

NOTE

THE *DEWBERRY* DILEMMA:
HOW THE SUPREME COURT HAS CREATED A FREEWAY
FOR INFRINGEMENT UNDER THE LANHAM ACT

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I. INTRODUCTION

The Lanham Act was enacted in 1946 to create a national system to protect trademark owners' use of a mark in commerce in connection with goods or services.¹ Those who infringe upon a registered trademark or a common law trademark are subject to specific remedies, which may include injunctive relief and/or monetary damages.²

Companies can be corporately distinct from one another, allowing a parent company to create subsidiaries and affiliates; these separate entities are not liable for the actions of the parent company, absent veil piercing.³ When a court pierces the corporate veil, the parent company/shareholder who actively participates and exercises control over the affiliate may be directly liable for their actions.⁴ While state law generally governs this issue,⁵ federal courts have determined instances where veil-piercing principles apply.⁶

In this case, Dewberry Engineers sought compensation from Dewberry Group for infringement of their mark "Dewberry" in connection with real estate services.⁷ Dewberry Group's Ownership Entities (their affiliates) own the property; Dewberry Group exists to produce the work necessary to generate revenues, doing so for the Ownership Entities.⁸ Dewberry Group only receives agreed-upon fees at below-market rates.⁹ The Ownership Entities were never named as parties in the suit, nor did Dewberry Engineers ever seek to pierce the

¹ Lanham Act, 15 U.S.C. §§ 1051-1141; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 763 (1992).

² 15 U.S.C. §§ 1116, 1117.

³ *Dewberry Grp., Inc. v. Dewberry Eng'rs, Inc.*, 145 S. Ct. 681, 686-87 (2025) [hereinafter *Dewberry Supreme Court*].

⁴ *United States v. Bestfoods*, 524 U.S. 51, 62 (1998).

⁵ See generally, e.g., *Walkovszky v. Carlton*, 223 N.E.2d 6 (1966) (applying New York state law to pierce the corporate veil).

⁶ See, e.g., *Bestfoods*, 524 U.S. at 61-62.

⁷ *Dewberry Eng'rs Inc. v. Dewberry Grp., Inc.*, 77 F.4th 265, 272-73 (4th Cir. 2023) [hereinafter *Dewberry 4th Cir.*].

⁸ *Dewberry Supreme Court*, 145 S. Ct. at 685.

⁹ *Id.*

corporate veil.¹⁰ After being awarded approximately \$43 million in damages¹¹ and successfully pleading a permanent injunction against Dewberry Group and those in “active concert or participation,”¹² the Supreme Court vacated and remanded, finding that the lower courts ignored corporate separateness.¹³ Specifically, the court found that because the Ownership Entities were not named parties in the lawsuit, assessing the profits of the affiliates under Lanham Act § 1117(a) as “defendant’s profits” was a misconstrued interpretation of the statute.¹⁴ The Supreme Court declined to further comment on the case.¹⁵

While the Ownership Entities exist as a corporate formality, the Supreme Court did not look at the infringing behavior that is rooted in Dewberry Group’s actions. This Note expands upon the history of *Dewberry Engineers v. Dewberry Group*, the Lanham Act, and how the Supreme Court’s decision creates a favorable pathway for defendants to infringe in extreme circumstances.

This paper is broken into six sections. It begins by discussing the Lanham Act and the background of the case, before articulating the procedural posture of *Dewberry Group v. Dewberry Engineers*. The third section explains the briefs submitted to the Supreme Court, the Supreme Court’s holding, and Justice Sotomayor’s concurrence. The fourth section explains the issue of the case, with the subsequent analysis in section five, and the conclusion in section six.

A. THE LANHAM ACT

The Lanham Act is covered by Title 15 of the U.S. Code.¹⁶ This act allows trademark owners to establish and create trademarks.¹⁷ This act can apply to unregistered trademarks, which are covered under 15 U.S.C. § 1125(a), and

¹⁰ *Id.* at 686–87.

¹¹ *Dewberry Eng’rs, Inc. v. Dewberry Grp., Inc.*, No. 1:20-cv-00610, 2022 WL 1439826, at *14 (E.D. Va. Mar. 2, 2022), *aff’d*, 77 F.4th 265 (4th Cir. 2023), *vacated and remanded*, 145 S. Ct. 681, 221 L. Ed. 2d 156 (2025) [hereinafter *Dewberry II*].

¹² *Dewberry Eng’rs, Inc. v. Dewberry Grp., Inc.*, No. 1:20-cv-00610, 2022 WL 1439105, at *5–6 (E.D. Va. May 6, 2022), *aff’d*, 77 F.4th 265 (4th Cir. 2023), *vacated and remanded*, 145 S. Ct. 681, 221 L. Ed. 2d 156 (2025) [hereinafter *Dewberry III*].

¹³ *Dewberry Supreme Court*, 145 S. Ct. at 688.

¹⁴ *Id.* at 687.

¹⁵ *Id.* at 688.

¹⁶ *See generally* 15 U.S.C. §§ 1051 *et seq.*

¹⁷ 15 U.S.C. § 1051.

registered trademarks, which are covered under 15 U.S.C. § 1114.¹⁸ When trademark infringement occurs, 15 U.S.C. § 1117 allows a trademark owner to recover damages.¹⁹ Specifically, when an owner has their trademark infringed upon, the Lanham Act allows the plaintiff “to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.”²⁰ In proving such damages, “the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed.”²¹ Thus, while the plaintiff needs only to evince the defendant’s sales, the burden of proof is on the defendant to mitigate the amount owed. When a violation is found, the court may find damages above the amount of actual damages.²² However, this amount shall be no more than three times the amount of actual damages, and must “constitute compensation and not a penalty.”²³ A crucial difference in trademark law is punitive damages for state and federal claims; punitive damages are available for state law claims, but not under the Lanham Act for federal law claims.²⁴

A major misconception in analyzing violations of Title 15 is the underlying purpose of trademark law and the Lanham Act. The Lanham Act’s primary objective is to protect consumers via source identification by knowing the company from which goods originate in order to avoid harm from “improper diversion of . . . trade.”²⁵ Furthermore, Professor Mark McKenna finds that even

¹⁸ *Id.* §§ 1114, 1125(a).

¹⁹ *Id.* § 1117.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *See, e.g.*, N.J. REV. STAT. § 56:3-13.16 (2024) (“The court, in its discretion, may enter judgment for an amount not to exceed three times the profits or damages . . . to the prevailing party in cases . . . if the court finds the other party’s conduct so egregious as to justify such an award.”); N.Y. GEN. BUS. LAW § 360-m (McKinney 2010).

²⁵ BARTON BEEBE, TRADEMARK LAW: AN OPEN-ACCESS CASEBOOK 5 (11th ed. 2024) (quoting Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1849–62 (2007)); *see also* Jack Daniel’s Props. v. VIP Prods. LLC, 599 U.S. 140, 163 (2023) (“It is no coincidence that both our holdings turn on whether the use of a mark is serving a source-designation function. The Lanham Act makes that fact crucial, in its effort to ensure that consumers can tell where goods come from.”).

the earliest sources of American trademark law “repeatedly made clear that the purpose of trademark law was to protect a party from illegitimate attempts to divert its trade.”²⁶ This basic principle was highlighted in the *Dewberry II* case, where the court states “[t]he purpose of the provision of the Lanham Act allowing plaintiff to recover the infringing defendant's profits is to take all the economic incentive out of trademark infringement.”²⁷

B. BACKGROUND INFORMATION

For years, companies Dewberry Engineers and Dewberry Capital Corporation (“Dewberry Group”)²⁸ have disputed over their shared name, “Dewberry,” with companies competing for the “Dewberry” trademark.²⁹ Both companies engage in commercial real estate development, primarily sharing business in the same four states: Georgia, Virginia, South Carolina, and Florida.³⁰ Notably, Dewberry Engineers started in the 1950s,³¹ while John Dewberry founded his own company, Dewberry Group, in 1989.³²

The two companies' dispute began in 2006.³³ Dewberry Group sent a cease-and-desist letter to Dewberry Engineers regarding their brands' similar marks, arguing they had senior common law rights, despite Dewberry Engineers' federal

²⁶ BEEBE, *supra* note 25, at 5 (quoting Mckenna, *supra* note 25, at 1849–62).

²⁷ *Dewberry II*, 2022 WL 1439826, at *14.

²⁸ Since this case began, Dewberry Group has changed their name back to “Dewberry Capital Corporation.” See *Dewberry Eng'rs, Inc. v. Dewberry Grp., Inc.*, No. 1:20-cv-00610, 2023 WL 6786597, at *1 n.3 (E.D. Va. Aug. 3, 2023) [hereinafter *August 3, 2023 Dewberry*].

²⁹ *Dewberry 4th Cir.*, 77 F.4th at 272–73.

³⁰ *Id.* at 273.

³¹ *Id.*

³² *Dewberry Capital*, LINKEDIN, <https://www.linkedin.com/company/dewberry-capital/about/> [https://perma.cc/3PAB-NA94]; see also Caroline Tell, *The Dewberry's John Dewberry On What 'Southern Reimagined' Means To Him*, FORBES (Jul 15, 2021), <https://www.forbes.com/sites/carolinetell/2021/07/15/the-dewberrys-john-dewberry-on-what-southern-reimagined-means-to-him/> [https://perma.cc/WV7U-BYJ2].

³³ *Dewberry II*, 2022 WL 1439826, at *2.

trademark for “Dewberry” under 15 U.S.C. § 1114.³⁴ Yet, Dewberry Engineers was founded prior to Dewberry Group, negating this claim.³⁵

Trademark protection applies to both registered and unregistered marks.³⁶ When two companies have similar marks, it is important to conduct a preliminary analysis to indicate which trademark was first used in commerce.³⁷ This establishes prior use, and the first user has the stronger argument in favor of trademark protection.³⁸ A common law trademark owner can challenge a federal trademark’s validity via prior use.³⁹

Dewberry Engineers responded by filing suit against Dewberry Group for trademark infringement.⁴⁰ Simultaneously, the USPTO declined Dewberry Group’s registrations because “there was a likelihood of confusion between ‘Dewberry’ and ‘Dewberry [Group]’.”⁴¹ To resolve this matter, the parties signed a Confidential Settlement Agreement (hereinafter “CSA”) in 2007, preventing Dewberry Group from challenging registration in the future, while also granting Dewberry Engineers exclusive use of the “Dewberry” mark.⁴² Dewberry Group waived its ability to challenge or use the federal trademark for “Dewberry”, thus disposing of any prior use claims it could raise in the future.⁴³ In addition, Dewberry Group cannot use “Dewberry” for “architectural and/or engineering . . . services.”⁴⁴ The CSA also established that Dewberry Group “shall continue to use its column logo . . . [Dewberry Group] shall not use any logo or design mark that depicts a ‘dewberry’ or ‘berry,’ and [Dewberry Group] shall not use a logo or

³⁴ *Dewberry* 4th Cir., 77 F.4th at 273; see also 15 U.S.C. § 1114.

³⁵ *Dewberry* 4th Cir., 77 F.4th at 273.

³⁶ 15 U.S.C. §§ 1114, 1117, 1125(a).

³⁷ See *id.* §§ 1057(c), 1115(b)(5), 1125(a).

³⁸ See *id.* §§ 1057(c), 1115(b)(5), 1125(a).

³⁹ *Valcom, Inc. v. Valcom, Inc.*, No. 86-0320-A, 1986 U.S. Dist. LEXIS 19437, at *9 (E.D. Va. Oct. 6, 1986).

⁴⁰ *Dewberry* 4th Cir., 77 F.4th at 273.

⁴¹ *Id.* at 273–74.

⁴² *Id.* at 274.

⁴³ *Dewberry Eng’rs Inc. v. Dewberry Grp., Inc.*, 2021 U.S. Dist. LEXIS 218628, at *1–2 (E.D. Va. Aug. 11, 2021) [hereinafter *Dewberry I*].

⁴⁴ *Id.*

design mark that is confusingly similar to [Dewberry Engineers'] 'Dewberry' logo and design mark."⁴⁵ The companies then had no further issues for years.⁴⁶

In 2017, John Dewberry opened the Dewberry Hotel and sought to continue rebranding further.⁴⁷ Several sub-brands were created, such as "Dewberry Living," "Dewberry Office," and "Studio Dewberry."⁴⁸ Under this new business model, they sought to have their rebrand registered with the USPTO under "Dewberry Group"; again, they were rejected because of the likelihood of confusion with Dewberry Engineers' marks.⁴⁹ Dewberry Engineers sent a cease-and-desist letter to Dewberry Group, with their then-general counsel, David Groce, responding that he was unaware of the prior CSA and assuring that they had no intention to breach the terms of the agreement.⁵⁰ From a seemingly innocuous response, Groce made clear that Dewberry Engineers had valid trademark rights, further promising not to register "Dewberry Group" for "'real estate development services,' or to 'use the term in connection with any present or future real estate development or related services in Virginia, Maryland, or the District of Columbia.'"⁵¹ Dewberry Group abandoned its application in 2018, but continued rebranding with the term "Dewberry" on "new letterhead, business cards, email signatures, uniforms, and property signs," and attempted to register "D Dewberry Group," "Studio Dewberry," "D Dewberry Living," and "D Dewberry Office."⁵² However, the USPTO responded by disclaiming "Group," "Studio," "Living," and "Office," since they cannot have rights over the descriptive words in conjunction with Dewberry.⁵³

In trademark law, a wordmark cannot be protected if it lacks acquired or inherent distinctiveness.⁵⁴ If "Dewberry" is registered in conjunction with Dewberry Engineers for real estate development (amongst other various

⁴⁵ *Dewberry 4th Cir.*, 77 F.4th at 274.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.* at 275.

⁵⁰ *Id.*

⁵¹ *Dewberry 4th Cir.*, 77 F.4th at 275.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *See, e.g., Nola Spice Designs, L.L.C. v. Haydel Enters.*, 783 F.3d 527, 537 (4th Cir. 2015).

services),⁵⁵ only “Dewberry” is trademarkable. “Engineers” cannot be trademarked, since it would convey the immediate idea of the goods or service, because “engineering” can be defined as “the design and manufacture of complex products.”⁵⁶ One likely would assume that “Engineers” would convey the immediate idea of a group that performs the services of an engineer, and by protecting “Engineers,” a court would bar competition by allowing one company to exclusively use the term. Specifically, protecting “Engineers” to one business alone would put competitors at a significant disadvantage to compete fairly in this product market. This makes the protection of “Dewberry” paramount to both companies, because “Dewberry” can be defined as “any of several sweet edible berries related to and resembling blackberries.”⁵⁷ This term was considered arbitrary in connection with real estate services, which establishes the mark to be inherently distinctive.⁵⁸ Nevertheless, since Dewberry Engineers has established the term “Dewberry” with either acquired or inherent distinctiveness in the market (real estate development, amongst other services),⁵⁹ it becomes the trademarkable part of “Dewberry Engineers.”⁶⁰ This allows them exclusive use of “Dewberry” in their protectable markets.⁶¹

In June 2018, Dewberry Engineers sent a second cease-and-desist letter, claiming that Dewberry Group intentionally infringed Dewberry Engineers’ marks; Dewberry Group responded by declining to abandon their applications, claiming the CSA permitted the use of “Dewberry” marks other than “Dewberry

⁵⁵ See DEWBERRY, Registration No. 2991044 (“Real estate development; environmental services, namely real estate site analysis and selection, and building inspection in the course of construction; land development services, namely, planning and laying out of residential and/or commercial communities; construction project management; restoration in the field of streams; construction management and supervision.”).

⁵⁶ *Engineering*, MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/engineering> [<https://perma.cc/4GBZ-TCKF>].

⁵⁷ *Dewberry*, MERRIAM-WEBSTER, <https://www.merriam-webster.com/dictionary/dewberry> [<https://perma.cc/C26B-6SVT>]; see also *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *19 (noting that the purchasing public would not identify “dewberry” here as a surname, with the mark in conjunction with the “berry” logo indicates a word mark).

⁵⁸ See *Dewberry 4th Cir.*, 77 F.4th at 282.

⁵⁹ DEWBERRY, Registration No. 2991043.

⁶⁰ *Dewberry 4th Cir.*, 77 F.4th at 282.

⁶¹ DEWBERRY, Registration No. 2991043; see also 15 U.S.C. § 1115(a).

Capital.”⁶² Dewberry Engineers sent a third cease-and-desist letter, explaining that Dewberry Group misunderstood the CSA.⁶³ Dewberry Engineers claimed that Dewberry Group’s marks caused confusion in the Virginia and Northern Virginia areas.⁶⁴ Following the Dewberry Engineers challenging the applications, the USPTO again rejected Dewberry Group’s application for the marks due to the likelihood of confusion.⁶⁵ This began the lengthy litigation process between Dewberry Group and Dewberry Engineers, which eventually appealed its way to the Supreme Court.

II. PROCEDURAL POSTURE

This next Part includes an overview of the central facts and arguments from each of the Dewberry Group v. Dewberry Engineers cases, before eventually reaching the Supreme Court.

A. *DEWBERRY I* & ORIGINAL MOTIONS FOR SUMMARY JUDGMENT

Dewberry Engineers filed suit in May 2020, claiming Dewberry Group breached the CSA under Virginia state law and infringed their trademark in violation of the Virginia law and the federal Lanham Act.⁶⁶ However, the damages awarded later in this case are granted from the Lanham Act violation.⁶⁷ Nevertheless, the District Court entered summary judgment for Dewberry Engineers on both claims in August 2021.⁶⁸ While both parties filed their respective briefs and motions, both had opposing views on the issue of corporate separateness.⁶⁹

⁶² *Dewberry 4th Cir.*, 77 F.4th at 275.

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.* at 275–76.

⁶⁶ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *4; *see also* VA. CODE ANN. §§ 59.1–92.12 to 92.13.

⁶⁷ *See Dewberry II*, 2022 Westlaw 1439826, at *14.

⁶⁸ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *29.

⁶⁹ *Contrast* Defendant’s Opposition to Plaintiff’s Motion for Summary Judgment at 20–21, *Dewberry I*, 2021 U.S. Dist. LEXIS 218628 (E.D. Va. Aug. 11, 2021), Dkt. No. 146 *with* Plaintiff’s Response in Support of Plaintiff’s Motion for Summary Judgment at 6–7, *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, (E.D. Va. Aug. 11, 2021), Dkt. No. 163 (internal citations omitted).

The Virginia Eastern District Court on August 11th, 2021 (“*Dewberry I*”) sided with Dewberry Engineers and explained that the transactions between Dewberry Group and the Ownership Entities were considered as business to third parties.⁷⁰ Signed by the companies in 2007, § 6 of the CSA reads, “[Defendant] will not use the word DEWBERRY in the name of, or as a mark for, any architectural and/or engineering company, or in connection with any architectural or engineering services.”⁷¹ Yet Dewberry Group argued that the services to the Ownership Entities’ affiliates are not to third-party companies, implying that the company is a single corporate entity.⁷² In a motion for summary judgment, Dewberry Group originally claims:

Plaintiff’s examples of Dewberry Group allegedly “practicing architecture” plainly show that Dewberry Group never did so for any third parties. ... And because Dewberry Group never performed this work for the benefit of third parties, it did not perform architecture services and did not breach the Settlement Agreement.⁷³

By claiming the services were not performed for third parties, but were still performed for the Ownership Entities, Dewberry Group is, by proxy, arguing against corporate separateness under the view that they are a single tax entity.⁷⁴ This could be reasoned by their hope not to breach the CSA. Dewberry Engineers argued in response:

[T]he issue is whether the service provider in fact benefits third parties, regardless of its reason for providing its services.” Because Morningside Group’s “activities did provide valuable benefits to others” such as “the businesses they acquire, the co-investors they attract and the United States institutions whose money they direct to Asian investments,” those activities constituted “services” under the Lanham Act. So too for Dewberry Group, as the Ownership Entities are legally separate

⁷⁰ *Id.* at *9–10.

⁷¹ *Id.* at *5–6.

⁷² Defendant’s Opposition to Plaintiff’s Motion for Summary Judgment at 20–21, *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, (E.D. Va. Aug. 11, 2021), Dkt. No. 146.

⁷³ *Id.*

⁷⁴ *Id.*

entities and Defendant's services benefit unaffiliated third parties like "tenants, prospective tenants and guests," who are its "main clients." And like Morningside's outside "co-investors" who benefitted from its services, the Ownership Entities also have investors and are not 100% owned by John Dewberry.⁷⁵

The important decision for *Dewberry I* then was to decide if the Ownership Entities were third parties to determine if the CSA was breached. The court discussed that the "Defendant ... arguing that any services it provides are "in-house" activities, and not for the benefit of any third party, citing [*Morningside*]. The Court finds these arguments to be without merit." ⁷⁶

As a result, the Court holds:

Moreover, the issue here, as it was in *Morningside*, "is whether the service provider in fact benefits third parties." In the first place, Defendant admits that it

'prepared drawings to the City of Charlottesville in connection with zoning and Board of Architectural ("BAR") approval for a hotel project in downtown Charlottesville, VA. These were made on behalf of the owner of the project, Deerfield Square Associates, II, LLC.'

Thus, the services rendered by Plaintiff were, in fact, to third parties, separated by the corporate veil.⁷⁷

The *Dewberry I* court concludes that Dewberry Group and the Ownership Entities are separate, third-party companies.⁷⁸ However, the Court held this not to put the affiliates liable for the infringement, but rather to find "Defendant in

⁷⁵ Plaintiff's Response in Support of Plaintiff's Motion for Summary Judgment at 6-7, *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, (E.D. Va. Aug. 11, 2021), Dkt. No. 163 (internal citations omitted); *see also* *Morningside Grp. Ltd v. Morningside Capital Grp., L.L.C.*, 182 F.3d 133, 138 (2d Cir. 1999) ("Those services must not be solely for the benefit of the performer; the services must be rendered to others.").

⁷⁶ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *6.

⁷⁷ *Id.* at *9 (internal citations omitted); *see also* *Morningside Grp.*, 182 F.3d at 138.

⁷⁸ *See, Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *10.

breach of §6 of the CSA.”⁷⁹ This holding does not infringe upon the trademark violation, as the discussion of “third parties, separated by the corporate veil”⁸⁰ is under the breach of contract discussion,⁸¹ while the trademark infringement discussion begins later in the holding.⁸² The finding of corporate separateness did not control the District Court’s analysis specifically for trademark infringement; regardless, this corporate separateness was later found to be inaccurate.⁸³

The District Court found that Dewberry Group’s infringement was intentional, and listed nine separate behaviors as ‘red flags,’ determining there to be a likelihood of confusion between Dewberry Group and Dewberry Engineers’ marks.⁸⁴ These red flags include the identical use of “Dewberry” by Dewberry Group,⁸⁵ the repeated breach of the CSA,⁸⁶ and the denial of knowledge of the cease-and-desist letter.⁸⁷ Concluding with Dewberry Group’s infringement on Dewberry Engineer’s valid trademarks and their intention of continuing infringement, the court granted summary judgment in favor of Dewberry Engineers.⁸⁸ Over the following seven months, discovery ensued to determine a damages award to Dewberry Engineers.

B. *DEWBERRY II*

Following summary judgment, the Virginia Eastern District Court then held a three-day bench trial on damages for Dewberry Engineers (hereinafter “*Dewberry II*”).⁸⁹ *Dewberry II* concluded that profit disgorgement was available to Dewberry Engineers.⁹⁰ Despite the *Dewberry I* court’s original holding that Dewberry Group and the affiliates are “third parties, separated by the corporate

⁷⁹ *Id.* at *10–11.

⁸⁰ *Id.* at *9.

⁸¹ *Id.* at *5.

⁸² *Id.* at *15.

⁸³ *Dewberry II*, 2022 WL 1439826, at *28–29.

⁸⁴ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *17.

⁸⁵ *Id.* at *8.

⁸⁶ *Id.*

⁸⁷ *Id.* at *12–13.

⁸⁸ *Id.* at *29.

⁸⁹ *Dewberry II*, 2022 WL 1439826, at *1.

⁹⁰ *Id.* at *22–23.

veil”⁹¹ for the breach of the CSA, *Dewberry II* reaches a different conclusion regarding corporate separateness for awarding damages for the trademark infringement.⁹² Dewberry Engineers was awarded \$42,975,725.60 (hereinafter approximated to \$43 million).⁹³ This award was only under the Lanham Act, ignoring an award under Virginia common law.⁹⁴

As explained above, *Dewberry I* held corporate separateness for breach of contract only.⁹⁵ Yet the court’s finding of trademark infringement is solely holding Dewberry Group liable.⁹⁶ The disagreement that later lays the foundation for the appeals to the Fourth Circuit and Supreme Court stems from *Dewberry II*’s holding, finding that the Ownership Entities’ profits were considered when awarding damages for the trademark violation.⁹⁷ The court in *Dewberry II* court stated:

The parties disagree on whether the Court should consider, as Defendant urges, only the revenues and profits reported on the tax returns of the single corporate entity Dewberry Group, Inc., or as Plaintiff argues, the revenues and profits that were generated and collected by the Dewberry Group real estate business, through the services and managerial efforts of Dewberry Group and its employees and ultimately distributed to affiliated, single-purpose entities owning properties managed and serviced by Dewberry Group (collectively, the "Ownership Entities").⁹⁸

These Ownership Entities were non-named parties. But since the *Dewberry II* court is now holding Dewberry Group and the Ownership Entities as one single entity, all profits and monies flowing through the Dewberry entities will be subject to trademark violation and assessed for damages under *Dewberry II*’s holding.⁹⁹ Yet, the court continues:

⁹¹ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *9.

⁹² *Dewberry II*, 2022 WL 1439826, at *14.

⁹³ *Id.*

⁹⁴ *Id.* at *22–45.

⁹⁵ *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *10–11.

⁹⁶ *Id.* at *15–29.

⁹⁷ *Dewberry II*, 2022 WL 1439826, at *9.

⁹⁸ *Id.* at *9.

⁹⁹ *Id.* at *14.

As a preliminary matter, Dewberry Group states that the Court already held that the Ownership Entities are "third parties, separated by the corporate veil." While the Court did use this phrase, evidence further developed at trial has proven it to be inaccurate. This phrase did not control the Court's holding in the summary judgment order and does not govern the Court's analysis here.¹⁰⁰

These two parts of the holding are key. Up until this point, the corporate separateness of the parties was only relevant to the breach of contract claim, not the trademark violation.¹⁰¹ But here, the court references the corporate veil being pierced:

The Court therefore holds that Dewberry Group, Inc. and its Ownership Entities will be treated as a single corporate entity when calculating the revenues and profits generated by Defendant's use of the Infringing Marks. Again, the equitable purpose underlying the Lanham Act's disgorgement remedy is to prevent unjust enrichment and "take all the economic incentive out of trademark infringement."¹⁰²

This part is important later in the procedural history. If the court is able to pierce the veil and find corporate separateness, then the court might have erred by not introducing the parties to the lawsuit via joinder. But the court makes no decision for Dewberry Group to be corporately separate outright. Instead, *Dewberry II* seemingly views the award of damages under the "economic reality" theory.¹⁰³ This would allow broader discretion in applying a damages award, allowing courts to ask, "whether the disgorgement of *all* profits attributable to the infringing product is necessary to achieve the desired deterrent effect."¹⁰⁴

The crucial driving force behind *Dewberry II*'s damages award came from Dewberry Engineers' expert witness, Rodney Bosco.¹⁰⁵ Bosco's testimony

¹⁰⁰ *Id.* at *9.

¹⁰¹ *Id.* at *9–15.

¹⁰² *Id.* at *10; *see also* American Rice, Inc. v. Producers Rice Mill, Inc., 518 F.3d 321, 340 (5th Cir. 2008) (internal citation omitted).

¹⁰³ *Dewberry II*, 2022 WL 1439826, at *10; *see also* *Dewberry Supreme Court*, 145 S. Ct. at 688.

¹⁰⁴ 4 Pillar Dynasty LLC, v. N.Y. & Co., Inc., 933 F.3d 202, 214 (2d. Cir. 2019).

¹⁰⁵ *Dewberry II*, 2022 WL 1439826, at *2.

explained that Dewberry Group's business model was arranged so employees "promoted, managed, and operated all of the properties owned by the Ownership Entities, and did so using the Infringing Marks."¹⁰⁶ This was corroborated by Dewberry Group's Executive Vice President of Finance.¹⁰⁷ Bosco's testimony led the court to find that "when the evidence of Dewberry Group's business and financial operations is considered from an economic perspective, it supports consideration of the total revenues and profits of the combined Dewberry Group real estate business,"¹⁰⁸ or as a single corporate entity.¹⁰⁹ Bosco's report further found "the property management functions that Dewberry Group performs are only performed for the properties owned by John Dewberry as opposed to other third parties,"¹¹⁰ explaining that Dewberry Group was a "conduit for the infringement."¹¹¹

A "conduit for the infringement" is particularly compelling. The theory of damages carries significant weight because of Bosco's analysis. Bosco lays out his perspective for Dewberry Group and the Ownership Entities, highlighting the infringement as well as the failure in Lisa Miller's analysis.¹¹² Miller, in support of Dewberry Group as their damage's expert witness, found "none of the revenues or profits from any property rentals could be related to infringement."¹¹³ Bosco states (as "A"):

Q. Okay. And are you contending ... that the revenues from that lease should suddenly be attributable to the infringing marks?

A. Where I take issue with Ms. Miller on this is her assumption that the revenues associated with those particular leases generated revenues or would have generated revenues with absolute certainty. You know, most rental agreements have provisions that allow the tenant to get out of the agreement, you know, depending on various facts and circumstances. And I think

¹⁰⁶ *Id.* at *9.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* at *10.

¹¹⁰ Remote Videotaped Deposition of Rodney Bosco at 64:3-7, *Dewberry II*, 2022 U.S. Dist. LEXIS 84693, Dkt. No. 120-6.

¹¹¹ *Id.* at 63:16-21.

¹¹² See *Dewberry II*, 2022 WL 1439826, at *9.

¹¹³ *Id.* at *5, *34.

Dewberry Group recognizes that because they talk in their interrogatory responses about the fact that they interact on – on an ongoing basis with their client, the tenants who they consider their clients. They're – it's – they're not an absentee owner that just signs the lease and then, you know, waits for the checks to come in. They're very much involved in making sure that the tenants are happy and will, therefore, you know, continue with the lease agreement at issue. And my understanding is that those communications and dealings have occurred either using the marks or under a banner such as Dewberry Group. So, therefore ...you have to consider ... part of the analysis ... of the impact of ... using the marks.

Q. And how do you quantify that?

...

A. I mean, the problem is that you have – the receipt of the yes, you have the receipt of the revenue, but you also have the services rendered under the infringing marks and you have to try to separate those, and she hasn't tried to do that. She's looking at it and saying ... the lease predated the first infringing act, so, therefore, there is no harm. But she has to ...separate out the fact that there was the use of the marks during this period and she hasn't done that. And I think that's one of the issues that I have with her deduction analysis.¹¹⁴

When evaluating his testimony, Bosco explains that the Dewberry Group employees serve several functions that are related to the properties.¹¹⁵ These functions help explain the single corporate entity approach that *Dewberry II* later adopts. Bosco continues:

Q. You said the term “unified business enterprise” is your terminology. Is this unified business enterprise theory you've put forth an accepted theory in the literature?

A. It's not intended to be an accepted theory. What this really...is a vertically integrated organization. ... So that's what I mean by “unified business enterprise.” It's not intended to be, you know, a new term of art. It really just reflects the relationship between the

¹¹⁴ Remote Videotaped Deposition of Rodney Bosco, *supra* note 110, at 73:17–76:19.

¹¹⁵ *Id.* at 64:7–9.

various entities all owned and controlled by John Dewberry, which includes the Dewberry Group legal entity.

...

Q. And, in this case, we've already discussed the only defendant that's been named is the Dewberry Group, Incorporated, right, the operating entity?

A. That's what the caption is, yes.

Q. Okay. And none of the other business entities have been named as defendants, right?

A. Not as separate entities, no.

Q. Yet you are, through this unified business enterprise theory, attempting to hold them all liable for trademark infringement, are you not?

A. I'm not attempting to hold anybody liable for trademark infringement. I'm not looking at liability. What I'm doing is looking at the commercial activities that Dewberry Group is involved in; and, in doing so, it's – you look at how they represent themselves and you look at the organization, and, as we discussed, all of these properties and Dewberry Group have, essentially, a 100 percent common owner – the exception of the hotel and – and Dorchester Square – in John Dewberry, who also is the CEO of Dewberry Group. So, all of the activities involving these entities are under the control of the same person who happens to be the owner and CEO of Dewberry Group. So, I think it's reasonable to look at these interactions to the extent that they benefit from the alleged infringing activities.

...

Q. Okay. So, for want of a better term, your economic analysis disregards the legal entities, the separate legal entities, that structure, correct?

...

[A]: ... I'm just saying that ... the use of the infringing marks entails operations of Dewberry Group and these other entities and -- to the extent that these are the only entities that Dewberry Group interacts with.

...

Q. So the Dewberry Group uses these marks, the infringing marks, to promote other properties. Is that your theory?

A. Well, I don't think it's a theory. I think it's a -- it's a fact. I think that's..."¹¹⁶

Bosco's expert testimony is crucial to understanding the economic reality of Dewberry Group, which was the determining factor in the court later changing their position regarding the corporate separateness of Dewberry Group and the Ownership Entities.¹¹⁷ This might also explain why the court in *Dewberry II* did fulfill the two-step process required for the just-sum provision, outlined later in the Supreme Court.¹¹⁸ Bosco's deposition concedes that, legally, Dewberry Group may be separate for tax and legal purposes, ignoring its legal structure.¹¹⁹ But by using the infringing marks, Dewberry Group "promoted, managed, and operated" the Ownership Entities, running these affiliates through the Dewberry Group business.¹²⁰

Bosco does not look to hold the Ownership Entities liable for any trademark infringement, but to show that Dewberry Group benefits from the Ownership Entities, as a single tax and corporate entity.¹²¹ And because the Ownership Entities cannot generate revenue on their own, Dewberry Group would grant "all revenues generated through Dewberry Group, Inc.'s services [to] show up exclusively on the Ownership Entities' books."¹²² The testimony from Bosco led the *Dewberry II* court to determine that "Bosco's analysis is supported by ample evidence, and the Court concurs with his analysis. The Court acknowledges the economic reality that, but for the revenue generated by the Ownership Entities, Dewberry Group as a single tax entity would not exist."¹²³

The most important aspect of this holding is the determination of Dewberry Group and the Ownership Entities as a single corporate entity. In contrast to *Dewberry I*'s holding for corporate separateness, *Dewberry II* makes Dewberry Group and the Ownership Entities a single entity.¹²⁴ Dewberry Group provided services for the affiliated companies that infringed on Dewberry

¹¹⁶ *Id.* at 138:4–143:22.

¹¹⁷ *See Dewberry II*, 2022 WL 1439826, at *9.

¹¹⁸ *See id.*; *see also Dewberry Supreme Court*, 145 S. Ct. at 687–88.

¹¹⁹ Remote Videotaped Deposition of Rodney Bosco, *supra* note 110, at 138–43.

¹²⁰ *Dewberry II*, 2022 WL 1439826, at *9.

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.* at *10.

¹²⁴ *Id.*

Engineers' trademark, and the revenues associated with Dewberry Group appeared on the affiliates' balance sheets.¹²⁵ Like the court in *Dewberry I*, however, the determination of finding no corporate separateness did not control the *Dewberry II* court's analysis.¹²⁶

The court awarded \$43 million to Dewberry Engineers, accounting for revenues made by Dewberry Group and its affiliates using the marks.¹²⁷ Specifically, the court stated:

As a preliminary matter, the Court acknowledges that profits disgorgement under the Lanham Act is a remedy sounding in equity, allowing courts to adjust an award up or down as circumstances demand. "[A] trial court, in assessing the issue of damages under 15 U.S.C. § 1117(a), should weigh the equities of the dispute and exercise its discretion on whether an award is appropriate and, if so, the amount thereof. The Court acknowledges that it does not provide a precise mathematical calculation of the profits earned by Dewberry Group, but rather weighs the equities in determining the appropriate disgorgement remedy.¹²⁸

This analysis is important for the Supreme Court's decision later. While the Supreme Court later finds that the lower courts did not apply the just sum provision, *Dewberry II*'s analysis here implies the provision was adequately assessed in this suit.¹²⁹ The court lowered the damages from a requested \$53.7 million to the \$43 million awarded.¹³⁰

C. DEWBERRY III

The purpose of this proceeding was for the court to enter a permanent injunction against Dewberry Group from using the "Dewberry" mark.¹³¹

¹²⁵ *Id.* at *8–9.

¹²⁶ *Dewberry II*, 2022 WL 1439826, at *9; *see also Dewberry I*, 2021 U.S. Dist. LEXIS 218628, at *9.

¹²⁷ *Dewberry II*, 2022 WL 1439826, at *14.

¹²⁸ *Id.* at *11.

¹²⁹ *Dewberry Supreme Court*, 145 S. Ct. at 687.

¹³⁰ *Dewberry II*, 2022 WL 1439826, at *14.

¹³¹ *Dewberry III*, 2022 WL 1439105, at *1–5.

Specifically, the court lists only a few instances in which “Dewberry Capital” would be permitted for use, including “in connection with its promotion, offering and performance of real estate development services as a real estate developer, including purchasing real property, arranging for the construction of commercial and residential buildings and mixed use properties, and leasing and managing properties.”¹³² This does not authorize the use of the “Dewberry” mark in other services.¹³³ This extends to those acting in “active concert and participation,” regardless if named in the suit.¹³⁴

Following this permanent injunction, Dewberry Group changed its name back to Dewberry Capital Corporation.¹³⁵ D Solutions Inc. was created, subsuming most or all the employees and taking over the operations of Dewberry Group/Capital.¹³⁶ Nevertheless, Dewberry Group appealed to the Fourth Circuit.¹³⁷

D. *DEWBERRY FOURTH CIR.*

Dewberry Group brought up three issues on appeal. After affirming summary judgment for the breach of CSA claim¹³⁸ and the trademark violation under the Lanham Act,¹³⁹ Dewberry Group relied on its last appeal, seeking to mitigate the damages award.¹⁴⁰ The pertinent issue involves the disgorgement of the \$43 million from Dewberry Group and the unnamed Ownership Entities.¹⁴¹ *Dewberry II* viewed Dewberry Group and its affiliates as one corporate entity for the purpose of calculating revenues to assess damages, due to Dewberry Group’s revenue being recorded on the affiliates’ balance sheets, which justified the high damages award.¹⁴² But Dewberry Group argued that profit disgorgement was inappropriately granted to Dewberry Engineers because the Ownership Entities’

¹³² *Id.* at *5.

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *August 3, 2023 Dewberry*, 2023 U.S. Dist. LEXIS 187633, at *2.

¹³⁶ *Id.* at *13.

¹³⁷ *Dewberry 4th Cir.*, 77 F.4th at 277.

¹³⁸ *Id.* at 279.

¹³⁹ *Id.*

¹⁴⁰ *Id.* at 293

¹⁴¹ *Id.* at 273, 276.

¹⁴² *Id.* at 290.

profits were included when assessing damages.¹⁴³ Citing the need to compensate for the damage inflicted on Dewberry Engineers 'positive reputation,'"¹⁴⁴ and the red flags noted by *Dewberry II*,¹⁴⁵ the Fourth Circuit affirms that disgorgement is appropriate in this case.¹⁴⁶

The Fourth Circuit court emphasizes that this is not a piercing-the-corporate-veil case. Specifically, the court holds:

But we view the District Court's decision differently. Rather than pierce the corporate veil, the court considered the revenues of entities under common ownership with Dewberry Group in calculating Dewberry Group's true financial gain from its infringing activities that necessarily involved those affiliates. Dewberry Group argued below that its tax structure is such that it does not generate revenues from the real estate development efforts of its affiliates. Instead, it provides its affiliates with the infringing promotion materials, the affiliates engage in business using those materials, and then the affiliates pay Dewberry Group a fee for this internal service.¹⁴⁷

This language of "rather than pierce the corporate veil" emphasizes the different approach compared to the district courts.¹⁴⁸ Instead, the Fourth Circuit includes the Ownership Entities when calculating revenues to determine damages, ignoring the corporate separateness discussion.¹⁴⁹ This reflects this Note's position that the "economic reality" theory coincides with the "just-sum" provision and was correctly applied in the lower court. The court determined that although Dewberry Group did not directly receive revenues from the infringing marks, they

¹⁴³ *Dewberry 4th Cir.*, 77 F.4th at 292.

¹⁴⁴ *Id.* at 290.

¹⁴⁵ *Dewberry II*, 2022 WL 1439826, at *2–5.

¹⁴⁶ *See Dewberry 4th Cir.*, 77 F.4th at 291.

¹⁴⁷ *Id.* at 292.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.* at 291–93; *see also Dewberry II*, 2022 WL 1439826, at *9–10.

rather benefited from the infringing relationship with the affiliates who used the infringing marks.¹⁵⁰ This is consistent with other Circuits as well.¹⁵¹

It is of note that the Fourth Circuit had only recently decided a case similar to the Dewberry case. In *Life Technologies Corporation v. Govindaraj*, an individual who was the president of the defendant corporation had judgment entered against him for both damages and attorneys' fees, despite not being a party to the suit.¹⁵² Specifically, the court held:

In fashioning the monetary relief in this case, the district court reasoned that Govindaraj's egregious litigation conduct warranted the imposition of personal liability. While the district court's frustration with Govindaraj's years-long obstructionist behavior was understandable, that behavior was not a valid basis for subjecting him to personal liability without satisfying due process requirements.¹⁵³

Thus, the court seemed to avoid holding the non-party liable for their "years-long obstructionist behavior," despite the obvious bad faith activity, because the bad actor was not listed as a party in the suit.¹⁵⁴

Again, none of this is seeking to hold the Ownership Entities liable for their trademark infringement. But this language does reiterate the basic reason to justify the damages award given to Dewberry Engineers, without ignoring the economic reality of Dewberry Group's infringing activities.

III. THE SUPREME COURT (*DEWBERRY SUPREME COURT*)

This Part lays out the briefs made by each party to the Supreme Court, as well as the Supreme Court's majority and concurring opinions.

A. DEWBERRY GROUP'S INITIAL PETITION

Following their writ of certiorari to the Supreme Court, where Dewberry Group originally claimed there is a circuit split formed between the Ninth,

¹⁵⁰ *Dewberry 4th Cir.*, 77 F.4th at 293.

¹⁵¹ *See American Rice*, 518 F.3d at 321 (reinstating in the Fifth Circuit decision a higher profit award).

¹⁵² *Life Tech. Corp. v. Krishnamurthy Govindaraj*, 931 F.3d 259, 269 (4th Cir. 2019).

¹⁵³ *Id.* at 267.

¹⁵⁴ *Id.*

Eleventh, and Fourth Circuits¹⁵⁵, they then shifted their focus to the text of the Lanham Act.¹⁵⁶ Specifically, they focus on 15 U.S.C. § 1117(a) to argue two main points: (1) that “defendant’s profits” does not entail legally separate, non-party corporations, and (2) that the awarded sum constitutes a penalty rather than compensation.¹⁵⁷

First, Dewberry Group reiterates that they do not own or lease any commercial properties.¹⁵⁸ Instead, Dewberry Group claims they support the affiliates, like the four sub-brands crucial to this case, by “separate bank accounts and accounting records” for each of the Ownership Entities¹⁵⁹; this is after the Fourth Circuit notes that Dewberry Group additionally provided “accounting, human resources, legal, and real-estate development services,” to these entities.¹⁶⁰ In return, the affiliates “lease commercial property to tenants in Georgia, Virginia, South Carolina, and Florida.”¹⁶¹ The crux of Dewberry Group’s argument is that they receive only a fee for providing these services; otherwise, Dewberry Group continues that they operated at a loss for years,¹⁶² even stating they earned “zero profits.”¹⁶³

By taking profits through the Ownership Entities, Dewberry Group argues that the holding attempts to “add new parties to the case while holding the wrong party liable.”¹⁶⁴ Further, because they never sought to pierce the corporate veil,¹⁶⁵ nor list any other party in the lawsuit,¹⁶⁶ the courts below erred in disgorging profits from the non-named affiliates.¹⁶⁷ Dewberry Group cites *United States v. Bestfoods*, where the court held “[i]t is a general principle of corporate law

¹⁵⁵ Petition for Writ of Certiorari at 12–13, *Dewberry Supreme Court*, 145 S. Ct. 681 (2024).

¹⁵⁶ See generally Brief for Petitioner, *Dewberry Supreme Court*, 145 S. Ct. 681 (2024).

¹⁵⁷ See *id.*, at 13–19.

¹⁵⁸ *Id.* at 10.

¹⁵⁹ *Id.* at 8.

¹⁶⁰ *Dewberry 4th Cir.*, 77 F.4th at 293.

¹⁶¹ *Id.* at 273.

¹⁶² *Id.* at 290.

¹⁶³ Brief for Petitioner, *supra* note 156, at 24.

¹⁶⁴ *Id.* at 23.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.* at 20.

¹⁶⁷ *Id.* at 19–20.

deeply ‘ingrained in our economic and legal systems’ that a parent corporation (so-called because of control through ownership of another corporation's stock) is not liable for the acts of its subsidiaries.”¹⁶⁸ Speaking solely to corporate distinctiveness, the crux of Dewberry Group’s argument to the Supreme Court is that Dewberry Group cannot be liable for the profits of the Ownership Entities.¹⁶⁹ Further, Dewberry Group argues that the \$43 million awarded to Dewberry Engineers constitutes a penalty rather than just compensation.¹⁷⁰

B. DEWBERRY ENGINEERS’ RESPONSE

Dewberry Engineers sought to have the Fourth Circuit’s decision affirmed, or if not affirmed, suggested that remand is appropriate in order to seek alternative arguments.¹⁷¹ Dewberry Engineers argues the Dewberry II and Dewberry Fourth Circuit court holdings respect corporate separateness,¹⁷² while simultaneously arguing for a two-step interpretation of the “just-sum” provision to determine an adequate award.¹⁷³ As for the first issue, Dewberry Engineers does not contest corporate separateness.¹⁷⁴

Dewberry Engineers rely on the two-step process set in § 1117(a) for evaluating the profits-based award,¹⁷⁵ specifically that the court should adopt the two-step approach as it would still respect corporate separateness.¹⁷⁶ Again, § 1117(a) of the Lanham Act finds “[i]n assessing profits the plaintiff shall be required to prove defendant’s sales only; defendant must prove all elements of cost or deduction claimed,” indicating that once the plaintiff meets its onus of proving defendant’s sales, the burden of proof is on the defendant to then dispute these sales.¹⁷⁷ The second step in § 1117(a), as Dewberry Engineers states, is “[i]f the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such

¹⁶⁸ *Bestfoods*, 524 U.S. at 1884.

¹⁶⁹ See Brief for Petitioner, *supra* note 156, at 24.

¹⁷⁰ See *id.* at 5.

¹⁷¹ See Brief for Respondent at 40, *Dewberry Supreme Court*, 145 S. Ct. 681 (2024).

¹⁷² See *id.* at 35–40.

¹⁷³ See *id.* at 21–33.

¹⁷⁴ *Id.* at 1, 2, 52 n.8.

¹⁷⁵ See Brief for Respondent, *supra* note 171, at 21.

¹⁷⁶ *Id.* at 27.

¹⁷⁷ 15 U.S.C. § 1117(a).

sum as the court shall find to be just, according to the circumstances of the case.”¹⁷⁸ When true financial gain is not possible, a “just-sum inquiry” into the actual financial gain of the defendant’s infringement will be used to determine an accurate award¹⁷⁹ if the award is excessive or inadequate.¹⁸⁰

When assessing if an award is inadequate, the court considers if the award encompasses the full profits of the defendant.¹⁸¹ This inquiry is not limited to “[if the defendant] received intangible benefits as a result of its infringing conduct,”¹⁸² or “the defendant engaged in discovery ‘stonewalling’ that prevented the plaintiff from identifying its total infringing sales.”¹⁸³ Specifically, a trademark infringer could receive “intangible benefits” that do not reveal their economic reality, or the infringer could withhold evidence from the court, effectively stonewalling and preventing the plaintiff from receiving compensation for the infringement.¹⁸⁴ Courts have expanded upon stonewalling and the limitations it imposes on the plaintiff’s right to recovery. For example, in *Bos. Prof’l Hockey Ass’n v. Dall. Cap & Emblem Mfg.*, the court found that “an infringer should not be allowed to limit a trademark owner to injunctive relief by ‘stonewalling’ the question of infringing sales.”¹⁸⁵ In other words, the court reasons that by hiding the discovery of the defendant’s sales, an injunction may not be an adequate remedy as the only means of relief. Thus, when there is difficulty in determining the profits of the infringer, the courts have broad discretion in determining an appropriate remedy.¹⁸⁶

¹⁷⁸ See Brief for Respondent, *supra* note 171, at 22 (quoting 15 U.S.C. § 1117(a)).

¹⁷⁹ See *id.* at 24; see *Max Rack, Inc. v. Core Health & Fitness, LLC*, 40 F.4th 454, 473 (6th Cir. 2022).

¹⁸⁰ See *Max Rack*, 40 F.4th at 473.

¹⁸¹ See *id.*

¹⁸² See *id.* (quoting *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 262–63 (2d Cir. 2014)).

¹⁸³ See *id.* (quoting *Bos. Pro. Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 597 F.2d 71, 77 (5th Cir. 1979)).

¹⁸⁴ See *Merck Eprova*, 760 F.3d at 249.

¹⁸⁵ *Bos. Pro. Hockey Ass’n*, 597 F.2d at 77.

¹⁸⁶ See 15 U.S.C. § 1117(a); see, e.g., *Optimum Techs., Inc. v. Home Depot U.S.A., Inc.*, 217 Fed. App’x 899, 902 (11th Cir. 2007); *Burger King Corp. v. Mason*, 855 F.2d 779, 782–83 (11th Cir. 1988) (finding that district courts have a wide scope to determine relief).

Dewberry Engineers' interpretation of the just-sum provision as applied to this case involves a similar analysis, as Dewberry Group seemingly receives both "intangible benefits" while "stonewall[ing]" the infringing sales.¹⁸⁷

Dewberry Group's reply brief against Dewberry Engineers' reply largely reiterates the prior points. They reaffirm that Dewberry Engineers' argument would disregard corporate separateness¹⁸⁸, and that the Lanham Act's "just-sum" provision does not apply to affiliates that are non-parties in the suit.¹⁸⁹

C. SUPREME COURT'S DECISION

This section analyzes the Supreme Court's ruling, with the majority opinion by Justice Kagan, as well as the concurrence led by Justice Sotomayor.

1. *The majority led by Kagan*

The Supreme Court found that Dewberry Engineers were not entitled to the award of \$43 million.¹⁹⁰ This analysis is twofold: "the prevailing plaintiff in a trademark infringement suit is often entitled to an award of the 'defendant's profits.'"¹⁹¹ Because the affiliates were not named as parties, the court finds that Dewberry Engineers' interpretation of the "just-sum" provision was incorrect, and the lower courts erred in awarding profit disgorgement from non-named parties.¹⁹²

Specifically, the Supreme Court determined that the "affiliates own a piece of commercial property for lease, but none [have] employees to carry out business functions."¹⁹³ Despite the problem with this, the court continues, saying the physical work:

is instead Dewberry Group's role. It affords the affiliates the services needed—financial, legal, operational, and marketing—to generate rental income from the properties they own. That income goes on the affiliates' books; Dewberry Group receives only

¹⁸⁷ See Brief for Respondent, *supra* note 171, at 26.

¹⁸⁸ See Reply Brief for Petitioner at 2–3, 8–9, 11, 15, 23, *Dewberry Supreme Court*, 145 S. Ct. 681 (2024).

¹⁸⁹ See *id.* at 8–19.

¹⁹⁰ See *Dewberry Supreme Court*, 145 S. Ct. at 688.

¹⁹¹ See *id.* at 684 (quoting 15 U.S.C. § 1117(a)).

¹⁹² See *id.* at 687.

¹⁹³ *Id.* at 685.

agreed-upon fees. And those fees are apparently set at less than market rate.¹⁹⁴

While these entities were recording the profits, Dewberry Group operated at a loss.¹⁹⁵ But because the profits were not on Dewberry Group's books, the Supreme Court ignores the equitable issue, and instead holds that the "defendant's profits" cannot be construed to the Ownership Entities' books if the Ownership Entities are not named parties.¹⁹⁶ Specifically, Kagan finds that the "just-sum" provision was not applied because the lower courts did not deduce "which of the affiliates' profits were properly attributable to Dewberry Group, as reflecting the Group's own gain."¹⁹⁷ And the court could not plausibly have concluded that all of them were, given (at a minimum) that the affiliates owned the rent-producing properties."¹⁹⁸ By doing this, *Dewberry II* not only ignores corporate separateness, but also includes affiliates other than the Ownership Entities that might not have been liable for the infringing activity.¹⁹⁹

The Supreme Court does not rule on Dewberry Engineers' two-step process regarding the "just-sum" provision. Instead, they view *Dewberry II*'s holding to only reach step one by assessing "defendant's profits" as both Dewberry Group and the Ownership Entities.²⁰⁰ In doing so, the Supreme Court determines a violation of corporate separateness.²⁰¹

The Supreme Court remanded for a new award proceeding, but left many important questions unanswered.²⁰² They leave unanswered whether Dewberry Engineers' view of the just-sum provision was correct, if a court can look behind "defendant's profits" to determine the defendant's true financial gain, or if corporate veil piercing is available on remand.²⁰³ They only hold that the courts below incorrectly treated Dewberry Group and the Ownership Entities as a single corporate entity when determining "defendant's profits," when Dewberry Group

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

¹⁹⁶ *Dewberry Supreme Court*, 145 S. Ct. at 688.

¹⁹⁷ *Id.* at 687.

¹⁹⁸ *Id.* at 688.

¹⁹⁹ *Id.* at 687.

²⁰⁰ *Id.*

²⁰¹ *Id.* at 688.

²⁰² *Dewberry Supreme Court*, 145 S. Ct. at 688.

²⁰³ *Id.*

was the only named party.²⁰⁴ As the only named party, “only its own profits are recoverable,”²⁰⁵ which were zero.²⁰⁶

2. *Concurrence led by Sotomayor*

Sotomayor agrees in full with the majority opinion that under the Lanham Act, courts must respect principles of corporate separateness.²⁰⁷ But Sotomayor instead explains how this corporate separateness does not enjoin courts to ignore the economic reality of companies, nor “clever accounting” to hide “true financial gain.”²⁰⁸ Instead, Sotomayor identifies two ways a company and its affiliates can be considered when calculating the defendant’s profits.²⁰⁹

First, for non-arm’s-length transactions (or transactions where there is a personal affiliation, such as a grandparent selling an old car for cheap to a grandson), if the affiliate is assigned some portion of profit in the future, it could appear as if the affiliate was assigned revenues from the parent company.²¹⁰ In the corporate world, this can take place when a holding company charges “below-market rates to its affiliate for infringing services,” which Sotomayor explains would not violate the corporate separateness implied in the Lanham Act’s text, so long as the court focused on the calculations for profits solely to the named defendant.²¹¹

Second, Sotomayor notes that when a company receives compensation from “related corporate entities” via infringing services, the court may consider this as evidence for profit disgorgement.²¹² When a parent holding company offers services at a discounted rate to affiliates, but a common owner for both parties (i.e., John Dewberry) infuses cash to recover deficits, this does not automatically violate corporate separateness for assigning damages under the Lanham Act.²¹³

²⁰⁴ *Id.*

²⁰⁵ *Id.*

²⁰⁶ *See Dewberry 4th Cir.*, 77 F.4th at 290.

²⁰⁷ *Dewberry Supreme Court*, 145 S. Ct. at 688 (Sotomayor, S. concurring).

²⁰⁸ *Id.* at 689–90.

²⁰⁹ *Id.*

²¹⁰ *Id.*

²¹¹ *Id.*

²¹² *Id.*

²¹³ *Dewberry Supreme Court*, 145 S. Ct. at 689–90.

Sotomayor's concurrence expands where the majority refrained. Neither of the aforementioned principles would violate basic corporate separateness. This would allow courts to seemingly broaden their scope beyond just the defendant's profits, while maintaining corporate separateness for trademark infringement under the Lanham Act.

IV. ISSUE

Does the Lanham Act, specifically § 1117(a), call for profit disgorgement from legally separate, non-named affiliates?

V. ANALYSIS

The major issue in this case involves the award of "defendant's profits." Dewberry Group's central argument is that "defendant's profits" would only include those named as defendants within the lawsuit.²¹⁴ They find that because the Ownership Entities' affiliates are not listed as defendants, it is a misinterpretation of the Lanham Act to consider their profits as "defendant's profits."²¹⁵ This misinterpretation of the Lanham Act therefore does not adhere to "the principles of equity" language within the statute.²¹⁶ While Dewberry Group sought reversal and an end to the case, Dewberry Engineers seeks to have the lower court's decision affirmed.²¹⁷ The Supreme Court agreed with Dewberry Group's interpretation.²¹⁸

This analysis does not disregard the uncomplicated solution in the Dewberry case. For future trademark disputes, the best recommendation following the Supreme Court's ruling is for plaintiffs to *name all potential parties* and let the courts decide which parties are necessary. The purpose of the courts is to determine the best course of action and to give full relief to the damaged party. Under the Supreme Court's ruling, because Dewberry Group is the only party, the full relief is equitable only as to *Dewberry Group's* violations, not the Ownership Entities; although these entities could have committed trademark infringement, they are not being litigated against.²¹⁹ But this should not limit recovery from the infringer who is directly liable, absent corporate veil piercing principles.

²¹⁴ See Reply Brief for Petitioner, *supra* note 188, at 3.

²¹⁵ *Id.* at 8.

²¹⁶ *Id.*

²¹⁷ *Id.* at 3; see also Brief for Respondent, *supra* note 171, at 40.

²¹⁸ See *Dewberry Supreme Court*, 145 S. Ct. at 688.

²¹⁹ *Id.* at 686–88.

While the Supreme Court's holding is not wrong, the inquiry into the facts of the case indicates alternative routes that would have better upheld the principles of equity. This Note offers the perspective that (1) *the scope of infringement should be centralized around where the infringing activity occurred, rather than who recorded the infringing activity*, and (2) *the "economic reality" theory is within the scope of the "just-sum" provision*.

A. THE SUPREME COURT'S HOLDING CAN PROTECT DEFENDANTS' INFRINGEMENT BY AVOIDING DIRECT LIABILITY

Dewberry Group argues that the Ownership Entities' profits cannot be included in the determination of damages, as it would undermine basic corporate separateness.²²⁰ But the ruling in favor of Dewberry Group creates a dilemma in specific circumstances by allowing corporations to bypass the basic purpose of the Lanham Act via affiliates.

Crucially, to succeed in an infringement allegation, the plaintiff has the burden of proving that they own a valid trademark and that the defendant's mark is likely to cause confusion.²²¹ Dewberry Engineers own the trademark to "Dewberry."²²² The "Goods and Services" tab (on the USPTO website's trademark registrar) of the mark's status lists the purposes of what the mark protects for the company in their use of commerce.²²³ Dewberry Engineers, for example, owns the rights to many different types of real estate development, including "land development services, namely, planning and laying out of residential and/or commercial communities."²²⁴

In this hypothetical,²²⁵ "D Dewberry Hospitality" will be considered as a member of the Ownership Entities that infringed on Dewberry Engineers' mark. This is a federally registered trademark that has done no wrongdoing as of the writing of this Note. Specifically, D Dewberry Hospitality's status lists the

²²⁰ See Reply Brief for Petitioner, *supra* note 188, at 3.

²²¹ 15 U.S.C. §§ 1114(a), 1125(a).

²²² DEWBERRY ENGINEERS, Registration No. 2991044.

²²³ *Id.*

²²⁴ *Id.*

²²⁵ SEE D DEWBERRY HOSPITALITY, Registration No. 6069279. Crucial to note, "D Dewberry Hospitality" was not mentioned in the lawsuit. This mark as of writing is a federally registered trademark with the USPTO. "Dewberry Living," "Dewberry Office," and "Studio Dewberry" are the Ownership Entities in the lawsuit. See *Dewberry* 4th Cir., 77 F.4th at 274–75.

purposes of the mark in commerce as “[m]anaging and operating the hotels, luxury inns, exclusive resorts and restaurants of others.”²²⁶

If Dewberry Engineers does not contest D Dewberry Hospitality’s mark, the mark can become incontestable. One of the few ways an incontestable mark can be challenged is via prior use.²²⁷ After five continuous years of registered trademark use in commerce, specific grounds to contest the mark are lost, with only a few exceptions where the mark can be contested further.²²⁸

Imagine this case happened again following the period where D Dewberry Hospitality’s incontestability expired, and without the CSA. Since the CSA is not in this hypothetical, we can also assume that Dewberry Engineers owned the federal trademark first, and there were no senior common law rights to Dewberry Group (which they contracted away anyway). We can also imagine that Dewberry Hospitality had a similar business strategy as Dewberry Living, one of the Ownership Entities mentioned in the proceedings. Similar to the real case, D Dewberry Hospitality does not possess employees to generate revenue; similarly, Dewberry Group’s employees do the work that generates the profits for D Dewberry Hospitality.

First, since D Dewberry Hospitality is registered, there are fewer grounds for trademark infringement by providing the hotel services using “Dewberry.” The exception would be the specific challenges. One of which would be to challenge D Dewberry Hospitality under 15 U.S.C. § 1064 because the mark “misrepresent[s] the source of the goods or services on or in connection with which the mark is used.”²²⁹ But this likely fails because the USPTO has a preclusive effect by previously registering the mark with the USPTO against other courts.²³⁰

Because D Dewberry Hospitality is not capable of generating profits by itself, but has acquired a federally registered mark, D Dewberry Hospitality would be able to generate revenue and not be challenged unless there is a likelihood of confusion. But as mentioned, there could be issue preclusion, since the mark has already been registered, which would allow the mark to continue without litigation so long as it does not “misrepresent[s] the source of the goods or services on or in connection with which the mark is used” outside of the already

²²⁶ See D DEWBERRY HOSPITALITY Registration No. 6069279.

²²⁷ See *My Health, Inc. v. GE*, No. 15-cv-80-jdp, 2015 U.S. Dist. LEXIS 172252, at *7 (7th Cir. Dec. 28, 2015).

²²⁸ See 15 U.S.C. § 1064.

²²⁹ *Id.*

²³⁰ See *B&B Hardware, Inc. v. Hargis Industries, Inc.*, 135 U.S. 1293, 1304 (2015).

established registered mark.²³¹ This likely allows Dewberry Group to continue servicing their employees to the Ownership Entities, and in this scenario, D Dewberry Hospitality, allowing D Dewberry Hospitality to generate the revenue on their own books, all likely without issue.

This is why the damages award of \$43 million to Dewberry Engineers was necessary. While in *Govindaraj*, the Fourth Circuit declined to hold judgment against the non-party who committed “egregious litigation conduct” with “years-long obstructionist behavior,” because “such abusive litigation practices should be addressed through sanctions and the court’s contempt power,” the Dewberry II court practically held the inverse.²³² The party that was the driving force of the conduct was not listed in the suit in *Govindaraj*;²³³ throughout the Dewberry litigation, Dewberry Group was the driving force of the conduct, with the issue being the location of the funds not being specifically in the defendant’s books.²³⁴

Again, in this specific case, Dewberry Engineers should have added all parties. But the long-term effects are frightening: what is stopping Dewberry Group from creating or acquiring more affiliates, and doing the work for them, under the guise of another mark? One might assume that corporate veil piercing is the quick answer. In addition, the Supreme Court has established that “judicial predictions about the outcome of hypothesized litigation cannot substitute for the actual opportunity to defend that due process.”²³⁵ Requiring D Dewberry Hospitality as an entity in the lawsuit may not be entirely necessary in order to recover profits (although, careful attorneys should seek to add this party as soon as knowledge of their involvement is recognized).

Dewberry Group’s infringing activities would arise from doing the infringing activity for the federally registered trademark D Dewberry Hospitality. The inquiry would begin by looking at the contractual agreement to determine the price of the infringing activity. But if Dewberry Group does own “1.5 billion in ... properties”²³⁶ as they state on their website, by owning these properties, they could theoretically open “pop-up” shop-style affiliates at will to continue to squeeze out competitors. This was even done in this case. Dewberry Capital changed its name to Dewberry Group, then Dewberry Capital again, before then “D Solutions, Inc.”

²³¹ 15 U.S.C. § 1064.

²³² *Compare Life Tech. Corp.*, 931 F.3d at 267 with *Dewberry II*, 2022 WL 1439826, at *14; see also FED. R. CIV. P. 37.

²³³ *Life Tech. Corp.*, 931 F.3d at 265.

²³⁴ *Dewberry 4th Cir.*, 77 F.4th at 290.

²³⁵ *Nelson v. Adams USA, Inc.*, 529 U.S. 460, 462 (2000).

²³⁶ Oral Argument at 56, *Dewberry Supreme Court*, 145 U.S. 681 (2024).

was created, all within the span of 2017-2023.²³⁷ All of these companies could be trying to perform the same functions, which would hurt Dewberry Engineers' mark. Constant litigation would not help Dewberry Engineers; the profits will continue to be lost. It also would not benefit Dewberry Engineers to sue the affiliated companies when a new one is made after.

There are two ways that the courts can prevent this in the present case. The first is injunctive relief, and the second is the "just sums" provision.²³⁸ The Supreme Court does not rule on either of these issues, including vacating the permanent injunction and remanding.²³⁹

1. *The Courts Could Have Issued a Permanent Injunction
Against the Ownership Entities*

The first way a court could prevent the "pop-up" shop issue would be by issuing injunctive relief. While this was granted in *Dewberry III*,²⁴⁰ the court did not issue it for any of the Ownership Entities. If they are corporately separate, an injunction is still possible even when they are nonparties. However, for this kind of injunctive relief, the scope has only been broadened in extreme circumstances. The Supreme Court has found that under Federal Rule of Civil Procedure 65(d)(2)(C), injunctive relief may bind "other persons who are in active concert or participation with anyone described in Rule 65(d)(2)(A) or (B)."²⁴¹ This type of relief extends past just contempt and is applicable to the Lanham Act,²⁴² where current law indicates that non-parties can be permanently enjoined from using an

²³⁷ See August 3, 2023 *Dewberry*, 2023 U.S. Dist. LEXIS 187633, at *2.

²³⁸ See *Dewberry III*, 2022 WL 1439105, at *1.

²³⁹ *Id.*; see also *Dewberry Supreme Court*, 145 S. Ct. at 688.

²⁴⁰ See *Dewberry III*, 2022 WL 1439105, at *1.

²⁴¹ FED. R. CIV. P. 65; see also *Regal Knitwear Co. v. NLRB*, 324 U.S. 9, 13 (1945); *Walling v. James V. Reuter, Inc.*, 321 U.S. 671, 674 (1944).

²⁴² See 15 U.S.C. § 1116(a) (Injunctive relief "may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise."); see also *Walling*, 321 U.S. at 674 ("Not only is such an injunction enforceable by contempt proceedings against the corporation, its agents and officers and those individuals associated with it in the conduct of its business, but it may also, in appropriate circumstances, be enforced against those to whom the business may have been transferred, whether as a means of evading the judgment or for other reasons." (internal citations omitted)).

infringing trademark if there is notice of the injunction and “active concert or participation” with the infringing defendant.²⁴³ Of note, in *Omega SA v. 375 Canal, LLC*, the Second Circuit affirmed a permanent injunction against the defendant and for non-parties:

Pursuant to *Guthrie*, the district court could extend the injunction beyond 375 Canal Street to other locations where the equities called for it. Canal does not argue that 375 Canal Street is the only location Canal's owners and agents control where there is a risk of Omega trademark infringement. Nor does Canal contend that there is no market for Omega watches in the other locations covered by the injunction. (noting that where the plaintiff's "activities and commercial relationships extend[] beyond" the specific location where infringement occurred, the plaintiff remains "vulnerable to plausibly foreseeable confusions and harms resulting from [the defendant's] use of the marks outside th[at]" core location).²⁴⁴

So, while rare, courts do have discretion to implement injunctions against non-parties to a lawsuit, including under the Lanham Act, so long as the non-party is in “active concert or participation” with the defendant pursuant to Federal Rule of Civil Procedure 65(d)(2)(C).²⁴⁵

This is what the court did in *Dewberry III*. Specifically, Dewberry Group was permanently enjoined from using the mark “Dewberry” along with “any other persons or entities who are in active concert or participation with Defendant or the persons or entities just described, are hereby permanently and forever enjoined,”²⁴⁶ using the same aforementioned language of “active concert and participation,” before listing the exact circumstances in which the “Dewberry” mark is to not be used.²⁴⁷ Using the previously discussed hypothetical, the USPTO should not have registered the “D Dewberry Hospitality” mark for this reason. But because of the preclusive effect, it would be hard to challenge this now, even

²⁴³ See *Omega SA v. 375 Canal, LLC*, 984 F.3d 244, 250, 260 (2d Cir. 2021); see also *Mancillas v. Casimiro Zamudio Santos*, No. 1:23-CV-1563-RP, 2025 U.S. Dist. LEXIS 35437, at *8 (W.D. Tex. Feb. 18, 2025).

²⁴⁴ *Omega SA*, 984 F.3d at 260 (quoting *Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 48 (2d Cir. 2016) (internal citations omitted)).

²⁴⁵ See *id.* at 250.

²⁴⁶ *Dewberry III*, 2022 WL 1439105, at *5.

²⁴⁷ *Id.*

barring the incontestability period. But by vacating the decision, the permanent injunction is vacated as well.

Further, Courts have discretion to not allow Dewberry Engineers to relitigate the claim via defensive non-mutual issue preclusion.²⁴⁸ The Supreme Court in *Parklane Hosiery Co. v. Shore* held that the court's broad discretion in the application of issue preclusion includes the failure of adding necessary parties in the original suit.²⁴⁹ By vacating, the permanent injunction that would have effectively barred Dewberry Group and all parties in "active concert and participation" from using the infringing mark in the future is no longer binding.²⁵⁰ As for the aforementioned hypothetical, while Dewberry Group did not prevail on their prior registrations, they likely are in "active concert or participation" with those who own the valid trademark to "D Dewberry Hospitality."²⁵¹

Not only are the courts backed up,²⁵² but discovery is often lengthy and burdensome for plaintiffs. The Dewberry discovery took place over the span of seven months.²⁵³ In consideration of trademark lawsuits, the plaintiff may already be alleging damage of missed profits or damage to the company's reputation, which both may result in the deduction of potential profits.

²⁴⁸ See *Peloro v. United States*, 488 F.3d 163, 175 (3d Cir. 2007).

²⁴⁹ *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 330 (1979); see also *B&B Hardware*, 135 U.S. at 1293 (precluding an issue where the TTAB had previously ruled that the mark was likely to confuse).

²⁵⁰ *Dewberry Supreme Court*, 145 S. Ct. at 688.

²⁵¹ See D DEWBERRY HOSPITALITY, Registration No. 87860537. This inference is not farfetched. "D Dewberry Group" was to be registered by "Dewberry Capital Corporation (CORPORATION; GEORGIA, USA)" who frequently registered under attorney Samuel A. Mullman, the same attorney who registered "D Dewberry Hospitality." See *id.*; D DEWBERRY GROUP, Registration No. 87860522. For more information, see the USPTO registrar.

²⁵² Debra Cassens Weiss, *US Court Systems is Facing Delays, Backlogs and Workforce Shortages, Report Says*, ABAJOURNAL (Feb. 17, 2023), <https://www.abajournal.com/web/article/us-court-system-is-facing-perfect-storm-of-delays-backlogs-and-workforce-shortages-report-says> [<https://perma.cc/3UXK-26VR>].

²⁵³ Compare *Dewberry I*, 2021 U.S. Dist. LEXIS 218628 (opinion released in August 2021) with *Dewberry II*, 2022 WL 1439826 (opinion released in March 2022).

2. *The Just-Sum Provision Was Adequately Applied to Dewberry Engineers, and the Award Constitutes Compensation Rather than a Penalty*

Dewberry Group asserts that courts must impose an award that does not amount to a penalty.²⁵⁴ This is consistent with trademark law; there is no punitive damages remedy for federally registered trademark infringement, but rather the Lanham Act specifically states the award “shall constitute compensation and not a penalty.”²⁵⁵ Dewberry Group relies on *Georgia-Pacific Consumer Prods. LP v. Von Drehle Corp.*, where the court held:

Since enhancement of a profits recovery is the only avenue through which Georgia-Pacific could have obtained additional monetary relief under § 1117(a), the District Court erred in awarding treble damages, which are punitive and are not authorized by § 1117(a) for a recovery based on profits.²⁵⁶

This is readily distinguishable from the Dewberry case. First, the court can only increase the profits award for “a recovery based on the defendant’s profits ... only when ... it deems the award to be inadequate to compensate the plaintiff for the defendant’s profits.”²⁵⁷ The message from Congress is clear: when there is a need for compensation, an increase in damages is necessary.²⁵⁸ This necessity should be applied to award the \$43 million in profits to Dewberry Engineers. Dewberry Group’s website claimed it owned \$1.5 billion in properties, but then seemingly had no profits to spare for Dewberry Engineers.²⁵⁹

Moreover, when *Dewberry II* was assessing damages, Dewberry Group failed to meet the clearly established burden of mitigating costs and/or deductions, or that the revenues in contention were unrelated to the infringing conduct.²⁶⁰ Not

²⁵⁴ Reply Brief for Petitioner, *supra* note 188, at 12.

²⁵⁵ 15 U.S.C. § 1117(a); *but see* Curry v. Revolution Labs, LLC, 124 F.4th 441, 452 (7th Cir. 2024) (explaining that a state law trademark infringement violation could allow plaintiffs to seek punitive damages).

²⁵⁶ *Georgia-Pacific Consumer Prods. LP v. Von Drehle Corp.*, 781 F.3d 710, 718 (4th Cir. 2015).

²⁵⁷ *Id.* at 718–19.

²⁵⁸ *Id.* at 721.

²⁵⁹ See Oral Argument, *supra* note 236, at 56.

²⁶⁰ 15 U.S.C. § 1117(a).

only does *Dewberry II* recognize that the root of the cause is the “infringing conduct” by Dewberry Group, but it is clear that the Dewberry case is one of the occasions where the court has “limited discretion to increase the award” if the award is “inadequate.”²⁶¹ This is exactly what the *Dewberry II* did, “Miller conceded she ‘did no actual calculations’ regarding expense items used to ratchet profit down to zero, and ‘did not do a profits analysis,’ simply because she had already (wrongly) concluded there were zero infringement-related revenues.”²⁶²

The court in *Govindaraj* established that a failure to notify during litigation violates due process rights because parties must have an opportunity to defend themselves.²⁶³ Similarly, Dewberry Group and the “separate” Ownership Entities had ample time to better defend themselves before judgment was made.²⁶⁴ *Dewberry I* held that the companies were corporately separate. Then, additional information was disclosed when determining damages.²⁶⁵ This additional material presented to *Dewberry II* court leads to the suggestion that the companies are a single entity; regardless of whether Dewberry Engineers added the parties to the lawsuit, Dewberry Group and the Ownership Entities should have made an effort to defend themselves better against this potential argument, considering their original stance in the early Dewberry I case.²⁶⁶ Yet Dewberry Group failed to do this when it came to mitigating their original damages, effectively stonewalling Dewberry Engineers from full realization of the profits in contention.²⁶⁷

²⁶¹ See *Georgia-Pacific Consumer Prods. LP.*, 781 F.3d at 718–19.

²⁶² *Dewberry II*, 2022 WL 1439826, at *13.

²⁶³ *Life Tech. Corp.*, 931 F.3d at 265 (“In light of these due process limitations, a judgment entered against a corporation that is determined to be the alter ego of a non-party establishes personal liability of the non-party only if the non-party is notified that such liability may be imposed and is given fair opportunity to defend the action resulting in the judgment.”) (citing RESTATEMENT (SECOND) OF JUDGMENTS § 59(5) (Am. Law Inst. 1982)).

²⁶⁴ See *Life Tech. Corp.*, 931 F.3d at 266.

²⁶⁵ See *Dewberry II*, 2022 WL 1439826, at *2.

²⁶⁶ Defendant’s Opposition to Plaintiff’s Motion for Summary Judgment at 20–21, *Dewberry I*, 2021 U.S. Dist. LEXIS 218628, (E.D. Va. Aug. 11, 2021), Dkt. No. 146 (arguing that Dewberry Group does not perform architectural services because the cited activities were not architecture and not performed on behalf of a third party).

²⁶⁷ See *Dewberry 4th Cir.*, 77 F.4th at 293; see also, *Dewberry II*, 2022 WL 1439826, at *13.

Again, *this does not downplay the failure of Dewberry Engineers to add the parties to the lawsuit.* But these parties should not be necessary in these proceedings. If a permanent injunction can be implemented against non-parties in “active concert or participation” with the defendant, in extreme cases, *the courts should adopt this broad exception for cases where the infringement is committed by the defendant for the benefit of many non-named affiliates.*

As Dewberry Engineers’ argues this “just-sum” provision, it is of note that the principles they advocate for are harmonious with “well-settled principles of unjust enrichment and restitution,”²⁶⁸ where “the amount of the gain that is attributable to the underlying wrong.”²⁶⁹ The Restatements of Restitution and Unjust Enrichment further clarifies that the “defendant’s unjust enrichment may be difficult or impossible to ascertain;” in such situations between a lower and upper limit of unascertainable damages, the court shall use the upper limit when awarding damages.²⁷⁰ Similar to § 1117(a) of the Lanham Act,²⁷¹ the Restatements of Restitution and Unjust Enrichment place the “burden”²⁷² on the defendant to introduce evidence to mitigate the damages award to the plaintiff. Under this approach, Dewberry Group and the Infringing Marks are liable even without being named as parties in the suit under both the Lanham Act and principles of unjust enrichment and restitution, even when there is an unascertainable damages award, such as Dewberry Group claiming they made zero net profits.²⁷³

Regardless, the Court considered this issue when awarding damages to Dewberry Engineers while simultaneously avoiding classification as a penalty

²⁶⁸ See Brief for Respondent, *supra* note 171, at 27.

²⁶⁹ RESTATEMENTS (THIRD) OF THE LAW: RESTITUTION AND UNJUST ENRICHMENT § 51, cmt. i (AM LAW INST. 2011).

²⁷⁰ *Id.*; see also, *Gratz v. Claughton*, 187 F.2d 46, 51–52 (2d Cir. 1951).

²⁷¹ 15 U.S.C. § 1117(a) (“[D]efendant must prove all elements of cost or deduction claimed.”).

²⁷² See RESTATEMENTS (THIRD) OF THE LAW: RESTITUTION AND UNJUST ENRICHMENT, *supra* note 269, § 51, cmt. i (“This Restatement adopts a more modern and generally useful rule that the claimant has the burden of producing evidence from which the court may make at least a reasonable approximation of the defendant’s unjust enrichment. If the claimant has done this much, the defendant is then free (there is no need to speak of ‘burden shifting’) to introduce evidence tending to show that the true extent of unjust enrichment is something less,” thus making this not a “burden” per se, but a shift of sorts to the introduction of new evidence via the defendant.).

²⁷³ See *Dewberry II*, 2022 WL 1439826, at *10; see also Reply Brief for Petitioner, *supra* note 188, at 2.

under the Lanham Act. First, the Court addresses that Dewberry Group and the Ownership Entities are a single corporate entity because of the revenue stream going from Dewberry Group onto the Infringing Mark's books.²⁷⁴

The Court, however, acknowledges that once the period of infringement began, the connection between the lessees and Dewberry Group had already been established, and the "Infringing Marks allowed the Ownership Entities to maintain the existing contractual relationship with, and the revenue received from, a tenant."²⁷⁵ Additionally, the Court considers the vast amount of leases Dewberry Group signed during the infringement period and the vast differences in price and duration of the leases, determining "it is not possible for the Court to be exact in its determination of the financial impact of the Infringing Marks."²⁷⁶ As a result, the Court reduced the damages award in a decisive determination; "[b]ecause the revenues earned from these pre-existing leases cannot be fully attributed to the Infringing Marks, the disgorgement award will be reduced accordingly under the principles of equity."²⁷⁷ *Dewberry II*'s ruling here is in harmony with the Lanham Act § 1117(a), as well as the principles of unjust enrichment and restitution.

As a result, the lower courts seemingly applied the "just-sum" provision from an objective-based determination. While the inquiry as to this specific case may be trivial because of the failure to add the Ownership Entities as parties, the four entities were all declined for trademark registration due to the likelihood of confusion.²⁷⁸ But applying this to the previous hypothetical, this would allow D Dewberry Hospitality to operate without prejudice and would undermine the purpose of the Lanham Act.

Concerns might then arise from the validity of D Dewberry Hospitality's mark ... *if the mark is registered, why would the company be sued?* But D Dewberry Hospitality would not be liable; instead, it is Dewberry Group's conduct that creates the infringing activity in commerce by doing the work.²⁷⁹ These inquiries

²⁷⁴ See *Dewberry II*, 2022 WL 1439826, at *10; see also Remote Videotaped Deposition of Rodney Bosco, *supra* note 110, at 63–64, 73–76.

²⁷⁵ *Dewberry II*, 2022 WL 1439826, at *12.

²⁷⁶ *Id.*

²⁷⁷ *Id.*

²⁷⁸ *Dewberry 4th Cir.*, 77 F.4th at 275–76; see also, *Dewberry II*, 2022 WL 1439826, at *3.

²⁷⁹ See *Dewberry II*, 2022 WL 1439826, at *9–10; *Dewberry 4th Cir.*, 77 F.4th at 290–91. Note that both cases support that Dewberry Group does the work to create the use in commerce, but this does not apply to the D Dewberry Hospitality

should not require corporate veil piercing when the continued infringing activity is made by the same company (Dewberry Group) and the “affiliates” exist solely as property and in name. Further, if Justice Kagan’s decision finds the “just-sum” provision was not applied correctly because it included affiliates that were not part of the Ownership Entities, perhaps the better approach in future scenarios would allow the inclusion of affiliates that do not have employees to operate but use the infringing marks.²⁸⁰

This view would not hold the Ownership Entities liable, thus protecting their corporate distinctiveness. But, this view would acknowledge that ‘but for’ Dewberry Group’s infringing activities, the affiliate would not produce income. Therefore, “defendant’s profits” would not be intermingled with the non-infringing distinct entities. It would allow for those who are causing infringement, regardless of the location of the profits being recorded, to be held liable, upholding the purposes of the Lanham Act.

B. COURTS HAVE AUTHORITY TO ADD PARTIES TO THE LAWSUIT WHEN
DEEMED NECESSARY. BUT THE SUPREME COURT DOES NOT ADDRESS
THE COURT’S AUTHORITY REGARDING *SUA SPONTE* CORPORATE
VEIL PIERCING

Dewberry Group is correct: courts have a duty to respect corporate separateness.²⁸¹ Dewberry Engineers never sought to pierce the corporate veil, thus making Dewberry Group the only party to the case.²⁸² But even if Dewberry Engineers did not name the affiliates in the lawsuit, they are not attempting to hold the Ownership Entities liable.²⁸³ Instead, they are looking for the proper reward from the party that brought about the infringement.²⁸⁴ The courts have discretion to join parties to lawsuits when they are necessary to enforce a judgment.²⁸⁵ If Dewberry Engineers failed to meet this burden, did the courts below err as well?

in the hypothetical, which is a valid mark and was not named during litigation. *See id.*; D DEWBERRY HOSPITALITY, Reg. No. 6069279.

²⁸⁰ *Dewberry Supreme Court*, 145 S. Ct. at 686–87.

²⁸¹ *See* Reply Brief for Petitioner, *supra* note 188, at 1.

²⁸² *See generally Dewberry I*, 2021 U.S. Dist. LEXIS 218628.

²⁸³ *See* Petition for Writ of Certiorari, *supra* note 155, at 3.

²⁸⁴ *See id.*

²⁸⁵ FED. R. CIV. P. 19.

1. *If Joinder Were Mandatory, the Court Could Have Introduced the Ownership Entities*

Dewberry II found that Dewberry Group was a single corporate entity for determining damages.²⁸⁶ Yet as mentioned, this is not a case of piercing the corporate veil. This language is limited within the holdings of the court. The court merely explains that Dewberry Group cannot avoid a breach of the CSA by providing these “in-house” services.²⁸⁷ From a legal standpoint, Dewberry Engineers missed out on an easy solution to its ongoing litigation: they could have added them to the suit via joinder or listed them as parties originally.

Federal courts are governed by the Federal Rules of Civil Procedure. When in federal court, the typical way to add another party is via joinder or impleader.²⁸⁸ Impleader is narrowly tailored to allow a party in the lawsuit to “implead” (bring into the lawsuit) a non-party because the non-party might be liable derivatively to the plaintiff or defendant.²⁸⁹ However, a plaintiff in a case cannot implead a third party unless a claim is made by the defendant against the plaintiff.²⁹⁰ Dewberry Engineers would not be able to implead the Ownership Entities because Dewberry Group is not counterclaiming against Dewberry Group to reverse liability to gain relief. Instead, joinder is more appropriate. Compulsory joinder, specifically Federal Rule of Civil Procedure 19(a)(1)(A), finds that a party may be added to a lawsuit when “the court cannot accord complete relief among existing parties.”²⁹¹ In a case involving a Lanham Act dispute, the court explained:

[a] nonparty is ‘necessary’ where (1) in that party’s absence, the court cannot accord complete relief; or (2) the nonparty ‘claims an interest relating to the subject of the action,’ and may be deprived of her ability to protect the interest, or might face ‘a substantial risk of incurring double, multiple, or otherwise inconsistent obligations because of the interest.’ In other words, a nonparty is

²⁸⁶ *Dewberry II*, 2022 WL 1439826, at *10.

²⁸⁷ *See id.* at *10.

²⁸⁸ *See* FED. R. CIV. P. 14; FED. R. CIV. P. 19; FED. R. CIV. P. 20.

²⁸⁹ FED. R. CIV. P. 14.

²⁹⁰ *Id.* 14(b).

²⁹¹ *Id.* 19(a).

‘necessary’ where her “joinder in the action is desirable in the interests of just adjudication.”²⁹²

Further, under Federal Rule of Civil Procedure 21, the court is allowed, at any time, to add or drop parties, or to drop a claim, during suit.²⁹³ *Sua sponte* refers to when the court raises an issue independent of either party.²⁹⁴ Under this assumption, one would assume that the court would have joined the Ownership Entities *sua sponte*. However, the court never found this necessary, regardless of Rodney Bosco’s testimony or any other facts presented to the court. The Supreme Court even held in *Philippines v. Pimentel* that “[a]s a general matter any party may move to dismiss an action under Rule 19(b). A court with proper jurisdiction may also consider sua sponte the absence of a required person and dismiss for failure to join.”²⁹⁵ While this is addressing a Rule 19 (b) dismissal, the Supreme Court is noting that, *sua sponte*, the court can raise the issue in the absence of the required parties.²⁹⁶ Although this does not address the problem that Dewberry Engineers still did not add the Ownership Entities via joinder, it can provide an answer to Dewberry Group. To the courts, one may ask, *why would you not add the affiliates via joinder?*

²⁹² Williams v. SBE Entm't Grp., No. CV 07-7006 GAF (PJWx), 2008 U.S. Dist. LEXIS 127440, at *15 (C.D. Cal. Nov. 10, 2008) (internal citations omitted).

²⁹³ FED. R. CIV. P. 21.

²⁹⁴ See Kenyon Energy, LLC v. Exyte Energy, Inc., No. 22-00534-HG-RT, 2024 U.S. Dist. LEXIS 179195, at *16 (D. Haw. Oct. 1, 2024) (“A court may consider whether a party is required pursuant to Fed. R. Civ. P. 19 sua sponte at any stage in the proceedings. Federal appellate courts have ruled that District Courts have an “independent responsibility” to seek the joinder of a required party sua sponte if necessary.”) (internal citations omitted); see also, Philippines v. Pimentel, 553 U.S. 851, 861 (2008); CP Nat'l Corp. v. Bonneville Power Admin., 928 F.2d 905, 911–12 (9th Cir. 1991); Cook v. FDA, 733 F.3d 1, 11 (D.C. Cir. 2013).

²⁹⁵ Philippines, 553 U.S. at 861 (internal citations omitted).

²⁹⁶ See *id.*

2. *There is an Existing Circuit Split; Ambiguity Regarding Whether a Court May Sua Sponte Pierce the Corporate Veil*

While joinder might be mandatory for parties, some federal circuits have declined to *sua sponte* pierce the corporate veil.²⁹⁷ Such was the case in *Marshall v. Anderson Excavating & Wrecking Co.*, where the Eighth Circuit concluded “[g]iven that the plaintiffs did not raise an alter ego theory in their pleadings or at trial, the district court erred in raising the issue *sua sponte*.”²⁹⁸ Thus, the court failed to raise the issue by itself.

This is inconsistent with other circuits. The Fourth Circuit in *O.T. Africa Line v. Top Express* affirmed the lower court’s ruling, finding that “the district court did not abuse its discretion in piercing the corporate veil and requiring that either Top Express or Anamanya post the bond,” creating a circuit split.²⁹⁹ Further, the Sixth Circuit in *Detroit Pontiac Stage Emples. Union, Local No. 38 of the Int’l Ass’n v. Steve Glantz Prods.* considered when “the court ... raised *sua sponte* the question whether the corporate veil ... should be pierced,”³⁰⁰ before ultimately affirming the court’s decision to raise the issue.³⁰¹ In addition, some state courts have *sua sponte* pierced the corporate veil. For example, in *Morrissey v. Krystopowicz*, the New Mexico Court of Appeals held:

"A basic proposition of corporate law is that a corporation will ordinarily be treated as a legal entity separate from its shareholders."³⁰² Under this rule, individual shareholders cannot be held personally liable for the corporation's debt. *Id.* Under certain circumstances, however, courts may exercise their

²⁹⁷ *Marshall v. Anderson Excavating & Wrecking Co.*, 901 F.3d 936 (8th Cir. 2018) (internal citations omitted).

²⁹⁸ *Id.* at 943.

²⁹⁹ *O.T. Africa Line v. Top Express*, No. 96-2533, 1997 U.S. App. LEXIS 26405, at *4 (4th Cir. 1997).

³⁰⁰ *Detroit Pontiac Stage Emps. Union, Local No. 38 of the Int’l Ass’n v. Steve Glantz Prods.*, No. 80-1005, 1983 U.S. App. LEXIS 13271, at *4 (6th Cir. 1983).

³⁰¹ *Id.* at *6.

³⁰² *See Scott v. AZL Res., Inc.*, 753 P.2d 897 (N.M. 1988) (internal citations omitted).

equitable power to "pierce the corporate veil," thereby requiring shareholders to answer for the corporation's liability.³⁰³

Thus, in some instances, even state courts have *sua sponte* raised the issue of veil piercing. As a result, there is uncertainty and ambiguity about whether a court can raise corporate veil piercing without a party raising the issue.

The Supreme Court should have addressed this issue in the Dewberry case. If the principal objective is to make a fair ruling, courts should be able to *sua sponte* pierce the corporate veil. For now, this split remains unresolved.

VI. CONCLUSION

At the bare minimum, Dewberry Group should be held liable for its infringement. This does not mean that the decision should have been vacated, but rather the damages awarded to Dewberry Engineers should have at least been mitigated to represent a more realistic number.

Further, the view of this Note suggests a possible view of the "just-sum" provision, which is seemingly broad and remains such with this holding. Instead, the company that infringes and generates a stream of revenue should be considered as part of the § 1117(a) analysis, where "the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."³⁰⁴ The economic reality theory that led the lower courts in the Dewberry case should be considered as part of the "just-sum" provision.³⁰⁵ According to the circumstances of Dewberry Engineers v. Dewberry Group, the damages award of \$43 million would have been just according to the circumstances of this case.

For worried plaintiffs in future trademark infringement lawsuits, the best choice would be to have it and not need it, rather than need it and not have it; plaintiffs should sue *all possible defendants* and worry about it if one was sued incorrectly later, to avoid a situation like Dewberry Engineers faced. While discovery is already burdensome, the burden is now on plaintiffs to conduct more pretrial inquiries into the defendant's profits to fully understand the economic reality of the corporation, where crucial information might be barred until discovery.

³⁰³ Morrissey v. Krystowicz, 365 P.3d 20, 23 (N.M. Ct. App. 2015) (quoting Scott, 753 P.2d) (internal citation omitted).

³⁰⁴ 15 U.S.C. § 1117(a).

³⁰⁵ See Dewberry 4th Cir., 77 F.4th at 290.

For the aforementioned reasons, this Note disagrees with the Supreme Court's holding. More could have been done by all parties and all the courts in order to uphold the principles of equity that trademark law is meant to protect. Further, trademark and corporate law are left with more questions than answers following this holding.