Copying (*i.e.*, whether (1) the alleged owner had exclusive
3 use of the mark and (2) the alleged infringer intentionally copied the mark): There is evidence to
4 dispute both of these factors too. Defendants have presented evidence that they began using their
5 Open AI Mark in the upper lefthand corner of their collaboration tools in March 2015—*eight*
6 *months before* Plaintiff existed—and thereafter continued to use the Open AI Mark until the
7 preliminary injunction in this case. A jury could find this factor favors Defendants.

8 Factor 7 - Actual Confusion (*i.e.*, whether the “defendant’s use of the plaintiff’s trademark
9 has led to actual confusion among a significant number of consumers”): While the parties agree
10 that their simultaneous use of the Open AI and OpenAI Marks began causing confusion in 2022,
11 Plaintiff has not presented *any* evidence of actual confusion amongst AI researchers on or before
12 January 1, 2017. Indeed, its motion does not even discuss this issue.

13 Given the factual disputes as to each of the factors, summary judgment should be denied.

14 **B. There are material factual disputes about whether Defendants Acquired an**
15 **Ownership Interest in a Valid Trademark Before November 2022**

16 **1. Defendants’ Evidence Show Bona Fide Use in Commerce**

17 Even if the undisputed facts showed that Plaintiff’s mark *did* acquire secondary meaning
18 in 2017 or 2022, that would not entitle Plaintiff to summary judgment without proving that “its
19 mark achieved secondary meaning before ... [D]efendant[s] first used the mark” in commerce.
20 *OpenAI, Inc. v. Open Artificial Intelligence, Inc.*, 2024 WL 4763687, *1 (Nov. 13, 2024); *see*
21 *also Saratoga Vichy Spring Co., Inc. v. Lehman*, 623 F.2d 1037, 1043 (1980) (“Even if [plaintiff]
22 has rights because its use of the name has acquired secondary meaning, it could not prevent the
23 use of that term by one whose use had begun before the secondary meaning was acquired.”).

24 To determine whether a party has used a mark in commerce, the Ninth Circuit applies a
25 “totality of the circumstances” approach. *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d
26 1190, 1205 (9th Cir. 2012). Under this approach, actual sales, or lack thereof, are not
27 dispositive. *Id.* Rather, the Court also looks at non-sales activities to determine whether a mark
28 has been adequately displayed in public and whether the service identified by the mark has been

1 rendered in commerce. *Id.* As the Ninth Circuit has explained:

2 [A] single sale or shipment may be sufficient to support an application to register the
3 mark, providing that this shipment or sale has the color of a bona fide transaction and is
4 accompanied or followed by activities which would tend to indicate a continuing effort or
5 intent to continue such use and place the product on the market on a commercial scale
6 within a time demonstrated to be reasonable in the particular trade.

7 *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1157 (9th Cir. 2001) (quotations omitted); *see*
8 *also Dep't of Parks & Recreation for State of Cal. v. Bazaar Del Mundo Inc.*, 448 F.3d 1118,
9 1126 (9th Cir. 2006) (“first use need not be extensive” so long as it is “bona fide”).

10 Plaintiff’s motion insists that Defendants use of the Open AI Mark has been proven
11 “indisputable false.” To make this argument, Plaintiff simply ignores all of Defendants’
12 evidence showing bona fide use in commerce, including, but not limited to, Defendants’
13 testimony, third-party witness testimony [REDACTED],
14 and documentary evidence (including screenshots and videos). Plaintiff even ignores the work
15 of Defendants’ expert, Luke Tenery, who conducted extensive forensic analysis of the available
16 sever logs and submitted detailed opening and rebuttal reports showing Defendants’ Open AI-
17 branded tools were online, available for use, and, in fact, used. Tenery’s analysis of the forensic
18 data is notable not just because it establishes use, but it is consistent with the recollection of
19 Ravine and third-party witnesses, as set forth in their declarations and/or deposition testimony.

20 Put simply, this evidence shows that Defendants’ tools existed and had users. The Initial
21 Collaboration Tool with the Open AI mark was available on the Wikineering domain at
22 wikineering.org. Forensic evidence shows that there was traffic to wikineering.org before
23 Plaintiff’s alleged date of first use for its mark, *i.e.*, before April 27, 2016. RSUF 42-43.
24 Forensic evidence also shows the wikineering.org site had 14,336 user interactions, from at least
25 1,146 users, with at least 3,756 user events originating from the United States *before* Plaintiff’s
26 admitted (but not proven) first use date for its purported mark on its goods and services. RSUF
27 103. In addition to the forensic evidence, Defendants also have (1) a brochure dated October
28

1 2015 that shows the Initial Collaboration Tool with the Open AI Mark as it appeared at the time,
 2 and (2) declarations and testimony from third-party witnesses stating that they saw and used the
 3 Initial Collaboration Tool. RSUF 42-43.

4 Defendants' have developed ample evidence of their other AI tools offered under the
 5 Open AI mark were available to the public and had users. Forensic evidence shows that Hub
 6 was in development at least as early as June 2016. Defendants estimate they spent \$45,000
 7 developing the Hub application, and third-party witnesses have testified to it being publicly
 8 available and in use at least as early as September 2016. RSUF 32, 35, 58, 85. Defendants'
 9 Evolved Collaboration Tool was available at least as early as January 2017, cost an estimated
 10 \$15,000 to build, and there is forensic evidence this tool had 7,075 user interaction, with at least
 11 3,195 user interactions originating in the United States, and 15,753 users, and 1,097 registered
 12 users with unique email addresses. RSUF 103. Third parties have attested to using the Evolved
 13 Tool. Defendants' Decentralized tool cost an estimated \$100,000 to build and was launched in
 14 2017. There is forensic evidence that Decentralized had users, and third parties have testified to
 15 using this tool. RSUF 43. Finally, there is ample evidence that Defendants developed an image
 16 generation and video tool at least as early as 2020. RSUF 50.

17 Given all of this evidence, the issue should go to the jury.

18 **2. Market Penetration Is Not Relevant in the Ninth Circuit**

19 Plaintiff's motion never mentions the Ninth Circuit's "totality of circumstances"
 20 approach to determining use and ownership. Instead, Plaintiff asks this Court to adopt a new
 21 "market penetration" requirement. Specifically, Plaintiff argues that the Court should hold that
 22 Defendants do not own common law rights in their Open AI Mark because they "cannot
 23 establish the requisite market penetration to create trademark rights at any time before November
 24 16, 2022." Dkt. No. 241 at 22. Plaintiff is wrong.

25 This new test, which Plaintiff presents as controlling law, originated in the Third
 26 Circuit's decision in *Lucent Information Management, Inc. v. Lucent Technologies, Inc.*, 186
 27 F.3d 311 (3d Cir. 1999) ("*Lucent*"). *Lucent* "significantly raised the threshold of 'use' required
 28

1 to establish priority” by adopting a four-part market penetration test that was traditionally used to
 2 determine the geographic scope of rights between two concurrent users of a mark. 2 McCarthy
 3 on Trademarks and Unfair Competition § 16:6 (5th ed.) (2025). The dissent in *Lucent* identified
 4 the problem with this expansion: “There is no indication in the history or subsequent application
 5 of that four-factor test that it was intended to be used to discern the status of a prior user as an
 6 initial matter. Rather, the history and later reliance on the *Natural Footwear* [geographic market
 7 penetration] test supports the conclusion that this test is a tool of equity designed to determine
 8 the appropriate remedy in a geographical dispute between two good faith users of a mark.”

9
 10 *Lucent*, 186 F.3d at 323. The *Lucent* holding has also been criticized by Professor McCarthy:

11 The Third Circuit’s *Lucent* decision makes it difficult for a small start-up
 12 company to establish common law trademark rights. The *Lucent* test allows a
 13 court to second-guess the quantity of sales and sales efforts and to find that a
 14 start-up was not growing fast “enough” to establish trademark rights. The *Lucent*
 15 decision also puts the Third Circuit in conflict with the Sixth Circuit’s *Allard*
 16 decision, which followed the traditional rule and found that the initial sales and
 17 advertising need not be extensive and need not result in widespread recognition.

18 *Id.* (citing *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 146 F.3d 350 (6th Cir.1998)).

19 Plaintiff fails to disclose that the “market penetration” approach has not been adopted by
 20 the Ninth Circuit. Instead, Plaintiff cites a handful of district court cases where individual judges
 21 have required a showing of market penetration to establish common law trademark rights. Dkt.
 22 No. 241 at 22. This Court is not bound by the decisions of other District Courts, and not all
 23 District Courts that have been asked to adopt this new heightened standard have done so. *See*,
 24 *e.g., Sea Shield LLC v. Otter Products LLC*, 2014 WL 11350295, at *7 (S.D. Cal. Nov. 3, 2014)
 25 (“The Ninth Circuit has never found a person’s bona fide sales of marked goods insufficient to
 26 establish proprietary rights in a mark, where the sales were not made merely to reserve a mark.”).

27 Plaintiff also fails to disclose that the “market penetration” test is not included in the
 28 Ninth Circuit’s model jury instructions for common law trademark infringement. *See* Jury

1 Instruction 15.9. While these instructions are not mandatory, they are a “valuable resource” that
 2 reflect the collective wisdom of the circuit, district, and magistrate judges on the jury instruction
 3 committee. *U.S. v. Hendrix*, 2020 WL 433350, at *9 (W.D. Wash. Jan. 28, 2020).

4 Plaintiff has failed to provide any explanation as to why this Court should abandon the
 5 Ninth Circuit’s binding precedent and ignore the model jury instructions in favor of adopting a
 6 new test formulated by the Third Circuit. This Court should decline to do so.

8 **3. There is Evidence that Defendants’ Open AI Mark Is Distinctive**

9 Plaintiff also contends that Defendants’ Open AI Mark is not entitled to protection
 10 because it is descriptive (as opposed to suggestive). The “primary criterion” for determining
 11 whether a mark is descriptive or suggestive is the “imagination test, which asks whether
 12 ‘imagination or a mental leap is required in order to reach a conclusion as to the nature of the
 13 product being referenced.’” *Marketquest Group, Inc. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1259
 14 (2018). This is a question of fact that is usually best left for the jury to decide: *See Fortune*
 15 *Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1034 (9th Cir. 2010)
 16 (“[B]ecause which category a mark belongs in is a question of fact ... and ... frequently made on
 17 an intuitive basis ..., a jury should assess the conceptual strength of [the] mark in the first
 18 instance.” (internal quotations omitted)). And, indeed, in this case, there is evidence from which
 19 a reasonable jury could conclude that Defendants’ Open AI Mark is suggestive.

20 First, Defendants’ expert, Dr. Leonard, conducted a linguistic analysis of the meaning of
 21 the term “Open AI” and determined that the phrase does not describe any of Defendants’
 22 products or services because “they were not offering standards/designs/architecture/source code
 23 free to the public.” (Leonard Decl. Ex. 1.). Stated more simply, Defendants’ Open AI Mark is
 24 suggestive because they never offered any open-source products; rather, they offered close-
 25 source collaboration tools. *See Marketquest Grp., Inc.*, 316 F. Supp. 3d at 1260 (the
 26 descriptiveness of a mark is “assessed with particular reference to the goods ... it identifies,” and
 27 a “mark may be descriptive as to one but not as to the other.”).

28 Second, [REDACTED]

[REDACTED]

In an effort to avoid sending this issue to the jury, Plaintiff claims that Defendants have already admitted that the Open AI Mark is descriptive. First, it claims that the registration of Defendants' Open AI Mark on the supplemental register is an "admission against self-interest" that the Mark is not distinctive. But the Ninth Circuit disagrees. It has held that there is "no merit" in the argument "that registration on the supplemental register constitutes an admission, conclusive in any subsequent litigation, that ... the mark lacked ... sufficient distinctiveness." *California Cooler, Inc. v. Loretto Winer, Ltd.*, 774 F.2d 1451, 1452-53 (9th Cir. 1985). Second, Plaintiff claims that Ravine admitted that the Open AI Mark is descriptive in his earlier declarations—Defendants dispute this. Ravine merely explained why he chose the mark, and, indicated that he viewed the word "open" as a powerful word that could convey many ideas, including open source software, open collaboration, and an open company. He never indicated that he felt it merely described the products he intended to (and ultimately did) launch.

For these reasons, the issue of distinctiveness is best left for the jury.⁴

⁴ Even if the Open AI mark were descriptive, summary judgement would nonetheless be inappropriate because a reasonable jury could still conclude that Defendants acquired secondary meaning through their use and promotion of the mark. As this Court recognized in a recent order, Defendants present a "cognizable" theory that they "acquired secondary meaning within the smaller community of individuals using AI tools." (Dkt. 191 6:2, 6:8-9).

II. PLAINTIFF’S CANCELLATION CLAIM SHOULD GO TO THE JURY

Plaintiff wrongly contends that the undisputed facts show that Defendants’ registration on the Supplemental Register should be cancelled. A party seeking to cancel a registration must establish by clear and convincing evidence that the applicant knowingly made false, material representations of fact in connection with its application. *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009) (“There is no room for speculation, inference or surmise and, obviously, any doubt must be resolved against the charging party.”). Here, the evidence is far from clear or convincing; rather, there exist factual disputes as to each element of the cause of action.

First, Defendants dispute that the specimen Ravine submitted to the USPTO was false, let alone materially false. Plaintiff’s suggestion that Ravine’s specimen was a “mock-up” is disputed. Ravine did *not* submit a mock-up of a product or service that did not exist; rather, he submitted a specimen showing a collaboration tool that was online and available for use by the public. RSUF 63. This was not a situation where a party submitted a specimen of products that were never made or released. *Compare Dimas v. Matilde*, 2015 WL 5768341, at *4 (C.D. Cal. 2015) (registration cancelled where specimens showed CDs and records that were never released). Plaintiff also suggests that the specimen was improper because it showed the collaboration tool as it existed at the time the specimen was submitted (as opposed to the time the application was first submitted or the trademark was first used). [REDACTED]

[REDACTED] (SGF Fact No. 62)

Second, even if the specimen were materially false (which it was not), Defendants dispute that Ravine *intentionally* deceived the USPTO. Plaintiff’s contention that this intent requirement can be satisfied by demonstrating a “reckless disregard” for the truth is incorrect. *See La Terra Fina USA, LLC v. Reser’s Fine Foods, Inc.*, 2024 WL 1973468, at *3 (N.D. Cal. May 3, 2024) (rejecting “reckless disregard” standard); *Florida Virtual School v. K12, Inc.*, 2023 WL 8357735, at *5 (M.D. Fla. Dec. 1, 2023) (same). Rather, “[f]raud on the U.S.P.T.O requires

1 more than that the signer should have known of the falsity of its representation in an oath or
 2 verification. Fraud is established only if clear and convincing evidence proves that there was
 3 actual knowledge of falsity and a subjective intent to deceive by the person signing a
 4 verification.” 4 *McCarthy on Trademarks and Unfair Competition* (5th Ed.) at § 31:66. Here,
 5 Ravine was not a lawyer and has stated that he had no intention of deceiving the USPTO; he was
 6 merely trying to meet the USPTO’s requirements. (Ravine Decl. ¶ 30.) Given this evidence,
 7 Plaintiff cannot meet the clear and convincing standard on summary judgment. It must go to the
 8 jury.

10 **III. DEFENDANTS COUNTERCLAIMS SHOULD GO TO THE JURY**

11 Plaintiff makes two additional arguments as to why it is entitled to summary judgment as
 12 to Defendants’ counterclaims—but neither is correct.

13 *First*, Plaintiff contends Defendants’ counterclaims are barred because Plaintiff is an
 14 “intervening user” with superior rights to use its purported mark in the “the distinct market
 15 segment” of generative AI. (Mot. at 29.) But Plaintiff has not provided any evidence (let alone
 16 expert testimony) to support the conclusion that generative AI is, in fact, a distinct market
 17 segment. Indeed, it has not even explained the boundaries of this supposed market. Plaintiff
 18 casually groups together, without comment, research papers (GPT and GPT-2), programs for
 19 developers (OpenAI API), and online consumer applications (DALL-E 2) all under the umbrella
 20 of the generative AI market. (Mot. at 29.) There is no reason to believe that these disparate
 21 products compete with one another or occupy the same market. To the contrary, an online
 22 consumer application based on AI technology (such as DALL-E 2) has far more in common with
 23 other online applications based on traditional technology (such as Defendants’ Decentralized)
 24 than it does with a research paper (such as GPT or GPT-2).

25 Limiting the supposed “distinct market segment” of generative AI to online consumer
 26 applications based on AI technology does not help Plaintiff’s case. Plaintiff released its first
 27 such application (DALL-E 2) to the public on September 28, 2022, but it did not prominently
 28

display the word “OpenAI;” rather, the word was buried in small type on the bottom of the page as a copyright notice. RSUF 4, 100. A few months later, in November 2022, Defendants relaunched their AI image generator (previously part of a product called BOOM) under the Open AI brand. There are therefore disputed issues of fact as to who first *used* the mark in commerce in connection with an online consumer application based on AI technology.

Finally, even if generative AI were a “distinct market segment” and even if Plaintiff were the first to use the mark in that market, Plaintiff would still not have priority because it was natural for Defendants to expand from online software applications based on traditional technology to online software applications based on more modern technologies, such as AI. *See Brookfield Comms. V. West Coast Entertainment*, 174 F.3d 1036, 1051 (9th Cir. 1999) (explaining that a senior user has the right to use a mark when the expansion to a new product line is “natural”). Indeed, Ravine informed Brockman and Altman that he intended to do this all the way back in 2015, when he sent them an email stating that he planned to work with AI algorithms. RSUF 99-101. In short, there are disputed facts on this issue that need to go to the jury.

Second, Plaintiff contends that Defendants’ counterclaims are barred due to laches. Indeed, according to Plaintiff, there is a presumption of laches “[b]ecause Plaintiff began using its ‘OpenAI’ mark before April 2020,” *i.e.*, more than four years before Defendants filed their counterclaims. (Mot. at 29.) This is a bizarre argument to make given that the same reasoning would apply to Plaintiff’s claims. After all, Defendants began using their Open AI Mark four years before Plaintiff filed its complaint in August 2023. If there is a presumption that Defendants’ counterclaims are barred then there is also a presumption that Plaintiff’s claims are barred. That being said, Plaintiff’s reasoning is flawed.

As a threshold matter, Plaintiff fails to undertake the first step of the analysis—namely, determining *when* the limitations period for laches started to run. *See Internet Specialities West, Inc. v. ISPWest*, 2006 WL 4568073, *2 (C.D. Cal. Nov. 14, 2006). As the case law explains, the limitations period does not begin when the trademark holder learns of another’s use of the mark; rather, it begins when the trademark holder “knew or should have known about its potential

1 cause of action,” *i.e.*, when the trademark holder “knew or should have known about likely
 2 consumer confusion between itself and [the other party].” *Id.* Without making this
 3 determination, there is no way to analyze laches. As such, Plaintiff’s argument stalls at the gate.

4 Undertaking the first step of the analysis does not help Plaintiff. The evidence shows that
 5 Defendants had no reason to suspect consumer confusion until 2022. In 2016, Plaintiff informed
 6 Defendants that it intended only to conduct internal research, not release products. RSUF 71.
 7 And, in fact, Plaintiff stayed in this lane for *years*; it was not until April 2022 that it announced
 8 its first consumer product (DALL-E 2). Defendant did not have any reason to suspect that it had
 9 a cause of action until that time *at the earliest*—and, indeed, Defendant did not actually begin to
 10 experience any actionable reverse confusion until ChatGPT was released in November 2022.
 11 *See Tillamook Country Smoker, Inc. v. Tillamook Counter Creamery Ass’n*, 465 F.3d 1102, 1110
 12 (9th Cir. 2006) (doctrine of “progressive encroachment” means a senior holder may wait to sue
 13 until the junior user moves into a new market). The limitations period therefore started running
 14 sometime between April and November 2022, at the earliest.

15 Indeed, Plaintiff effectively admitted all of this in its motion for a preliminary injunction.
 16 There, Plaintiff asserted that its claims against Defendants were not barred by laches because,
 17 among other things: (1) the parties did not compete until 2022, (2) there was progressive
 18 encroachment in the competition between the parties’ products, and (3) delay does not support a
 19 finding of laches where there is escalating harm. (Dkt. 45 at 12:3-13:12; 17:20-18:2) The Court
 20 agreed with each of these points and granted Plaintiff’s motion for a preliminary injunction. (*See*
 21 Dkt. 63 at 19:16-23 (competition began in 2022); *id.* at 19:24-20:3 (progressive encroachment);
 22 *id.* at 20:4-6 (worsening injuries). Having prevailed on these points in its preliminary injunction
 23 motion, Plaintiff should not now be permitted to make the opposite argument.
 24

25 In addition to skipping over the start date of the limitations period, Plaintiff’s motion also
 26 gets the end date wrong. Plaintiff seems to believe that the date Defendants filed their
 27 counterclaims (*i.e.*, April 2024) is the relevant date for measuring the length of Defendants’
 28

1 supposed delay. (Mot. at 29.) But this is not true: Ravine filed an objection to Plaintiff's
 2 trademark application with the USPTO in December 2022, and this objection tolled the laches
 3 period. (Ravine Decl. ¶65); *see JIPC Management, Inc. v. Incredible Pizza Co.*, 2009 WL
 4 10671438, at n.64 (C.D. Cal. June 24, 2009) (collecting cases). Measured properly then,
 5 Defendants waited, at most, a matter of months to seek recourse against Plaintiff.⁵
 6

7 Finally, Plaintiff's motion should be denied because its laches defense relies on disputed
 8 issues of fact, which should go to a jury. *See, e.g., RSUF 71, 72, 75; Protective Industrial*
 9 *Products, Inc. v. Boss Innovation and Marketing, Inc.*, 2023 WL 8946213, at *4 (C.D. Cal. Nov.
 10 2, 2023) ("courts in the Ninth Circuit routinely deny summary judgment motions on laches and
 11 willful infringement on the grounds that the issues frequently involve genuine disputes of
 12 material fact."); *Planet Drum Foundation v. Hart*, 2017 WL 4236932, at *7 (N.D. Cal. Sep. 24,
 13 2017) ("a laches defense is seldom susceptible of resolution by summary judgment").
 14

15 **IV. DEFENDANTS' DAMAGES CLAIM SHOULD GO TO THE JURY**

16 Plaintiff is not entitled to summary adjudication on Defendants' damages claim. It is
 17 well established that a reasonable royalty can be based entirely on expert testimony when the
 18 damages can be ascertained with reasonable certainty. That includes situations in which the
 19 expert relies on non-party license agreements to determine a reasonable royalty. Defendant has
 20 provided just such testimony here. The jury should be permitted to hear and evaluate both sides'
 21 experts and make its own determination as to which one it finds more credible.⁶

22 The Ninth Circuit has stated that "the trial court's primary function should center on
 23 making any violations of the Lanham Act unprofitable to the infringing party." *Playboy*
 24 *Enterprises, Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1274 (9th Cir. 1982). *See also Sands*,

25
 26 ⁵ The limitations period was also likely tolled by Plaintiff's filing of its complaint in this case.

27 ⁶ The Court stated at the March 15, 2025 hearing in this matter, that "I'd like to get all of this
 28 cleaned up in terms of substantive claims before I start talking about remedies. (Brewer Dec. Ex.
 [March 21, 2025 Tr. at 46:19-20])

1 *Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1348 (7th Cir. 1994) (“the courts have
2 required that the final remedy imposed under section 35(a) provide a sufficient deterrent to
3 ensure that the guilty party will not return to its former ways”).

4 In *Active Sports Lifestyle USA LLC v. Old Navy, LLC*, 2013 WL 11239385 (C.D. Cal.
5 Nov. 21, 2013), the plaintiff’s expert arrived at a reasonable royalty rate by reviewing non-party
6 license agreements in the same industry as the products at issue. *Id.* at *16. Specifically, the
7 expert “arrived at a proper rate through reviewing licensing agreements in the apparel industry
8 and searches in two databases commonly relied upon by financial analysis professionals.” *Id.*
9 The court rejected the defendant’s contention that the expert’s opinion was impermissibly
10 speculative and unsupported. The court stated that “damages in the amount of a reasonable
11 royalty are among the permissible measure of damages in a trademark infringement case.” *Id.*
12 The court therefore denied the defendant’s motion to exclude the expert from testifying at trial.
13 *Id.* at *17-18. See also *Active Sports Lifestyle USA LLC v. Old Navy, LLC*, 2013 WL 11323598,
14 at *8 (D.C. Cal. Sep. 19, 2013) (denying defendant’s motion regarding damages and rejecting the
15 argument that a negotiating history is necessary to award a reasonable royalty).

16 The court reached the same result in *Open Sea Distribution Corp. v. Artemis Distribution,*
17 *LLC*, 692 F.Supp.3d 1151 (M.D. Fla. 2023). The plaintiff’s expert in that case also opined as to
18 a reasonable royalty based on his analysis of non-party license agreements involving similar
19 intellectual property. *Id.* at 1239. The court rejected defendant’s motion to exclude the expert’s
20 testimony, stating that, “[i]n determining a reasonable royalty, parties frequently rely on
21 comparable license agreements.” *Id.* at 1242. The court stated that the defendant’s criticisms of
22 the expert’s analysis “are best addressed by cross examination and not by exclusion of [the
23 expert’s] testimony”. *Id.* See also e.g., *QS Wholesale, Inc. v. World Marketing, Inc.*, 2013 WL
24 1953719, at * 3-5 (C.D. Cal. 2013) (denying defendant’s motion for summary judgment as to
25 damages where there had been no prior license agreements or negotiations between the parties
26 and the plaintiff had not licensed the mark to any non-party, stating that such a result was
27 consistent with the trademark policy to “take[] the economic incentive out of infringement”);
28 *Adidas America, Inc. v. Payless Shoesource, Inc.*, 2008 WL 4279812, at *12 (D. Or. Sep. 12,

2008) (affirming jury’s award of a reasonable royalty based on hypothetical negotiations even though plaintiff conceded that it would not have licensed the mark to defendant).

In calculating a reasonable royalty in this case, Defendants’ expert, Dr. Alan Goedde, used a database commonly relied upon in the field and reviewed licensing agreements involved in the same industry as the parties in this case, *i.e.*, providers of business/commercial services, including software. RSUF 78. Dr. Goedde excluded exclusive agreements (which generally have higher royalty rates than non-exclusive agreements) and licensing agreements that contained significant upfront fees. He based his analysis on the remaining 25 agreements and used their median value, which was 2.5% as an appropriate licensing rate in this case. *Id.* Dr. Goedde’s analysis is therefore entirely reasonable and consistent with industry standards.

Plaintiff can raise its criticisms of Dr. Goedde’s analysis during cross-examination at trial so the jury can make its own determination as to its validity. *Open Sea Distribution Corp*, 692 F.Supp.3d at 1242; *Gucci America, Inc. v. Guess?, Inc.*, 858 F.Supp.2d 250, 255-56 (S.D.N.Y. 2012) (denying defendant’s motion to exclude plaintiff’s reasonable royalty expert, stating the expert’s opinion could be subject to attack at trial through “vigorous cross-examination [and] presentation of contrary evidence.”) Plaintiff’s motion for summary adjudication as to Plaintiff’s damages claim should be denied.

CONCLUSION

For the reasons discussed above, Plaintiff’s motion should be denied.

Respectfully submitted,

Dated: April 30, 2025

WILLENKEN LLP

By: /s/ Jason H. Wilson

Jason H. Wilson

Attorneys for Defendants & Counterclaimants
OPEN ARTIFICIAL INTELLIGENCE, INC.
and GUY RAVINE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

OPENAI, INC., a Delaware corporation,

Plaintiff,

v.

OPEN ARTIFICIAL INTELLIGENCE, INC.,
a Delaware corporation; and GUY RAVINE,
an individual,

Defendants.

OPEN ARTIFICIAL INTELLIGENCE, INC.,
a Delaware corporation; and GUY RAVINE,
an individual,

Counterclaimants,

v.

OPENAI, INC., a Delaware corporation;
SAMUEL ALTMAN, an individual; and
GREGORY BROCKMAN, an individual,

Counterclaim-Defendants.

Case No.: 4:23-cv-03918-YGR

Assigned to the Hon. Yvonne Gonzalez Rogers

**[PROPOSED] ORDER DENYING
PLAINTIFF OPENAI, INC.'S MOTION
FOR SUMMARY JUDGMENT**

[PROPOSED] ORDER

Before this Court is Plaintiff/Counterclaim-Defendant OpenAI, Inc.’s Motion for Summary Judgment (“Motion”). Having considered the Motion, and all supporting papers, the responses, and the replies thereto, and all other arguments of the parties, the Court DENIES the Motion in its entirety for the reasons discussed below.

Plaintiff’s Trademark Infringement Causes of Action: “Because of the ‘intensely factual nature of trademark disputes,’ summary judgment is generally disfavored in trademark cases and should be granted ‘sparingly.’” *Monster, Inc. v. Dolby Lab’s Licensing Corp.*, 920 F. Supp. 2d 1066, 1070 (N.D. Cal. 2013). Plaintiff’s Motion regarding Plaintiff’s causes of action for trademark infringement is denied because there are disputed material facts that preclude summary judgment in favor of Plaintiff.

Secondary Meaning

Plaintiff contends that its purported OpenAI mark is protectable because it has achieved secondary meaning. “To determine whether a descriptive mark has acquired secondary meaning, courts consider: (1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive.” *Marketquest Group, Inc. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1262 (2018). This test is “intensely factual” task and “summary judgment is [therefore] generally disfavored.” *P and P Imports LLC v. Johnson Enterprises, LLC*, 46 F. 4th 953, 961 (9th Cir. 2022).

An examination of the relevant factors, as set forth in the Ninth Circuit’s model jury instructions, demonstrates that there are disputed material facts as to whether Plaintiff’s purported OpneAI mark has achieved secondary meaning.

Factor 1 – Consumer Perception (*i.e.*, whether “the people who purchase the product that bears the claimed trademark associate the trademark with” the alleged owner): The “strongest evidence” of secondary meaning is “[d]irect evidence [of consumer perception], such as consumer

surveys and direct consumer testimony.” *Hansen Cold Storage Construction v. Cold Systems, Inc.*, 2021 WL 3283827, *2 (C.D. Cal. May 7, 2021). Plaintiff did not commission a consumer survey or secure any testimony from AI researchers or customers. [REDACTED]

The only other evidence that goes to consumer perception is the parties’ competing expert reports. [REDACTED]

Such “[c]onflicting expert testimony on ultimate issues of fact cannot be resolved on summary judgment;” rather, it must go to the jury. *Garner Bare Vo. Munsingwear, Inc.*, 650 F.2d 975, 979-80 (9th Cir. 1980).

Factor 2 – Advertisement (*i.e.*, “[t]o what degree and in what manner [the alleged owner] may have advertised under the claimed trademark”): Plaintiff admitted that it did not engage in any paid “traditional advertising” during the relevant time period. It claims instead to have engaged in “nontraditional advertising” by publishing research papers, presenting at conferences, and receiving earned media coverage. But there is evidence showing that this nontraditional advertising did not effectively promote the OpenAI Mark itself. *See International Jensen v. Metrosound U.S.A.*, 4 F.3d 819, 824 (9th Cir. 1993) (“advertising and promotional activities may be relevant [but] the true test of secondary meaning is the effectiveness of this effort”). (RSUF 2, 5-6.)

Factor 3 - Demonstrated Utility (*i.e.*, “[w]hether the [alleged owner] successfully used th[e] trademark to increase the sales of its product”): Although Plaintiff has released some popular products, there is no evidence showing that the OpenAI Mark contributed to the popularity of those products. *Sazerac Co., Inc. v. Fetzer Vineyards, Inc.*, 251 F. Supp. 3d 1288 (N.D. Cal. 2017) (“significant sales” did not prove secondary meaning because those sales “may be attributable to”

1 the company's "award-winning bourbon alone, which would not necessarily suggest associating
2 secondary meaning to its trade dress or marks"). To the contrary, [REDACTED]

3 [REDACTED]
4 [REDACTED]
5 Factor 4 - Extent of Use (*i.e.*, the "length of time and manner in which the [alleged owner]
6 used the claimed trademark"): The record contains evidence from which a jury could conclude
7 that this factor weighs against a finding of secondary meaning. For example, the record shows that
8 before January 1, 2017 (*i.e.*, the date Plaintiff claims to have acquired secondary meaning with AI
9 researchers), Plaintiff had released only *two* research tools: Gym (in early to mid -2016) and
10 Universe (on December 5, 2016). (*See* RSUF 3; Brockman Decl. ¶ 15.) A jury could reasonably
11 conclude that eight months (or less) of use was insufficient to create secondary meaning among AI
12 researchers. *Continental Laboratory Products, Inc. v. Medax Intern., Inc.*, 114 F. Supp. 2d 992,
13 1007 n.12 (S.D. Cal. 2000) (secondary meaning rejected in cases involving 18 to 20 months).

14 Moreover, there is evidence showing that, during these eight months, Plaintiff did not use
15 the OpenAI Mark in a manner that would lead to secondary meaning. The pages dedicated to Gym
16 on Plaintiff's website and Github did not display the OpenAI Mark other than to call the product
17 itself "OpenAI Gym." (*See* Brockman Decl. Ex. B at Dkt. 226-2 at 11; Brockman Decl. Ex. B at
18 Dkt. 226-2 at 16.) This is insufficient to support secondary meaning. *See Grupo Gigante SA De*
19 *CV*, 391 F.3d at 1095-96 (for secondary meaning, mark must "identify the source of the product
20 rather than the product itself"). Plaintiff's use of the OpenAI Mark in connection with Universe
21 was also not prominent: Plaintiff's webpage did not mention OpenAI except in the url, and the
22 Github page only used the term in the repository name. (Brockman Decl. Ex. B at Dkt. 226-2 at
23 35, 41.)

24 By November 16, 2022, Plaintiff had been using the OpenAI Mark longer. But there is
25 evidence showing that Plaintiff still had not done so in a manner that would create secondary
26 meaning in the minds of the general public. (RSUF 4.) A reasonable jury could find that this
27 factor weighs against secondary meaning.

1 Factors 5 and 6 - Exclusivity / Copying (*i.e.*, whether (1) the alleged owner had exclusive
 2 use of the mark and (2) the alleged infringer intentionally copied the mark): Defendants presented
 3 evidence that they began using the Open AI Mark in the upper lefthand corner of their
 4 collaboration tools in March 2015—*eight months before* Plaintiff existed—and thereafter
 5 continued to use the Open AI Mark until the preliminary injunction in this case. A jury could find
 6 this factor favors Defendants.

7 Factor 7 - Actual Confusion (*i.e.*, whether the “defendant’s use of the plaintiff’s trademark
 8 has led to actual confusion among a significant number of consumers”): While the parties agree
 9 that their simultaneous use of the Open AI and OpenAI names began causing confusion in 2022,
 10 Plaintiff did not present *any* evidence of actual confusion amongst AI researchers on or before
 11 January 1, 2017.

12 In sum, there a genuine disputes of material fact that preclude summary judgment in
 13 Plaintiff’s favor on its trademark infringement causes of action

14 **Defendants’ Acquisition of a Valid Trademark Before November 2022**

15 Even if the undisputed facts showed that Plaintiff’s purported mark *did* acquire secondary
 16 meaning in 2017 or 2022, that would not entitle Plaintiff to summary judgment without proving
 17 that “its mark achieved secondary meaning before ... [D]efendant[s] first used the mark” in
 18 commerce. *OpenAI, Inc. v. Open Artificial Intelligence, Inc.*, 2024 WL 4763687, *1 (Nov. 13,
 19 2024); *see also Saratoga Vichy Spring Co., Inc. v. Lehman*, 623 F.2d 1037, 1043 (1980) (“Even
 20 if [plaintiff] has rights because its use of the name has acquired secondary meaning, it could not
 21 prevent the use of that term by one whose use had begun before the secondary meaning was
 22 acquired.”).

23 To determine whether a party has used a mark in commerce, the Ninth Circuit applies a
 24 “totality of the circumstances” approach. *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d
 25 1190, 1205 (9th Cir. 2012). Under this approach, actual sales, or lack thereof, are not
 26 dispositive. *Id.* Rather, the Court also looks at non-sales activities to determine whether a mark
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1 has been adequately displayed in public and whether the service identified by the mark has been
2 rendered in commerce. *Id.* As the Ninth Circuit has explained:

3 [A] single sale or shipment may be sufficient to support an application to register
4 the mark, providing that this shipment or sale has the color of a bona fide
5 transaction and is accompanied or followed by activities which would tend to
6 indicate a continuing effort or intent to continue such use and place the product
7 on the market on a commercial scale within a time demonstrated to be reasonable
8 in the particular trade.

9 *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 1157 (9th Cir. 2001) (quotations omitted); *see*
10 *also Dep't of Parks & Recreation for State of Cal. v. Bazaar Del Mundo Inc.*, 448 F.3d 1118,
11 1126 (9th Cir. 2006) (“first use need not be extensive” so long as it is “bona fide”).

12 Defendants introduced evidence that its Open AI branded tools existed and had users.
13 The Initial Collaboration Tool with the Open AI mark was available on the Wikineering domain
14 at wikineering.org. Forensic evidence shows that there was traffic to wikineering.org before
15 Plaintiff’s alleged date of first use for its mark, *i.e.*, before April 27, 2016. (*See* RSUF at 30.)
16 Forensic evidence also shows the wikineering.org site had 14,336 user interactions, from at least
17 1,146 users, with at least 3,756 user events originating from the United States *before* Plaintiff’s
18 admitted (but not proven) first use date for its purported mark on its goods and services. In
19 addition to the forensic evidence, Defendants also have (1) a brochure dated October 2015 that
20 shows the Initial Collaboration Tool with the Open AI Mark as it appeared at the time, and (2)
21 declarations and testimony from third-party witnesses stating that they saw and used the Initial
22 Collaboration Tool. (*See* RSUF at 24, 25, 58, 85.)

23 Defendants submitted evidence that their other tools offered under the Open AI mark
24 were available to the public and had users, such as Hub, the Evolved Collaboration Tool,
25 Decentralized, and an image generation and video tool. (RSUF 24, 25, 43.) Collectively, this
26 evidence creates a disputed issue of fact as to Defendants’ bona fide use in commerce.

27 ///

1 **There is No Market Penetration Requirement**

2 Plaintiff’s contention that there is a “market penetration” requirement to have common
3 law trademark rights is incorrect. There is no such requirement in the Ninth Circuit. *See* Ninth
4 Circuit Model Jury Instruction 15.9. While these instructions are not mandatory, they are a
5 “valuable resource” that reflect the collective wisdom of the circuit, district, and magistrate
6 judges on the jury instruction committee. *U.S. v. Hendrix*, 2020 WL 433350, at *9 (W.D. Wash.
7 Jan. 28, 2020). Plaintiff has not cited any Ninth Circuit authority imposing any “market
8 penetration” requirement. And the Court declines to adopt any such requirement.

9 **Distinctiveness of Defendants’ Open AI Mark**

10 There are also disputed material facts as to whether Defendants’ Open AI Mark is
11 distinctive. The “primary criterion” for determining whether a mark is descriptive or suggestive
12 is the “imagination test, which asks whether ‘imagination or a mental leap is required in order to
13 reach a conclusion as to the nature of the product being referenced.’” *Marketquest Group, Inc. v.*
14 *BIC Corp.*, 316 F. Supp. 3d 1234, 1259 (2018). This is a question of fact that is usually best left
15 for the jury to decide: *See Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., Inc.*,
16 618 F.3d 1025, 1034 (9th Cir. 2010) (“[B]ecause which category a mark belongs in is a question
17 of fact ... and ... frequently made on an intuitive basis ..., a jury should assess the conceptual
18 strength of [the] mark in the first instance.” (internal quotations omitted)). Defendants have
19 introduced evidence from which a reasonable jury could conclude that Defendants’ Open AI
20 Mark is suggestive.

21 Defendants’ expert, Dr. Leonard, conducted a linguistic analysis of the meaning of the
22 term “Open AI” and determined that the phrase does not describe any of Defendants’ products or
23 services because “they were not offering standards/designs/architecture/source code free to the
24 public.” (Leonard Decl., Ex. 1.). Stated more simply, Defendants’ Open AI Mark is suggestive
25 because they never offered any open-source products; rather, they offered close-source
26 collaboration tools. *See Marketquest Grp., Inc.*, 316 F. Supp. 3d at 1260 (the descriptiveness of
27
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1 a mark is “assessed with particular reference to the goods ... it identifies,” and a “mark may be
2 descriptive as to one but not as to the other.”).

3 In addition, [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 **Plaintiff’s Cancellation Cause of Action**

12 Plaintiff is also not entitled to summary judgment on its cause of action to cancel
13 Defendant’s Open AI trademark registration. A party seeking to cancel a registration must
14 establish by clear and convincing evidence that the applicant knowingly made false, material
15 representations of fact in connection with its application. *In re Bose Corp.*, 580 F.3d 1240, 1243
16 (Fed. Cir. 2009) (“There is no room for speculation, inference or surmise and, obviously, any
17 doubt must be resolved against the charging party.”). Here, the evidence is far from clear or
18 convincing; rather, there exist factual disputes as to each element of the cause of action.

19 Defendants dispute that the specimen Ravine submitted to the USPTO was false because
20 it was a purported “mock-up” that was specifically created for submission to the PTO.
21 Defendants deny that the specimen was a mock-up, and state instead that it showed a
22 collaboration tool that was online and available for use by the public. This was not a situation
23 where a party submitted a specimen of products that were never made or released. *Compare*
24 *Dimas v. Matilde*, 2015 WL 5768341, at *4 (C.D. Cal. 2015) (registration cancelled where
25 specimens showed CDs and records that were never released). Plaintiff also suggests that the
26 specimen was improper because it showed the collaboration tool as it existed at the time the
27 specimen was submitted (as opposed to the time the application was first submitted or the
28

1 trademark was first used). But Plaintiff’s own lawyer testified that this is the typical practice
2 among trademark lawyers. (RSUF 62)

3 Second, even if the specimen were materially false, Defendants dispute that Ravine
4 *intentionally* deceived the USPTO. Plaintiff’s contention that this intent requirement can be
5 satisfied by demonstrating a “reckless disregard” for the truth is incorrect. *See La Terra Fina*
6 *USA, LLC v. Reser’s Fine Foods, Inc.*, 2024 WL 1973468, at *3 (N.D. Cal. May 3, 2024)
7 (rejecting “reckless disregard” standard); *Florida Virtual School v. K12, Inc.*, 2023 WL 8357735,
8 at *5 (M.D. Fla. Dec. 1, 2023) (same). Rather, “[f]raud on the U.S.P.T.O requires more than that
9 the signer should have known of the falsity of its representation in an oath or verification. Fraud
10 is established only if clear and convincing evidence proves that there was actual knowledge of
11 falsity and a subjective intent to deceive by the person signing a verification.” 4 *McCarthy on*
12 *Trademarks and Unfair Competition* (5th Ed.) at § 31:66. Here, Ravine was not a lawyer and
13 has stated that he had no intention of deceiving the USPTO; he was merely trying to meet the
14 USPTO’s requirements. (Ravine Decl. ¶ 30.) Given this evidence, Plaintiff cannot meet the
15 clear and convincing standard on summary judgment. Plaintiff’s motion for summary judgment
16 on its cancellation cause of action is denied.

17 **Intervening User**

18 Plaintiff contends Defendants’ counterclaims are barred because Plaintiff is an
19 “intervening user” with superior rights to use the mark in the “the distinct market segment” of
20 generative AI. Plaintiff did not, however, provide any evidence or expert testimony to support
21 the assertion that generative AI is a distinct market segment.

22 Limiting the “distinct market segment” of generative AI to online consumer applications
23 based on AI technology does not help Plaintiff’s Motion. Plaintiff released its first such
24 application (DALL-E 2) to the public on September 28, 2022, but did not prominently display
25 the word “OpenAI;” rather, the word was buried in small type on the bottom of the page as a
26 copyright notice. A few months later, in November 2022, Defendants relaunched their AI image
27 generator (previously called BOOM) under the Open AI brand. There are therefore disputed
28

1 issues of fact as to who first *used* the mark in commerce in connection with an online consumer
 2 application based on AI technology.

3 Finally, even if generative AI were a “distinct market segment” and even if Plaintiff were
 4 the first to use the mark in that market, Plaintiff would still not have priority because it was
 5 natural for Defendants to expand from online software applications based on traditional
 6 technology to online software applications based on more modern technologies, such as AI. *See*
 7 *Brookfield Comms. V. West Coast Entertainment*, 174 F.3d 1036, 1051 (9th Cir. 1999)
 8 (explaining that a senior user has the right to use a mark when the expansion to a new product
 9 line is “natural”).

10 **Laches**

11 Plaintiff also is not entitled to summary judgment on the ground that Defendants’
 12 counterclaims are barred by laches. As an initial matter, Plaintiff did not identify when the
 13 limitations period for laches allegedly began to run. Without making this determination, it is
 14 impossible to analyze a laches argument.

15 In fact, the evidence demonstrates that Defendants had no reason to suspect consumer
 16 confusion until 2022. In 2016, Plaintiff informed Defendants that it intended only to conduct
 17 internal research, not release products. And, in fact, Plaintiff stayed in this lane for *years*; it was
 18 not until April 2022 that it announced its first consumer product (DALL-E 2). Defendant did not
 19 have any reason to suspect that it had a cause of action until that time at the earliest—and,
 20 indeed, Defendant did not actually begin to experience any actionable reverse confusion until
 21 ChatGPT was released in November 2022. *See Tillamook Country Smoker, Inc. v. Tillamook*
 22 *Counter Creamery Ass’n*, 465 F.3d 1102, 1110 (9th Cir. 2006) (doctrine of “progressive
 23 encroachment” means a senior holder may wait to sue until the junior user moves into a new
 24 market). The limitations period therefore started running sometime between April and
 25 November 2022, at the earliest.

26 Plaintiff effectively admitted all of this in its motion for a preliminary injunction. There,
 27 Plaintiff asserted that its claims against Defendants were not barred by laches because, among
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1 other things: (1) the parties did not compete until 2022, (2) there was progressive encroachment
 2 in the competition between the parties' products, and (3) delay does not support a finding of
 3 laches where there is escalating harm. (Dkt. 45 at 12:3-13:12; 17:20-18:2.) The Court agreed
 4 with each of these points and granted Plaintiff's motion for a preliminary injunction. (See Dkt.
 5 63 at 19:16-23 (competition began in 2022); *id.* at 19:24-20:3 (progressive encroachment); *id.* at
 6 20:4-6 (worsening injuries). Having prevailed on these points in its preliminary injunction
 7 motion, Plaintiff should not now be permitted to make the opposite argument.

8 In addition to skipping over the start date of the limitations period, Plaintiff's Motion also
 9 identifies the wrong end date. Plaintiff takes the position that the date Defendants filed their
 10 counterclaims (*i.e.*, April 2024) is the relevant date for measuring the length of Defendants'
 11 supposed delay. This is incorrect: Ravine filed an objection to Plaintiff's trademark application
 12 with the USPTO in December 2022, which tolled the laches period. (Ravine Decl. ¶65); *see*
 13 *JIPC Management, Inc. v. Incredible Pizza Co.*, 2009 WL 10671438, at n.64 (C.D. Cal. June 24,
 14 2009) (collecting cases). Measured properly then, Defendants waited, at most, a matter of
 15 months to seek recourse against Plaintiff.

16 Finally, Plaintiff's motion should be denied because its laches defense relies on disputed
 17 issues of fact, which should go to a jury. *Protective Industrial Products, Inc. v. Boss Innovation*
 18 *and Marketing, Inc.*, 2023 WL 8946213, at *4 (C.D. Cal. Nov. 2, 2023) ("courts in the Ninth
 19 Circuit routinely deny summary judgment motions on laches and willful infringement on the
 20 grounds that the issues frequently involve genuine disputes of material fact."); *Planet Drum*
 21 *Foundation v. Hart*, 2017 WL 4236932, at *7 (N.D. Cal. Sep. 24, 2017) ("a laches defense is
 22 seldom susceptible of resolution by summary judgment").

23 **Defendants' Damages Claim**

24 The Ninth Circuit has stated that "the trial court's primary function should center on
 25 making any violations of the Lanham Act unprofitable to the infringing party." *Playboy*
 26 *Enterprises, Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1274 (9th Cir. 1982). *See also Sands,*
 27 *Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1348 (7th Cir. 1994) ("the courts have
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1 required that the final remedy imposed under section 35(a) provide a sufficient deterrent to
2 ensure that the guilty party will not return to its former ways”).

3 Plaintiff contends that it is entitled to summary judgment as to Defendants’ damages
4 claim based on a reasonable royalty on the grounds that it is speculative. The Court disagrees.
5 Many courts have found that expert testimony regarding a reasonable royalty is appropriate even
6 where the parties have never had a license agreement or had negotiation for a license agreement.
7 *See Active Sports Lifestyle USA LLC v. Old Navy, LLC*, 2013 WL 11239385 (C.D. Cal. Nov. 21,
8 2013); *Active Sports Lifestyle USA LLC v. Old Navy, LLC*, 2013 WL 11323598, at *8 (D.C. Cal.
9 Sep. 19, 2013) (denying defendant’s motion regarding damages and rejecting the argument that a
10 negotiating history is necessary to award a reasonable royalty); *Open Sea Distribution Corp. v.*
11 *Artemis Distribution, LLC*, 692 F.Supp.3d 1151 (M.D. Fla. 2023); *QS Wholesale, Inc. v. World*
12 *Marketing, Inc.*, 2013 WL 1953719, at * 3-5 (C.D. Cal. 2013) (denying defendant’s motion for
13 summary judgment as to damages where there had been no prior license agreements or
14 negotiations between the parties and the plaintiff had not licensed the mark to any non-party,
15 stating that such a result was consistent with the trademark policy to “take[] the economic
16 incentive out of infringement”); *Adidas America, Inc. v. Payless Shoesource, Inc.*, 2008 WL
17 4279812, at *12 (D. Or. Sep. 12, 2008) (affirming jury’s award of a reasonable royalty based on
18 hypothetical negotiations even though plaintiff conceded that it would not have licensed the
19 mark to defendant).

20 In calculating a reasonable royalty in this case, Defendant’s expert, Dr. Alan Goedde,
21 used a database commonly relied upon in the field and reviewed licensing agreements involved
22 in the same industry as the parties in this case, *i.e.*, providers of business/commercial services,
23 including software. Dr. Goedde excluded exclusive agreements (which generally have higher
24 royalty rates than non-exclusive agreements) and licensing agreements that contained significant
25 upfront fees. He based his analysis on the remaining 25 agreements and used their median value,
26 which was 2.5%, as an appropriate licensing rate in this case. Dr. Goedde’s analysis is entirely
27 reasonable and consistent with industry standards.
28

1 Plaintiff can raise its criticisms of Dr. Goedde's analysis during cross-examination at trial
2 so the jury can make its own determination as to its validity. *Open Sea Distribution Corp*, 692
3 F.Supp.3d at 1242; *Gucci America, Inc. v. Guess?, Inc.*, 858 F.Supp.2d 250, 255-56 (S.D.N.Y.
4 2012) (denying defendant's motion to exclude plaintiff's reasonable royalty expert, stating the
5 expert's opinion could be subject to attack at trial through "vigorous cross-examination [and]
6 presentation of contrary evidence.") Plaintiff's Motion as to Plaintiff's damages claim is denied.

7 * * *

8 For the reasons stated above, the Court hereby DENIES Plaintiff/Counterclaim-
9 Defendant's Motion in its entirety.

10 IT IS SO ORDERED.

11
12
13 DATED: _____

By: _____

Hon. Yvonne Gonzalez Rogers
United States District Judge