

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

EDIBLE IP, LLC; and EDIBLE)	
ARRANGEMENTS, LLC,)	
)	
Plaintiffs/Counter-Defendants,)	No. 20 C 5840
)	
v.)	Judge Sara L. Ellis
)	
MC BRANDS, LLC; and GREEN THUMB)	
INDUSTRIES INC.,)	
)	
Defendants/Counter-Plaintiffs.)	

OPINION AND ORDER

Edible IP, LLC and Edible Arrangements LLC (collectively, “Edible”) filed this trademark infringement and unfair competition case against MC Brands, LLC and Green Thumb Industries Inc. (collectively, “GTI”), arguing that GTI infringed Edible’s registered and common law “Edible” and “Incredible Edible” trademarks. GTI responded by filing counterclaims, and the parties engaged in extensive discovery before Edible moved to voluntarily dismiss the case without prejudice in December 2022. Ultimately, the parties entered into a stipulation of dismissal by which Edible agreed to the dismissal of its claims with prejudice and GTI to the dismissal of its counterclaims without prejudice. GTI now moves for an award of attorney’s fees under 15 U.S.C. § 1117(a).¹ Because the Court does not find that this case qualifies as an

¹ The parties filed their briefs and accompanying exhibits under seal, also providing redacted versions. If the Court refers to a sealed document, it attempts to do so without revealing any information that could reasonably be deemed confidential. Nonetheless, if the Court discusses confidential information, it has done so because it is necessary to explain the path of its reasoning. *See In re Specht*, 622 F.3d 697, 701 (7th Cir. 2010) (“Documents that affect the disposition of federal litigation are presumptively open to public view, even if the litigants strongly prefer secrecy, unless a statute, rule, or privilege justifies confidentiality.”); *Union Oil Co. of Cal. v. Leavell*, 220 F.3d 562, 568 (7th Cir. 2000) (explaining that a judge’s “opinions and orders belong in the public domain”).

exceptional one warranting fees under § 1117(a), the Court denies GTI's motion for attorney's fees.

BACKGROUND

I. The Parties

Edible franchises stores that sell fruit baskets and arrangements, as well as other fruit, chocolate, and snack products. Edible also obtained federally registered trademarks for "Edible Arrangements" and "Edible," and sought trademark protection for various other related marks, including "Edible Treats," "Incredible Edible(s)," and "Incredible." In December 2018, after the 2018 Farm Bill legalized CBD,² Edible sought to expand its product offerings to include edible CBD under the "Incredible Edibles" brand, seeking additional trademark protection for use of "Incredible Edibles" not only for fruit arrangements but also for dietary and nutritional supplements. The U.S. Patent and Trademark Office ("USPTO") officially registered the mark "Incredible Edibles" on August 10, 2021, for dietary and nutritional supplements, as well as fruit arrangements.³ But Edible's rollout of its CBD products has not been smooth or particularly successful, with only \$23,587.89 of the \$1,459,888.290.01 in Edible's total U.S. sales from 2019 through 2021 coming from CBD products. Edible stores no longer sell Incredible Edibles, with Edible instead choosing to sell them mainly online.

GTI, a cannabis consumer packaged goods company and retailer, offers chocolates, gummies, and other candy products containing cannabis under the brand name "Incredibles."

² While the 2018 Farm Bill removed CBD from the Controlled Substances Act, it preserved the FDA's authority to regulate CBD products. See U.S. Food & Drug Administration, *FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD)*, <https://www.fda.gov/news-events/public-health-focus/fda-regulation-cannabis-and-cannabis-derived-products-including-cannabidiol-cbd>. The FDA has not approved the sale of CBD as a dietary supplement or as an added product in food. *Id.*

³ Edible also sought to register the mark "Edible CBD" for various food products containing CBD. Those applications remain under examination. The USPTO deemed Edible's attempt to register a stylized "Incredible Edibles" mark in November 2019 abandoned as of March 2022.

GTI has sold these products under the “Incredibles” name since 2010, beginning in Colorado and expanding to other states, including Illinois. GTI sold its “Incredibles” products at licensed cannabis dispensaries. In September 2019, GTI also sought to register “Incredibles” as a mark for CBD products. But the USPTO flagged the application in light of Edible’s pending applications for “Incredible Edibles,” noting the possibility of a likelihood of confusion. GTI then requested the suspension of the application pending resolution of Edible’s application.

II. Procedural History

Edible filed this lawsuit against GTI on September 30, 2020, alleging that GTI’s “Incredibles” mark infringes Edible’s “Edible” and “Incredible Edible” marks. It claimed that its use of these marks takes priority over GTI’s unapproved and federally illegal use of the “Incredibles” mark. GTI responded by filing a counterclaim, seeking a declaration that Edible’s marks were not entitled to trademark protection because they consist of a generic term or phrase, that GTI’s use of “Edibles” amounted to descriptive fair use, and that no likelihood of confusion existed between GTI’s use of “Edibles” or “Incredibles” and any of Edible’s marks.

The parties engaged in fact discovery, with the parties seeking several extensions and the Court’s assistance with discovery disputes. The parties also participated in a settlement conference with the magistrate judge, but they failed to resolve the case. The Court bifurcated expert discovery on liability and damages, and the parties engaged in expert discovery on liability, with the plan for GTI to then file a summary judgment motion. Before GTI could do so, however, Edible filed a motion to voluntarily dismiss the case without prejudice, claiming that the ever-changing legal market for cannabis, as well as the parties’ changing practices, meant that the parties’ trademark dispute was one better adjudicated at a later date. The Court indicated it was not inclined to allow Edible to dismiss its claims without prejudice, particularly

in light of GTI's counterclaims. Ultimately, on March 10, 2023, the parties entered into a stipulation of dismissal, with the parties agreeing to the dismissal of Edible's claims with prejudice and GTI's counterclaims without prejudice. GTI reserved the right to petition the Court for its fees and costs, which the Court now has before it.

ANALYSIS

Section 1117(a) provides that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 15 U.S.C. § 1117(a). An exceptional case is “one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *LHO Chicago River, L.L.C. v. Perillo* (“*LHO P*”), 942 F.3d 384, 386 (7th Cir. 2019) (quoting *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014)). To determine whether a case qualifies as “exceptional,” the Court considers a “nonexclusive set of factors,” including “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* (quoting *Octane Fitness*, 572 U.S. at 554 n.6). The Court retains discretion in making this determination. *See Octane Fitness*, 572 U.S. at 554 (“District courts may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.”).

A. Strength of Edible’s Litigating Position

The Court first considers the strength of Edible’s litigation position. GTI argues that Edible knew from the beginning that its lawsuit had no chance of success, making Edible’s choice to litigate against GTI objectively unreasonable. But the Court disagrees.

GTI first argues that Edible knew that it did not have rights in the cannabis industry at the time it filed this suit but that GTI did. GTI points to a September 2019 email from Edible’s CEO, in which he stated that GTI was “doing what we are planning under the Incredibles Name . . . focused on THC and no longer working on CBD.” Doc. 128-4 at 2. Regardless of Edible’s knowledge of GTI’s use of the “Incredibles” mark, Edible had at least a plausible basis to file this lawsuit, evidenced in part by the fact that GTI did not move to dismiss the lawsuit at the pleading stage. At the time of the parties’ pre-litigation discussions, as referenced in this email, GTI’s focus remained on THC, with GTI’s use of the “Incredibles” mark likely not entitled to trademark protection. *See Jergenson v. Inhale Int’l Ltd.*, No. 22 CV 2040, 2023 WL 167413, at *3 (N.D. Ill. Jan. 12, 2023) (“The Trademark Trial and Appeal Board has interpreted [the requirement that a mark is in use in commerce] to mean that a mark is in use in *lawful* commerce.”). And Edible, which had already sought trademark protection for the term “Incredible Edibles” with respect to its fruit products, plausibly had an argument that its intended expansion into CBD products could create confusion between the two parties’ products. *See Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 958 (7th Cir. 1992) (“Modern trademark law prohibits use of a senior user’s mark not only on products that are in direct competition with those of the senior user but also on products that are considered to be ‘closely related’ to the senior user’s. . . . One of the reasons courts have given for protecting trademark owners against the use of confusingly similar marks on closely related products is to protect the owner’s ability to enter product markets in which it does not now trade but into which it might reasonably be expected to expand in the future.”).

GTI also argues that Edible knew that the term “edible” is a generic term within the cannabis industry, weakening its trademark claims. But Edible did not rely solely on the use of

the mark “Edible” but rather also on its trademark applications for “Incredible Edibles” as the bases for its claims. Although the Court may have ultimately found some portion of Edible’s claimed marks did not qualify for trademark protection, the fact that even GTI sought trademark protection for its use of “Incredibles” undermines GTI’s argument that Edible’s litigation position was objectively unreasonable. *See LHO Chicago River, L.L.C. v. Rosemoor Suites, LLC* (“*LHO II*”), 988 F.3d 962, 968 (7th Cir. 2021) (party’s filing of applications for the mark at issue “undermine[d] [its] contentions that that mark was plainly unworthy of protection and that [its opponent’s] claim to a protectable mark in that name was frivolous”).

Third, GTI argues that Edible did nothing to build brand recognition in the cannabis industry between 2010 and 2019, and that it thereafter sought to capitalize on the success of GTI’s product. It also argues that Edible’s rebrand from “Edible Arrangements” to “Edible” has failed, as consumers continue to recognize it only as “Edible Arrangements” and its logo remains a fruit basket, limiting any trademark protection to similar products. But the fact that Edible did not promote a product in the cannabis industry until 2019 can be explained at least in part by the fact that, prior to the 2018 Farm Bill, CBD remained classified as a controlled substance. Edible also had sought trademark protection for “Incredible Edibles” food products in 2015, suggesting that its use of that term for CBD products did not necessarily stem from the success of GTI’s “Incredibles” products.⁴ And while Edible’s rebrand from Edible Arrangements to Edible and its foray into the CBD industry have had limited and questionable success, that does not make Edible’s pursuit of this case objectively unreasonable.

Finally, GTI argues that Edible did not produce any credible evidence of likelihood of confusion in support of its trademark claims. The Seventh Circuit looks to the following seven

⁴ While GTI argues that Edible knew of GTI’s “Incredibles” product at least as early as 2016 when its in-house counsel received a trademark watch notice listing GTI’s product, this occurred after Edible applied for the initial “Incredible Edibles” trademark.

factors in considering the likelihood of confusion: “(1) the similarity between the marks in appearance and suggestion; (2) the similarity of the products; (3) the area and manner of concurrent use; (4) the degree of care likely to be exercised by consumers; (5) the strength of the plaintiff’s mark; (6) any evidence of actual confusion; and (7) the intent of the defendant to ‘palm off’ his product as that of another.” *Sorensen v. WD-40 Co.*, 792 F.3d 712, 730 (7th Cir. 2015) (citing *Bd. of Regents of Univ. of Wis. Sys. v. Phoenix Int’l Software, Inc.*, 653 F.3d 448, 455 (7th Cir. 2011)). While GTI points to strong evidence that consumers would not likely confuse Edible’s CBD or other products with GTI’s cannabis products and Edible did not produce a consumer survey supporting its claim of confusion, this alleged failure of proof does not make the case exceptional. *See LHO II*, 988 F.3d at 968–69 (“But the lack of consumer surveys is ‘not fatal.’” (quoting *Platinum Home Mortg. Corp. v. Platinum Fin. Grp., Inc.*, 149 F.3d 722, 728 (7th Cir. 1998))); *Munchkin, Inc. v. Luv n’ Care, Ltd.*, 960 F.3d 1373, 1381 (Fed. Cir. 2020) (“A unique challenge for LNC here, given that the trademark claim was never adjudicated, is that it must not only prove through its fee motion no likelihood of confusion between its mark and Munchkin’s mark, but it must go further, and prove that Munchkin’s position is substantively unreasonable.”). This is particularly the case given the USPTO’s finding that GTI’s “mark may be refused registration under Trademark Act Section 2(d) because of a likelihood of confusion with the registered mark(s),” Doc. 132-6 at 3, referencing Edible’s applications for registration of the “Incredible Edibles,” “Incredible Edible,” and “Incredible” marks. *See Specht v. Google, Inc.*, 805 F. Supp. 2d 551, 557 (N.D. Ill. 2011) (plaintiffs had “reasonable grounds to file a likelihood-of-confusion suit” against defendant where they had an active and valid registration to a mark and learned that the USPTO had denied defendant’s registration of a similar mark on likelihood of confusion grounds). Similarly, GTI itself

demanded that Edible cease use of any “Incredible Edibles” or “Incredible” marks in connection with cannabis- and hemp-infused products in 2019, prior to the initiation of this litigation, which at least provided Edible with a basis to believe that GTI worried about the effect of Edible’s proposed entrance into the CBD market on its own products.⁵ Although discovery does not appear to have borne out Edible’s claims of consumer confusion, the Court cannot find that Edible’s apparent failure to prove up its claims means that the case was so weak when filed as to find Edible’s pursuit of the case frivolous or objectively unreasonable. *See Burford v. Acct. Prac. Sales, Inc.*, 786 F.3d 582, 590 (7th Cir. 2015) (affirming denial of attorney’s fees where the district court could “find at least a good-faith basis for [the non-prevailing party] to argue that consumers would be confused”), *overruled on other grounds by LHO I*, 942 F.3d 384; *Munchkin*, 960 F.3d at 1381 (“Munchkin’s dismissal of its claims with prejudice also does not establish, by itself, a finding that the merits were so substantively weak as to render the claims exceptional. There are numerous reasons, including Munchkin’s asserted desire to streamline the litigation, to drop a claim, not just substantive weakness. We decline to adopt a categorical rule that a party’s litigating position is presumptively so meritless as to stand out from the norm whenever it dismisses its claims with prejudice.”); *PS Promotions, Inc. v. Stern*, No. 97 C 3742, 2001 WL 293033, at *3 (N.D. Ill. Mar. 23, 2001) (declining to award attorney’s fees under the Lanham Act despite the fact that plaintiff filed the case with “little evidentiary support” and “continued to pursue [the case] even after discovery yielded little additional evidence.”); *cf. Bretford Mfg., Inc. v. Smith Sys. Mfg. Co.*, 389 F. Supp. 2d 983, 986 (N.D. Ill. 2005) (“Bretford’s complete lack of any evidence of likelihood of confusion makes this an exceptional case in our view[.]”).

⁵ The Court acknowledges that GTI also stated in the same letter that no likelihood of confusion existed between the parties’ products, but Edible could have viewed GTI’s request that Edible cease use of any “Incredible Edibles” or “Incredible” marks in connection with cannabis- and hemp-infused products to suggest the opposite.

B. Edible’s Litigation Conduct

Nor does the Court find that Edible’s litigation conduct makes this case exceptional. The Court considers factors such as Edible’s motivation in pursuing the case and “the need in particular circumstances to advance considerations of compensation and deterrence.” *LHO II*, 988 F.3d at 969 (quoting *LHO I*, 942 F.3d at 386).

GTI argues that Edible unreasonably delayed key discovery, adding extra expense and time to the resolution of this case. GTI highlights that the parties sought extensions of fact discovery six times and that it served Edible with ten motions to compel, five of which GTI ultimately filed, over a two-year period. GTI also contends that Edible failed to disclose relevant witnesses in its Rule 26 disclosures, which among other things made Edible’s document production incomplete. GTI suggests that these discovery failures were intentional, a “concerted effort to avoid producing or admitting the key facts . . . that Edible Arrangements’ Complaint was a farce.” Doc. 127 at 15. Finally, GTI argues that Edible sought GTI’s CEO’s deposition for an improper purpose, specifically, to “develop[] intelligence on the future of the cannabis business.” *Id.* Despite these complaints, GTI admits that it ultimately obtained “over a hundred thousand pages of documents” from Edible, *id.* at 14, and that it took various depositions of Edible’s witnesses. And while GTI filed five motions to compel, the Court did not find GTI’s positions meritorious across-the-board, reflecting that Edible did not take unreasonable positions on all discovery disputes. The Court also found that Edible had sufficiently set forth a basis for taking GTI’s CEO’s deposition, undermining GTI’s argument that Edible improperly pursued that deposition. While some of Edible’s questioning of GTI’s CEO may have strayed outside of the bounds that the Court set for the deposition and the parties could have worked more cooperatively to avoid the escalation of discovery costs, none of Edible’s actions during

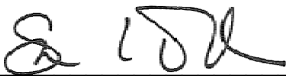
discovery stand out as so egregious to warrant awarding GTI its attorney’s fees. *See TE-TA-MA Truth Found.-Fam. of URI, Inc. v. World Church of the Creator*, 392 F.3d 248, 264–65 (7th Cir. 2004) (“Playing hard—by the rules—cannot suffice to make a case exceptional under § 1117(a.)”); *LHO Chicago River, LLC v. Rosemoor Suites, LLC*, No. 16 C 6863, 2020 WL 4003565, at *3 (N.D. Ill. July 15, 2020) (plaintiff’s repeated questioning of a defense witness about an unrelated criminal matter during a deposition, while “certainly bad, [was not] so egregious and reprehensible to make the case ‘stand out’ from others and merit fee-shifting”), *aff’d*, *LHO II*, 988 F.3d 962.

In summary, the Court does not find that this case qualifies as an exceptional one, and so it exercises its discretion to deny GTI’s request for attorney’s fees pursuant to § 1117(a).

CONCLUSION

The Court denies GTI’s motion for attorney’s fees [125]. The Court orders Edible to file a response to GTI’s bill of costs [130] by October 20, 2023 and GTI to file a reply by November 3, 2023. The Court sets a status hearing for December 14, 2023 at 1:30 p.m. for ruling on GTI’s bill of costs.

Dated: September 28, 2023


SARA L. ELLIS
United States District Judge