

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

THE INTERCOLLEGIATE WOMEN'S)	
LACROSSE COACHES ASSOCIATION)	
(IWLCA),)	
)	
Plaintiff,)	
)	
v.)	1:20-CV-425
)	
CORRIGAN SPORTS ENTERPRISES,)	
INC., AND RICHARD LEE)	
CORRIGAN, JR., in his)	
individual and official)	
capacities,)	
)	
Defendants.)	

MEMORANDUM ORDER

THOMAS D. SCHROEDER, District Judge.

This dispute arises from the unwinding of a relationship between the parties related to sponsorship of high school lacrosse tournaments nationwide following the impact of the worldwide coronavirus pandemic in 2020. In June 2020, Plaintiff Intercollegiate Women's Lacrosse Coaches Association, Inc. ("IWLCA") sued its former business partner, Defendant Corrigan Sports Enterprises, Inc. ("CSE"), and its President, Defendant Richard Lee Corrigan, Jr. ("Corrigan") (collectively "Defendants"). Defendant CSE counterclaimed. The court has resolved several dispositive motions, and, as a result, the parties' claims have been narrowed substantially. (See Docs. 63, 72, 179.) What remains are IWLCA's claims for violation of the

Lanham Act and North Carolina Unfair and Deceptive Trade Practices Act, breach of contract, unjust enrichment, and constructive trust, and CSE's counterclaim for breach of contract. (Doc. 179 at 109.)

The parties filed multiple pre-trial motions in limine (Docs. 161, 162) and responses (Docs. 172, 174). Defendants supplemented their motions on September 14, 2023. (Doc. 169.) The court heard argument on them on September 29, 2023. While the court ruled on most motions at the hearing, it reserved final decision on some. The purpose of this memorandum order is to resolve the remaining outstanding motions. For the reasons set forth below, the motions will be granted in part and denied in part.

I. ANALYSIS

A. Motions Regarding Failures to Disclose

The parties have filed three motions to preclude the opposing party from presenting evidence at trial that was allegedly undisclosed in violation of Federal Rule of Civil Procedure 26(a). The court first addresses IWLCA's motion to exclude Defendants' evidence of damages.

1. IWLCA Motion to Exclude Damages Evidence

IWLCA seeks to foreclose CSE from "presenting argument or evidence concerning the existence or amount of Defendant's alleged damages" for its breach of contract counterclaim. (Doc. 164 at 1.) IWLCA contends that CSE never disclosed damages as required

under Federal Rule of Civil Procedure 26(a)(1)(A)(iii), that this failure was neither harmless nor substantially justified, and that the sanction of exclusion is thus warranted. (Id. at 1-3.) CSE responds that its “detailed documents” and testimony of deposition witnesses satisfied its disclosure requirements. (Doc. 174 at 3-7.) CSE, however, makes no argument that the alleged failure would be harmless or substantially justified.

Federal Rule of Civil Procedure 26(a)(1)(A)(iii) requires a party to disclose to its opposing party “a computation of each category of damages claimed by the disclosing party – who must also make available . . . the documents or other evidentiary material . . . on which each computation is based, including materials bearing on the nature and extent of injuries suffered.” The computation must be more than a lump sum figure or disclosure of financial documents. See Silicon Knights, Inc. v. Epic Games, Inc., No. 5:07CV275, 2012 WL 1596722, at *1 (E.D.N.C. May 7, 2012). “Instead, a party’s Rule 26(a)(1)(A)(iii) disclosure must state the types of damages that the party seeks, must contain a specific computation of each category, and must include documents to support the computations.” Id. (citing Design Strategy, Inc. v. Davis, 469 F.3d 284, 295 (2d Cir. 2006)); see also Tovar Snow Pros., Inc. v. ACE Am. Ins. Co., No. 20CV1060, 2021 WL 4745376, at *4 (N.D. Ill. Oct. 12, 2021) (noting that a party seeking damages “must explain how it arrived at [its damages] number” and that “[t]he

word computation contemplates some analysis beyond merely setting forth a lump sum amount for a claimed element of damages'” (quoting Jones v. Wal-Mart Stores, Inc., No. 2:15-cv-1454, 2016 WL 1248707, at *3 (D. Nev. Mar. 28, 2016))). A party is under a continuing obligation to supplement its disclosures. Fed. R. Civ. P. 26(e). Damages computation disclosures are voluntary disclosures, meaning the burden is squarely on the disclosing party to offer the computation. Design Strategy, 469 F.3d at 295.

Here, CSE failed to disclose a computation of its damages for its counterclaim for IWLCA's alleged breach of contract. CSE provided a *theory* of damages in response to IWLCA's interrogatories. (Doc. 174-1 at 12-13.) However, neither in this response and nor anywhere else during discovery did CSE *compute* its damages. CSE argues that it satisfied Rule 26 by providing a 10-tab spreadsheet of finances that would print to over 250 pages (Doc. 116-27) and a deponent to explain it (Doc. 116-8). Review of the spreadsheet and deposition testimony fails to reveal any place where CSE demonstrates how it arrived at the damages it seeks. In fact, CSE conceded at the hearing on this motion that the spreadsheet was a business document not created to compute damages for this litigation. CSE offered a computation for the first time in response to IWLCA's pre-trial motion in limine. (Doc. 174 at 7.) This is plainly inadequate.

Having found a violation of Rule 26, the court must determine

the appropriate remedy. "If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence at . . . a trial, unless the failure was substantially justified or is harmless." Fed. R. Civ. P. 37(c)(1). The court has "broad discretion" to determine whether an untimely disclosure is substantially justified or harmless. Southern States Rack & Fixture, Inc. v. Sherwin-Williams Co., 318 F.3d 592, 596-97 (4th Cir. 2003). Five factors guide the exercise of that discretion: "(1) the surprise to the party against whom the evidence would be offered; (2) the ability of that party to cure the surprise; (3) the extent to which allowing the evidence would disrupt the trial; (4) the importance of the evidence; and (5) the nondisclosing party's explanation for its failure to disclose the evidence." Id. at 597. The first four factors of this test "relate primarily to the harmlessness exception, while the last factor, addressing the party's explanation for its nondisclosure, relates mainly to the substantial justification exception." Bresler v. Wilmington Tr. Co., 855 F.3d 178, 190 (4th Cir. 2017). The non-disclosing party bears the burden of establishing these factors. Wilkins v. Montgomery, 751 F.3d 214, 222 (4th Cir. 2014).

Here, IWLCA clearly faces surprise if CSE could present evidence of damages. Allowing this evidence would require IWLCA to react to it for the first time when a witness utters it on the

witness stand, depriving IWLCA the opportunity to prepare to meet Defendants' evidence via cross-examination and its rebuttal case, as the rules of civil procedure contemplate. Further, IWLCA took steps during discovery to procure this computation, but to no avail, even though the burden was solely on Defendants to disclose it. (See Doc. 164-1); Design Strategy, 469 F.3d at 295 (noting that failure to comply with Rule 26(a) was "especially troubling" where opposing party "specifically requested a calculation of damages"). This suggests an inability to cure on the part of IWLCA. Allowing the evidence would further delay and disrupt trial by requiring further time for IWLCA to assess how to meet this evidence and further discovery over one year after discovery has ended and just days from the October 17, 2023, trial date. While the damages evidence is important, importance cuts in both directions here, as admission of important undisclosed evidence prejudices IWLCA as well. Southern States, 318 F.3d at 598-99. Lastly, CSE has offered no justification for its failure to disclose. (See Doc. 174 at 3-7.)

The balance of the Southern States factors weighs heavily in favor of IWLCA. Accordingly, the motion to exclude Defendants' damages evidence will be granted.

2. Defendants' Motion to Exclude IWLCA's Evidence of Actual Damages

After IWLCA filed its trial brief, Defendants supplemented

their initial motions in limine with an eighth motion to preclude IWLCA from offering evidence or argument that it suffered actual damage to its reputation and incurred the costs of corrective advertising. (Doc. 170 at 2.) Defendants contend that IWLCA raised this theory of damages for the first time in its trial brief and has no evidence of this harm. (Id. at 3.) IWLCA did not respond to the motion.

While Defendants did not rely on Rule 26 and Rule 37 to justify its motion, they adopted this justification at the hearing on these motions after the court precluded CSE from offering its own damages evidence without disclosure. IWLCA's counsel conceded at the hearing that the court's reasoning that supported exclusion of CSE's damages calculations applied equally to, and doomed, IWLCA's attempt to rely on these late-budding damages bases. IWLCA is correct. In addition to the fact that IWLCA's failure to respond to the written motion is deemed a concession, the same reasoning that bars Defendants' evidence of damages similarly justifies precluding IWLCA from offering this new damages evidence at this late stage. As a result, Defendants' motion will be granted.

3. Defendants' Motion to Exclude IWLCA's Witnesses

Defendants moved to preclude IWLCA from calling ten witnesses Defendants contend were "disclosed for the first time" on the pre-

trial witness list ("Brand-New witnesses"),¹ and fifteen witnesses who were "improperly identified for the first time via improper declarations" that were appended to IWLCA's summary judgment briefing ("Declaration witnesses").² (Doc. 163 at 8-9.) Defendants further argue that the declarations are inadmissible at trial as hearsay. (Id. at 13.)

The declarations are clearly hearsay. Fed. R. Evid. 801. At the hearing on these motions, IWLCA stated its intent to offer them in evidence absent an objection. But Defendants object. IWLCA offers no exception or exclusion under which to admit them. The court therefore grants the motion to exclude the Declaration witness declarations.

As to the Brand-New Witnesses, IWCLA argues in favor of allowing only six of the ten witnesses to testify. It contends (1) that it disclosed IWLCA board members Meghan Dennehy, Kelly Gallagher, Kerrie Moore, and Gina Oliver Thomas when it disclosed "the IWLCA" as an "individual" in its initial disclosures; (2) that it disclosed CSE employee Ryan Heathcock when it listed "Corrigan Sports Enterprises" as an "individual" on its initial

¹ The Brand-New witnesses are Meghan Dennehy, Kelly Gallagher, Ryan Heathcock, Cara Martin, Karrie Moore, Suzanne Rich, Andrew Schickner, Maria Slusser, Tiffany Taylor, Gina Oliver Thomas.

² The Declaration witnesses are Joseph Abboud, Beverly Altig, Samantha Bartron, Clarissa Clarke, Patricia Daley, Michele DeJulius, Timothy Godby, Caitlin Jackson, Julie Jerrell, Kelly Kubach, Kristen Mullady, McKinley Sbordone, Charles Shoulberg, Wendy Stone, and Tracey Sullivan.

disclosures; and (3) that it disclosed Source One employee Andrew Schickner when it disclosed "Source One Business Services LLC" as an "individual" on its initial disclosure. (Doc. 172 at 9-10; 172-1 at 2-6.) IWLCA further contends that it listed Meghan Dennehy and Kerrie Moore as individuals who were involved in the trademark registration application process in response to an interrogatory seeking the "identification of all persons involved in the [registration] decision and the application process, and why registration was not sought prior to June 2020." (Id.; Doc. 172-2 at 28.) IWLCA presented no argument as to why these Brand-New witnesses should testify should the court find that these disclosures were inadequate.

As to the Declaration witnesses, IWLCA recites the same arguments it presented on Defendants' motions to strike that the court has now rejected. (Doc. 154 at 8-18; Doc. 179 at 23-31; Doc. 172 at 5-8.) In brief, IWLCA contends that IWLCA disclosed these individuals because: (1) IWLCA listed "[a]ny individual identified by the Defendants" on its initial disclosure; (2) Defendants listed "[v]arious players, coaches, teams, and parents involved in CSE lacrosse tournaments in 2020 and 2021"; and (3) each of the declarants is a "coach[] . . . involved in CSE lacrosse tournaments." (Doc. 172 at 5-6.) IWLCA also contends that even if this is an inadequate disclosure, the Southern States factors favor allowing the Declaration witnesses to testify. (Id. at 7-

8.)

Rule 26(a) requires a party to voluntarily disclose to other parties “the name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the subjects of that information – that the disclosing party may use to support its claims or defenses.” Fed. R. Civ. P. 26(a)(1)(A)(i) (emphasis added). “The parties must provide the specific names of the individuals they might use as witnesses. It is not sufficient to identify them through the use of a collective description[.]” 6 James Wm. Moore et al., Moore’s Federal Practice § 26.22(4)(a)(i) (2023)); Alston v. DIRECTV, 254 F. Supp. 765, 780 (D.S.C. 2017). The basic purpose of Rule 26(a) “is to allow the parties to adequately prepare their cases for trial and to avoid unfair surprise.” Russell v. Absolute Collection Servs., Inc., 763 F.3d 385, 396 (4th Cir. 2014). Rule 26 further requires a party to “supplement” any disclosure made under Rule 26(a) “if the party learns that in some material respect the disclosure or response is incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to the other parties during the discovery process or in writing.” Fed. R. Civ. P. 26(e)(1). For a witness to have “otherwise been made known” during discovery, a supplemental disclosure must demonstrate that the party intends to present the witness at trial, not merely that the person has knowledge pertinent to the

litigation. See, e.g., Hinkel v. Colling, 341 F.R.D. 694, 697-98 (D. Wyo. 2022); L-3 Commc'ns Corp. v. Jaxon Eng'g & Maint., Inc., 125 F. Supp. 3d 1155, 1168-69 (D. Colo. 2015) ("To satisfy the 'made known' requirement, a party's collateral disclosure of the information that would normally be contained in a supplemental discovery response must [be] in such a form and of such specificity as to be the functional equivalent of a supplemental discovery response; merely pointing to places in the discovery where the information was mentioned in passing is not sufficient."); Ollier v. Sweetwater Union High School Dist., 768 F.3d 843, 861-63 (9th Cir. 2014).

For the same reasons the court previously found the Declaration witnesses were inadequately disclosed in connection with IWLCA's summary judgment motion (see Doc. 179 at 24-31), they are inadequately disclosed for trial. IWLCA never disclosed any of these individuals by name, relying instead on insufficient descriptions of categories of individuals. The same is true as to the Brand-New witnesses whom IWLCA claims it disclosed by disclosing their affiliated entity. Simply put, Rule 26(a) requires more. With respect to Meghan Dennehy and Kerrie Moore, whom IWLCA claims it disclosed by listing them in an interrogatory response seeking information about IWLCA's USPTO registration and the individuals involved, this disclosure was similarly inadequate because IWLCA included these two individuals among a list of

twenty-one people and provided no indication then (or at any other time) that IWLCA intended to call these two individuals as witnesses until IWLCA filed its pre-trial witness list well after the close of discovery. Hinkel, 341 F.R.D. at 697-98.

Having found a Rule 26(a) violation for all twenty-five witnesses, the court turns to the proper remedy under Rule 37. The court again applies the Southern State factors set out above. Because the burden is on the non-disclosing party to demonstrate that the failure to disclose is harmless or substantially justified, IWLCA's failure to mount any Rule 37 argument on the Brand-New witnesses constitutes a waiver. See Wilkins, 751 F.3d at 222 (placing burden on non-disclosing party to show harmlessness or substantial justification). Even so, the court has already ruled that the failure to disclose the Declaration witnesses was neither harmless nor substantially justified when IWLCA disclosed them for the first time by appending their declarations to its summary judgment briefing. (Doc. 179 at 31.) IWLCA offers no reason that the court should change its conclusion for the same individuals to testify as live witnesses. While the surprise may have abated because the declarations have been on file for several months, discovery has long closed, so Defendants are deprived of an opportunity to examine them. Re-opening discovery at this late date would disrupt the trial that is only days away. No doubt the evidence these witnesses would provide — evidence purportedly

showing actual confusion – is important to IWLCA. But Defendants would also face prejudice were the court allow the testimony. Finally, and significantly, IWLCA's justification for failing to disclose these individuals is unavailing. IWLCA contends that Defendants exclusively withheld the identities of the Declaration witnesses until the day before discovery ended. There are two problems with this contention. First, the witnesses' own declarations undermine this position, as each declarant attests that they have participated in IWLCA events for many years. (See, e.g., Doc. 133-7 ¶ 5 (Decl. Charles Shoulberg) ("I have been involved with IWLCA's tournaments since their inception.")) It is simply not credible that IWLCA did not know the identity of these witnesses during the discovery period. Second, IWLCA had requested the identities of all 2020 tournament attendees in discovery but withdrew its motion to compel during the discovery period. (Doc. 103 at 15 (seeking to compel production of all players and coaches registered to attend 2020 tournaments); Doc. 105 (withdrawing motion to compel).) While Defendants' possible gamesmanship is troubling, the rules of civil procedure are designed to avoid it but require a party to invoke judicial remedies in a timely fashion.

Considering all five factors, the court concludes that they weigh strongly in Defendants' favor. See Southern States, 318 F.3d at 597. As such, Defendants' motion will be granted, and all

twenty-five witnesses will be precluded from testifying unless they are offered solely for impeachment purposes. Fed. R. Civ. P. 26(a)(1)(A)(i) (requiring witness disclosure “unless the use [of the witness] would be solely for impeachment”).

B. Defendants’ Motion to Exclude USPTO Registrations

Defendants move to preclude IWLCA from introducing argument or evidence regarding its USPTO trademark applications and registrations “to establish validity and/or ownership of the Tournament Names.” (Doc. 162 at 1-2.) This motion was filed before this court issued its decision on the parties’ cross-motions for summary judgment. Now that the court granted IWLCA partial summary judgment finding the five registered marks valid as a matter of law, and because this was the only ground raised in the motion, the motion as filed is moot.

At the hearing on these motions, however, Defendants stated that they believed that IWLCA intended nevertheless to offer the USPTO registrations to prove strength of the marks – one of nine factors the jury considers for likelihood of confusion. Grayson O Co. v. Agadir Int'l LLC, 856 F.3d 307, 314 (4th Cir. 2017). Defendants clarified that they were “not trying to bar all evidence of the registrations” but stated that “what we want to preclude is argument or evidence that the trademark office has found that these trademarks are strong.” While IWLCA was slow to commit to a firm position, it did state its belief that it should be able to argue

that the USPTO registrations are probative of commercial strength. Defendants disputed this.

The court's pre-trial order sets a deadline for motions in limine in order to allow for reasoned analysis of the parties' positions. This late-blooming contention - that the registrations are not probative of commercial strength - was not raised in Defendants' initial motion in limine or in IWLCA's response, but rather was raised by Defendants for the first time at the pre-trial hearing. No party presented any legal authority for his or its position. Moreover, IWLCA was vague and indefinite as to how it wished to characterize its registrations in this regard. The court therefore declines to address it as a motion in limine now.

However, because Defendants indicate that they will object if IWLCA intends to argue to the jury that USPTO's registrations are evidence of the marks' commercial strength, and because of the absence of legal authority provided by the parties on the issue at the hearing, the parties should be prepared to address this issue at trial, should it arise.

Strength of a mark is a factor the jury will determine in assessing likelihood of confusion. George & Co. v. Imagination Ent. Ltd., 575 F.3d 383, 393 (4th Cir. 2009). A mark's overall strength "comprises both conceptual strength and commercial strength." Variety Stores, Inc., 888 F.3d at 661 (internal quotation marks omitted). When a jury considers strength of the

mark as a factor for likelihood of confusion, the inquiry is one of degree, not a “yes-or-no” determination as it is in the consideration of validity. 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 11:82 (5th ed. 2023) (describing validity as a threshold quantum to be a trademark, akin to “boiling point,” and strength as the actual quantum above that threshold). Whether a mark is conceptually strong depends on its place within one of four categories: (1) generic; (2) descriptive; (3) suggestive; or (4) arbitrary or fanciful. See id.

Here, the court on summary judgment found that all of the marks, except CHAMPIONS CUP, have a certain degree of conceptual strength by virtue of the failure of Defendants to provide rebutting evidence. (Doc. 179 at 55-56, 79);³ see Larsen v. Terk Technologies Corp., 151 F.3d 140, 148-49 (4th Cir. 1998); George & Co. v. Imagination Ent. Ltd., 575 F.3d 383, 395 (4th Cir. 2009) (holding that an unrebutted presumption of suggestiveness based on USPTO registration made the mark “suggestive” for purposes of conceptual strength under likelihood of confusion); Dewberry Eng’rs Inc. v. Dewberry Grp., Inc., 77 F.4th 265, 282-83 (4th Cir.

³ The court noted that labelling CAPITAL CUP as “descriptive” or “suggestive” was unnecessary for the issue of validity, which is a yes-or-no determination, and Defendants’ failure to rebut the Larsen presumption was sufficient to hold that CAPITAL CUP was valid. (Doc. 179 at 64 n.21.)

2023) (affirming district court's reliance on USPTO registration to find inherent distinctiveness under likelihood of confusion).

The jury must consider "commercial strength" which, while "a concept similar to the 'secondary meaning' inquiry considered in evaluating the mark's validity," is distinct. George & Co., 575 F.3d at 395. As to this analysis, the factors set out in Perini Corp. v. Perini Constr., Inc., 915 F.3d 121, 125 (4th Cir. 1990), apply. Given the posture of this case, it is unclear how the USPTO registrations themselves are probative of commercial strength. See DeCosta v. Viacom Int'l, Inc., 981 F.2d 602, 606-07 (1st Cir. 1992) (holding that, where the court had already presumed secondary meaning, USPTO registration "adds nothing significantly new" and that the Lanham Act does not "make[] it easier for a registrant . . . to prove that a relevant buying public may confuse some other person's mark with his own").

In light of the above, IWLCA is instructed to give notice to Defendants and the court before attempting to offer any argument that the USPTO registrations are evidence of commercial strength of the marks, so the issue can be addressed out of the presence of the jury.

C. Defendants' Motion to Preclude Recovery under IWLCA's Royalty Damages Theory

Defendants move to preclude IWLCA from seeking reasonable royalties should the jury find Defendants liable for trademark

infringement. (Doc. 163 at 25.) IWLCA's royalties theory is based on Defendants' 2020 proposal to IWLCA to purchase an exclusive license to use the IWLCA name and corresponding logo. (See Doc. 172-3.) That proposal, IWLCA contends, was based on an assessment of profits for the IWLCA-associated tournaments. As Defendants are quick to note, however, the proposal does not explicitly seek to license the tournament names. (Id.) Nevertheless, IWLCA contends that Defendants' offer provides a reasonable basis upon which to find a royalty for the tournament names. (Doc. 172 at 18.) Defendants disagree, arguing that they only sought to license the IWLCA name, and contend that presenting this evidence to the jury would be misleading in violation of Federal Rule of Evidence 403. (Doc. 163 at 26.)

Defendants do not challenge the availability of reasonable royalties under the Lanham Act; indeed, courts have long granted damages under this theory. See, e.g., Boston Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc., 597 F.2d 71, 75-76 (5th Cir. 1979). "A royalty-based damages award must be rationally related to the scope of the defendant's infringement." Streamline Prod. Sys., Inc. v. Streamline Mfg., 851 F.3d 440, 461 (5th Cir. 2017). Courts award royalties "most often for continued use of a product beyond authorization, and damages were measured by the license the parties had or contemplated." A & H Sportswear Co., Inc. v. Victoria's Secret Stores, Inc., 166 F.3d 197, 208-09 (3d Cir.

1999). "In the absence of a prior licensing agreement between the parties, courts will permit reasonable royalty damages only if the evidence provides a sufficiently reliable basis to calculate such damages." Marketquest Grp., Inc. v. BIC Corp., 316 F. Supp. 3d 1234, 1300 (S.D. Ca. 2018). In Boston Professional, for example, the court affirmed a royalty rate as a measure of damages for a price that the defendant offered to pay for the license but which plaintiff had rejected. Boston Prof'l, 597 F.2d at 75-76; see also Streamline, 851 F.3d at 461 (reversing royalty award where there was no evidence that defendant profited from infringing use and where use of the mark was not co-extensive with what a licensee would use); Sands, Taylor & Wood v. Quaker Oats Co., 34 F.3d 1340, 1350-52 (7th Cir. 1994) (observing the difficulty of valuing a reasonable royalty because it relies on a legal fiction of a negotiation that never occurred, but affirming district court's assessment based on hypothetical bargaining); Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 920-21 (Fed. Cir. 1984) (reversing a royalty award where the award was based on a full license to use the mark but infringer did not make full use); Marketquest, 316 F. Supp. 3d at 1301 (granting summary judgment for alleged infringer where there was "no evidence sufficient to establish what a reasonable royalty rate would be"); Variety Stores, Inc. v. Wal-mart Inc., 5:14-cv-217, 2019 WL 11638969, at *9 (E.D.N.C. May 6, 2019) (finding two publications of royalty

rates for trademarks and expert testimony adequate as evidence of what plaintiff would have accepted for a royalty rate), aff'd in part, vacated in part, and remanded, 852 F. App'x 711 (4th Cir. 2021); JL Beverage Co., LLC v. Beam, Inc., 2:11-cv-417, 2017 WL 3666302, at *4 (D. Nev. Aug. 4, 2017) (requiring trademark holder to supply a computation to reach reasonable royalty figure).

Defendants are correct that their licensing offer for use of the IWCLA name does not correlate directly to what is a reasonable royalty for the tournament marks, but it may bear a rational relationship to the value of the marks. Put another way, a jury could reasonably consider Defendants' offer as some evidence of Defendants' evaluation of the worth of the tournament marks. This is supported by the fact that the parties' past contracts granted Defendants what essentially amounts to a license to use the tournament names. (See Doc. 66-2 (2013 Contract) ("IWLCA shall [g]rant CSE the exclusive right to organize and host the Tournaments.")); A & H Sportswear Co., 166 F.3d at 208-09 (favoring royalties where prior licensing agreement existed).

On this record, the court cannot say that Defendants have shown that IWLCA cannot demonstrate that Defendants' prior offer to license both the IWLCA name and corresponding logos is insufficient as a matter of law to support a reasonable royalty theory. The proposal specifically refers to "the tournaments, event/tournament names" and "event/tournament logos." (Doc. 172-

3 at 3.) It will remain to be seen what testimony is offered in support of this theory and to what extent Defendants' proposal is reasonably what the parties would have agreed to for use of the marks in 2020. Defendants' prior license offer has some probative value, and at this preliminary stage this value is not shown to be substantially outweighed by any prejudicial effect. Defendants' motion will therefore be denied.

II. CONCLUSION

For the reasons stated,

IT IS ORDERED that IWLCA's first motion in limine to preclude Defendants from offering argument or evidence of damages in support of its breach of contract counterclaim (Doc. 161) is GRANTED;

IT IS FURTHER ORDERED that Defendants' first motion in limine to preclude IWLCA from offering USPTO registrations to prove validity or ownership of the tournament marks (Doc. 162) is DENIED as MOOT, provided that IWLCA shall give notice to Defendants and the court should it intend to argue to the jury that USPTO registrations are evidence of commercial strength; Defendants' second motion in limine to preclude IWLCA from calling twenty-five identified witnesses and from introducing ten identified declarations (Doc. 162) is GRANTED; Defendants' eighth motion in limine to preclude IWLCA from offering argument or evidence of actual damages related to reputational harm, injury to goodwill in the market and to IWLCA's business reputation, expenses incurred

to prevent customers from being deceived, and corrective advertising costs (Doc. 169) is GRANTED; and Defendants' seventh motion in limine to preclude IWLCA from arguing that it is entitled to royalties as damages for alleged trademark infringement (Doc. 162) is DENIED.

/s/ Thomas D. Schroeder
United States District Judge

October 12, 2023