

No. 35869-7-II

**The Court of Appeals of the State of Washington**

Division II

CUSTOM AUTO INTERIORS, INC.,

Plaintiff/Appellee,

v.

CUSTOM RV INTERIORS, INC., et al.,

Defendants/Appellants,

APPEAL FROM CLARK COUNTY SUPERIOR COURT  
THE HONORABLE ROGER BENNETT, JUDGE  
CLARK COUNTY CAUSE NO. 06-2-06432-5

BRIEF OF APPELLANT

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DIVISION II

*P.M. 8-9-07*

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I. ASSIGNMENTS OF ERROR

A. ASSIGNMENTS OF ERROR

Defendants/Appellants respectfully assert that the trial court erred as follows:

No. 1. By preliminarily enjoining defendants from using the term “custom RV interiors” in sales and services relating to installing custom interiors for recreational vehicles (RV’s).

B. ISSUES PERTAINING TO ASSIGNMENTS OF ERROR

Issues Pertaining to Assignment of Error 1:

1. Does Washington protect generic trade names?
2. Does adding “Inc.” to a generic name render it protectable under Washington law?
3. Does Washington require clear proof of secondary meaning where a mark is descriptive rather than generic?
4. Did the trial court err by finding trade name infringement is a *per se* violation of the Consumer Protection Act (CPA)?

II. STATEMENT OF THE CASE

Plaintiff, Custom Auto Interiors, Inc., installs custom RV interiors for owners of RVs. *Clerk’s Papers at 15* (hereinafter “*CP at \_*”). Defendants, Dave & LJ’s Custom RV Interiors, Inc. (temporarily doing business as “Dave & LJ’s RV Interiors, Inc.” so long as the injunction is

allowed to stand), and the principals, David and Larry J. ("LJ") Ast, also install custom RV interiors for owners of RVs, directly competing against Plaintiff. *CP at 28-29 & 51.*

Plaintiff's main principal, Larry V. Ast ("Ast Sr.") is the father of Defendants David and LJ Ast. *CP at 24, 46.* Dave and LJ Ast worked for Plaintiff for approximately 20 and fifteen years respectively, until October 13, 2006. *CP at 24, 46.* Dave and LJ Ast were the primary managers and technicians of Plaintiff for the last fifteen years. *CP at 24-5, 46, 48.* LJ Ast, previously in the furniture business, was responsible for getting Plaintiff into the custom RV interior remodeling business. *CP at 24.*

Ast Sr. had indicated for many years that he intended to sell the business to his sons Dave and LJ when he retired, and Dave and LJ had made offers to purchase the business several times during 2004-5. *CP at 26, 49-50.* Ast Sr. decided in 2006 it was time for him to retire and significant negotiations occurred. *CP at 26-7, 49-50.* LJ Ast realized that Plaintiff had never changed the business name from Custom Auto Interiors, Inc., or otherwise registered the trade name Custom RV Interiors, Inc., so LJ Ast did so. *CP at 28.* Ultimately Ast Sr. chose not to sell the business to his sons, despite David and LJ Ast offering \$518,000.00 and other additional terms demanded by Ast Sr. *CP at 26-7, 50-51.* In June, 2006 Ast Sr. finally rejected the offers, told his sons that

he would hire a broker to sell the business, and that they would be fired when the business was sold. *CP at 27-8, 50-51*. Dave and LJ Ast told their father that they had no choice but to go into business themselves and compete against him, but Ast Sr. expressed doubt that they Dave and LJ could successfully run a business. *CP at 27*.

On October 13, 2006 Ast Sr. notified David and LJ Ast that he had sold the business to Robert J. (BJ) Warner, that they were fired immediately, and they had to leave the premises. *CP at 51*. Ast Sr. terminated their health care, effective within fifteen days. *CP at 28, 51*. Plaintiff's counsel sent a demand letter to Defendants threatening them from competing against Plaintiff, using any information of Plaintiff, or using any name similar to Plaintiff. Also on that day, Plaintiff registered<sup>1</sup> a laundry list of trade names with the Department of Licensing, including:

“Custom R.V. Interiors Incorporated,”  
“Custom R.V.”,  
“R.V. Interiors,”  
“Custom R.V. and Marine Interiors,”  
“My Flexsteel.com,”  
“Flexsteel RV Furniture.Com,”

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<sup>1</sup> Registering a fictitious name in a Master Business Application with the Department of Licensing is different from registering a trade name as a trademark. See RCW 19.77.020(3) (“if a trade name also functions as a trademark, it is registrable as a trademark.”). Registration for trademark purposes lending a presumption of validity refers to registration under the Federal Lanham Act, 15 U.S.C. § 1051 *et seq.* because the applications are substantively examined.

“Flexsteel Marine Furniture.Com.”<sup>2</sup>

*Exh. I to Def. Mot. for Discretionary Rev, attached hereto at A-1.*

Counsel for Defendants responded by letter October 31, 2006, that there was nothing trade secret of Plaintiff that could be protected or misappropriated and that the name “Custom RV Interiors” was clearly generic under trademark law, citing significant authority to the point, because the name equated to the very product or service provided. Thereafter, Defendants proceeded to go forward with their business plans, which included operating under the name “Dave & LJ’s Custom RV Interiors, Inc.” Defendants opened a custom RV interior shop in December, 2006. *CP at 28-9.* They registered and use the name “Dave and LJ’s Custom RV Interiors, Inc.”, which is used on their advertising, business cards flyers, shop, trade shows. *CP at 21, 28-9, 51-3.*

During this time period Ast Sr. and BJ Warner actively tried to stop Defendants from competing by contacting suppliers, advertisers and other vendors to not do business with Defendants. Plaintiff contacted *RV Life* magazine to stop the magazine from running an ad by Defendants, and contacted the *Tacoma RV Show* demanding the Show cancel its agreement to rent a display booth to Defendants. *CP at 29-30.* Plaintiff

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<sup>2</sup> Flexsteel® is a registered mark of Flexsteel Corporation, a major RV furniture manufacturer in the country, and is not connected with Plaintiff.

also contacted Flexsteel® Corporation, one of the major suppliers of luxury RV furniture in the country and thus an important supplier to any business trying to compete against Plaintiff, attempting to convince Flexsteel® to stop selling furniture to Defendants. *CP at 29-30.*

Plaintiff alleged through the December 18, 2006 declaration of the purchasing principal, BJ Warner, that there had been an unsolicited call from a security system salesperson, a misdirected email from a long-time supplier to Plaintiff, FlexSteel®, and unattributed statements by “customers” asking whether Defendant LJ Ast was an owner of Plaintiff and asking to speak to him. *CP at 19-20.* Notably, but omitted by BJ Warner, during the same time period Plaintiff’s website continued to advertise it as a “family owned and operated business”, captioning that statement next to a photograph including Ast Sr. with Defendants LJ Ast and David Ast. *CP at 33-4.* Additionally, Plaintiff as of at least December 20, 2006 still maintained an active email account under David Ast’s name (“dave@customrvinteriors.com”). *CP at 23.*

### III. PROCEDURAL POSTURE OF THE CASE

On December 7, 2006, Custom Auto Interiors, Inc., filed suit with claims, among other things, under the Consumer Protection Act (CPA) for damages and to enjoin Defendants from using any version of the name “Custom RV Interiors” for Defendant’s business of installing

custom RV interiors. *CP at 1-13*. The Superior Court took oral arguments January 2, 2007, on *Plaintiff's Motion for Preliminary Injunction* to stop Defendants from using any website or advertising which used the term "custom RV interiors". *P.I. Hrg. Trasnscr. at pp. 1-2 (January 2, 2007) (hereinafter "Transcr. at \_")*.

On January 8, 2007, the trial court ruled that Defendants be enjoined from using the term "Custom RV Interiors, Inc., per se" on a \$1,000.00 bond, but that Defendants could use "custom made RV interiors". The court ruled that the term "custom RV interiors" was more than the sum of its parts because it included the term ".Inc" and thus denoted a business rather than a product. The trial court did not make specific findings on genericness versus descriptiveness, nor did the court make specific findings of secondary meaning, although the court found that Defendants intended to misappropriate Plaintiff's goodwill. Plaintiff did not introduce any direct evidence of secondary meaning. On January 12, 2007, the Superior Court entered the preliminary injunction order.

#### IV. SUMMARY OF ARGUMENT

The injunction below contradicts clearly established law and must be vacated. Generic trade names and trademarks are not protectable – a business may use such terms themselves, but may not exclude others from using them. "The first principal of unfair competition law is that

everything that is not protected by an intellectual property right is free to copy.” 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:122 (4<sup>th</sup> ed. 2007) (hereinafter “\_ MCCARTHY § \_”). Protectability of trade names and trademarks are evaluated under the same criteria, and regardless of whether infringement claims are brought separately or under the CPA. Even a descriptive trade name is only protectable if the court finds that Plaintiff overcame the high evidentiary burden to establish the trade name acquired secondary meaning in the minds of a significant portion of the relevant purchasing consumers, a burden which Plaintiff never approached and which the trial court did not make findings upon. The trial court here applied incorrect legal standards to protect Plaintiff’s trade name and required no proof of secondary meaning, relying primarily upon a clearly erroneous finding of fact, to issue the Preliminary Injunction Order, which Order must be vacated.

First, the trial court failed to determine explicitly whether “custom RV interiors” used in relation to custom RV interior remodeling services is generic and unprotectable, or descriptive and protectable only on proving secondary meaning. In other words, the trial court failed to perform the first step of the inquiry – whether Plaintiff had a “clear legal right”. Whether a trade name is generic or descriptive is a question of law, reviewed *de novo*. Seattle Endeavors, Inc. v. Maestro, 123 Wn.2d 339,

343-4, 868 P.2d 120, 33 USPQ2d 1851 (1994), en banc.

Second, the trial court failed to apply the proper legal standard in evaluating whether the term “custom RV interiors” is protectable. Washington, in step with virtually every other state and Federal court, applies the “spectrum analysis” to evaluate protectability of trade names, the same methodology applied to trademarks.<sup>3</sup> Seattle Endeavors, 123 Wn.2d at 343-4 (citing 2 MCCARTHY § 11.24 (3<sup>rd</sup> ed. 1992)). The trial court either failed to apply this standard or applied it incorrectly.

Third, the trial court found that “Inc.” rendered an otherwise unprotectable generic trade name protectable. Black letter law holds that “Inc.” and similar monikers merely denoting business form as required by statute have no weight in determining protectability. Goodyear’s Rubber Mfg. Co. v. Goodyear Rubber Co., 128 U.S. 598, 602-3, 9 S.Ct. 166, 32 L.Ed. 535 (1888) (a *per se* rule that generic terms are not protectable and adding “incorporated”, “company” or like words of business form to generic terms adds nothing); In re Steelbuilding.com, 415 F.3d 1293 (Fed. Cir. 2005) (applying Lanham Act, noting continued validity of Goodyear’s per se rule). Washington’s trademark statute specifically directs courts to construe state law consistent with the Federal Lanham Act 15 U.S.C. §§

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<sup>3</sup> The methodology elucidated by Judge Friendly in the landmark decision Abercrombie & Fitch v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

1501 et seq. RCW 19.77.930.

Fourth, if the lower court found the term “custom RV interiors” to be descriptive, the court failed to require a clear showing of secondary meaning by Plaintiff to establish protectability. Zebra Distributing Co. v. Ace Fireworks, Inc., 75 Wn.2d 326 (1969) (denying protection to descriptive trademark where plaintiff failed to establish secondary meaning by clear evidence). The burden always rests with the owner to prove secondary meaning of an unregistered mark, which is a high burden. Id., at 328; PaperCutter, Inc. v. Fay's Drug Co., Inc., 900 F.2d 558, 564 (2d Cir. 1990); Surgicenters of America, Inc., v. Medical Dental Surgeries Company, 601 F.2d 1011, 1018-19 (9<sup>th</sup> Cir. 1979). Here, no substantial evidence of secondary meaning was presented – the court merely relied on Plaintiff’s allegation of registered use as dispositive. This was either error of law or the court lacked substantial evidence for its ruling.

Fifth, the trial court committed clear error by finding Plaintiff has operated for fifteen years *under the registered trade name* “Custom R.V. Interiors, Inc.” *CP at 89*. Yet, Plaintiff only registered the name on October 13, 2006, immediately before filing the instant suit. *See App. A*. The court relied primarily on this mistaken finding, and thus lacked substantial evidence.

Finally, the trial court issued the preliminary injunction apparently

on the mistaken assumption that any case of trade name infringement is a *per se* violation of the CPA, no matter how weak Plaintiff's trade name (although the trial court made no specific findings relating to CPA) contradicting Seattle Endeavors, 123 Wn.2d 339.

There is a compelling reason why the analysis of a trademark/trade name suit must go through the analytical process of establishing first protectability, and only then determining, if the name is protectable, whether the protectable name was infringed. Trademark suits can easily be used by established businesses to suppress new competitors by eliminating the terms by which the new competitors will advertise their business—monopolizing the language most apt for describing their products, services, and business. Plaintiffs routinely seek preliminary injunctions against defendants in trade name cases. Defendants are often, as the case here, newly established businesses with little money to defend themselves. Failure to impose rigorous standards in such actions will sound the death knell for smaller competitors attempting to enter markets dominated by one or a few large players because the smaller upstarts will be stopped at the preliminary injunction phase. This is especially true in cases, as here, where plaintiffs seek an end-run around trademark laws by filing claims under the Consumer Protection Act, thereby hoping to avoid the rigorous standards required to demonstrate a protectable interest

applied in traditional trademark cases. The potential danger is clear in this case: Plaintiff has not sought merely to enjoin the use of a trade name of "Custom RV Interiors, Inc." but has sought to prohibit any competitor from using "custom RV interiors" in any manner to identify their business, goods or services. If the term is protectable against Defendants, then it is protectable against the world, because protectability of a trade name is not defendant specific. Plaintiff seeks to remove the term entirely from the field of competition.

Where preliminary injunctions issue on incorrect legal bases the effect is often, if not mostly, that the new competitor is forced to give up and settle at a disadvantage, for the same reasons discussed above: the trial judge will apply the same (incorrect) legal standard to the evidence in issuing judgment or instructing a jury, and by the time the defendant is able to reverse the judgment on appeal they have spent years using another name. New competitors therefore will not be in a position to expend the considerable sums necessary to vindicate their rights, and the initial preliminary injunction effects a decision on the merits. The effect is that legitimate new competition is stifled. New competitors are either driven out of business by costs of litigation or they are placed at a disadvantage by being denied the right to fairly and accurately advertise their businesses. Either way, the established business has managed to

suppress competition by convincing trial courts that the CPA allows them to apply a different (i.e. lower) standard than required by trademark laws to remove words and phrases from the public lexicon. Lower courts will continue to make mistakes without clear guidance<sup>4</sup>.

## V. ARGUMENT

### A. STANDARD OF REVIEW

Preliminary injunction orders are reviewed for abuse of discretion, but issues of law underlying the order are reviewed *de novo*. Kucera v. State Dept. of Transp., 140 Wn.2d 200 (2000). Findings of fact are reviewed for substantial evidence, i.e. if the record contains evidence of sufficient quantity to persuade a fair-minded, rational person of the truth of the declared premise. Bering v. Share, 106 Wn.2d 212 (1986), cert. dismissed 479 U.S. 1050 (1987).

“A party seeking relief through a temporary injunction must show [1] a clear legal or equitable right, [2] that there is a well-grounded fear of immediate invasion of that right, and [3] that the acts complained of have or will result in actual and substantial injury.” Rabon v. City of Seattle, 135 Wn.2d 278, 284-85 (denying preliminary injunction). This requires

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<sup>4</sup> The anti-competitive impetus of Plaintiff’s suit is made clear by the fact that Plaintiff registered “My Flexsteel.com”, “Flexsteel RV Furniture.com”, and “Flexsteel Marine Furniture.com” as its own trade names in Washington in a blatant attempt to prevent competing distributors of Flexsteel® furniture from effective advertising. Both

the Court to determine the likelihood of that party ultimately prevailing on the merits by “reach[ing] the merits of purely legal issues for purposes of deciding whether to grant or deny the preliminary injunction.” Rabon 135 Wn.2d at 284-5. “The grant of a preliminary injunction is the exercise of a very far reaching power never to be indulged in except in a case clearly warranting it.” Dymo Ind., Inc. v. Tapewriter Inc., 326 F.2d 141, 143 (9<sup>th</sup> Cir. 1964) (denying preliminary injunction due to potential invalidity of the registered trademark as generic or descriptive without proof of secondary meaning, despite presumption of validity for registered marks). “An injunction will not be issued in a doubtful case.” Id. Because injunctions are based in equity, the criteria “must be examined in light of equity, including the balancing of the relative interests of the parties and the interests of the public.” Rabon, 135 Wn.2d at 284-85. “A trial court necessarily abuses its discretion if the decision is based upon untenable grounds, or the decision is manifestly unreasonable or arbitrary.” Kucera, 140 Wn.2d at 209. Here the trial court made significant errors of law which drove the preliminary injunction ruling, lacked substantial evidence of secondary meaning, and placed primary reliance on a finding of fact clearly contradicted by the evidence.

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Defendants and Plaintiff, as well as other RV furniture dealers throughout the country, sell Flexsteel™ furniture.

B. THE LOWER COURT FAILED TO FIRST DETERMINE WHETHER THE TERM "CUSTOM RV INTERIORS" IS GENERIC OR DESCRIPTIVE.

To prevail on a trademark or trade name infringement claim for an unregistered mark or name, a plaintiff must demonstrate both "(1) that it has a valid and protectable [name] and (2) that the defendant's use of the [name] in question creates a likelihood of consumer confusion... Generic marks are ineligible for trademark protection." BellSouth Corp. v. White Directory Publishers, Inc., 42 F.Supp.2d 598, 606 (M.D.N.C. 1999). *See also* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992); Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1046 (9th Cir. 1999) ("[plaintiff] must establish that [defendant] is using a mark confusingly similar to a valid, protectable trademark"); Kendall-Jackson Winery Ltd v. E. & J. Gallo Winery, 150 F.3d 1042, 1047 (9th Cir. 1998); 2 MCCARTHY § 15:1 ("to establish trademark infringement or unfair competition, the law has traditionally required proof of two basic elements: (1) Validity: that the public recognizes plaintiff's symbol as identifying his goods or services and distinguishing them from those of others, and (2) Infringement: that defendant's actions cause a likelihood of confusion among the relevant buyer class").

Thus, a plaintiff asserting an unregistered trade name must first

demonstrate that they have a valid and protectable trade name before a court may address issues of infringement. Washington is in accord:

“Under Washington law, a plaintiff in a trade name infringement case must establish the defendant has infringed on a *distinctive feature* of his name in a manner that tends to confuse the two businesses in the public mind.”

Seattle Endeavors, 123 Wn.2d at 345 (emphasis added; citations omitted).

Trade names and trademarks are evaluated under the same standards of protectability. Seattle Endeavors, 123 Wn.2d at 347. Generic trade names are never protectable. Id; Abercrombie & Fitch v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976).

“Trademarks, *including names*, fall generally into two broad categories, inherently distinctive marks and non-inherently distinctive marks. *See* MCCARTHY § 11.01, at 11-4. Within those broad categories, marks fall along a spectrum of distinctiveness which determines *whether the marks are eligible for trademark protection at all*, and if so, what the appropriate scope of that protection should be. *See* MCCARTHY § 11.24, at 11-124.”

Seattle Endeavors, 123 Wn.2d at 344 (emphasis added).

The ordering of this analysis is critical. Generic names are not protectable (as discussed below), whereas descriptive terms may be protectable, but only with clear proof of secondary meaning in a significant segment of the relevant consuming public. Therefore, this initial question determines the course of proceedings.

The burden rests with the plaintiff to prove an unregistered mark<sup>5</sup> is not generic. BellSouth Corp. v. White Directory Publishers, Inc., 42 F.Supp.2d at 606 (citing Blinded Veterans Ass'n v. Blinded American Veterans Foundation, 872 F.2d 1035, 1041 (D.C.Cir.1989)) (the burden is on the proponent to "demonstrate that the symbol is not generic and thus that it is a valid and protectable mark."); 2 MCCARTHY § 12:12 at 12-40.. Washington interprets its trademark laws consistently with decisions under the Lanham Act, 15 U.S.C. §§ 1051 et seq. *See* RCW 19.77.930.

In Seattle Endeavors, the court first found, as a matter of law based on the evidence of record, that "willow" in relation to apartment complexes was arbitrary or fanciful and therefore protectable as inherently distinctive. Seattle Endeavors, 123 Wn.2d at 344-5. <sup>6</sup> In Washington, in accord with the common law<sup>7</sup> and Federal Lanham Act jurisprudence, a plaintiff must first establish that their asserted trade name is distinctive –

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<sup>5</sup> Registered means registered as a trademark under Federal law, which requires examination of protectability. 15 U.S.C. § 1051 et seq. (examination); 15 U.S.C § 1115 (presumption of validity from registered mark).

<sup>6</sup> This Court should also note, in light of the extraordinary nature of a preliminary injunction, that in Seattle Endeavors, despite finding that the mark was inherently distinctive the court held that it was weak due to the large number of apartment complexes with "willow" in their names and therefore did not enjoin the use of "willows" entirely. Id., 123 Wn.2d at 347.

<sup>7</sup> In fact, under the common law, neither those terms which were generic nor those which were merely descriptive could become valid trademarks; and the same was true under the Federal Trademark Act of 1905, with an exception for marks which had been the subject of exclusive use for ten years prior to its enactment. Abercrombie & Fitch, 537 F.2d at 9-10. *See also*, Goodyear's Rubber Manufacturing Co. v. Goodyear Rubber Co., 128 U.S.

i.e. protectable – before a court will even evaluate the issues of similarity and alleged confusion.

The fundamental issue in this case then is whether Custom Auto Interiors, Inc. has the legal right to prevent other businesses from using the term “custom RV interiors” in their names and advertising? The answer is no. As discussed below, the failure to follow Seattle Endeavors led the trial court to focus on irrelevant concerns and issue an injunction contradicting black letter law and unsupported by substantial evidence.

C. THE LOWER COURT ERRONEOUSLY PROTECTED A GENERIC TERM

The rule is well established, in Washington as elsewhere, that generic terms used as trade names are not protectable. John Vittuci Co. v. Merline, 130 Wn. 483, 489, 228 P. 292 (1924) (“Nor can a generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients, or characteristics, be employed as a trade-mark and the exclusive use of it be entitled to legal protection.”); Tradewell Stores, Inc. v. T. B. & M., Inc., 7 Wn.App. 424, 428-29, 500 P.2d 1290 (1972) (recognizing the distinction between unprotectable generic or “purely descriptive” words and phrases which are the common property of all, and marks, which are not); Seattle Endeavors, 123 Wn.2d at 444 (“... marks

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598, 604 (1888).

fall along a spectrum of distinctiveness which determines whether the marks are eligible for trademark protection at all...”). Generic marks simply never qualify for protection - not in any jurisdiction. Goodyear’s, 128 U.S. at 604 (stating the traditional common law rule that generic terms cannot be appropriated for exclusive use); Kellog Co. v. National Biscuit Co., 305 U.S. 111, 59 S.Ct. 109, 83 L.Ed. 73 (1938); Genesee Brewing Co., Inc. v. Stroh Brewing Co., 124 F.3d 137, 143 (2<sup>nd</sup> Cir. 1997); S. S. Kresge Co. v. United Factory Outlet, Inc. 598 F.2d 694, 696 (1<sup>st</sup> Cir. 1979); Abercrombie & Fitch, 537 F.2d at 9; TCPIP Holding Co. v. Haar Comm., Inc., 244 F.3d 88, 93 (2d Cir. 2001) (“Generic marks are...totally lacking in distinctive quality [and] are not entitled to any protection”); Interstellar Starship Services et al v. Epix, 304 F.3d 936, 943 n.6 (9<sup>th</sup> Cir. 2002) (“Generic marks are not entitled to protection”); 74 AM. JUR. 2D Trademarks and Tradenames § 44 (2006 ed.) (“It is a general rule that a generic word or term is not subject to exclusive appropriation as a trademark or a tradename.”). “[I]t is the weakest mark and cannot become a trademark under any circumstances.” 74 AM. JUR. 2D § 44 at n. 1 (citing First Sav. Bank, F.S.B. v. First Bank Sys., Inc., 101 F.3d 645 (10th Cir. 1996)); 2 MCCARTHY § 12.1 (“In short, a generic name of a product can never function as a trademark to indicate origin”); USPTO TRADEMARK MANUAL OF EXAMINING PROCEDURE (TMEP) § 1209.01 (“Generic terms

for goods or services are incapable of functioning as registrable trademarks denoting origin or any specific source”).

Generic terms are terms that the relevant purchasing public understands primarily as the common or class name for the goods or services. In re Dial-A-Mattress Operating Corp., 240 F.3d 1341 (Fed. Cir. 2001); In re American Fertility Society, 188 F.3d 1341, 1346 (Fed. Cir. 1999). These terms are incapable of functioning as trademarks denoting source, and are not even registrable under the Lanham Act. Id. “The name of a product or service itself—what it is—is the very antitheses of a mark. In short, a generic name of a product can never function as a trademark to indicate origin. “The terms ‘generic’ and ‘trademark’ are mutually exclusive.” 2 MCCARTHY § 12:1. Permitting trademark rights in a generic name “would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are.” 2 MCCARTHY §12:2 (citing CES Publishing Corp. v. St. Regis Publications, 531 F.2d 11 (2d Cir. 1975) (J. Friendly)).

The corollary to the rule that generic terms are unprotectable is the equally well established rule that “everything that is not protected by an intellectual property right is free to copy.” 4 MCCARTHY § 23:122. “Confusion” that may result from competitors’ use of almost identical business names that are not subject to trademark protection is simply not

evidence for the “likelihood of confusion” element of infringement and unfair competition claims. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 528, 44 S.Ct. 615, 68 L.Ed. 1161 (1924) (“The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product.”); PaperCutter, 900 F.2d at 565 (“[A] party who does not have exclusive right to use a descriptive term may not bring an action for trademark infringement arising out of a competitor's use of the term.”) If the primary effect of the use of the term “custom RV interiors” is to draw consumers’ attention to the fact that the business installs “custom RV interiors”, then the existence of multiple service providers using that term cannot produce actionable evidence of confusion. Such is the case here.

Plaintiff chose a generic term as a trade name—and it gets the benefit in that consumers will immediately know that it provides the service of custom RV interiors. But Plaintiff doesn’t get to bar competitors from use of the generic term in the marketplace, thereby placing competitors at a disadvantage. That is the flip side of choosing a generic trade name—you get the benefit, but you can’t protect it. Permitting trademark rights in a generic name “would grant the owner of the mark a monopoly, since a competitor could not describe his goods as

what they are.” 2 MCCARTHY §12:2. It is the equivalent of a mechanic calling his shop “Brake Repairs, Inc.” and then attempting to prohibit other mechanics from advertising themselves as “John Doe’s Brake Repairs, Inc.” The prior relationship of the parties is irrelevant – if the generic term “custom RV interiors” is protectable, then it is enforceable against any competitor. Determining the protectability of a trademark, a question of law, is not a dispute merely between the parties. It is a dispute between Plaintiff and the world – the entire market is affected.

1. Washington applies the “spectrum analysis” approach to evaluating protectability of trade names and trademarks.

The Washington Supreme Court adopted the “spectrum analysis” for evaluating the strength of trade names advocated by the MCCARTHY treatise and succinctly laid out by Judge Friendly in the landmark decision in Abercrombie & Fitch, 537 F.2d at 9, which has been applied nearly universally by all courts since. Seattle Endeavors, 123 Wn.2d at 347 (quoting 1 MCCARTHY § 11.01 at 11-5 (3<sup>rd</sup> Ed. 1992)). Accord Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 194, 105 S.Ct. 658, 83 L.Ed.2d 582 (1985); Surgicenters, 601 F.2d at 1014-17; PaperCutter, 900 F.2d at 564; Time, Inc. v. Petersen Publ'g Co., 173 F.3d 113, 118 (2d Cir. 1999); Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 124 (4th Cir. 1990); Union Nat'l Bank of Texas, Laredo v. Union Nat'l

Bank of Texas, Austin, 909 F.2d 839, 844-45 (5th Cir. 1990); Walt-West Enters., Inc. v. Gannett Co., 695 F.2d 1050, 1055-56 (7th Cir. 1982).

Arrayed in an ascending order roughly reflecting their eligibility to trademark status and the degree of protection accorded the categories of terms are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful, but the lines of demarcation are not always bright. Abercrombie & Fitch, 537 F.2d 4. The spectrum of protectable, potentially protectable, and unprotectable marks was thoroughly addressed by the Court of Appeals for the Ninth Circuit in Surgicenter:

#### “Categories of Marks

“The cases identify four categories of terms with respect to trademark protection: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. As the district court correctly noted, the lines of demarcation are not always clear, and the ‘entire area of trade or service marks . . . is fraught with difficulties and ambiguities.’

The basic principles of trademark law, including a description of the four categories of mark, are set forth in Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9-11 (2 Cir. 1976). The different categories may be summarized as follows:

A “generic” term is one that refers, or has come to be understood as referring, to the genus of which the particular product or service is a species. It cannot become a trademark under any circumstances. Abercrombie & Fitch, supra., 537 F.3d at 9-10.

A merely “descriptive” term specifically describes a characteristic or ingredient of an article or service. It can, by acquiring a secondary meaning, i. e., becoming “distinctive of the applicant's goods”, become a valid trademark. *Id.* at 10.

A “suggestive” term suggests rather than describes an ingredient, quality, or characteristic of the goods and requires imagination, thought, and perception to determine the nature of the goods. A suggestive term is entitled to registration without proof of secondary meaning. *Id.* at 10-11.

An “arbitrary or fanciful” term is usually applied to words invented solely for their use as trademarks and enjoys all the rights accorded to suggestive terms without the need of debating whether the term is “merely descriptive” and with ease of establishing infringement. *Id.* at 11.”

Surgicenter, 601 F.2d at 1014-1017 (emphasis added).

Thus, generic terms are never protectable. Descriptive terms may be protectable, but only with proof secondary meaning. Inherently distinctive suggestive and arbitrary or fanciful terms are protectable generally without requiring proof of secondary meaning.

2. A combination of generic terms, used in their ordinary meaning, is also generic.

A trade name is evaluated as a whole but where a trade name is merely a combination of generic words used in their ordinary accustomed meaning the trade name as a whole is still generic. Sugicenters., 601 F.2d at 1014-17 (“SURGICENTERS” is merely an abbreviation of “surgical” and “centers” used in their ordinary meaning); Application of Sun Oil Co., 426 F.2d 401, 403 (C.C.P.A. 1970) (“Custom Blended” for gasoline is generic where “custom” and “blended” are used in their ordinary meaning); Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1190 n.4 (6th Cir. 1988) (“[T]he significant factor is not whether the word itself

is common, but whether the way the word is used in the particular context is unique enough to warrant trademark protection"); Blinded Veterans Ass'n v. Blinded Am. Veterans Fndn, 872 F.2d 1035, 1041-42 (D.C.Cir.1989) (based on plain meaning of the words "blinded" and "veteran," the phrase "Blinded Veterans" is generic for an association of once-sighted persons who served in the military); CES Publ'g, 531 F.2d 11 ("Consumer Electronics" is generic for electronic equipment purchased and installed by consumers and, therefore, "Consumer Electronics Monthly" is generic as a mark for a magazine title"); Nartron Corp. v. STMicroelectronics, Inc., 305 F.3d 397 (6th Cir. 2002) ("smart power" was generic even though term had been registered as trademark and had become incontestable, because as used in semiconductor industry it described a type of technology); Macia v. Microsoft Corp., 335 F. Supp. 2d 507 (D. Vt. 2004), ("Pocket PC" was generic, as "Pocket PC" referred to hand-held computer that ran developer's operating system).

Plaintiff uses "custom", "RV" and "interiors" in their ordinary meaning. Thus, the combination "custom RV interiors" is no less generic than the individual words. The trial court erred by finding a combination of generic terms used in the ordinary meaning to be somehow not generic.

3. Secondary meaning does not make a generic trade name protectable.

Had the Plaintiff actually put on evidence of secondary meaning, that would not have turned its generic term into a protectable trade name. “[G]eneric terms, which refer to the genus or class of which the product as a species, and are not entitled to protection even with proof of secondary meaning, i.e., proof that the public has come to associate the term with a particular source.” PaperCutter, 900 F.2d at 561-62 (citations omitted). “[C]onventional wisdom holds that generic terms, which refer to the general class or category of the product, are so useful to businesses selling the same product that no amount of money poured into promoting customers' association of generic terms with a particular source can justify ‘depriv[ing] competing manufacturers of the product of the right to call an article by its name.’” Id (quoting Abercrombie & Fitch, 537 F.2d at 9).

Plaintiff states that it has been used some form of “custom RV” or “custom RV interiors” for over fifteen years, and thus argue that this establishes secondary meaning which renders their trade name inherently protectable. This is irrelevant for generic terms (and insufficient even for descriptive terms, as discussed below). No amount of secondary meaning evidence, no amount of advertising investment, no amount consumer recognition or efforts to promote the visibility and identity of a tradename,

can turn a generic term into a protectable tradename. Abercrombie & Fitch, 537 F.2d at 9; Reese Publ'g v. Hampton Int'l Communications, 620 F.2d 7, 12 n.2 (2nd Cir. 1980) (evidence of secondary meaning "at most could have established 'de facto secondary meaning,' which cannot suffice to convert a generic term into a trademark"); Surgicenters, 601 F.2d at 1016 (A generic word "cannot be validly registered as a trademark even if there is proof of secondary meaning"). "The reason is plain enough. To allow trademark protection for generic terms, i. e., names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are." CES Pub'g Corp., 531 F.2d at 13 (the mark CONSUMER ELECTRONICS for a magazine about electronics was generic, and that a "generic" word cannot be validly registered as a trademark even if there is proof of secondary meaning). *See also*, In re BOC Group, Inc., 223 USPQ 462 (TTAB 1984); Miller Brewing Company v. G. Heileman Brewing Company, 561 F.2d 75, 195 USPQ 281 (7th Cir. 1977); In re the Phone Company, Inc., 218 USPQ 1027 (TTAB. 1983); In re Energy Products of Idaho, 13 USPQ2d 2049 (TTAB 1989); Schnare v. Evans, 301 Mass. 343, 17 N.E.2d 192, 39 USPQ 327 (1938); Beneficial Indus. Loan Corp. v. Allenstein, 173 F.2d 38, 80 USPQ 537 (5th Cir. 1949).

The trial court erred in relying on length of use to find that an otherwise generic term could be rendered protectable as a trade name.

4. Alternatives/synonyms are not relevant.

It does not matter that other terms may be available to describe Defendants' goods and services. "The existence of synonyms for a term does not mean the term is not generic. There may be more than one term which the consuming public understands as designating a category of goods." Loctite Corp. v. National Starch & Chem. Co., 516 F.Supp. 190, 201 (S.D.N.Y. 1981) (holding that "Super Glue," "Instant Glue," and "Ten Second Glue" are all generic); see also Blinded Veterans Ass'n. 872 F.2d at 1041 ("A term need not be the sole designation of an article in order to be generic"); S. S. Kresge Co., 598 F.2d at 696; Convenient Food Mart, 690 F.Supp. at 1462. The trial court's reliance on its belief that Defendants had other names available to convey similar information was legal error.

5. Plaintiff's trade name is generic, as they admitted.

It was undisputed that Plaintiff is in the business of providing custom RV interiors. *CP at 24, 47, 48, 51* (the business is involved in "custom RV interiors", "installing custom interiors into recreational vehicles (RV's)", "the business was almost exclusively custom RV interiors", "installing custom RV interiors"). Ast Sr. described Plaintiff's business as one that "provides and installs all manner of

interior features for recreational vehicles.” *CP at 15*. Indeed, in its original briefing Plaintiff effectively admitted that its trade name was generic: “***Just as that name implies***, the corporation provides and installs all manner of interior features for recreational vehicles.” *CP at 5* (emphasis added). This is the definition of “generic.”.

The genericness of the term “custom RV interiors” is also demonstrated by the following cases, where the terms sought to be registered were found generic: In re Cell Therapeutics Inc., 67 USPQ2d 1795 (TTAB 2003) (CELL THERAPEUTICS INC. generic for pharmaceutical preparations and laboratory research and development services); In re American Institute of Certified Public Accountants, 65 USPQ2d 1972 (TTAB 2003) (CPA EXAMINATION held generic for "printed matter, namely, practice accounting examinations; accounting exams; accounting exam information booklets; and prior accounting examination questions and answers"); In re American Academy of Facial Plastic and Reconstructive Surgery, 64 USPQ2d 1748 (TTAB 2002) (FACIAL PLASTIC SURGERY held generic for training, association, and collective membership services, where evidence showed that the phrase "facial plastic surgery" is a recognized field of surgical specialization); In re A La Vieille Russie, Inc., 60 USPQ2d 1895 (TTAB 2001) (RUSSIANART generic for dealership services in the field of fine art,

antiques, furniture and jewelry); Continental Airlines Inc. v. United Airlines Inc., 53 USPQ2d 1385 (TTAB 1999) (E-TICKET generic for computerized reservation and ticketing of transportation services); In re Log Cabin Homes Ltd., 52 USPQ2d 1206 (TTAB 1999) (LOG CABIN HOMES generic for architectural design of buildings and retail outlets selling kits for building log homes); In re Web Communications, 49 USPQ2d 1478 (TTAB 1998) (WEB COMMUNICATIONS generic for consulting services to businesses seeking to establish sites on a global computer network); In re Central Sprinkler Co., 49 USPQ2d 1194 (TTAB 1998) (ATTIC generic for sprinklers installed primarily in attics); In re Stanbel Inc., 16 USPQ2d 1469 (TTAB 1990), aff'd, 20 USPQ2d 1319 (Fed. Cir. 1991) (ICE PAK for reusable ice substitute for use in food and beverage coolers held generic; even assuming a contrary holding, evidence submitted by applicant deemed insufficient to establish acquired distinctiveness); In re The Paint Products Co., 8 USPQ2d 1863 (TTAB 1988) (PAINT PRODUCTS CO. for "interior and exterior paints and coatings, namely, alkyd, oil, latex, urethane and epoxy based paints and coatings" held so highly descriptive as to be incapable of becoming distinctive; even assuming the term could function as a mark, applicant's evidence deemed insufficient to establish acquired distinctiveness); In re Half Price Books, Records, Magazines, Inc., 225 USPQ 219, 222 (TTAB

1984) (HALF PRICE BOOKS RECORDS MAGAZINES for retail book and record store services "is incapable of designating origin and any evidence of secondary meaning can only be viewed as 'de facto' in import and incapable of altering the inability of the subject matter for registration to function as a service mark"). Other terms found to be generic are surveyed in MCCARTHY to give context:

- CUSTOM BLENDED for gasoline grades blended personally for the motorist
- LOG CABIN HOMES for designing log cabin homes
- THE COMPUTER STORE for computer sales
- IMPORTED AUTO PARTS for selling foreign auto parts
- FACIAL PLASTIC SURGERY for a type of plastic surgery
- FLOWERS BY WIRE for intercity delivery of flowers by communication
- HAND HAMMERED WOK for hand made wok
- HARD TO FIND TOOLS for a tool mail order service
- PRECISION CUTS for haircut services
- YELLOW PAGES for business telephone directory

2 MCCARTHY §§ 12:10, 12:18

Based on the Plaintiff's own admissions, on the record evidence, and on case law attempting to discern the line between generic and descriptive terms, Plaintiff failed to establish that its unregistered trade name is not generic as a matter of law, as it is their burden to do. This is the necessary first step. The trial court failed to make this determination.

6. The 1926 Decision in Electric Supply Company is not good law, and has not been good law for some time.

Plaintiff has erroneously argued, throughout these proceedings, that Washington has not adopted a rule against protecting generic terms as trade names or trademarks:

THE COURT: But according to defendant. we don't get to secondary meaning if it's generic to start with.

MR. SHAFTON: Well, you see, that is incorrect if you look at the [Seattle Endeavors v. Mastro, 123 Wn.2d 339 (1994)] opinion... it talks about the strength of marks being on a continuum, but nowhere in that case does it say that the use of a generic mark cannot be protected.

*Transcr. at 9-10; see also, Trasncr. at 10, 12, 24; Pl. Resp. to Mot. for Discretionary Review at 11-12; Pl. Mot. for Modification at 9.* The trial court appeared to agree with Plaintiff that a generic name is protectable, as the court made no finding of secondary meaning.

Plaintiff has also repeatedly cited Electric Supply Company v. Hess, 139 Wash. 20 (1926) in their briefs for support of this view. Electric Supply Company is clearly not the law in Washington now and was incorrect in 1926, as it directly conflicts with John Vittuci Co., *supra* (pre-dating it) and Tradewell and Seattle Endeavors (post-dating it). The Supreme Court also stated the same longstanding Common Law rule very

clearly in Goodyear's, 128 U.S. at 604:

“Nor can a generic name, or a name merely descriptive of an article of trade, or its qualities, ingredients, or characteristics, be employed as a trademark, and the exclusive use of it be entitled to legal protection... The designation ‘Goodyear Rubber Company’ not being subject to exclusive appropriation, any use of terms of similar import, or any abbreviation of them, must be alike free to all persons.”

Thus, Electric Supply Co. was wrongly decided even under 1926 standards, but it certainly has been superceded by statute and case law since then. The case was decided *before* enactment of the Federal Lanham Act, *before* enactment of RCW 19.77.930 which directs Washington courts to interpret state trademark laws in conformity with the Lanham Act (which prohibits protection of generic terms), *before* the landmark decision in Abercrombie & Fitch, 537 F.2d 4 (which articulated the spectrum analysis of protectability), and *before* Seattle Endeavors, 123 Wn.2d 339 (which adopted and cited the very sections of MCCARTHY which layout the Abercrombie & Fitch methodology).

D. THE LOWER COURT ERRONEOUSLY GAVE DETERMINATIVE WEIGHT TO “INC.”

The trial court contravened long settled law by concluding that “Inc.” rendered an otherwise generic trade name distinctive and protectable:

“The name ‘Custom RV Interiors, Inc.’, while also describing the type of business, by using the term ‘Inc.’ clearly

communicates to the world that Plaintiff is holding itself out as a defined business entity, as opposed to simply describing the function engaged in.”

*CP at 90; see also, Transcr. at 18-19.*

“Inc.” and the ilk have never been given any significance in trademark law—to the contrary, long settled trademark/trade name law has rejected “Inc.” and the like as having any weight whatsoever. In Goodyear’s, 128 U.S. at 602-3, the Supreme Court held the term “Goodyear Rubber” was an unprotectable generic term describing rubber produced by the Goodyear process, and the Court stated the *per se* rule that indicators of business form such as “company” and “incorporated” cannot transform a generic, unprotectable, mark into a protectable mark:

“Names which are thus descriptive of a class of goods cannot be exclusively appropriated by any one. The addition of the word ‘Company’ only indicates that parties have formed an association or partnership to deal in such goods, either to produce or to sell them. Thus parties united to produce or sell wine, or to raise cotton or grain, might style themselves ‘Wine Company,’ ‘Cotton Company,’ or ‘Grain Company,’ but by such description they would in no respect impair the equal right of others engaged in similar business to use similar designations, for the obvious reason that all persons have a right to deal in such articles, and to publish the fact to the world. Names of such articles cannot be adopted as trademarks, and be thereby appropriated to the exclusive right of any one; nor will the incorporation of a company in the name of an article of commerce, without other specification, create any exclusive right to the use of the name.”

Id. Although it predates the Lanham Act, it is still recognized as the law

as it merely enunciated a longstanding and fundamental rule of trademark law. *See e.g. In re Steelbuildings.com*, 415 F.3d 1293 (recognizing continued validity of Goodyear's *per se* rule). This rule has been applied consistently under the Lanham Act. *See e.g.: Spex, Inc. v. Joy of Spex, Inc.*, 847 F.Supp. 567 (USDC ND Ill. 1994) (“Spex” unprotectable as merely descriptive and lacking sufficient proof of secondary meaning, and “Inc” is given no weight in determining protectability); In re Patent & Trademark Services Inc., 49 USPQ2d 1537 (TTAB 1998) (PATENT & TRADEMARK SERVICES INC. is merely descriptive of legal services in the field of intellectual property; the term "Inc." merely indicates the type of entity that performs the services and has no significance as a mark); In re The Paint Products Co., 8 USPQ2d 1863 (TTAB 1988) (denying registration “PAINT PRODUCTS CO.”, holding “Co.” is given no weight in determining whether a mark is registrable under the Lanham Act); In re E.I. Kane, Inc., 221 USPQ 1203 (TTAB 1984) (OFFICER MOVERS, INC. unregistrable; "Inc." adds no trademark significance); In re Industrial Relations Counselors, Inc., 224 USPQ 309 (TTAB 1984) (“INDUSTRIAL RELATIONS COUNSELORS, INC.” refused registration as generic, or merely descriptive but lacking evidence of secondary meaning, and no trademark significance attaches to the corporate identifier "Inc."); In re Packaging Specialists, Inc., 221 USPQ 917 (TTAB 1984) ("Inc." has no

source indicating or distinguishing capacity).

The trial court committed a clear error of law by relying on “Inc.” to find Plaintiff’s trade name protectable, rendering the injunction an abuse of discretion.

E. THE LOWER COURT FAILED TO REQUIRE PROOF OF SECONDARY MEANING – [1] THAT A SIGNIFICANT NUMBER OF PROSPECTIVE PURCHASERS [2] UNDERSTAND THE TERM WHEN USED IN CONNECTION WITH THE PARTICULAR KINDS OF GOODS OR SERVICES INVOLVED TO BE INDICATIVE OF AN ASSOCIATION WITH A SPECIFIC ENTITY

Even if the trial court’s Ruling could be interpreted as finding Plaintiff’s trade name descriptive rather than generic, the trial court lacked substantial evidence of secondary meaning to support a preliminary injunction. In fact, Plaintiff did not present any evidence of consumer perceptions – not even a single declaration or affidavit. Plaintiff, and the trial court, simply relied on prior use and anecdotal evidence of confusion as rendering secondary meaning “obvious.” Washington law requires much more than this to support a finding of secondary meaning.

“The existence of secondary meaning is a question of fact with the burden of proof on the party claiming exclusive rights in the designation...’Proof of secondary meaning entails vigorous evidentiary requirements...’” PaperCutter, 900 F.2d at 564. *Accord*, Zebra Distributing Co., 75 Wn.2d 326 (denying protection to descriptive trademark where plaintiff failed to

establish secondary meaning by clear evidence); Carter-Wallace, 434 F.2d at 799 (9th Cir. 1970) (finding no secondary meaning in plaintiff's mark prior to defendant's first use date). Here, Plaintiff's have provided no actual evidence to support their claim of secondary meaning. Being in business 15 years is not enough, nor is evidence of confusion.

Plaintiff must establish secondary meaning by showing that “[1] a **significant number of prospective purchasers** [2] understand the term when used in connection with the particular kinds of goods involved” to be “**indicative of an association with a specific entity.**” PaperCutter, 900 F.2d at 564 (ruling that the mark “PaperCutter” was unprotectable because, even though descriptive, the plaintiff had failed to meet the heavy burden of showing secondary meaning, and ordering that the federal trademark registration be cancelled) (emphasis added) (block numbering added)). “[S]econdary meaning is a question of fact with the burden of proof on the party claiming exclusive rights in the designation. Proof of secondary meaning entails vigorous evidentiary requirements” PaperCutter, 900 F.2d at 564 (internal quotations omitted). *See also Bank of Texas v. Commerce Southwest, Inc.*, 741 F.2d 785, 789 (5th Cir. 1989) (holding that evidence of actual confusion in which customers came to plaintiff's bank believing it to be associated with defendant did not support finding of secondary meaning *for plaintiff*); *and* 2 MCCARTHY §

15:45 (noting that plaintiffs are generally required to show that a “[1] *substantial segment* of the relevant group of consumers [2] made the requisite association between the symbol and source to prove secondary meaning.” (emphasis original) (block numbering added)). Moreover, “the more descriptive the term, the greater the evidentiary burden to establish secondary meaning”. Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc., 198 F.3d 1143, 1151 (9th Cir. 1999) (“Filipino Yellow Pages” is “[s]uch a weak descriptive mark [it] could be a valid trademark only with a strong showing of strong secondary meaning”).

Plaintiff utterly failed on both prongs. Plaintiff did not provide a substantial segment of relevant purchasers—in fact plaintiff did not provide any. Plaintiff did not provide any evidence that anybody associated Customer RV Interiors, Inc. with Plaintiff.

Here, there is simply no evidence in the record that a substantial share of the relevant consumers in the market associate the term “custom RV interiors” as Plaintiff’s operation. Courts consider a variety of factors in evaluating claims to secondary meaning, including: (1) direct consumer testimony regarding the associations triggered by the mark; (2) scientific surveys of consumers; (3) evidence regarding the exclusivity, length, and manner of use of the mark; (4) the amount and manner of advertising using the mark; (5) the amount of sales and number of customers; (6) the

extent to which the mark has an established place in the market; and (7) proof of intentional copying. Filipino Yellow Pages, 198 F.3d at 1151.

In the instant case, Plaintiff produced no direct testimony of consumers regarding the associations triggered by “Custom RV Interiors”, not even a single declaration, much less a survey of consumers, scientific or otherwise, to gauge consumer attitudes. Plaintiff did not produce any evidence of the nature and content of its advertising, nor did Plaintiff show the effect of that advertising on customer attitudes. *See, e.g.,* Platinum Home Mortgage Corp. v. Platinum Financial Group, Inc., 149 F.3d 722 (7th Cir. 1998) (noting that the content of advertising is as important as its quantity); Carter-Wallace Inc., 434 F.2d at 802 (emphasizing that it is the effect of advertising, rather than its quantity, that ultimately matters for secondary meaning). Here, Plaintiffs relied on mere assertion: “Obviously, the trade name ‘Custom RV Interiors,’ a name that has been in use for more than fifteen (15) years is distinctive.” *CP at 9.*

Plaintiff’s proffered proof of secondary meaning amounts to (weak) circumstantial evidence of vendor confusion which may have been caused by Plaintiff themselves, and unattributed hearsay statements. This is not “substantial evidence,” especially in the circumstance of requesting the extraordinary relief of a preliminary injunction.

Thus, even assuming the name is descriptive, and not generic, the

elevated burden of proving secondary meaning has not been met in the least. Absent proof of secondary meaning, Plaintiff's mark is not an enforceable right, neither at Common Law nor under the CPA.

1. Plaintiff's unproven allegations of "confusion" are not relevant to protectability, and likely Plaintiff's own fault.

Plaintiff argues confusion and cites alleged statements of suppliers and vendors, but alleged confusion among vendors is not what courts evaluate in determining the initial question of *protectability* – i.e. whether a trade name has acquired secondary meaning in the minds of *consumers*. Confusion for purposes of secondary meaning focuses on *purchasers*, not *vendors*. PaperCutter, 900 F.2d at 564 (Secondary meaning requires that “a significant number of *prospective purchasers* understand the term when used in connection with the particular kinds of goods involved” to be “indicative of an association with a specific entity.” (emphasis added)); 2 MCCARTHY § 15:45 (noting that plaintiffs are generally required to show that a “*substantial segment* of the relevant group of consumers made the requisite association between the symbol and source to prove secondary meaning” (emphasis original)).

In Japan Telecom, Inc. v. Japan Telecom America, Inc., 287 F.3d 866, 873-76 (9<sup>th</sup> Cir. 2002), the court found plaintiff failed to show secondary meaning to make its descriptive trade name protectable. The

plaintiff submitted evidence tending to show actual confusion by vendors: (1) affidavit of the company president as to some misdirected letters and confused telephone calls, and (2) declarations of business associates who had personal relationships with the principal of the company claiming to be confused by the two names. The court easily dismissed this as slim evidence of actual confusion, if at all, and certainly not enough to establish secondary meaning to make the descriptive trade name protectable. The court discounted the weight of the “interested” witnesses who claimed confusion, because being confused by itself is “not enough to establish a ‘mental recognition in buyers’ and potential buyer’s minds’ between Japan Telecom’s trade name and a single source”, and, moreover, they were “interested” witnesses, entitled to little weight. Id. Regarding the declaration of the president of the company, there were a couple of misdirected letters, which could have been clerical errors, and in fact one of them was from a supplier, rather than a buyer, and an allegation of telephone calls made for someone else. Id. This too was insufficient to establish a link in purchasers’ minds identifying the asserted term with plaintiff as a source of goods or services. Id.

Compare the insufficient attempt at proof through confusion in Japan Telecom to the facts of this case. Here, Plaintiff cites a phone call from a salesperson, an e-mail from a vendor, and unattributed statements

from “customers”. *See CP at 18-23*. The email referred to demonstrates only that the vendor sent the email to David Ast’s old email address, not that they were confused about which company was which. The Court may take judicial notice that many email programs automatically provide an email address when a personal name is typed in (e.g. if a user typed in “David Ast” the program would automatically fill in an existing email address), so this only demonstrates that the sender had not updated their email addresses, not that they were confused by Defendants’ trade name. Further, as of the date of the email (December 20, 2006) Plaintiff still advertised Defendants as employees with their pictures on Plaintiff’s website. *CP at 33*. And, if Defendants were fired in October why had Plaintiff not closed Defendants’ personal email accounts as of December 20 – more than two months later - when they were already in the process of filing a lawsuit? Thus, even if there was confusion among a single vendor – which is debatable at best – it was likely the fault of Plaintiff and not evidence of secondary meaning in consumer minds.

Plaintiff’s co-owner, BJ Warner, whose purchase of Plaintiff triggered the October firing of Defendants, on December 20, 2006 made a declaration, at the end of which he stated that “[s]everal customers have expressed confusion as well...that our business is in fact owned by Larry J. Ast.” A bare conclusion without details from a highly interested witness

carries little if any weight. More importantly, the statement does not establish a linking association in consumers minds between “custom RV interiors” and Plaintiff but merely confusion over who Larry Ast is.

2. Defendants’ prior attempt to purchase Plaintiff is not evidence of a protectable trade name.

The mere fact that a business has goodwill does not equate to a finding that a significant portion of the consuming public associates a descriptive term with Plaintiff as the source of the goods. Plaintiff has contended that Defendants’ prior attempted purchase of Plaintiff business from their father is proof of secondary meaning, but this argument lacks merit. *See Pl. Resp. to Def. Mot. for Discretionary Review*. Virtually all going business concerns have some goodwill--but not all businesses have protectable names. A protectable trademark or trade name indicates the existence of some goodwill, but not vice versa. For example in SurgiCenter, *supra*, undoubtedly an operating clinic performing surgery had significant goodwill. But the court had no problem recognizing the purported trade name “SURGICENTER” was generic and thus not protectable. In Japan Telecom, *supra*, undoubtedly the plaintiff had some goodwill as a going business operation, i.e. a difference between market value and assets, yet the court ruled the name was not protectable because there was only minimal evidence of secondary meaning.

3. No Secondary Meaning Was Shown

Thus, even assuming the name was found descriptive and not generic, the elevated burden of proving secondary meaning was not met. Absent proof of secondary meaning, Plaintiff's mark is not an enforceable right, neither at Common Law nor under the CPA. The trial court lacked substantial evidence to find Plaintiff had proven they have acquired secondary meaning in the term "Custom RV Interiors" to render it a protectable trade name.

F. THE LOWER COURT RELIED UPON A CLEARLY ERRONEOUS FINDING OF FACT

The lower court stated, as its very first finding, the following:

"The facts are undisputed. Plaintiff has used this name ["Custom RV Interiors, Inc."] as a registered trade name for approximately 15 years, at a business location in Clark County."

*Opinion, CP at 89.*

This finding was clearly erroneous and significantly influenced the trial court as it was one of few findings of fact made in the Ruling, the substance of which totaled less than two pages in length. The record evidence clearly shows Plaintiff registered under the fictitious trade name "Custom RV Interiors, Inc." only on October 13, 2006. *See App. A & Transcr. at 2-3 & 47-8.* Defendants, conversely, registered their corporate name "Custom RV Interiors, Inc." dba "Dave & LJ's Custom RV

Interiors, Inc.” in July of 2006. *CP at 15*. This alone is enough to vacate the Order, but in combination the errors of law discussed above the record compels reversal of the Order as an abuse of discretion.

The lower court may well have been lead into this unsupportable finding due to Plaintiff’s responses during oral argument. In response to direct questions, Plaintiff skirted the trial court’s question regarding registration --

THE COURT: Is that [Plaintiff’s] trade name registered with the state?

MR. SHAFTON: It is now, under – it is now under RCW 19.80.

THE COURT: What do you mean by now? I mean, since when?

MR. SHAFTON: I would say within the last – before the suit was filed.

*Transcr. at 2-3*

Plaintiff supplemented the record on Friday, January 5, 2007 after close of the January 2, 2007 oral argument by filing a printout of Plaintiff’s “Master Business Application Record of Filing” as an attachment to a Declaration of Larry V. Ast **dated January 2, 2007**. *See Transcr. at 47-8*. The Ast Declaration was filed in support of a separate *Motion for Preliminary Injunction Concerning Trade Secrets* (which Motion Plaintiff later withdrew voluntarily). *See App. A*. Plaintiff’s Master Business Application Record of Filing shows that Plaintiff

registered their corporation's dba of "Custom R.V. Interiors Incorporated" on October 13, 2006 – three months after Defendants registered their corporation as "Custom RV Interiors, Inc." with a dba of "Dave and LJ's Custom RV Interiors, Inc."

G. THE LOWER COURT ERRONEOUSLY FOUND A PER SE VIOLATION OF THE CPA

The trial court applied an incorrect legal standard by assuming a *per se* violation of the CPA in any case of trade name infringement, no matter how weak the trade name. Although the trial court made no specific findings regarding the CPA, Plaintiff's claims of trade name infringement were brought under the CPA. Thus, in order to issue a preliminary injunction the trial court necessarily had to find not merely that there was a likelihood of trade name infringement, but that such infringement violated the CPA. In Seattle Endeavors the court clearly held that trade name infringement does not, in itself, amount to a *per se* CPA violation where the owner's interest in the name is weak. Seattle Endeavors, 123 Wn.2d at 349-50 ("*We emphasize that this is not a per se rule*, but rather a function of what we perceive as the overlapping nature of proof in both trade name infringement cases and Consumer Protection Act violations." (emphasis original)). The court declined to find a violation of the CPA due largely to the weakness of the mark "Willow"

when used with apartments, despite finding the mark itself inherently distinctive. Id., 123 Wn.2d at 350-51. Although the Seattle Endeavors court also found that any infringement was inadvertent in that particular case, the court emphasized that where an owner possessed a weak interest in a trade name then an accused infringer is not automatically liable under the CPA if they utilize even minor variations when they hold themselves out to the public. Id. Plaintiffs here also base their claims of trade name infringement and damages on the CPA, but presented no evidence that any potential infringement (even with a protectable trade name) would rise to the level of violating the CPA. Nor did the trial court so find.

H. ATTORNEYS FEES FOR WRONGFUL ISSUE OF INJUNCTIVE RELIEF

This Court should award Defendants their attorneys fees and costs incurred in dissolving the wrongful issue of the injunction. Attorneys' fees may be awarded on equitable grounds in an action dissolving a wrongfully issued injunction or restraining order. 1 WASH. PRAC., METHODS OF PRACTICE § 13.3A (4th ed.) (citing Alderwood Assocs. v. Washington Env'tl Council, 96 Wn.2d 230, 247 (1981)). The purpose of the rule is to deter plaintiffs from seeking relief prior to a trial on the merits. WASH. PRAC., id. (citing Ino Ino, Inc. v. Bellevue, 132 Wn.2d 103, 143 (1997), *opinion amended* Wn.2d , 943 P.2d 1358 (1997)). The award may exceed

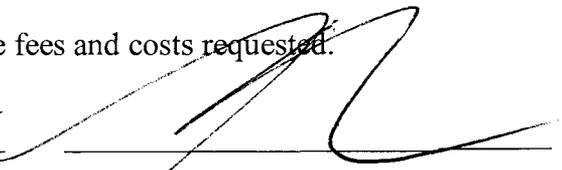
the amount of the bond required by CR 65(c) because the award is based on equity rather than the bond statute. WASH. PRAC., id. (citing Ino Ino)

Here, Plaintiff has continually argued a clearly incorrect reading of Washington law that generic trade names are protectable in Washington, and the trial court relied upon these arguments in issuing its injunction. Plaintiff failed to correct the trial court's obviously mistaken finding of fact regarding the time that their trade name was registered, which the trial court relied upon. Plaintiff sought and obtained a preliminary injunction without presenting evidence of secondary meaning. Plaintiff's actions have imposed a heavy financial burden on Defendants, both in legal costs and disruption to their business. Plaintiff's actions were clearly aimed at preventing legitimate competition. Based on these factors Defendants are entitled to assessment of attorneys fees and costs in defending and appealing this preliminary injunction.

#### VI. CONCLUSION

This Court should reverse the trial court, vacate the preliminary injunction, and award the fees and costs requested.

DATED 8/9/07

  
KURT M. RYLANDER, WSBA No. 27819  
MARK E. BEATTY, WSBA No. 37076  
(360) 750-9931  
Attorneys for  
Defendants/Appellants/Petitioners

# APPENDIX

Internet Master Business Application



Master License Service  
 Department of Licensing  
 P O Box 9034  
 Olympia WA 98507-8034

Master Business Application Record of Filing

**Congratulations!** The application has been submitted with the following information. Print this page for your records. This is your receipt.

If you find any mistakes, please enter your corrections on the next screen.

Filing Information

Filing Date and Time: Oct 13 2006 3:13:50:000PM Pacific Time  
 UBI Issued:  
 Application Transaction #: 20062865265  
 (Refer to this number if you have questions about this application.)  
 Credit Card Approval #: 1607776300003322364262  
 Last 5 digits of Credit Card #: 77377  
 Credit Card type: Master Card

Purpose of Application

Register Trade Name

Ownership Structure

Ownership Structure: Corporation  
 Federal Employer ID Number (FEIN): 911419037  
 Unified Business ID (UBI): 601082369  
 Business ID:  
 Location ID:  
 Business Location Address: 9333 ne hwy 99  
 Business Location City: vancouver  
 State: WA

Business Information On File

Legal Business Name: CUSTOM AUTO INTERIORS INCORPORATED  
 Legal Name: CUSTOM AUTO INTERIORS INCORPORATED  
 Date of Incorporation: April 1988  
 State of Incorporation: WA

Governing Person(s)

Person 1:  
 Title(s): Secretary, Treasurer  
 Name: DANA L AST  
 Phone:

**Internet Master Business Application**

Birth Date:  
SSN:  
Percent Owned:

Does this Governing Person have a spouse?

**Person 2:**

Title(s): President, Director  
Name: LARRY V AST  
Phone:  
Birth Date:  
SSN:  
Percent Owned:

Does this Governing Person have a spouse?

**Business Information**

Business Firm Name (doing business as): CUSTOM R.V. INTERIORS INCORPORATED  
Mailing Address: 9333 NE HWY 99  
VANCOUVER, WA 98665

Is this application for a business with a Washington State location? Yes

Will you have employees working in Washington State within 90 days? Yes

**Business Location Information**

Location Address: 9333 NE HWY 99  
VANCOUVER, WA 98665

Is this business located within the city limits? No

Do you want a separate tax return for each location or trade name? No

First date of business: April 1988

Phone: (360) 576-1036

Fax Number: (360) 576-1091

Email Address: plnthair@gte.net

Estimated Gross Income: \$100,001 and above

Products sold and Services provided: INSTALLATION AND SALES OF RV AND MARINE FURNITURE AND INTERIOR/EXTERIOR UPGRADES

Business activities in Washington State: Retail

**Hire Employees**

Hiring:

**Internet Master Business Application**

Adults

Do you have employees working at more than one location in Washington State?

No

Unemployment Insurance:

All locations combined

Workers' Compensation:

All locations combined

**Optional Insurance**

**Trade Name(s)**

Business Firm Name (doing business as):

CUSTOM R.V. INTERIORS INCORPORATED

Have you previously registered this name as a Trade Name in Washington (under this ownership structure)?

No

New name(s):

CUSTOM R.V. INTERIORS INCORPORATED  
 CUSTOM R.V.  
 R.V. INTERIORS  
 CUSTOM R.V. AND MARINE INTERIORS  
 MY FLEXSTEEL.COM  
 FLEXSTEEL RV FURNITURE.COM  
 FLEXSTEEL MARINE FURNITURE.COM

Previously registered name(s):

CUSTOM R.V. SALES

**Fee Review**

Processing Fee:

\$15.00

Trade Name Registrations (7 x \$5.00):

\$35.00

Amount Charged to Credit Card:

\$50.00

Prepared by:

DANA AST

Phone:

(360) 576-1036

By checking this box, I declare under penalty of perjury under the laws of the State of Washington that I am the applicant or authorized representative of the firm making this application and that the information provided in this application, including any additional information provided separately, is true, correct and complete.

Yes

**Your application has been completed and submitted. We will review your application within the next 24 business hours. Your license document will be mailed after all licenses are approved. Please allow 14 business days to receive your license in the mail.**

Please Print this page for your records.

**Continue**

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DIVISION II  
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COURT OF APPEALS OF THE STATE OF WASHINGTON  
DIVISION II

CUSTOM AUTO INTERIORS, INC.,

Plaintiff/Respondent,

-vs-

Court of Appeals No. 35869-7-II

CUSTOM RV INTERIORS, INC., et al.,

Superior Court No. 06-2-06432-5

Defendants/Appellants

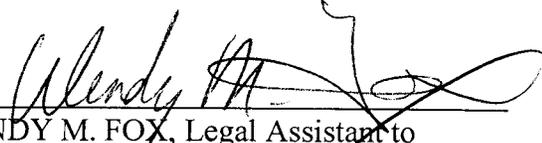
CERTIFICATE OF SERVICE

I HEREBY CERTIFY under penalty of perjury of the laws of the State of Washington that on the date signed below I served a copy of each of the following documents: Brief of the Appellant, Certificate of Filing, and this Certificate of Service, and by hand delivery, to attorney of record for Plaintiff:

Ben Shafton  
Caron, Colven, Robison & Shafton, P.S.  
900 Washington Street, Suite 1000  
Vancouver, WA 98660

DATED This

August 9, 2007



WENDY M. FOX, Legal Assistant to  
KURT M. RYLANDER, WSBA No. 27819  
Of Attorneys for Defendants

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COURT OF APPEALS OF THE STATE OF WASHINGTON  
DIVISION II

CUSTOM AUTO INTERIORS, INC.,

Plaintiff/Respondent,

-vs-

CUSTOM RV INTERIORS, INC., et al.,

Defendants/Appellants

Court of Appeals No. 35869-7-II

Superior Court No. 06-2-06432-5

CERTIFICATE OF FILING BY MAIL UNDER RAP 18.6

I HEREBY CERTIFY under penalty of perjury of the laws of the State of Washington that on the date signed below I filed the following documents: Brief of the Appellant, Certificate of Service, and this Certificate of Filing, by U.S. Express Overnight Mail, postage prepaid, during normal business hours, with the Court of Appeals of the State of Washington, Division II, address as follows:

Clerk of the Court, David Ponzoha  
Washington State Court of Appeals, Division Two  
950 Broadway, Suite 300  
Tacoma, WA 98402-4454

DATED This August 9, 2007.

  
WENDY M. FOX, Legal Assistant to  
KURT M. RYLANDER, WSBA No. 27819  
Of Attorneys for Defendants

