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Judge lets lawsuit over drone racing trademarks drone on

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By Jonathan Stempel

A federal judge in Manhattan on Monday refused to dismiss a trademark infringement lawsuit between the operators of rival drone racing series. U.S. District Judge Denise Cote said Drone Racing League Inc ("DRL") could pursue most of its claims against DR1 LLC, both of which began racing in 2016.

Brad Foxhoven, CEO of DR1 Racing, said, "We are disappointed that Judge Cote did not dismiss the entirety of the case. DR1 Racing looks forward to defeating Drone Racing League's spurious claims ... What should be two companies trying to grow this nascent market has instead resulted in Drone Racing League's decision to try to take out a competitor using the court system because they can't compete in the marketplace."

Eric Ostroff, counsel for DR1 Racing, said, "We are pleased that Judge Cote narrowed Drone Racing League's claims and acknowledged that the two companies' marks are dissimilar... we believe that Drone Racing League's claims are fatally flawed and look forward to proving it."

Drone racing involves the piloting of remote-controlled aerial drones, at speeds that can approach 90 miles per hour, through obstacle courses featuring barriers, drops, hoops and sharp turns. Whoever finishes first wins. DRL, based in New York, owns several trademark registrations for its stylized "DRL" logo, which has appeared on apparel worn by pilots, and has broadcast races on television and the Internet.

DR1, based in Calabasas, California, has filed several trademark applications for "DR1" and the "DR1" logo, and had its "DHL Champions Series fueled by Mountain Dew," referring to the package delivery company and soft drink, broadcast on CBS and streamed online.

DRL claimed that the DRL and DR1 marks are confusingly similar, even tripping up DR1's chief executive when he referred in an interview to DR1 as DRL, and that DR1 misled prospective sponsors about DRL's viewership. In Monday's decision, Cote focused on the second, fifth and sixth of the eight "Polaroid" factors, established in a 1961 by the 2nd U.S. Circuit Court of Appeals, to assess the marks' likelihood of confusion.

These factors included: their similarity, the existence of actual consumer confusion, and whether DR1 – the "junior user"- acted in bad faith.

Cote said DRL "pleads a plausible claim of consumer confusion, albeit barely," concluding that the logos were visually "dissimilar" because they used different typefaces and shapes, while the DR1 logo added the word "racing."

The judge also rejected as premature a request by DR1 that she declare the "DRL" mark generic, as an abbreviation of the generic term "drone racing league," saying DRL's trademark registration entitled it to a presumption of validity.

Cote also said DRL could also pursue claims under New York state laws against unfair competition, saying it had plausibly alleged bad faith, and false advertising.

But she dismissed claims deceptive trade practice and false advertising claims over a slide presentation that DR1 sent to a prospective sponsor, saying that DRL "failed to allege that DR1 was engaged in 'consumer-oriented conduct.'"

The case is Drone Racing League Inc v DR1 LLC, U.S. District Court, Southern District of New York, No. 18-04093.

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