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ORIGINAL

IN THE COURT OF APPEALS OF
THE STATE OF WASHINGTON
DIVISION I

67032-8-I

DAVID N. BROWN, INC., *dba* Fox Plumbing & Heating

Appellant

v.

ACT NOW PLUMBING LLC, *dba* Gary Fox Plumbing & Heating

Respondent.

BRIEF OF RESPONDENT ACT NOW PLUMBING LLC

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TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION AND SUMMARY OF ARGUMENT.....	1
II. statement of the case.....	3
A. Origins of Plaintiff's Company, <i>FOX PLUMBING</i>	3
B. The Plaintiff's Mark – FOX Mark.....	3
C. Plaintiff's 1 ST Trademark: TM #015131 (Expired).....	4
D. Origins of Gary Fox Plumbing.....	4
E. Plaintiff's 2 nd Trademark: TM #32143 (Expired).....	6
F. In 2004, Plaintiff Acknowledges that GFP Mark is Distinguishable from FOX Mark.....	6
G. Plaintiff Attempts to Purchase <i>GARY FOX PLUMBING</i> in 2004 and 2008.....	8
H. Respondent/Defendant Act Now Plumbing LLC.....	8
1. Defendant's Principal Begins Working for Gary Fox.....	8
2. Defendant Purchases <i>GARY FOX PLUMBING</i> from Gary Fox in October 2008 – Disputed Fact, but Not Material to Likelihood of Confusion.....	9
3. Defendant's Principal Forms Act Now Plumbing LLC – Starts Doing Business under the GFP Mark.....	12
I. Plaintiff Files Current Lawsuit against the Defendant.....	12
J. Plaintiff's 3 rd Trademark: TM # 53595 (Cancelled), and Plaintiff's 4 th Trademark: TM # 53846.....	14
K. Trial Court Denies Plaintiff's Motion for Partial Summary Judgment.....	15
L. Defendant Files a Motion for Summary Judgment.....	15

1. While the Summary Judgment Motion is Pending, the Plaintiff Contacts Gary Fox, and Obtains an Alleged Assignment of the Mark from Gary Fox – Not Material to Likelihood of Confusion.	16
M. Court Grants Defendant’s Motion for Summary Judgment and Dismisses All of Plaintiff’s Claims with Prejudice.	17
N. Plaintiff Files Partial Appeal of Summary Judgment.	18
O. Disputed Issues of Fact Regarding the Sales and Assignment of the GFP Mark, as well as Credibility Determinations Regarding those Assignemnts, are Not Material to Likelihood of Confusion.	19
III. argument	20
A. Standard of Review	20
B. Though Plaintiff’s Claims are Based in State Law, Federal Case Law is Persuasive Authority.	20
C. The Trial Court Properly Held that, as a Matter of Law, There was No Reasonable Likelihood of Confusion between Plaintiff’s and Defendant’s Marks.	21
1. The Touchstone of Trademark Infringement is Likelihood of Confusion.	21
2. <i>All</i> of Plaintiff’s Claims Require a Finding of “Likelihood of Confusion” between the FOX and GFP Marks.	22
3. Likelihood of Confusion may be Determined as a Matter of Law on Summary Judgment.	23
4. Test for Likelihood of Confusion: Multi-Factor Test, but Single Factor can be Dispositive, Especially if that Factor is Dissimilarity of the Marks.	24
5. Dissimilarity of the Marks is Dispositive: There is NO Reasonable Likelihood of Confusion.	26

6. Because the Marks are So Dissimilar, the Court Need Not Analyze the Remaining Sleekcraft factors.	32
7. Even if the Court Examines the Remaining Sleekcraft Factors, Summary Judgment is Still Appropriate on the Basis of No Reasonable Likelihood of Confusion.	33
i. Actual Confusion.	34
ii. Similarity of Services.	37
iii. Similarity of Marketing Channels.	37
iv. Strength of FOX Mark.	38
v. Intent to Deceive.	38
vi. Likelihood of Expansion into Other Markets.	40
vii. Degree of Care.	40
D. Alternatively, Plaintiff’s Admissions are Dispositive in Showing No Likelihood of Confusion.	41
E. The Trial Court Properly Held that, as a Matter of Law, <i>All</i> of Plaintiff’s Claims Fail Due to No Likelihood of Confusion.	46
F. In addition, Plaintiff’s Statutory Trademark Infringement Claim <i>also</i> Fails for Lack of Standing –Not Appealed.	47
G. Denial of Plaintiff’s Motion for Partial Summary Judgment did Not Bar the Trial Court from Later Granting Summary Judgment in Favor of Defendant.	47
H. Plaintiff’s Arguments Regarding Laches and Acquiescence are Superfluous.	48
I. Alleged Discovery Abuses Are Untrue and Immaterial.	49
IV. CONCLUSION.	50

TABLE OF AUTHORITIES

	<u>Page</u>
<u>Federal Cases</u>	
<u>Alchemy II, Inc. v. Yes! Entm't Corp.</u> , 844 F. Supp. 560 (C.D. Cal. 1994).....	31, 34, 36
<u>American Cyanamid Co. v. Nutraceutical Corp.</u> , 54 F.Supp.2d 379 (D. N.J. 1999).....	31
<u>AMF, Inc. v. Sleekcraft Boats</u> , 599 F.2d 341 (9th Cir. 1979)	24, 33
<u>Anderson v. Liberty Lobby, Inc.</u> , 477 U.S. 242 (1986).....	20
<u>Bigfoot 4x4, Inc. v. BearFoot, Inc.</u> , 5 U.S.P.Q.2d 1444 (T.T.A.B. 1987).....	37
<u>Boston Duck Tours, LP v. Super Duck Tours, LLC</u> , 531 F.3d 1 (1st Cir. 2008).....	31
<u>Brookfield Communications, Inc. v. West Coast Entertainment Corp.</u> , 174 F.3d 1036 (9th Cir. 1999)	24
<u>Cal. Fruit Growers Exch. v. Sunkist Baking Co.</u> , 166 F.2d 971 (7th Cir. 1947)	46
<u>CBS, Inc. v. Man's Day Publishing Co.</u> , 205 U.S.P.Q. 470 (T.T.A.B. 1980).....	41
<u>Cooperative Quality Marketing, Inc. v. Dean Milk Co.</u> , 314 F.2d 552, 555(C.C.P.A. 1963).....	29
<u>Croton Watch Co. v. Laughlin</u> , 208 F.2d 93 (2d Cir. 1953)	41, 42, 43, 46
<u>D&J Master Clean, Inc. v. ServiceMaster Co.</u> , 181 F.Supp.2d 821 (S.D.Ohio 2002).....	35, 36
<u>Duluth News-Tribune v. Mesabi Publ'g Co.</u> , 84 F.3d 1093 (8th Cir.1996)	33, 34
<u>E.I. du Pont de Nemours & Co.</u> , 476 F.2d 1357 (C.C.P.A. 1973).....	41

<u>eAcceleration Corp. v. Trend Micro, Inc.</u> , 408 F.Supp.2d 1110 (W.D.Wash.2006)	22, 23
<u>Entrepreneur Media, Inc. v. Smith</u> , 279 F.3d 1135 (9th Cir. 2002)	39
<u>Flagstar Bank, FSB v. Freestar Bank, N.A.</u> , 687 F. Supp. 2d 811 (C.D. Ill. 2009)	29
<u>Hormel Foods Corp. v. Jim HensonProds., Inc.</u> , 73 F.3d 497 (2d. Cir. 1996)	30
<u>iCARumba Inc. v. Inter-Industry Conference on Auto Collision Repair</u> , 57 U.S.P.Q.2d 1151 (W.D. Wash. 2000).....	32, 33, 38
<u>In re Chatam Intern. Inc.</u> , 380 F.3d 1340 (Fed. Cir. 2004)	26
<u>Karoun Dairies, Inc., v. Los Altos Food Products, Inc.</u> , No. 99-7323, slip op. at 7-9 (C.D. Cal. Dec. 13, 2002).....	25
<u>Kellogg Co. v. Pack'em Enterprises, Inc.</u> , 951 F.2d 330 (Fed. Cir. 1991)	25
<u>La Mexicana Inc. v. Sysco Corp.</u> , 49 U.S.P.Q.2d 1204 (W.D. Wash. 1998).....	passim
<u>Merriam-Webster, Inc. v. Random House, Inc.</u> , 35 F.3d 65 (2d Cir. 1994)	31
<u>Murray v. Cable Nat. Broadcasting Co.</u> , 86 F.3d 858 (9th Cir. 1996)	21, 23
<u>Mushroom Makers, Inc. v. R.G. Barry Corp.</u> , 441 F.Supp. 1220 (SDNY 1977)	46
<u>Nat'l Res., Inc. v. Nova Res., Inc.</u> , 214 U.S.P.Q. 121, 128 (D.Md. 1981).....	37
<u>Nautilus Group, Inc. v. ICON Health and Fitness, Inc.</u> , 372 F.3d 1330 (Fed. Cir. 2004)	22, 26, 34, 35
<u>Nautilus Group, Inc. v. Savvier</u> , 427 F.Supp.2d 990 (W.D. Wash. 2006)	passim
<u>Newton v. Thomason</u> , 22 F.3d 1455, 1463 (9th Cir. 1994)	39

<u>NFL Properties, Inc. v. Wichita Falls Sportswear, Inc.,</u> 532 F.Supp. 651 (W.D. Wash. 1982)	21
<u>Nora Beverages, Inc. v. Perrier Group of America, Inc.,</u> 269 F.3d 114 (2d. Cir. 2001)	25
<u>Odom's Tennessee Pride Sausage, Inc. v. FF Acquisition,</u> <u>L.L.C.,</u> 600 F.3d 1343 (Fed. Cir. 2010)	23, 24, 25
<u>Official Airline Guides, Inc. v. Goss,</u> 6 F.3d 1385 (9th Cir. 1993)	26
<u>One Industries, LLC v. Jim O'Neal Distributing, Inc.,</u> 578 F.3d 1154 (9th Cir. 2009)	passim
<u>Resource Developers, Inc. v. Statue of Liberty-Ellis Island</u> <u>Found., Inc.,</u> 926 F.2d 134 (2d Cir. 1991)	25
<u>Richdel, Inc. v. Mathews Co.,</u> 190 U.S.P.Q. 37 (T.T.A.B. 1976)	44, 45
<u>Riverhead Paints Plus, Inc. v. PPG Industries, Inc.,</u> 2 U.S.P.Q.2d 2035 (E.D.N.Y. 1987)	25
<u>Safeworks, LLC v. Teupen America, LLC,</u> 717 F.Supp.2d 1181 (W.D. Wash. 2010)	22
<u>Star Industries, Inc. v. Bacardi & Co. Ltd.,</u> 412 F.3d 373 (2d. Cir. 2005)	40
<u>Swedish Beer Exp. v. Can. Dry Corp.,</u> 469 F.2d 1096 (C.C.P.A.1972)	46
<u>Toho Co., Ltd. v. Sears, Roebuck & Co.,</u> 645 F.2d 788 (9th Cir. 1981)	20
<u>Toro Co. v. GrassMasters Inc.,</u> 66 U.S.P.Q.2d 1032 (T.T.A.B. 2003)	30
<u>Welding Services, Inc. v. Forman,</u> 509 F.3d 1351 (11th Cir. 2007)	33
<u>Woodsmith Publishing Co. v. Meredith Corp.,</u> 11 U.S.P.Q.2d 1651 (S.D. Iowa 1989)	25

State Cases

Barrie v. Hosts of Am., Inc.,
94 Wn.2d 640, 618 P.2d 96 (1980)..... 20

Benchmark Land Co. v. City of Battle Ground,
94 Wn. App. 537, 972 P.2d 944 (1999)..... 48

Cedar-Al Products, Inc. v. Chamberlain,
38 Wn. App. 626, 687 P.2d 880 (1984)..... 23, 25

DelRosario v. DelRosario,
116 Wn.App. 886, 68 P.3d 1130 (2003)..... 11

Dowler v. Clover Park School Dist. No. 400,
--- Wn.2d ---, 258 P.3d 676 (Wash. 2011)..... 20

Foster v. Carter,
49 Wn. App. 340, 742 P.2d 1257 (1987)..... 48

Hubbard v. Scroggin,
68 Wn. App. 883, 846 P.2d 580 (1993)..... 48

Keifer v. City of Seattle Civil Serv. Comm'n,
87 Wn. App. 170, 940 P.2d 704 (1997)..... 3

Labriola v. Pollard Group,
152 Wn.2d 828, 100 P.3d 791 (2004)..... 11

Le Maine v. Seals,
47 Wn.2d 259, 287 P.2d 305 (1955)..... 26, 32

Miss World (UK) Ltd. v. Mrs. America Pageants,
856 F.2d 1445, 1451 (9th Cir. 1998)..... 27

Pac. Coast Condensed Milk Co. v. Frye,
85 Wash. 133, 147 P. 865 (1915) 26

Pioneer First Fed. Sav. and Loan Ass'n v. Pioneer Nat'l
Bank,
98 Wn.2d 853, 659 P.2d 481 (1983)..... 21, 22

Ripley v. Lanzer,
152 Wn. App. 296, 215 P.3d 1020 (2009)..... 49

Seven Gables Corp. v. MGM/UA Entm't Co.,
106 Wn.2d 1, 721 P.2d 1 (1986)..... 20

Suarez v. Newquist,
70 Wn. App. 827, 855 P.2d 1200 (1993)..... 49

State Statutes

RCW 19.77 20, 21
RCW 19.77.030(1)(f)..... 44
RCW 19.77.140(1)..... 21
RCW 19.77.930 21

State Rules

CR 11 49
LCR 59(b) 18, 49
RAP 2.5 49
RAP 9.12..... 49
RAP 9.12, 10.3(a)(5)..... 3

Books and Other Materials

McCarthy on Trademarks §23:14 35

I. INTRODUCTION AND SUMMARY OF ARGUMENT

Appellant/Plaintiff David Brown, Inc. *dba* Fox Plumbing & Heating (“**Plaintiff**”) is a major player in the Seattle metropolitan area’s retail plumbing business, as anyone knows who watches Metro buses adorned with its trademarked advertising featuring a cartoon fox fixing a leaky pipe on a yellow backdrop (hereinafter, the “**FOX mark**”):



Respondent/Defendant Act Now Plumbing LLC *dba* Gary Fox Plumbing (“**Defendant**”), owned by a Ukrainian immigrant who has limited English proficiency, is a small Kent plumbing company which serves as David to Fox Plumbing’s Goliath. In 1984, Plaintiff Fox Plumbing sued Defendant’s predecessor in business, Gary Fox, alleging trade mark infringement based on its using the name “Fox Delux” and a fox animal logo of a fox in its mark. That suit was resolved with a stipulated order barring use of a fox logo but allowing use of the name

“Gary Fox”. What was “Fox Delux” became “Gary Fox Plumbing,” and instead of a fox logo a cartoon plumber logo was adopted (hereinafter referred to as the “GFP mark”):



In 2009, Fox Plumbing again sued Gary Fox Plumbing (now owned by the Defendant) for trademark infringement, seeking to enjoin its use of the “fox” name all together. The dispositive legal issue in Plaintiff Fox Plumbing’s suit and appeal is this: *based on viewing the FOX mark and the GFP mark, will an appreciable number of people be confused between the two companies?* This respondent’s brief establishes that, on numerous bases, the answer is—as a matter of law—a categorical **No**. As the trial court agreed when it granted Defendant’s motion for full summary judgment, no reasonable person could find the GFP and FOX marks confusingly similar when viewed in their entirety as they appear in they regularly appear in the marketplace.

By way of preview and succinct summary of all that is to follow, however, we ask the Court to turn to **Appendix A** and compare instances

of the FOX mark and the GFP mark as they regularly appear. That really is all that needs to be said (and seen) in support of affirmance.

II. STATEMENT OF THE CASE

A. Origins of Plaintiff's Company, *FOX PLUMBING*.¹

Defendant accepts as accurate, for the purposes of this appeal, the Plaintiff's recitation of facts in Section VI.A of Plaintiff's Brief.

B. The Plaintiff's Mark – FOX Mark.

With one exception, Defendant accepts as accurate, for appeal purposes, the facts stated in Section VI.B of Plaintiff's Brief. The exception is Plaintiff's claim that at all times it has used the FOX mark in both word form and as part of various designs emphasizing the word "Fox" in its mark. (Pl.'s Br. 6.) Plaintiff cites no record evidence support its contention that the FOX mark is used in word form absent the fox logo.² In fact, all evidence in the record reflects that Plaintiff uses its FOX mark *with* the accompanying logo. (CP 256-277.) Not to mention, *all* of Plaintiff's past and present registrations for the FOX mark explicitly state or show that the mark includes an image of a fox fixing pipe. (CP 334-

¹ Both the defendant and plaintiff have used the words "Plumbing" and "Plumbing & Heating" in their company names somewhat interchangeably. (See, e.g., CP 252, 256-277.)

² In support of this contention, Plaintiff cites "CP 32". However, CP 32 is a citation to a motion made by the Plaintiff in this case. A citation to a party's own brief or memorandum is *not* a citation to *evidence* in the record. See Keifer v. City of Seattle Civil Serv. Comm'n, 87 Wn. App. 170, 172 n.1, 940 P.2d 704 (1997). Therefore, it should be disregarded. See id.; RAP 9.12, 10.3(a)(5). Moreover, even if it were evidence, CP 32 says absolutely nothing to support Plaintiff's contention that it uses the name in word form absent the fox logo.

335, 338-346.) Clearly, the trademark registrations themselves are proof positive that the Plaintiff does not consider the company name, *absent the fox logo*, to be the company's mark.

C. Plaintiff's 1ST Trademark: TM #015131 (Expired).

On June 27, 1984, the Plaintiff registered a trademark with the Washington Secretary of State for "'Fox Plumbing & Heating with design,' with a depiction of a fox attired in top coat and service hat holding a wrench in his right hand and a leaking pipe in his left hand." (CP 326 at ¶3; CP 334-35.) This trademark expired on June 27, 1994. *Id.*

D. Origins of Gary Fox Plumbing.

Gary Fox was an employee of *VIRGIL FOX PLUMBING AND HEATING* (which would later become *FOX PLUMBING*) from 1980 to 1981. (CP 316-318.) In October 1982, Gary Fox began operating a plumbing business in Kent under the mark *FOX DELUX PLUMBING*. (CP 317 at ¶3.) Similar to the *FOX* mark, the *FOX DELUX PLUMBING* mark also included a fox logo. (CP 322, 335.)

On October 29, 1984, the Plaintiff filed suit against Gary Fox's legal entities for trademark and trade name infringement, seeking to enjoin Gary Fox from advertising under or using the trade name *FOX DELUX* or using an image of a fox in its mark. (CP 375-381.) On or about November 8, 1984, the King County Superior Court entered a preliminary

injunction enjoining Gary Fox from the same during the pendency of the lawsuit. (CP 383-385.) On January 9, 1985, after being informed by the Plaintiff that it would not allow Gary Fox to use the word “delux” in his business name (CP 387), Gary Fox informed the Plaintiff that “[i]n the future [his] business will be known as ‘GARY FOX PLUMBING’.” (CP 389.) Gary Fox also provided the Plaintiff with a proof of its new mark at that time. See id. Soon thereafter, the Plaintiff and Gary Fox “reached agreement as to the terms and conditions of [a] permanent injunction,” which was entered by the court on or about May 24, 1985 (hereinafter “Agreed Permanent Injunction”). (CP 391-394.) The Agreed Permanent Injunction enjoined Gary Fox, his entities, “and their officers, agent, employees, representatives and all persons acting in concert or participating with them,” from both (a) using a trademark containing an image of a fox, and (b) “using the trade name ‘FOX DELUX’ in any form of display or advertising whatsoever anywhere in King County.” (CP 392 at ¶1; CP 394.) As part of the agreed injunction, Gary Fox was allowed to use the name *GARY FOX PLUMBING*, so long as it did not include an image of a fox in the mark. (See id. See also CP 396.)

Contrary to the statement on page 7 of Plaintiff’s Brief, the 1984/85 court never “found in favor of” the Plaintiff, nor did it find “actual confusion,” nor trademark infringement. (See CP 383-385, 391-

394.) The 1984 trial court issued two orders in that case: (1) a Preliminary Injunction and Order to Show Cause (CP 383-385), and (2) an *Agreed* Permanent Injunction (CP 391-394). Neither of these orders contains a single finding of fact or conclusion of law. Certainly, neither says anything about “actual confusion” nor “trademark infringement.” Nor did the court ever enter a finding on the merits in favor of the Plaintiff.

In accordance with the Agreed Permanent Injunction, for the next 23 years (1985-2008) Gary Fox continued to operate his business under the name *GARY FOX PLUMBING* (or slight variations thereof) with a mark containing the company name next to the company logo – an image of a burly plumber rather than a fox – and the company slogan. (CP 264-272, CP 256-262; CP 578).

E. Plaintiff's 2nd Trademark: TM #32143 (Expired).

On April 5, 2004, Plaintiff registered a trademark with the Washington Secretary of State for “Fox Plumbing & Heating with design,” the design being a picture of a fox fixing a leaky pipe. (CP 338-39.) The trademark expired on April 5, 2009 and was not renewed. See id.

F. In 2004, Plaintiff Acknowledges that GFP Mark is Distinguishable from FOX Mark.

In 2004, after discovering that *GARY FOX PLUMBING* was being listed as “*FOX GARY PLUMBING*” in one of the telephone directories, Plaintiff's counsel wrote to Gary Fox warning him that using the name

FOX GARY PLUMBING infringed on the Plaintiff's trademark. (CP 396-

397.) As letter reads in pertinent part:

Your history with our client includes litigation in 1984 which resulted in a court ordered injunction prohibiting your use of the trademark FOX DELUX and the fox design incorporated in our client's logo. Parties agreed to this injunction after assurances that your company name would likely change to G.L.F. Mechanical and an understanding that while you could use your name "Gary Fox" in connection with your business in the State of Washington....

Your use of the name GARY FOX PLUMBING is somewhat distinguished from my client's trademark because the proper name "Gary Fox" is included. Consumers can recognize "Gary Fox" as an individual's name and arguably avoid confusion with FOX PLUMBING & HEATING. However, when advertisements or directory listings list your business as FOX GARY PLUMBING wherein "FOX" precedes "GARY", the consumer does not readily recognize FOX GARY as a proper name. This results in confusion with our client's trademark. Confusion is strengthened by the fact that the name FOX GARY PLUMBING precedes FOX PLUMBING & HEATING alphabetically and will be the first listing a consumer sees in the yellow pages, a main source of advertising for the plumbing industry.

Please know, that if you were to sell your plumbing business with a trade name that includes the word "fox", the 1984 injunction and this letter will need to be disclosed as a material disclosure. Any purchaser of the tradename and business will be subject to the terms of the injunction.

(CP 396-398, emphasis added.)

Shortly thereafter, Gary Fox resolved the issue by instructing the phone company to fix the error, and list his company as "Gary Fox [Plumbing]" rather than "Fox, Gary [Plumbing]." (CP 402; CP 578 at 56.)

Gary Fox did business under the GFP mark until late 2008 when he sold the company to the Defendant. (See CP 271-272; CP 578-579.)

G. Plaintiff Attempts to Purchase *GARY FOX PLUMBING* in 2004 and 2008.

The Plaintiff attempted to purchase the GFP mark from Gary Fox in 2004 (CP 398-402), and again in the summer of 2008 (CP 404-409). On both occasions, Gary Fox declined to sell. (See CP 400-409.)

H. Respondent/Defendant Act Now Plumbing LLC.

1. Defendant's Principal Begins Working for Gary Fox.

Igor Ivanchuk (the Defendant's principal and sole member, hereinafter "Igor") is a Ukrainian immigrant who cannot read or write English, speaks only broken English and has "a lot of trouble understanding" spoken English. (CP 432: CP 579 at 68:14-24; CP 593 at 246:13-17.) In 2007, Gary Fox hired his friend Igor to work for *GARY FOX PLUMBING* as a plumber's helper. (CP 432 at ¶¶2-4; CP 579 at 65:1-6.) While working for Gary Fox, Igor obtained a Washington State Plumber Trainee License in May 2008. *Id.* In the Spring of 2008, Gary Fox informed Igor that he had lung cancer, and that he would be willing to sell Igor his company *GARY FOX PLUMBING*. *Id.* at ¶5. In anticipation, Igor began purchasing some of *GARY FOX PLUMBING*'s assets, including several of the company vans/trucks. (CP 433 at ¶9.)

2. **Defendant Purchases *GARY FOX PLUMBING* from Gary Fox in October 2008 – Disputed Fact, but Not Material to Likelihood of Confusion.**

In Fall 2008, Gary Fox and Igor reached an agreement on terms for the purchase and sale of *GARY FOX PLUMBING*. *Id.* at ¶10. On or about October 27, 2008, Gary Fox and Igor executed a Purchase and Sale Agreement (“October PSA”) and a Bill of Sale for the transfer of *GARY FOX PLUMBING* to Igor. (CP 433 at ¶10; CP 436-443.) As part of this transaction, Gary Fox transferred the goodwill, name, mark and assets of *GARY FOX PLUMBING* to Igor. (CP 436-443.)

However, the Plaintiff contends that the October PSA was never consummated because terms were never finalized and Igor never paid the purchase price to Gary Fox. (Pl.’s Br. 16-17.) The Plaintiff claims that instead the only binding agreement between Gary Fox and Igor is a Purchase and Sale Agreement dated January 2, 2009 (“January PSA”), which states that Gary Fox was selling his company assets to Igor – such as the client list, phone number and supplies – but not the GFP mark. *Id.*

However, contrary to Plaintiff’s statement, terms *were* agreed to between Igor and Gary Fox for the purchase and sale of *GARY FOX PLUMBING* (entire business assets, including the GFP mark), payment was made to Gary Fox, and a Bill of Sale was also executed by Igor and

Gary Fox, all prior to January 2009.³

³ Because this factual dispute is not material to the issues on appeal, Defendant only responds in brief to the eight bullet points on pages 16-17 of Plaintiff's Brief:

- **Bullet 1:** Contrary to Plaintiff's statement, terms were agreed to for the purchase and sale of *GARY FOX PLUMBING* (entire business assets, including name/mark), payment was made to Gary Fox, and a Bill of Sale was also executed by Igor and Gary Fox, all prior to January 2009. The October PSA between Gary Fox and Igor clearly states that it is for the sale of the entire business, "including related trademarks" for \$15k. (See CP 598 at ¶3). Gary Fox willingly took Defendant's \$15k, aware that Defendant expected the \$15k was for the entire business, including the name. (See CP 583-584 at 130:13-19, 142:18-143:16; CP 597).
- **Bullet 2:** Plaintiff's claim that Defendant wrongfully edited the terms of the October PSA is equally untrue. These edits were done by Nazary Ivanchuk (Igor's son), *at Gary Fox's request*. (See CP 616-617 at 11:19-12:3; CP 622 at 39:3-40:7.)
- **Bullet 3:** Though Gary Fox testified that he did not sign the amended PSA or Bill of Sale (both assigning the GFP marks to Defendant), his testimony is not credible as both documents contain what appears to be his signature (see CP 604-609), and he was consistently unable to identify his own signatures throughout his deposition including the signature on his own declaration, (see, e.g. CP 581-582 at 104:15-105:6; CP 591-592 at 223:13-18, 244:4-8), and the trial court questioned his credibility. (RP Vol. 1 at 33:23-34:4.)
- **Bullets 4, 7 & 8:** As Gary Fox testified, Igor cannot read or write in English, can only speak "broken" English, and has "a lot of trouble understanding" spoken English. (CP 579 at 68:14-24; CP 593 at 246:13-17. See also CP 615 at 7:2). Igor's understanding of the January PSA was based entirely on Gary Fox's misleading explanation that it transferred the entire business (see CP 614-615 at 6:22-7:16). The Oatman and Sather Declarations do not support Plaintiff's argument that Igor properly understood the January PSA. (See Pl.'s Br. 17 at bullets 5-6.) The Oatman declaration says nothing about whether the PSA was read or explained to Igor, nor does Oatman contend that Nazary Ivanchuk was present at signing. (See CP 459-460 at ¶¶ 2-3.) Likewise, the statements in the Sather declaration – regarding Igor's ability to read English, and overhearing a conversation on Jan. 2, 2009 – are directly contradicted by Gary Fox's own testimony. (Compare CP 459-460 at ¶¶ 2-3, with CP 580 at 94:10-95:14 {Gary Fox testified only Igor and/or Nazary were ever present during discussions regarding sale}, and CP 579 at 68:14-24; CP 593 at 246:13-17 {Gary Fox testified that Igor could not read/write English}).
- **Bullet 5:** The January PSA, which states "Igor shall not use Gary Fox Plumbing," is not enforceable as a matter of law. Prior to January 2009, Igor and Gary Fox had already consummated an agreement for the purchase and sale of the company, including the GFP mark, and Gary Fox had accepted payment from Igor. (See *supra* Bullet 1). The January PSA represents a modification/substitution not supported by additional consideration. The January PSA is for the same amount of money as the October PSA, \$15k, but now excludes the right to use the *GARY FOX PLUMBING* name. (See CP 594.) Gary Fox concedes that Igor paid him the entire \$15k well before Jan. 2, 2009. (CP 587 at 166:22-167:25; CP 597.) The Defendant began operating as *GARY FOX PLUMBING* shortly thereafter in November/December 2008.

The Defendant concedes that this is a disputed fact issue. However, as discussed further below, this disputed issue is not material to the either of the bases upon which the trial court granted summary judgment.

Although the parties do dispute whether or not the GFP mark was sold to the Defendant, at the very least, the parties agree that Gary Fox sold some of the company assets to the Defendant, such as trucks, equipment, client list and phone numbers. (See Pl.'s Br. 16-17.)

(See CP 629-630 at 18:1-9, 77:15-21.) The January PSA represents a modification/substitution of terms from the October PSA, whereby Igor now forbears the right to use the *Gary Fox Plumbing* name. This forbearance is not supported by any additional consideration, as Igor had already paid Gary Fox for the entire company, including its name. Therefore, this modification/substitution is not enforceable. See Labriola v. Pollard Group, 152 Wn.2d 828, 834, 100 P.3d 791 (2004) (“Independent, additional, consideration is required for the valid formation of a modification or subsequent agreement. There is no consideration when ‘one party is to perform some additional obligation while the other party is simply to perform that which he promised in the original contract.’”). The January PSA is also voidable on the basis that Igor could not read English, and he was misled as to the terms of the January PSA by Gary Fox. (See supra Bullet 4.) A person unable to read a contract due to illiteracy or unfamiliarity with its language may later avoid it if he or she reasonably relied on another's erroneous translation or explanation of it.” DelRosario v. DelRosario, 116 Wn.App. 886, 898, 68 P.3d 1130 (2003), rev'd in part, 152 Wn.2d 375(2004). Furthermore, Gary Fox never told Defendant that it could not use the *Gary Fox Plumbing* name. (CP 618-619 at 17:13-18:22; CP 623 at 68:19-23; CP 626 at 77:13-16, 78:10-17.) In fact, Gary Fox admitted that he was aware that Igor intended to do business as *Gary Fox Plumbing*, that both parties understood the intent was for Igor to use the *Gary Fox Plumbing* mark (see CP 583 at 130:13-130:19, CP 584 at 142:18-143:16, and CP 597) and that prior to Jan. 2009 he never told Igor or Nazary not to use the mark. (CP 586 at 154:15-21.) And, after April 2009 he never told Defendant to stop using the mark, despite believing Defendant had never stopping using it. (CP 585 at 151:20-24, CP 589 at 202:16-21.)

• **Bullet 6:** Contrary to Plaintiff's statement, Igor testified that he did not recall taking a copy of the January PSA with him after it was signed. (CP 507 at 8:5-7.)

3. Defendant's Principal Forms Act Now Plumbing LLC – Starts Doing Business under the GFP Mark.

Contemporaneous with his purchase of *GARY FOX PLUMBING*, Ivanchuk formed the Defendant's legal entity Act Now Plumbing LLC, registered the trade name *GARY FOX PLUMBING* for that entity, and began doing business as *GARY FOX PLUMBING* in late 2008. (CP 433 at ¶12; CP 629-630.) Since acquiring *GARY FOX PLUMBING*, the Defendant has continued to use the GFP mark in more or less the same form as it had been used by Gary Fox since 1985. (*Id.*; see CP 265-277.)

Plaintiff's contentions in Section IV.D of Plaintiff's Brief regarding the Defendant are largely untrue and unsupported by any citation to the record on review.⁴ For instance, Defendant's principal Igor Ivanchuk *did* have experience in the plumbing field prior to acquiring *GARY FOX PLUMBING*. (CP 432 at ¶¶2-4.)

I. Plaintiff Files Current Lawsuit against the Defendant.

On October 15, 2009, the Plaintiff filed the current lawsuit against the Defendant, asserting causes of action for:

- (1) statutory trademark imitation and statutory trademark dilution under RCW 19.77 (collectively referred to hereinafter as "statutory trademark infringement"),
- (2) unfair competition and consumer protection act violations (RCW 19.86) (referred to hereinafter as "CPA"), and

⁴ The citations in Plaintiff's Brief to CP 51-66 should be stricken per RAP 9.12. These documents are not part of the record on review as they were not brought to the attention of the trial court when it considered Defendant's motion for summary judgment that is the subject of this appeal. (See Respondent's Motion to Strike, Nov. 4, 2011).

- (3) tortious interference with business expectations and relations (referred to hereinafter as “TI”).

The Plaintiff would later amend its Complaint to add a claim for common-law trademark infringement. (See Pl.’s Br. 12.)

The Plaintiff’s Complaint alleges, *inter alia*, that the Defendant infringed on Plaintiff’s 1st Trademark #015131 – the only trademark referenced in the Plaintiff’s Complaint. (CP 2, 13-14.) This allegation – that the GFP mark infringes on the FOX mark – is the underlying basis for all of the Plaintiff’s claims. (CP 415-416 at ¶¶5.2, 6.3; CP 215.) However, Plaintiff did not have any trademarks registered in Washington on the dates its Complaint was filed and verified. (CP 272-273, 334-347, 687 at 3:23-26.)

Plaintiff contends in its Brief that Defendant uses the GFP mark in both word form and as part of various designs, and that Defendant always emphasizes the word “Fox” in the GFP mark. (Pl.’s Br. 8.) The Plaintiff does not cite to any evidence in the record to support this contention.⁵ Moreover, as discussed further below, the Plaintiff’s portrayal of a snippet image of the GFP mark (Pl.’s Br. 8) grossly misrepresents how the mark is portrayed. (See *infra* Page 31.) The fact is, the GFP mark does not appear in the marketplace absent its logo, a cartoon plumber, and it is crystal clear

⁵ See *supra* Note 2.

from viewing the full GFP mark that the logo is dominant, not the word “Fox.” (See, e.g., Appendix A; CP 252, 260-262, 271-277.)

In addition, Plaintiff’s contentions in Section IV.F of its Brief regarding incidents of actual confusion are largely unsupported by the record on review.⁶ The Defendant did not admit that it was aware of the FOX mark prior to adopting the GFP mark, nor did it admit that it received customer complaints for services it performed under the GFP mark, nor did it admit to receiving correspondence or inquiries looking for or believing the Defendant to be associated with the Plaintiff or the FOX mark. Plaintiff fails to cite any evidence in the record on review to support these statements. The only “evidence” put forth by Plaintiff regarding actual confusion are phone logs, which are insufficient to raise an issue of material fact, if even admissible. (See infra Pages 34-37.)

J. Plaintiff’s 3rd Trademark: TM # 53595 (Cancelled), and Plaintiff’s 4th Trademark: TM # 53846.

On October 21, 2009, after this lawsuit had been commenced, the Plaintiff was issued a Washington trademark registration for “Logo consisting of Fox fixing a pipe with the name of the company, ‘Fox Plumbing & Heating’ and tagline ‘get out of the box...call fox!’” (CP

⁶ See supra Note 4.

341-42, 272-273.) Plaintiff cancelled this trademark on March 16, 2010.⁷ That same day, five months after filing this lawsuit, the Plaintiff registered a new trademark for “‘Fox Plumbing & Heating’ with an image of a fox fixing a leaking pipe.” (CP 344-347.)

K. Trial Court Denies Plaintiff’s Motion for Partial Summary Judgment.

On April 12, 2010, the Plaintiff filed a motion for partial summary judgment on its claims for statutory trademark infringement and CPA violations. (CP 29-38.) On July 19, 2010, the trial court issued an Order denying Plaintiff’s motion. (CP 205-208.)⁸ Plaintiff notes that the July 19, 2010 Order says that the Plaintiff holds a valid Washington Trademark #53864. (Pl.’s Br. 11.) While this is true (CP 206, 344), the Plaintiff fails to mention that Trademark #53864 was not issued until March 16, 2010, seven months after the lawsuit had been commenced, and obviously was not mentioned in Plaintiff’s October 2009 Complaint. (CP 1-16.)

L. Defendant Files a Motion for Summary Judgment.

On January 4, 2011, Defendant filed a motion for summary judgment on *all* of the Plaintiff’s claims. (See CP 227-250.) Defendant moved for summary judgment on the following bases:

⁷ See CP 277 (citing WATM 53595, TRADEMARKSCAN-WASHINGTON (Westlaw) (status listed “cancelled” on 3/16/10)).

⁸ Notably, the Plaintiff did not appeal the July 19, 2010 Order. (See CP 715-721.)

- As to solely Plaintiff's statutory trademark infringement cause of action (RCW 19.77.140-.150), Defendant moved for summary judgment on the following bases:
 - (1) Plaintiff lacked standing for that claim be the Plaintiff did not have a existing registered trademark on the date it commenced the action; and
 - (2) it was barred by the statute of limitations.
- As to all of Plaintiff's causes of action (infringement, CPA, tortious interference), Defendant moved for summary judgment on the following bases:
 - (1) as a matter of law there is no likelihood of confusion between Plaintiff's and Defendant's marks;
 - (2) laches; and
 - (3) estoppel by acquiescence.

(See CP 227, 234, 250.)

1. **While the Summary Judgment Motion is Pending, the Plaintiff Contacts Gary Fox, and Obtains an Alleged Assignemt of the Mark from Gary Fox – Not Material to Likelihood of Confusion.**

Then, while Defendant's motion was pending, unbeknownst to the Defendant's counsel, Plaintiff's counsel had contacted Gary Fox and was negotiating with him for an assignment of the GFP mark (even though it was not Gary's to assign). (See CP 587 at 168; CP 533-535.) According to Gary Fox, a deal was reached in December to sell the name to the Plaintiff for \$25,000, and Gary Fox agreed to participate in the infringement case against Defendant as needed (CP 533 at 185:7-14; CP 632-636.) However, the Plaintiff did not alert Defendant that it had received an assignment from Gary Fox until January 21, 2011, only a few days before the Plaintiff's opposition brief was due. (CP 497-499.) At the

same time the Plaintiff's counsel alerted Defendant's counsel to the January PSA, again at least a month after the Plaintiff apparently knew of its existence. See id. In its January 21 letter to Defendant's counsel, Plaintiff's counsel not only demanded that the Defendant withdraw motion for summary judgment, which was supposedly "without merit in light of this evidence," but also made a number of other demands on the Defendant which Plaintiff could not reasonably have believed the Defendant was in a position to comply with. (See CP 498-499.) In light of the fact, that the Plaintiff now acknowledges that the new evidence was only material to the Defendant's laches, acquiescence and statute of limitation defenses (see Pl.'s Br. 37), the Plaintiff's demands on January 21 that Defendant withdraw its supposedly meritless motion and concede the case, seem far-fetched.

M. Court Grants Defendant's Motion for Summary Judgment and Dismisses All of Plaintiff's Claims with Prejudice.

On March 15, 2011, the trial court heard oral argument on Defendant's motion and then took the motion under consideration. On March 24, 2011, the trial court issued an Order Granting Defendant's Summary Judgment Motion. (CP 716-718.)

Subsequently, on April 4, 2011, the Plaintiff filed a motion for clarification or reconsideration of the trial court's March 24 Order. (CP

683-696.)⁹ On April 14, 2011, the trial court issued an Order Clarifying the Court's March 24, 2011 Order Granting Defendant's Motion for Summary Judgment. (CP 719-721.) In this order the trial court clarified the March 24, 2011 Order as follows:

(1) The Court's March 24, 2011 Order was based on the Court finding that Plaintiff lacked standing to assert its first cause of action for statutory trademark infringement.

(2) The Court's March 24, 2011 Order was based on the Court finding that as matter of law there is no reasonable likelihood of confusion between the Plaintiff's and Defendant's Marks.

(3) The Court's March 24, 2011 "Order Granting Defendant's Summary Judgment Motion" granted Defendant summary judgment on *all* of the Plaintiff's causes of action.

(4) By the Court's March 24, 2011 "Order Granting Defendant's Summary Judgment Motion", all of the Plaintiff's causes of action are DISMISSED WITH PREJUDICE.

(CP 720.)

N. Plaintiff Files Partial Appeal of Summary Judgment.

On April 15, 2011, the Plaintiff filed a Notice of Appeal. (CP 713-721.) The Plaintiff appealed parts 2, 3 and 4 of the court's clarified order. (CP 713-714, 720.) The Plaintiff did not appeal part 1 of the court's clarified order, dismissing Plaintiff's statutory trademark infringement claim for lack of standing. Id. (See also Pl.'s Br. 2.)

⁹ Defendant filed a response to the Plaintiff's motion for clarification (see CP 697-707), but, in accordance with LCR 59(b), Defendant did not respond to the motion for reconsideration (see CP 697).

O. **Disputed Issues of Fact Regarding the Sales and Assignment of the GFP Mark, as well as Credibility Determinations Regarding those Assignemnts, are Not Material to Likelihood of Confusion.**

Importantly, none of the evidence presented by Plaintiff regarding the assignment (or lack thereof) of trademark rights, between Gary Fox and Defendant or Gary Fox and the Plaintiff, is at all material to Defendant's no likelihood of confusion argument upon which it prevailed on summary judgment. In fact, the Plaintiff essentially admits in its brief that the sale of the GFP mark is *not* material to the likelihood of confusion issue. (See Pl.'s Br. 21-30 [not a single mention of the purchase of the GFP mark anywhere in Plaintiff's argument regarding likelihood of confusion], 37 [noting arguments to which dispute over purchase of the GFP mark was relevant]). Importantly, the trial court granted summary judgment on the basis of (1) standing, and (2) no likelihood of confusion between the marks. Whether or not Gary Fox sold the GFP mark to the Defendant is entirely immaterial to both of those bases for summary judgment, as standing had to do only with the Plaintiff's failure to register its *own* mark, and likelihood of confusion has to do with the characteristics of the mark itself together with the characteristics of the business in which it is beign used. The Plaintiff's arguments regarding the sale and assignment of the mark are immaterial to the inquiry on likelihood of confusion.

III. ARGUMENT

A. Standard of Review

The Court of Appeals reviews summary judgment rulings *de novo*, “engaging in the same inquiry into the evidence and issues called to the attention of the trial court.” Dowler v. Clover Park School Dist. No. 400, - -- Wn.2d ---, 258 P.3d 676, 683 (Wash. 2011) (citing RAP 9.12). A summary judgment will be affirmed if there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. Id. “A material fact is one upon which the outcome of the litigation depends.” Barrie v. Hosts of Am., Inc., 94 Wn.2d 640, 642, 618 P.2d 96 (1980). Factual disputes whose resolution would not affect the outcome of the suit are irrelevant to the consideration of a motion for summary judgment. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). The nonmoving party cannot rely on speculation but must assert specific facts in order to defeat summary judgment. Seven Gables Corp. v. MGM/UA Entm't Co., 106 Wn.2d 1, 13, 721 P.2d 1 (1986).

B. Though Plaintiff's Claims are Based in State Law, Federal Case Law is Persuasive Authority.

The Plaintiff's statutory and common infringement claims are rooted in state law, not federal law (CP 4-5). See RCW 19.77; Toho Co., Ltd. v. Sears, Roebuck & Co., 645 F.2d 788, 791 (9th Cir. 1981) (state law governs a common law infringement claim as “there is no federal common

law of trademark infringement.”). However, federal case law is considered to be persuasive authority on Washington state infringement claims. See RCW 19.77.930 (instructing state courts to be “guided by the interpretation given by the federal courts” to the federal trademark laws when interpreting the state trademark statute, RCW 19.77).

C. The Trial Court Properly Held that, as a Matter of Law, There was No Reasonable Likelihood of Confusion between Plaintiff’s and Defendant’s Marks.

1. The Touchstone of Trademark Infringement is Likelihood of Confusion.

“Likelihood of confusion is the keystone to any trademark infringement action.... absent a showing of likelihood of confusion there is no actionable wrong.” NFL Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F.Supp. 651, 659 (W.D. Wash. 1982); Pioneer First Fed. Sav. and Loan Ass’n v. Pioneer Nat’l Bank, 98 Wn.2d 853, 860 n.1, 659 P.2d 481 (1983) (Washington “State follows a ‘likelihood of confusion’ standard for trademark infringement claims”); RCW 19.77.140(1). “A likelihood of confusion exists when a consumer viewing a service mark is likely to purchase the services under a mistaken belief that the services are, or associated with, the services of another provider.” Murray v. Cable Nat. Broadcasting Co., 86 F.3d 858, 861 (9th Cir. 1996). “The confusion must be probable, not simply a possibility.” Id. (cites and quotes omitted.) Moreover, “trademark infringement is only actionable

when a mark is likely to confuse an *appreciable* number of people as to the source of the product.” Nautilus Group, Inc. v. ICON Health and Fitness, Inc., 372 F.3d 1330, 1338 (Fed. Cir. 2004) (quotations omitted); One Industries, LLC v. Jim O’Neal Distributing, Inc., 578 F.3d 1154, 1163 (9th Cir. 2009).

2. ***All of Plaintiff’s Claims Require a Finding of “Likelihood of Confusion” between the FOX and GFP Marks.***

Not only does the Plaintiff’s statutory infringement claim depend on a finding of likelihood of confusion, so do *all* the Plaintiff’s other claims (common-law infringement, CPA, TI) in this case. Washington State courts have adopted the same “likelihood of confusion” test for both common law and statutory infringement and unfair competition claims. eAcceleration Corp. v. Trend Micro, Inc., 408 F.Supp.2d 1110, 1114 (W.D.Wash.2006) (citing Pioneer, 98 Wn.2d at 860 n.1). The elements necessary to establish a likelihood of confusion for these claims in Washington are the same. Id. “Absent unusual circumstances, the analysis of a CPA claim will follow that of the trademark infringement and unfair competition claims; it will turn on the likelihood of confusion regarding a protectable mark.” Safeworks, LLC v. Teupen America, LLC, 717 F.Supp.2d 1181, 1192 (W.D. Wash. 2010). Furthermore, Plaintiff’s Complaint explicitly predicates its CPA and TI claims on trademark

infringement. (CP 5-6 at ¶¶ 5.2, 6.3.) Therefore, the following analysis of likelihood of confusion is equally relevant to all of Plaintiff's claims.

3. Likelihood of Confusion may be Determined as a Matter of Law on Summary Judgment.

In an appropriate trademark infringement case, likelihood of confusion may be determined as a matter of law at summary judgment. Murray, 86 F.3d at 860-61; Odom's Tennessee Pride Sausage, Inc. v. FF Acquisition, L.L.C., 600 F.3d 1343, 1345-47 (Fed. Cir. 2010). See, e.g., One Industries, 578 F.3d at 1162-66; La Mexicana Inc. v. Sysco Corp., 49 U.S.P.Q.2d 1204, 1206, 1208-9 (W.D. Wash. 1998); Nautilus Group, Inc. v. Savvier, 427 F.Supp.2d 990, 994-95, 999 (W.D. Wash. 2006).¹⁰ See also Cedar-Al Products, Inc. v. Chamberlain, 38 Wn. App. 626, 629, 687 P.2d 880 (1984) (court of appeals reversed, ordered summary judgment in favor of defendant on basis that identifying characteristics were “sufficiently dissimilar to avoid any likelihood of source confusion”).¹¹

¹⁰ For additional examples of cases where the courts have determined no likelihood of confusion on summary judgment as a matter of law, See *infra* Note 12.

¹¹ Though the Cedar-Al case was a trade-dress infringement case, rather than a trademark infringement case, it is equally applicable here since “a trade dress infringement claim requires a plaintiff to satisfy the same elements as a trademark infringement claim with one additional requirement: the trade dress must be non-functional (i.e., not essential to the use or purpose of the product).” eAcceleration, 408 F.Supp.2d at 1114. Functionality was not the basis for summary judgment in the Cedar-Al case, rather summary judgment was granted based on appearance being sufficiently dissimilar to avoid any likelihood of confusion. Cedar-Al, 38 Wn. App. at 627-28, 629.

4. **Test for Likelihood of Confusion: Multi-Factor Test, but Single Factor can be Dispositive, Especially if that Factor is Dissimilarity of the Marks.**

The Plaintiff asserts that the appropriate test for “likelihood of confusion” is the eight-factor test enumerated in AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348–49 (9th Cir. 1979). (Pl’s Br. at 22.) While the eight-factors enumerated in Sleekcraft may be applicable in some cases, “it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors.” One Industries, 578 F.3d at 1162 (“We have long cautioned that applying the Sleekcraft test is not like counting beans ... Some factors are much more important than others”). *“The similarity of the marks will always be an important factor. Where the two marks are entirely dissimilar, there is no likelihood of confusion.... Nothing further need be said.”* Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1054 (9th Cir. 1999) (emphasis added); Odom's Tennessee Pride Sausage, 600 F.3d at 1346-47 (A “single ... factor may be dispositive in a likelihood of confusion analysis, especially when that single factor is the dissimilarity of the marks.”). In fact, on numerous occasions courts have granted summary judgment on likelihood of confusion, in favor of the

alleged infringer, based solely on the dissimilarity of the marks.¹² Such is the case here – the distinct dissimilarity between the FOX and GFP marks justified granting summary judgment in favor of the Defendant.

¹² See, e.g., Cedar-Al, 38 Wn. App. at 626-627, 629 (determining that appearance of product was “sufficiently dissimilar to avoid any likelihood of source confusion,” holding that “as a matter of law” summary judgment should have been granted in favor of the Defendant”); One Industries, 578 F.3d at 1165 (affirming summary judgment in regards to one of the marks at issue solely on the basis that it was “dramatically different” in appearance from the plaintiff’s mark); Karoun Dairies, Inc., v. Los Altos Food Products, Inc., No. 99-7323, slip op. at 7-9 (C.D. Cal. Dec. 13, 2002) (“A defendant may prevail on a summary judgment motion if the defendant shows a lack of any triable issue of fact on likelihood of confusion due to the distinctly dissimilar marks.”), aff’d (9th Cir. 2004); Odom’s Tennessee Pride Sausage, 600 F.3d at 1346-47 (affirming summary judgment on basis of dissimilarity; holding that even if all other factors weighed in favor of likelihood of confusion, “the dissimilarity of the marks was a sufficient basis to conclude that no confusion was likely.”); Kellogg Co. v. Pack’em Enterprises, Inc., 951 F.2d 330, 333 (Fed. Cir. 1991) (affirming granting summary judgment in favor of Defendant, where summary judgment had been granted on sole base of “dissimilarity of the marks in their entirety”); Resource Developers, Inc. v. Statue of Liberty-Ellis Island Found., Inc., 926 F.2d 134, 141-42 (2d Cir. 1991) (affirming summary judgment on basis that marks were “so materially different that no question of fact was presented on the issue of likelihood of their confusion”); Nora Beverages, Inc. v. Perrier Group of America, Inc., 269 F.3d 114, 122-23 (2d Cir. 2001) (holding that dissimilarity in appearance of marks “alone negates any possibility of a likelihood of confusion and provides sufficient basis for affirming the district court’s grant of summary judgment”); Riverhead Paints Plus, Inc. v. PPG Industries, Inc., 2 U.S.P.Q.2d 2035, 2037-38 (E.D.N.Y. 1987) (granting summary judgment to defendant on basis of visual dissimilarity between marks: “if a visual comparison of the marks by the court reveals that they are not substantially similar, the court may grant summary judgment for the defendant.”); Flagstar Bank, FSB v. Freestar Bank, N.A., 687 F. Supp. 2d 811, 825 (C.D. Ill. 2009) (summary judgment of no likelihood of confusion; “[w]hen the marks are considered as a whole, the colors featured on each mark, coupled with the graphical differences in their representation, the differences in name, and Freestar’s slogan, overcome the minimal similarities of the marks and render them clearly distinguishable in the marketplace.”); American Cyanamid Co. v. Nutraceutical Corp., 54 F.Supp.2d 379, 389 (D. N.J. 1999) (“The dissimilarities between the marks fully support the Court’s conclusion ... that no reasonable trier of fact could find the use of defendant’s labels to create a likelihood of confusion as to source. The Court determines that, in this case, the appearance of the marks is dispositive of the issue.”); court granted summary judgment in favor of defendant on plaintiff’s trademark infringement and unfair competition claims); Woodsmith Publishing Co. v. Meredith Corp., 11 U.S.P.Q.2d 1651 (S.D. Iowa 1989), aff’d, 904 F.2d 1244 (8th Cir. 1990) (where a visual comparison of the allegedly conflicting trade dress of the parties reveals that a reasonable jury could not find sufficient similarity for a likelihood of confusion,

5. **Dissimilarity of the Marks is Dispositive: There is NO Reasonable Likelihood of Confusion.**

“Similarity of the marks is tested on three levels: (1) sight, (2) sound, and (3) meaning.” Savvier, 427 F. Supp. 2d at 996. “In judging similarity, ‘marks must be considered in their entirety and as they appear in the marketplace.’” ICON, 372 F.3d at 1345 (quoting Official Airline Guides, Inc. v. Goss, 6 F.3d 1385, 1392 (9th Cir. 1993)). “[L]ikelihood of confusion cannot be predicated on dissection of a mark, that is, on only part of a mark.” In re Chatam Intern. Inc., 380 F.3d 1340, 1342 (Fed. Cir. 2004) (citation omitted). As explained by the Washington Supreme Court,

The court should consider the mark as a whole and not dissected, for the ordinary buyer does not stop to dissect the marks; if the latter is deceived, it is attributable to the mark as a totality, and not normally to any particular part of it. ... ***Each of the contested marks, therefore, is to be considered in its entirety and viewed as the general public would view and remember it.***

Le Maine v. Seals, 47 Wn.2d 259, 275-76, 287 P.2d 305 (1955) (citations and quotations omitted; emphasis added). See also Pac. Coast Condensed Milk Co. v. Frye, 85 Wash. 133, 139, 147 P. 865 (1915) (“court of equity will not interfere, when ordinary attention by the purchaser of the article would enable him at once to discriminate the one from the other.”).

summary judgment for defendant is to be granted, notwithstanding evidence of a few instances of actual confusion).

Simply put, from a side-by-side comparison of the GFP and FOX marks – in their entirety as they actually appear in the marketplace – it is clear that the marks are so distinctly dissimilar that no reasonable juror could conclude confusion was likely.

In considering whether the marks are visually similar, “the court applies a ‘subjective eyeball’ test.” La Mexicana, 49 U.S.P.Q.2d at 1207 (quoting Miss World (UK) Ltd. v. Mrs. America Pageants, 856 F.2d 1445, 1451 (9th Cir. 1998)). Applying the “subjective eyeball” test to the GFP and FOX marks – **see pictures of the marks in their entirety at APPENDIX A** – the two marks, as considered in their entirety, are not likely to be confused. No reasonable juror could find otherwise.

Although under the “subjective eye ball” test the key question is whether or not viewed in their *entirety* the marks are confusingly similar – which they clearly are not – it is also worth noting some of the key elements that distinguish the marks from each other:

Logo

- Since 1985, the GFP mark has been dominated by its logo – cartoon plumber in overalls next to the company name. (CP 252, 257-262, 264-276.) Around 2000, the logo was slightly modified to include a water heater and update the cartoon plumber. (CP 259-260, 269-270.) The logo today is otherwise in substantially the same form as it was in 1985. (CP 252, 257-262, 264-276.)
- The FOX mark’s logo, which has appeared in essentially all iterations of the Plaintiff’s mark as the dominant feature, is a cartoon Fox in most cases fixing a leaky pipe. (CP 257-262, 264-276.) In fact, all of Plaintiff’s past and current registration for the FOX mark have

explicitly stated or shown that the mark *includes* an image of a fox fixing a leaky pipe. (CP 334-335, 338-346.)

Slogan

- In the vast majority of occasions, the GFP mark has included the slogan “We do it right the first time for a fair price.” (CP 252, 260-262, 270-276.)
- On many occasions since 2006, the Fox Plumbing mark has included the slogan “Get Out of the Box...Call Fox”. (CP 261-262, 272-275.) In fact, Plaintiff even included this slogan in its 3rd registered trademark #53595. (CP 341-342.)

Color

- FOX mark is closely tied to the color yellow, which is emphasized in most iterations of the FOX mark. (See Appendix A.)
- There is no real dominant color in the GFP mark, though it is predominantly colored white, red/orange and black. (See Appendix A.)

Font

- The GFP mark has spelled the word “Fox” using a pipe for the letters “F” and “O” and wrenches for the letter “X”, and has done so since 1985. (CP 252, 257-262, 264-276.)
- Fox Plumbing uses traditional fonts for the word “Fox” and the other words in the FOX mark. (CP 257-262, 264-276.)

Name

- The GFP mark has word “Gary” preceding the word “Fox,” and both words are displayed in equal prominence such that it is impossible to view the mark as whole and see one word but not the other. (CP 252, 257-262, 264-276.)
- The FOX mark does not have a proper name before or after the word “Fox.” (CP 257-262, 264-276.)

Clearly, the marks are so visually dissimilar that no reasonable juror could find that their appearance would lead an appreciable number of customers using ordinary care to be mistaken or confused as to the origin of the services. In fact, summary judgment is appropriate based solely on their significant visual dissimilarity.

The two marks also sound different. Again, sound is considered by comparing the marks as a whole, not their component parts. First, the inclusion of the word “Gary” at the front of the GFP mark makes it orally distinct from the FOX mark. Cf. La Mexicana, 49 U.S.P.Q.2d at 1207 (difference in sound between CASA SOLANA and SOLANA, two-words vs. one-word). Second, because the marks must be considered as a whole, it is equally important to consider the slogans that accompany each mark. See, e.g., Flagstar Bank, 687 F.Supp.2d at 824-25; Cooperative Quality Marketing, Inc. v. Dean Milk Co., 314 F.2d 552, 555(C.C.P.A. 1963) (in a composite mark, the name, logo and slogan are all to be considered together in their entirety when analyzing similarity). The two marks have wholly distinctive slogans:

“Gary Fox Plumbing:¹³ We Do it Right the First Time for a Fair Price”
vs.
“Fox Plumbing & Heating: Get Out of the Box ... Call Fox!”¹⁴

Reading the marks out loud, name + slogan, the marks as a whole do not sound confusingly similar.

Lastly, the marks are distinctly dissimilar in meaning because they bring to mind different images. See Savvier, 427 F. Supp. 2d at 996. The GFP mark brings to mind a human-male. This is not only triggered by the

¹³ Or sometimes: “Gary Fox Plumbing & Heating” (See CP 252.)

¹⁴ (Compare CP 342, with CP 252.)

inclusion of the name “Gary” in the mark, but also by the inclusion of the cartoon plumber logo in the mark. On the other hand, the FOX mark brings to mind an animal – the fox. This image is triggered by the inclusion of the cartoon fox logo in the FOX mark. Cf. Toro Co. v. GrassMasters Inc., 66 U.S.P.Q.2d 1032, 1035-36 (T.T.A.B. 2003) (difference in meaning between LAWN-BOY and LAWN PUP marks where the later mark was accompanied by an image of a small dog); Savvier, Inc., 427 F. Supp. 2d at 996 (BOWFLEX and BODY FLEX marks held dissimilar in meaning); Hormel Foods Corp. v. Jim HensonProds., Inc., 73 F.3d 497, 503-4 (2d. Cir. 1996) (SPA’AM and SPAM dissimilar in meaning because marks are paired with dissimilar symbols). Clearly, the marks are not similar in meaning when considered in context. In fact, the Plaintiff even admitted that by inclusion of the term “Gary” before “Fox” in the GFP mark, “[c]onsumers can recognize ‘Gary Fox’ as an individual’s name and arguably avoid confusion with FOX PLUMBING & HEATING.” (CP 397.)

The *only* element of similarity between the GFP and FOX marks is the inclusion of the words “Fox” and “Plumbing” (and in some cases “Heating”) in both marks. These are all generic terms. However, a finding of infringement cannot rest solely on the use of the same generic term when the other terms or logos are dissimilar. See Alchemy II, Inc. v.

Yes! Entm't Corp., 844 F. Supp. 560, 569-70 (C.D. Cal. 1994) (no likelihood of confusion between word marks TV Teddy and Teddy Ruxpin, because finding of infringement cannot rest solely on the use of the same generic term, and "teddy" is which is a generic term); Merriam-Webster, Inc. v. Random House, Inc., 35 F.3d 65, 72 (2d Cir. 1994); American Cyanamid Corp. v. Connaught Laboratories, Inc., 800 F.2d 306, 308-9 (2d Cir.1986); Boston Duck Tours, LP v. Super Duck Tours, LLC, 531 F.3d 1, 24-25 (1st Cir. 2008). Therefore, the similarity in the marks' generic terms is immaterial, especially when considering dissimilarity of the marks in their entirety.

Despite the fact that the Plaintiff admits that the marks must be compared "in their entirety and as they appear in the marketplace" (Pl.'s Br. 23), the Plaintiff portrays only partial images of the GFP mark in its brief, conveniently leaving out the most dominant and distinguishing portion of the GFP mark, the cartoon plumber logo.¹⁵ (Pl.'s Br. 6, 8, 24.) Additionally, Plaintiff suggests a comparison of the company trade-names alone, (e.g., naked of any of their distinctive slogans, formatting, logos or font) (Pl.'s Br. 2, 3, 24, 29), yet Plaintiff can cite absolutely no evidence that both Plaintiff's and Defendant's marks regularly appear in the

¹⁵ The Plaintiff's even acknowledges in its Complaint that the GFP mark includes the cartoon plumber logo and slogan. (See CP 3 at ¶3.12; CP 16).

marketplace in naked-word form. (See supra Note 2.) The comparisons suggested by the Plaintiff are immaterial and inappropriate, as the marks must be compared in their entirety as they regularly appear to consumers in the marketplace. See Le Maine, 47 Wn.2d at 255-57; see, e.g., La Mexicana, 49 U.S.P.Q.2d at 1206-7 (court held defendant's mark was CASA SOLANA, not merely SOLANA, where plaintiff failed to show that defendant marketed under just the name SOLANA).

Unlike the Plaintiff, the Defendant actually put evidence into the record showing numerous examples of the Defendant's and Plaintiff's marks *in their entirety* as they actually appear *in the marketplace*. (See Appendix A; CP 252, 257-262, 264-276.) From a review of this evidence, the marks are clearly dissimilar.

6. Because the Marks are So Dissimilar, the Court Need Not Analyze the Remaining Sleekcraft factors.

As discussed above, it is possible for the Court to reach a determination of no likelihood of confusion by only addressing a subset of factors, or even just a single factor if that factor is dissimilarity of the marks. (See supra Page 24.) As explained in iCARumba:

[T]he similarity of the marks is the critical question in determining whether there is a likelihood of confusion. If, as in the case here, the marks at issue are not similar, this Court cannot conclude that use of the allegedly infringing marks is likely to cause confusion. This is true even if the parties use similar marketing channels and have similar goods or services. ***Having concluded that the marks are not similar and***

therefore not likely to cause confusion, this Court need not consider the remaining Sleekcraft factors.

iCARumba Inc. v. Inter-Industry Conference on Auto Collision Repair, 57 U.S.P.Q.2d 1151, 1155 (W.D. Wash. 2000) (emphasis added). See also Welding Services, Inc. v. Forman, 509 F.3d 1351, 1361 (11th Cir. 2007) (“Overwhelming visual dissimilarity can defeat an infringement claim, even where the other six factors all weigh in favor of the plaintiff.”); Duluth News-Tribune v. Mesabi Publ'g Co., 84 F.3d 1093, 1096 (8th Cir.1996) (“Factual disputes regarding a single factor are insufficient to support the reversal of summary judgment unless they tilt the entire balance in favor of such a finding.”).¹⁶ Since the remaining Sleekcraft factors cannot outweigh the overwhelming dissimilarity between the FOX and GFP marks, there is no need for the court to address these other factors. Summary judgment is appropriate based on dissimilarity alone.

7. Even if the Court Examines the Remaining Sleekcraft Factors, Summary Judgment is Still Appropriate on the Basis of No Reasonable Likelihood of Confusion.

Even though summary judgment is appropriate based entirely on the overwhelming dissimilarity of the marks, if the court were to address the other Sleekcraft factors, summary judgment would still be appropriate

¹⁶ For additional examples of cases where the courts have determined no likelihood of confusion on summary judgment as a matter of law based solely on the dissimilarity of the marks, See supra Note 12.

as none of those factors weigh significantly in favor of the confusion between the FOX and GFP marks.

i. **Actual Confusion.**

The *only* “evidence” of actual confusion that Plaintiff put forward in opposition to Defendant’s motion for summary judgment is a log of mostly *unidentified* phone calls, allegedly showing customer confusion between the Plaintiff’s and Defendant’s companies. (CP 43-50, 85-92). Arguably, this evidence is inadmissible hearsay.¹⁷ However, even if admissible, these phone logs are not probative on likelihood of confusion because (a) at most they show only negligible (“*de minimis*”) amounts of confusion, and (b) it is impossible to determine if confusion was caused by the alleged similarity of the marks.

For evidence of actual confusion to be probative on the issue of likelihood of confusion, the “confusion must be rooted in the identity of the marks.” See *ICON*, 372 F.3d at 1338. Confusion that arises from other similarities, such as function of the two companies, is irrelevant. *Id.* ***Evidence of actual confusion, which does not suggest that the source of confusion was the alleged similarity between the marks, is insufficient to***

¹⁷ As stated in *Duluth News-Tribune*, “vague evidence of misdirected phone calls and mail is hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the caller or sender regarding the reason for the ‘confusion.’” 84 F.3d at 1098 (call logs, which fail to identify the identity of the caller or the reason for confusion was dismissed as inadmissible hearsay). See also *Alchemy II*, 844 F.Supp. at n.12 (“Alchemy’s evidence of confusion consists of ... fifteen phone calls received by Hasbro ... is inadmissible hearsay.”).

raise a material fact precluding summary judgment where a side-by-side comparison clearly shows that the marks are significantly dissimilar.

One Industries, 578 F.3d at 1165. Moreover, because trademark infringement is only actionable when a mark is likely to “confuse an *appreciable* number of people as to the source of the product,” the court may find “*de minimis* evidence of actual confusion unpersuasive as to the ultimate issue of likelihood of confusion.” See ICON, 372 F.3d at 1338. See, e.g., Savvier, 427 F.Supp.2d at 998-99 (one recorded phone call of actual confusion, insufficient to create an issue of fact on confusion).

Evidence of the number of instances of actual confusion must be placed against the background of the number of opportunities for confusion before one can make an informed decision as to the weight to be given to the evidence. *If there is a very large volume of contacts or transactions which could give rise to confusion and there is only a handful of instances of actual confusion, the evidence of actual confusion may be disregarded as de minimis.*

D&J Master Clean, Inc. v. ServiceMaster Co., 181 F.Supp.2d 821, 828 (S.D.Ohio 2002)(italics added)(quoting McCarthy on Trademarks §23:14).

Plaintiff claims that it “answers 3,600 customer calls per year.” (CP 68 at ¶6.) After eliminating duplicates, the Plaintiff’s phone logs show a total of 20 allegedly confused callers over a span of an entire year. (CP 43-50, 85-92.) Even assuming all 20 of these calls are based on actual confusion between marks, at most only *0.6% of customers are confused* by

the marks – less than one percent! *Such a small percentage of confusion is appropriately disregarded as de minimis. See, e.g., D&J Master Clean*, 181 F. Supp.2d at 828 (“*less than one percent* [] of all calls logged by the Plaintiff are from costumers supposedly confused by the two marks.... Viewed in context, these misplaced phone calls do not support a finding of actual confusion.”); *Alchemy II*, 844 F.Supp. at 570 n.12 (15 misdirected phone calls during the Christmas season is *de minimis*”).

Furthermore, the phone log evidence, even if admissible, is insufficient to establish a genuine issue of fact because it is impossible to tell from the phone logs whether or not the caller confusion was rooted in the alleged similarity of the marks. Unless the source of confusion was the alleged similarity between the non-generic portions of the marks, the fact that the caller was mistakenly called Plaintiff instead of Defendant (or another company) is immaterial. *One Industries*, 578 F.3d at 1165. The phone logs do not state why the caller was confused, and only identify the caller by name in one entry. (CP 46-50.) Therefore, even if these logs show confusion, it is impossible to determine what caused the confusion, and therefore the logs do not create a genuine issue of material fact.¹⁸

¹⁸ See, e.g., *One Industries, LLC v. Jim O'Neal Distributing, Inc.*, No. 06-1133, slip op. at 8-10 (S.D. Cal. Feb. 14, 2008) (“the only admissible evidence arguably relevant to the *One Angular* and *O'NEAL* marks is Riley Beckinger’s testimony regarding phone calls from customers requesting a helmet from O’Neal that is actually sold by One Industries. The testimony does not include any information as to what caused the confusion. ...

For the above reasons, the Plaintiff's so-called evidence of actual confusion is insufficient to raise a genuine issue of material fact.¹⁹

ii. Similarity of Services.

For purposes of this appeal, Defendant does not dispute that the services it offers are substantially similar to the services offered by the Plaintiff. However, in light of the substantial dissimilarity between the marks, this factor is cannot create a genuine issue of material fact. See One Industries, 578 F.3d at 1165 (where “marks do not look alike ... the mere fact that two companies are direct competitors and happen to use the same letter on their products is not sufficient to show infringement.”).

iii. Similarity of Marketing Channels.

While Defendant acknowledges some of the marketing channels are the same, they are by no means identical. But, assuming for the sake of this appeal, the parties' marketing channels are considered “similar,”

Even assuming the evidence of actual confusion involves *One Angular* and *O'NEAL* the marks, the scant evidence of confusion, in conjunction with the other factors in support of likelihood of confusion, is insufficient to overcome the weight of the dissimilarity of the marks....”), aff'd, 578 F.3d 1154, 1165 (9th Cir. 2009) (“the evidence of confusion is weak because none of it suggests that the source of confusion was the alleged similarity between the *O'NEAL* mark and the *One Angular* mark. Because the two marks are entirely different, we are satisfied that no reasonable jury could find a likelihood of confusion.”); Nat'l Res., Inc. v. Nova Res., Inc., 214 U.S.P.Q. 121, 128 (D.Md. 1981) (testimony about allegedly misdirected telephone calls from unidentified callers so lacking in guarantees of trustworthiness that it lacked probative value); Bigfoot 4x4, Inc. v. BearFoot, Inc., 5 U.S.P.Q.2d 1444, 1447 (T.T.A.B. 1987)(evidence of confusion was “extremely vague and nonspecific. ... no identification of the people who were allegedly confused. ... no opportunity for cross examination. In our view, then, this evidence is entitled to little, if any, probative value”).

¹⁹ It should be noted that the Plaintiff's claim that Defendant “admitted extensive and continuous instances of actual confusion” (Pl's Br. 26) is not supported by any evidence in the record on review. (See supra Note 4.)

that would still be insufficient to create a genuine issue of material fact. See iCARumba, 57 U.S.P.Q.2d at 1155 (see quote supra Page 32).

iv. Strength of FOX Mark.

For the purpose of this appeal, the Defendant does not contest that the Plaintiff's mark as a whole is relatively strong. However, in light of the substantial dissimilarity between the marks, this factor is insufficient to create a genuine issue of material fact. See La Mexicana, 49 U.S.P.Q.2d at 1208 ("Although SOLENA is a strong mark and the products of the two companies are similar, the marks as they appear in the marketplace are too different to result in confusion."); One Industries, 578 F.3d at 1165 (though claimant's mark was strong, because "the two marks are entirely different" the court held "no reasonable jury could find likelihood of confusion").

v. Intent to Deceive.

"When an alleged infringer *knowingly* adopts a mark *similar* to another's, courts will presume an intent to deceive the public." Goss, 6 F.3d at 1394. The burden of proof is on the Plaintiff to present evidence that the alleged infringer's adopted the mark *knowing* it be so *similar* to the Plaintiff's mark as to likely to cause customer confusion, see id.; see, e.g., One Industries, 578 F.3d at 1163-64, and that the Defendant adopted the mark with the intent to profit by confusing costumers between

Plaintiff's and Defendant's companies. Newton v. Thomason, 22 F.3d 1455, 1463 (9th Cir. 1994).

Taking the evidence in the light most favorable to the Plaintiff, it is impossible to say that Plaintiff has made a showing sufficient to create an inference of intent to deceive. Here the marks are *not confusingly similar*, therefore an inference of intent to deceive, which requires a showing of both *knowledge* and *similarity*, cannot arise. See Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1148 (9th Cir. 2002) (inference of intent to deceive cannot arise unless marks are held "similar as a matter of law").

Furthermore, the Plaintiff has cited to absolutely no evidence in the record on review to support its contention that Defendant adopted its mark with the intent to deceive the public between the Defendant's and Plaintiff's companies, or even that the Defendant was aware of the FOX mark when it adopted the GFP mark.²⁰ The Plaintiff relies entirely on the conclusory statement in its brief that "[t]here is no rational or reasonable justification for [Defendant] to adopt the Infringing Marks other than to sow confusion in the marketplace." (Pl.'s Br. 28.) Such a conclusory statement is insufficient to raise a genuine issue of fact. Simply put, there

²⁰ The alleged evidence cited to by the Plaintiff on page 28 of its Brief is not part of the record on review, as it was not presented to the trial court when ruling on the summary judgment motion that is the subject of this appeal. RAP 9.12. (See supra Note 4.)

is no evidence of intent to deceive, and this factor does not weigh in favor of the Plaintiff.

vi. Likelihood of Expansion into Other Markets.

The Plaintiff admits this factor is irrelevant. (Pl's Br. at 28.)

vii. Degree of Care.

“Consumer sophistication may be proved by direct evidence such as expert opinions or surveys. In addition, in some cases a court is entitled to reach a conclusion about consumer sophistication based solely on the nature of the product or its price.” Star Industries, Inc. v. Bacardi & Co. Ltd., 412 F.3d 373, 390 (2d. Cir. 2005). Plumbing services are not cheap, and they are not simply a product you grab off the shelf with only a glance at the label. Based on the price, and the time involved in the transaction, and the regulation of the industry, it seems far-fetched to say that a typical buyer will use a low degree of care in choosing a plumber. At the very least, a moderate degree of care is likely. Since the Plaintiff has put forth no *evidence* that could reasonably indicate a low degree of care, this factor is neutral. However, even if it were in Plaintiff's favor, this factor would be insufficient to overcome the dissimilarity between the marks. Though in this instance applying all the Sleekcraft factors was unnecessary on account of the clear dissimilarity of the marks. From the above analysis the answer stays the same: there is no reasonable

likelihood, as the showings made by Plaintiff on these secondary factors cannot not possibly negate the clear dissimilarity of the marks.

D. Alternatively, Plaintiff's Admissions are Dispositive in Showing No Likelihood of Confusion.

Regardless of whether the dissimilarity between the marks is independently dispositive, the Plaintiff's own admissions are dispositive evidence on the issue of no likelihood of confusion. Where, a trademark holder explicitly or implicitly admits that there is no likelihood of confusion between its mark and another's mark, the court will defer to the holder's judgment that confusion is unlikely. As explained in E.I. du Pont de Nemours & Co., 476 F.2d 1357, 1363 (C.C.P.A. 1973):

It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't. A mere *assumption* that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.

Such an admission of no likelihood of confusion can be explicit, or rise implicitly from a trademark holder's consent to another party's use of an allegedly similar mark. See, e.g., Croton Watch Co. v. Laughlin, 208 F.2d 93, 96 (2d Cir. 1953); CBS, Inc. v. Man's Day Publishing Co., 205 U.S.P.Q. 470, 476 (T.T.A.B. 1980).

On multiple occasions since 1985, the Plaintiff has explicitly and/or implicitly consented to the Defendant's (or its predecessor's) use of the GFP mark, in essentially the same form it appears today, in

conjunction with plumbing services in the Puget Sound region. During this time, the Plaintiff has also explicitly admitted that there is no likelihood of confusion between the GFP and FOX marks. For one, the Plaintiff *implicitly* admitted that there was no likelihood of confusion by consenting, on multiple occasions, to Gary Fox's use of the GFP mark. The Plaintiff so consented in 1985 (by agreeing to a stipulated injunction that did not prevent the use of the GFP mark) and in 2004 (by confirming consent to the Defendant's use and even right to sell the GFP mark). (See CP 396-398; CP 578 at 55:9-17.) These consenting acts are admissions of no likelihood of confusion between the GFP and FOX marks.

Analogous is the Croton Watch case, wherein Movado, the holder of a trademark for "Movado" watches, brought an action for trademark infringement against Horowitz the importer of "Nivada" watches. 208 F.2d at 95 & n.2. In resolution of this dispute, Movado consented to Horowitz continued use of the word "Nivada" if it was used in conjunction with the word "Gretchen." Id. Approximately twelve years later, Movado demanded that Croton, who apparently succeeded to Horowitz's import business, cease importing watches under the name "Nivada Gretchen." Id. at 94. This dispute eventually led to trademark infringement lawsuit between Movado and Croton. Id. at 94. In finding for Croton, the court reasoned that Movado had implicitly admitted that there was no likelihood

of confusion between the marks “Nivada Gretchen” and “Movado” when it consented to Horowitz’s use of the mark “Nivada Gretchen,” even though Movado never expressly stated that there would be no confusion. Id. at 96. The court ruled that consenting to Horowitz’s use of the modified mark, to resolve their dispute, “was an admission [by Movado] that there would be no confusion” between the “Movado” and “Nivada Gretchen” marks as used on watches. Id.

Similarly, in the present case, the Defendant’s predecessor in business Gary Fox had been using the FOX DELUX mark until 1984/85 when the Plaintiff claimed that mark infringed on the FOX mark. (CP 375-381.) In resolution of that dispute, the Plaintiff and Gary Fox entered into a stipulated injunction which prevented Gary Fox from using the FOX DELUX mark or any mark with a fox logo, but did not prevent the use of the GFP mark. (CP 391-394, 396, 578 at 55:9-17.) Just as in Croton Watch, the Plaintiff here claimed that the first mark (*FOX DELUX*) infringed, and consented to the alleged infringer’s use of *modified* mark (GFP). See id. Accordingly, this consent functioned as an implicit admission that confusion between the GFP and FOX marks was unlikely.

Notably, the present case presents an even stronger basis for finding an admission of no likelihood of confusion, because at least one of the Plaintiff’s admissions of no likelihood of confusion was *explicit*. (See

CP 397, “the name GARY FOX PLUMBING is somewhat distinguished from [the FOX mark] because the proper name ‘Gary Fox’ is included. Consumers can recognize ‘Gary Fox’ as an individual's name and arguably avoid confusion with FOX PLUMBING & HEATING.”).

The Plaintiff also implicitly admitted no likelihood of confusion when it applied for state trademark registrations of the FOX mark in 2004, 2009 and 2010 (see CP 338-347), after the Plaintiff had consented to Gary Fox’s use of the mark. Each time Plaintiff applied to register the FOX mark, by law, the Plaintiff was required sign a statement to the effect that it believed “no other person has the right to use such trademark in connection with the same or similar goods or services in this state either in the identical form or in such near resemblance thereto as to be likely, when used on or in connection with the goods or services of such other person, to cause confusion or mistake or to deceive[.]” RCW 19.77.030(1)(f). (See, e.g., CP 346.) By consenting to a third-party’s use of the GFP mark and then subsequently submitting a trademark application for the FOX mark, the Plaintiff implicitly admitted that it did *not* believe the use of the GFP mark in connection with plumbing/heating services in Washington was likely to cause confusion. This same issue was addressed by the Richdel, where it was held, *inter alia*, that a trademark holder admitted there was no likelihood of confusion by

attesting to a similar statement in its federal trademark application after having consented another's use of an allegedly similar mark:

when opposer filed its application to register 'LAWN GENIE' for its valves and controls after consummating the agreement to permit applicant to continue to use 'LAWN GENIE' for a mower, it alleged, in essence, that no other person has a right to use the mark 'LAWN GENIE' in commerce for goods that might be likely to cause confusion or mistake or deception in trade. This declaration can only be accepted as true if it is deemed that opposer did not believe that the contemporaneous use of 'LAWN GENIE' for both timer controls and valves for lawn sprinklers and for a lawn mower machine was not conducive to confusion or mistake in trade as to source.

Richdel, Inc. v. Mathews Co., 190 U.S.P.Q. 37, 39-40, 42 (T.T.A.B. 1976).

As in Richdel, the Plaintiff here first consented to another's use of the GFP mark, and then subsequently submitted an application to register the FOX mark which included a statement that Plaintiff did *not* believe any other person was using a similar mark for similar services likely to cause to cause confusion or mistake with the FOX mark. Thus, the Plaintiff admitted no likelihood of confusion between the FOX mark and the GFP mark when it submitted said trademark applications.

It is immaterial that the Plaintiff's original consent to use was given to Gary Fox rather than to the Defendant. Likewise, the disputed issue of whether or not Gary Fox sold the GFP mark to the Defendant is immaterial. Where the admission is implicit through consent to use, it is *not* necessary that the admittee also be the alleged infringer, nor need there

be any privity between the admittee and the alleged infringer, so long as alleged infringer's product/service and mark are the same as the admittee's. An admission is not a contractual relationship, and thus does not require privity. See Croton Watch, 208 F.2d at 96-97 ("The agreement [as an admission] would be equally effective as an admission, even if [Croton] were not the successor of Horowitz, the promisee.").²¹

As the Defendant's scope of business and use of the GFP mark is virtually identical to Gary Fox's use of the GFP mark at the time the Plaintiff's admissions were made (CP 256-277, 579 at 66:20-67:13), the Plaintiff's admissions of no likelihood of confusion may be used by the Defendant, regardless of whether or not Gary Fox sold the GFP mark to the Defendant. The Plaintiff's implicit and explicit admissions, that there is no likelihood of confusion, are binding here.

E. The Trial Court Properly Held that, as a Matter of Law, All of Plaintiff's Claims Fail Due to No Likelihood of Confusion.

As discussed above, all of Plaintiff's claims are predicated on a finding of likelihood of confusion between the FOX and GFP marks. (See

²¹ See also the following examples of cases where court held that consent to use could be applied as an admission by a third-party where that third-party's good/services were no more similar to the trademark holder's good/services than the consentee's goods/services: Swedish Beer Exp. v. Can. Dry Corp., 469 F.2d 1096, 1097-98 (C.C.P.A.1972) (consentor: vodka; consentee: beer; third-party: soft drinks); Cal. Fruit Growers Exch. v. Sunkist Baking Co., 166 F.2d 971, 975 (7th Cir. 1947) (consentor and consentee: fruit and vegetable products; third-party: bread products); Mushroom Makers, Inc. v. R.G. Barry Corp., 441 F.Supp. 1220 (SDNY 1977) (consentor and consentee: shoes; third-party: women's apparel).

supra Pages 22-23.) Based on the above reasons, the trial court properly held that, as a matter of law, there was no likelihood of confusion between Plaintiff's and Defendant's marks. The trial court properly granted summary judgment dismissing all of Plaintiff's claims, and this determination should stand

F. In addition, Plaintiff's Statutory Trademark Infringement Claim also Fails for Lack of Standing –Not Appealed.

In addition to holding that Plaintiff's infringement claims failed as a matter of law based on no likelihood of confusion, the court also held that Plaintiff's statutory trademark infringement claim fails for lack of standing. (CP 711.) Notably, the Plaintiff has not appealed the trial court's ruling that it lacked standing to assert its statutory infringement claim. (CP 713-14; Pl.'s Br. at 2.) Therefore, the trial court's grant of summary judgment on that claim must be sustained.

G. Denial of Plaintiff's Motion for Partial Summary Judgment did Not Bar the Trial Court from Later Granting Summary Judgment in Favor of Defendant.

The Plaintiff incorrectly argues that the trial court's denial of Plaintiff's April 2010 motion for summary judgment on infringement and CPA violations somehow estopped the trial court from subsequently granting summary judgment to the Defendant on similar issues. The Plaintiff points to statements made by the trial court on July 19, 2010 during oral argument on the Plaintiff's motion regarding issues of fact.

(Pl.'s Br. at 10-11, 21-22, 30.) Even if these statements can be considered "oral rulings," they were never incorporated into a written order (CP 205-208) and therefore not binding on the trial court nor on the court of appeals. See Benchmark Land Co. v. City of Battle Ground, 94 Wn. App. 537, 544, 972 P.2d 944 (1999) ("judge's oral decision is no more than a verbal expression of his informal opinion at that time. ...It has no final or binding effect, unless formally incorporated into the findings, conclusions, and judgment."). Hubbard v. Scroggin, 68 Wn. App. 883, 887, 846 P.2d 580 (1993) ("trial court may alter, amend, or reverse its rulings at any point before it enters a final judgment."). See also Foster v. Carter, 49 Wn. App. 340, 342-44, 742 P.2d 1257 (1987) (movant not bound by court denial other party's earlier summary judgment motion on same issue).

H. Plaintiff's Arguments Regarding Laches and Acquiescence are Superfluous.

The Plaintiff spends several pages of its brief arguing why the Defendant was not entitled to summary judgment on the basis of laches or acquiescence. (Pl.'s Br. at 34-37.) These arguments are superfluous because the trial court did not grant Defendant's motion for summary judgment on either of these bases. (CP 720.) Summary judgment was granted based on no likelihood of confusion and lack of standing. Id. Defendant agrees that there are issues of fact precluding summary judgment on the bases of laches or acquiescence. Since neither was the

bases for the court's grant of summary judgment, the Defendant need not address Plaintiff's arguments on these issues here.²²

I. Alleged Discovery Abuses Are Untrue and Immaterial.

Lastly, the Plaintiff argues that the trial court's decision should be overturned because of alleged discovery abuses and CR 11 violations. The trial court's determinations regarding CR 11 violations and discovery violations are reviewed only for abuse of discretion. Suarez v. Newquist, 70 Wn. App. 827, 835, 855 P.2d 1200 (1993); Ripley v. Lanzer, 152 Wn. App. 296, 326, 215 P.3d 1020 (2009). First, this argument should not be considered because it was not raised as an argument against summary judgment prior to the trial court issuing its March 24, 2011 Order Granting Defendant's Summary Judgment Motion. RAP 9.12, RAP 2.5.²³ Even

²² Although not material, the Defendant wishes to respond in brief to the Plaintiff's contention that it now owns all the rights to the GFP mark (Pl.'s Br. 35-36.) Even even if it were true that Gary Fox had not already assigned the GFP mark to the Defendant in 2008, the Plaintiff's contention, that it now owns the rights to the GFP mark, is false. The TPSA's assignment of the GFP mark to the Plaintiff is invalid (1) that mark is owned by the Defendant, (2) the alleged assignment to Plaintiff is invalid because Gary Fox *abandoned* the mark when he permanently quit the business and moved to California with no intent to resume operations (see, e.g., CP 594: "Gary Fox is closing and selling off the business"), and thus had no rights to the mark for which he could assign, and (3) because the alleged assignment to the Plaintiff was without the transfer of any business assets, it is an unenforceable *assignment in gross*. Even if the Plaintiff did own rights to the GFP mark through the TPSA, this lawsuit is regarding infringement of the FOX mark, not infringement of the GFP mark.

²³ The first time this argument was raised was in the Plaintiff's April 4, 2011 motion for reconsideration. (CP 683, 688, 693-695.) By rule, Defendant was not permitted to respond to that motion until requested by the trial court. LCR 59(b). (See CP 697-698 at 1:15-2:2). However, the Plaintiff filed its Notice of Appeal on April 14, 2011, before the trial court requested a response from the Defendant or issued a ruling on the motion for reconsideration. Therefore, the Defendant never had an opportunity to present evidence in opposition to this argument at the trial court level.

if there were merit to this argument, Plaintiff acknowledges that the alleged “smoking gun” document was only relevant to Defendant’s arguments on summary judgment with respect to “statute of limitations, laches and estoppel.” (Pl.’s Br. 37.) Since the trial court did not grant summary judgment on either of those three bases, and Defendant does not assert any of those three bases on appeal, there would seem to be no prejudice to the Plaintiff. Even if its allegations of discovery violations were true, the presence or absence of the “smoking gun” document, the January PSA, was immaterial to the bases upon which summary judgment was granted. Furthermore, any prejudice that might conceivably have occurred was cured by the trial court’s February 8, 2011 order extending the trial date and discovery cut-off by nearly two months, and by the Defendant re-noting its motion to March 15, 2011.

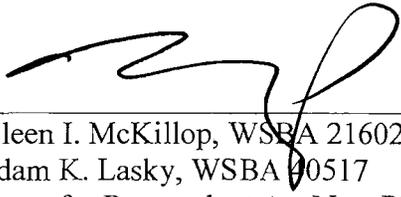
IV. CONCLUSION

For the above reasons, Defendant Act Now Plumbing LLC respectfully requests that the Court affirm summary judgment in its favor.

DATED this 4 day of November, 2011.

OLES MORRISON RINKER & BAKER LLP

By



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LLC

APPENDIX A

Marks in Phone Book Advertising

FOX PLUMBING & HEATING



FOX
PLUMBING & HEATING

Get Out of the Box... Call Fox

COMPLETE PLUMBING SERVICE
RESIDENTIAL * COMMERCIAL
24 HOUR * 7 DAYS
NO TRAVEL CHARGE

- Drain & Sewer Cleaning
- Low Water Pressure Problems
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Marks Appearing on Companies' Websitesⁱⁱ



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ⁱ See CP 262, 272.

ⁱⁱ See CP 274-277.

ⁱⁱⁱ See CP 252, 275-277

^{iv} See CP 252; busblog: Ragin' on Bus Ads, June 10, 2011, at
<http://www.busblog.tumblr.com/post/6376875370/who-loves-bus-ads-plumbers-love-bus-ads-they>.

ORIGINAL

APPENDIX B

Unpublished Opinions Cited in Respondent's Brief

1. CBS, Inc. v. Man's Day Publishing Co., 205 U.S.P.Q. 470 (T.T.A.B. 1980).
2. Bigfoot 4x4, Inc. v. BearFoot, Inc., 5 U.S.P.Q.2d 1444 (T.T.A.B. 1987).
3. Richdel, Inc. v. Mathews Co., 190 U.S.P.Q. 37 (T.T.A.B. 1976).
4. Nat'l Res., Inc. v. Nova Res., Inc., 214 U.S.P.Q. 121, 128 (D.Md. 1981).
5. La Mexicana Inc. v. Sysco Corp., 49 U.S.P.Q.2d 1204 (W.D. Wash. 1998).
6. iCARumba Inc. v. Inter-Industry Conference on Auto Collision Repair, 57 U.S.P.Q.2d 1151 (W.D. Wash. 2000)
7. Woodsmith Publishing Co. v. Meredith Corp., 11 U.S.P.Q.2d 1651 (S.D. Iowa 1989).
8. Riverhead Paints Plus, Inc. v. PPG Industries, Inc., 2 U.S.P.Q.2d 2035 (E.D.N.Y. 1987).
9. Karoun Dairies, Inc., v. Los Altos Food Products, Inc., No. 99-7323 (C.D. Cal. Dec. 13, 2002).
10. One Industries, LLC v. Jim O'Neal Distributing, Inc., No. 06-1133 (S.D. Cal. Feb. 14, 2008).

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EAST DIVISION
DIVISION I

205 U.S.P.Q. 470
1980 WL 30129 (Trademark Tr. &
App. Bd.), 205 U.S.P.Q. 470
(Cite as:205 U.S.P.Q. 470)

C

CBS Inc.
v.
Man's Day Publishing Company, Inc.

Patent and Trademark Office Trademark Trial and
Appeal Board
Decided Feb. 27, 1980

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Opposition -- Issues determined (§ 67.581)
Registration -- Effect (§ 67.747)
Priority of use of marks is not in issue as to mark of
opposer that is owner of registrations for its mark.

TRADEMARKS

[2] Estoppel -- Trademarks -- In general (§ 35.351)
Defense of acquiescence is type of estoppel that
constitutes ground for denial of relief upon finding
of conduct on part of plaintiff that amounts to as-
surance given to defendant, either express or im-
plied, that plaintiff will not assert its trademark
rights against defendant; plaintiff cannot indicate at
one time to defendant that its acts are acceptable,
and then later sue after defendant has acted in reli-
ance upon plaintiff's assurances.

TRADEMARKS

[3] Estoppel -- Trademarks -- In general (§ 35.351)
Activities of trademark owner and successor that
had full knowledge of activities and plans with re-
spect to use of notation and despite constant and
frequent communications never expressed any dis-
satisfaction or possibility of conflict to former em-
ployee of trademark owner, who left its employ to
develop product under notation in reliance on trade-
mark owner's encouragement and assistance, con-
stitute acquiescence in his use of notation.

TRADEMARKS

[4] Defenses -- Trademark cases (§ 30.20)
Defenses of acquiescence and estoppel are applic-
able and are considered to be factor in determining

issue of likelihood of confusion only in those cases
where there is reasonable doubt that such likelihood
exists.

TRADEMARKS

[5] Identity and similarity -- How determined -- In
general (§ 67.4051)
Registration -- Consent of another (§ 67.741)
Trademark owner's knowledge of applicant's activ-
ities with respect to mark, failure to discourage
him, and assistance to him in those activities are ad-
mission that it did not consider confusion from use
of its mark, and applicant's use of its mark, likely; it
is at least difficult to maintain subjective view that
confusion will occur when those directly concerned
say it won't; mere assumption that confusion is
likely will rarely prevail against uncontroverted
evidence from those on firing line that it is not.

TRADEMARKS

[6] Identity and similarity -- Words -- Not similar
(§ 67.4111)
"Man's Day" for magazine providing information
and topics of interest to men, and "Woman's Day"
for informational magazine for women, are not so
similar that confusion would be likely.

TRADEMARKS

[7] Estoppel -- Trademarks -- Cancellation and op-
position (§ 35.353)
Title -- Assignments (§ 67.863)
Opposer that acquired business that was prior own-
er of trademark by merger, including trademark and
goodwill associated with business, is to be regarded
merely as assignee of prior business, and for pur-
poses of considering applicability of acquiescence
defense to opposition proceeding, must stand in
shoes of assignor; assignee must accept con-
sequences of its assignor's conduct.

Trademark opposition No. 59,422 by CBS Inc.,
against Man's Day Publishing Company, Inc., ap-
plication, Serial No. 71,256, filed Dec. 8, 1975. Op-
position dismissed.

Brumbaugh, Graves, Donohue & Raymond, New York, N.Y., for CBS Inc.

Davis & Gilbert, New York, N.Y., for Man's Day Publishing Company, Inc.

Before Lefkowitz, Fowler, and Kera, Members.
Fowler, Member.

An application has been filed by Man's Day Publishing Company, Inc. to register the notation "MAN'S DAY" for a magazine providing information and topics of interest to men,^{FN1} use of the mark since October 11, 1975 being asserted. The word "MAN'S" has been disclaimed.

Registration has been opposed by CBS Inc. on the grounds that opposer's business involves the ownership and operation of television and radio stations and the operation of national television and radio *471 networks; that opposer is a leading publisher of textbooks for schools and colleges, and books and paperbacks of fiction, nonfiction and poetry; that opposer also publishes many well known magazines directed to men and/or women including "Woman's Day", "Field & Stream", "Popular Gardening Indoors", "Home Modernizing Guide", "Mechanix Illustrated", "Road & Track", "World Tennis", "Sea", "Popular Gardening Outdoors", "Cycle World", "Rudder" and other special interest magazines; that opposer is involved in the retail and club sales of phonograph records, tapes, radios, phonographs, tape players and hobby and craft materials; that opposer also licenses, manufactures and sells many game and toy products, and in addition a wide variety of musical instruments are manufactured and sold by opposer; that opposer produces and markets educational films, film strips and film loops and other products for the audio visual market; that opposer has been a pioneer in the field of technical research in communications and other fields; that opposer has become world famous and its trademarks have become well known throughout the United States and abroad; that "WOMAN'S DAY" magazine was formerly published by Fawcett Publications which was the owner of registra-

tions for the marks "Woman's Day"^{FN2} and "WOMAN'S DAY"^{FN3} for a magazine issued monthly; that in February, 1977, Fawcett Publications was merged with opposer whereby opposer became the owner of all the assets of Fawcett Publications including the mark "WOMAN'S DAY" and the registrations therefor; that opposer is presently the publisher of "WOMAN'S DAY" magazine, an informational magazine for women whose circulation exceeds eight million copies per month, and has been published since long prior to applicant's alleged date of first use; that applicant's alleged mark "MAN'S DAY" is strikingly similar to opposer's "WOMAN'S DAY", and on information and belief, the type of applicant's publication is similar to opposer's in format and content; and that applicant's adoption, use and registration of "MAN'S DAY" is likely to cause confusion, mistake or to deceive the public as to the source of applicant's publication, or is likely to suggest some connection with, or approval, or sponsorship by opposer, all to the damage of opposer within the meaning of Section 13 of the statute.

Applicant, in answering the notice of opposition, admits opposer's ownership and operation of radio and television stations and networks; that opposer is a leading publisher of various books and magazines as stated by opposer; that opposer manufactures, and/or sells or licenses the various products listed in its pleading; and that opposer through merger with Fawcett Publications became the owner of all the assets of said Fawcett Publications including the mark "WOMAN'S DAY" and the registrations therefor and is presently the publisher of "WOMAN'S DAY" magazine which was first published long prior to applicant's alleged date of first use. Otherwise, applicant has denied the salient allegations upon which opposer has predicated its claim of damage including those pertaining to the likelihood of confusion.

Affirmatively, applicant has asserted that Fawcett Publications consented to and encouraged applicant in the use of the mark "MAN'S DAY", as applied to

a magazine publication, and that opposer as successor to the rights and obligations of Fawcett Publications is now estopped from objecting to the registration by applicant of the mark "MAN'S DAY".

The record consists of the pleadings, the application file, copies of opposer's pleaded registrations, the discovery deposition of John R. Webster, the founder of applicant corporation, with exhibits 1-27 identified therein and answers to opposer's first set of interrogatories, all submitted by opposer under Rules 2.120(a)(3) and 2.120(b), portions of the discovery depositions of John Suhler, Michael J. O'Neill, Luther Bugbee, and George Allen, employees of opposer corporation and its predecessor, and copies of certain publications and periodicals submitted by applicant under Rules 2.120(a)(3) and 2.122(c), portions of the same discovery depositions of John Suhler, Michael J. O'Neill, Luther Bugbee and George Allen relied on by opposer in rebuttal to those portions on which applicant relied, and testimony and exhibits on behalf of opposer and applicant.

Both applicant and opposer have submitted briefs and were represented at the oral hearing conducted on this matter.

The record shows that applicant, Man's Day Publishing Company, Inc., was organized in June, 1975 by John Webster who had been an employee of opposer's *472 predecessor, Fawcett Publication, from February 1954 to October, 1975. During the period of twenty-one years that John Webster worked for Fawcett Publications, he served progressively as a salesman, Eastern Advertising Manager, National Advertising Manager, and a Vice President and Advertising Director. Among the magazines owned and published by Fawcett Publications were "WOMAN'S DAY", "TRUE", and "MECHANIX ILLUSTRATED". The mark "WOMAN'S DAY" was registered to Fawcett Publications in 1938.

In the early part of 1974, Roger Fawcett, Chairman of the Board and Chief Executive Officer of Fawcett Publications, sought to merge "TRUE"

magazine and "MECHANIX ILLUSTRATED". John Webster, who was involved in the planning and merger of the two publications, suggested the title "MAN'S DAY" for the proposed publication which was to combine the "TRUE" and the "MECHANIX ILLUSTRATED" magazines. When the merger did not take place, Webster suggested that the title "MECHANIX ILLUSTRATED" be changed to "MAN'S DAY". His suggestion was not adopted. Webster then requested permission from Fawcett publications to develop the name "MAN'S DAY" for a magazine that he would publish on his own. He was given permission to proceed with the "MAN'S DAY" magazine in his own behalf while continuing in the employ of Fawcett publications. In fact, Roger Fawcett encouraged Mr. Webster and suggested that Fawcett publications might print and distribute the magazine, and he arranged for the Fawcett circulation and production heads to assist Webster with their expertise. Webster then proceeded with a business plan for the magazine. He organized Man's Day Publishing Company, Inc. (applicant) on June 23, 1975. The first issue of "MAN'S DAY" magazine was distributed in October, 1975. This same month, when it became clear to him that he could not do both jobs successfully at the same time, Mr. Webster resigned from Fawcett publications, with its consent and encouragement to devote his entire time and energy to "MAN'S DAY" magazine. He was given a farewell party by the executives and employees of Fawcett Publications who joined in wishing him success with his new enterprise "MAN'S DAY" magazine. In fact, the scroll presented to Webster and personally signed by many Fawcett employees contains such expressions as:

"The best to you and 'MAN'S DAY'"

"Top of the Ladder to you and 'MAN'S DAY'"

"Good Luck with 'MAN'S DAY' You will be missed"

"Best to the Man and 'MAN'S DAY'"

"Best of Luck in your new venture"

Key executives of Fawcett Publications met with Webster and offered him advice with respect to organizing and producing his "MAN'S DAY" magazine.

In October, 1975, Webster had a meeting with John Suhler, the president of CBS Consumer Publishing Company, and in discussing the subject of whether CBS would be interested in financing "MAN'S DAY" magazine went over the outline of the business plan pertaining to such publication. No decision was reached.

On December 8, 1975, applicant filed an application with the Patent and Trademark Office for the registration of its mark "MAN'S DAY".

In October, 1976, Webster again met with Mr. Suhler to discuss the same subject matter, wherein Mr. Webster presented a much more detailed business plan involving "MAN'S DAY" magazine. Mr. Suhler stated that inasmuch as the CBS Fawcett merger was still in negotiations and had not been finalized, he could not make any firm commitment or firm analysis, and suggested that Mr. Webster confer with Mick O'Neil, the vice president and publisher of the men's division of CBS publications, and also Stanley Greenfield, vice president in charge of acquisition. Mr. Webster then met with the above named executives of CBS, and emphasized how "MAN'S DAY" could be implemented into the CBS operation. No decision was reached. Mr. Webster then met with Joel Novak, vice president and general manager of CBS, and again with Mick O'Neil at a luncheon meeting, discussing the same subject, namely the acquisition of "MAN'S DAY" magazine by CBS, and was told that it would be wise to put off further negotiations pertaining to his magazine until the merger with Fawcett publications was completed.

In February, 1977, opposer, CBS, acquired Fawcett Publications by merger including the trademark "WOMAN'S DAY" and the goodwill associated with the business of the magazine.

Subsequent to the merger, John Webster communicated with Michael J. O'Neill, Peter Hanson and John Suhler whereby, from all indications, John Webster was apparently offered a job with CBS to implement*473 "MAN'S DAY". Webster declined to accept the offer until CBS would first purchase his corporation, Man's Day Publishing Company, Inc.

While waiting to receive further word concerning the purchase of his company and a position with CBS, John Webster received notice of the legal action taken by CBS in opposing his application for registration of the mark "MAN'S DAY". After the filing of the opposition, John Webster continued in his efforts to secure financing for his "MAN'S DAY" magazine, but curtailed his activities in view of the pendency of the present proceeding. Mr. Webster regained employment as a salesman in the advertising department of the "Bon Appetit" magazine.

Opposer publishes not only "WOMAN'S DAY" magazine, but also "WOMAN'S DAY" Annuals, which are publications dealing with one special subject, and which are sold throughout the United States and Canada, and are generally devoted to subject matters of interest to women, such as "house plants", "decorating" and "hair styling". An example of such annual is "WOMAN'S DAY Hair Style & Beauty Ideas". The mark "WOMAN'S DAY" is used on the fourteen regular issues of the magazine each year and also on at least twenty-three "annual" publications. The annual average monthly circulation figures for "WOMAN'S DAY" has increased from 6,790,474 in 1966 to 8,316,142 in 1977. The magazine produced over \$75,000,000 in advertising revenues in 1977.

In addition to the above, opposer has printed 300,000 copies of its "annual", "WOMAN'S DAY Hair Style and Beauty Ideas", and 1,000,000 copies of its "WOMAN'S DAY House Plan". The thrice-annual decorating issue had a run of six to seven hundred thousand copies for each issue.

Applicant, on the other hand, has sold 1,000 copies of its "MAN'S DAY" magazine, and has spent \$6,934 in advertising and promotion expenditures for such publication.

[1] Opposer's priority is clearly established by the record, and opposer is in any event the owner of registrations for its mark "WOMAN'S DAY" so that priority is not in issue. See: King Candy Company v. Eunice King's Kitchen, Inc., 182 USPQ 108 (CCPA, 1974).

We turn next to applicant's affirmative defense that Fawcett Publications had consented to and encouraged applicant in the use of its mark "MAN'S DAY", and that opposer, CBS, as successor to the rights and obligations of Fawcett Publications, who had acquiesced in the use by applicant of its mark "MAN'S DAY", is now estopped from objecting to the registration by applicant of such mark.

It is applicant's contention that Fawcett Publications, by the actions of its chief executive officer and other high officials, consented to and acquiesced in applicant's use of the mark "MAN'S DAY" as evidenced by correspondence, meetings, conversations and the Webster farewell scroll, and that Webster relied on this consent in terminating his employment with Fawcett Publications and launching his "MAN'S DAY" venture, all to the damage of applicant whose attempts to secure financing for continued publication of its "MAN'S DAY" magazine were doomed to failure as a result of opposer's opposition, and, furthermore, that the statements or actions of opposer's predecessor, Fawcett Publications, are binding upon opposer.

Opposer, on the other hand, contends that the defense of acquiescence has application only in those cases where the issue of likelihood of confusion is in doubt, and that in the present case, such equitable defense cannot prevail, since it is wholly apparent that there is not any doubt as to the likelihood of confusion between applicant's use of the mark "MAN'S DAY" and opposer's use of its mark "WOMAN'S DAY" on identical goods.

While contending that there is not any doubt as to the likelihood of confusion, opposer, nevertheless, contests applicant's claim of acquiescence and points out that applicant has shown no substantial commitment to the use of its mark, has been unable to interest anyone in purchasing its rights, and has resumed employment with another.

Opposer, in defending its position of nonacquiescence, further asserts that even if Fawcett Publications had acquiesced in applicant's use of the mark "MAN'S DAY", this acquiescence was withdrawn by opposer as soon as it had the right to do so, namely by its notice of opposition within two and one half months following CBS's acquisition of Fawcett Publications and that prior to its ownership of the mark, CBS had no right, need or obligation to make any comments to Mr. Webster with respect to the mark "MAN'S DAY".

[2] The defense of acquiescence is a type of estoppel which constitutes a ground for denial of relief upon a finding of conduct on plaintiff's part that amounts to an assurance by the plaintiff to the defendant, either express^{*474} or implied that plaintiff will not assert his trademark rights against the defendant. Thus, a plaintiff cannot indicate at one time to defendant that defendant's acts are acceptable, and then later sue defendant after defendant has acted in reliance upon plaintiff's assurances.^{FN4} Apropos to the equitable defense of acquiescence is the following statement in the case of Salem Commodities, Incorporated v. The Miami Margarine Company, 106 USPQ 411 (Comr., 1955) at page 414:

"Both laches and acquiescence may under some circumstances create an estoppel, since an estoppel may arise from passive conduct joined with a duty to speak or from misleading silence. An estoppel arises when a person by his acts, representations, or admissions or by his silence when he should speak, intentionally or through culpable negligence induces another to believe certain facts to exist and such other rightfully relies and acts on such belief, so that he will be prejudiced if the person inducing

the belief is permitted to deny the existence of such facts.”

In the case before us, the record clearly establishes the facts that both opposer and its predecessor, Fawcett Publications, had knowledge of applicant's intense interest, enthusiasm and activity relative to the use of the notation “MAN'S DAY” to identify a magazine providing information and topics of interest for men. Not only had John Webster, who was involved in planning for a merger of the two magazines “TRUE” and “MECHANIX ILLUSTRATED”, suggested the title “MAN'S DAY” for the proposed publication, but later, upon the failure of the merger to take place, urged that the title “MECHANIX ILLUSTRATED” be changed to “MAN'S DAY”. We note again that not only did Fawcett Publications give permission for John Webster to proceed on his own in planning, publishing and promoting his own magazine “MAN'S DAY” while still in the employ of Fawcett Publications, but, additionally, strongly urged and encouraged him in such undertaking, and made available to him the expertise and advice of various officials of the corporation, skilled in such fields as production, circulation, etc. Then to top it off, Fawcett Publications offered both to print and to distribute Webster's “MAN'S DAY” magazine.

We also note the farewell party given by Fawcett Publications to Webster, and, in particular, the copy of the scroll presented to him whereon were inscribed such expressions by fellow employees as:

“The best to you and “MAN'S DAY”

”Good Luck with “MAN'S DAY”

and many other similar ones.

Additionally, we note the notice sent by George H. Allen, senior vice president and publisher of “WOMAN'S DAY” magazine, to the magazine division staff informing them of Webster's departure from the company and including such wording as: “Jack Webster has created an interesting challenge

for himself in planning to start a new magazine to be published under his own company name: ‘Man's Day Publishing Company, Inc.’”. I know you will all want to wish Jack well in his new venture.”

The discovery deposition of George Allen includes the following:

“Q. 16. At the time that you discussed Man's Day with Jack Webster, did you tell him that you saw any conflict between that title and the title Woman's Day?

A. No. I didn't.

Q. 53. Did you at any time have any discussions with anyone at Fawcett as to a possible conflict between the title Man's Day and the title Woman's Day?

A. No. Because I dismissed the idea prior to any sense of conflict in terms of Fawcett involvement. I felt it wasn't a viable idea for Fawcett, period.”

The discovery deposition of Luther Bugbee, circulation director for “WOMAN'S DAY” and “WOMAN'S GROUP” of CBS includes the following:

“Q. 51. Did anyone at any time tell you that they considered -- or that he considered Man's Day to be confusingly similar to Woman's Day?

A. No.”

The discovery deposition of John Suhler, division president in charge of the Consumer Publishing division of CBS, contains the following regarding a discussion with John Webster:

“Q. 45. What do you recall of the discussion involving “MAN'S DAY” magazine?

A. Primarily that he was interested in pursuing it.

*475 Q. 46. Again, did you raise any problem about a potential conflict with Woman's Day Magazine?

A. Not to my knowledge.

Q. 10. Did you discuss with Roger Fawcett at any time whether or not he had given his permission to Mr. Webster to use the title Man's Day?

A. I had discussed that with Roger Fawcett.

Q. 112. What did Mr. Fawcett say to you?

A. I believe he said that he had had a discussion with Jack Webster regarding the Man's Day project and had not discouraged Jack from pursuing it."

[3] As we carefully peruse the record of the present case, there is no doubt in our minds but that Fawcett Publications not only had full knowledge of Webster's interest, enthusiasm, and intent to use the notation "MAN'S DAY" to identify his own magazine, but in addition gave Webster its permission and blessing in the use of such mark, and even went so far as to encourage him and give him counsel and assistance in the undertaking of his new enterprise and promotion of his "MAN'S DAY" magazine. Furthermore, the record shows that although both Fawcett Publications and opposer, CBS, had full knowledge of Webster's activities and his plans regarding use of the notation "MAN'S DAY" for a magazine, neither entity, at any time, evidenced any dissatisfaction or displeasure to Webster in regard to his activities, nor did they express to him any opinion or point of view concerning a possible conflict between the mark "WOMAN'S DAY" and Webster's mark "MAN'S DAY", although there were constant and frequent communications for a considerable period of time in the form of letters, memos, telephone conversations, and personal interviews transpiring between them specifically dealing with Webster's plans and activities regarding the use of "MAN'S DAY" on a competitive product.

We must also keep in mind that Webster was in the employ of Fawcett Publications for twenty-one years, and had risen in the ranks from salesman to Vice President and advertising director. He gave all this up to go out on his own and take all the risks of establishing and promoting a magazine of his own including the securing of financial backing. There can be no question in our minds but that he relied upon the activities of Fawcett Publications, including its encouragement, offer of assistance, and especially its silence as to any possible conflict or any ill feeling it might entertain towards him as a result

of his plans with "MAN'S DAY", in making his decision to sever his connections with Fawcett Publications, and commence such a bold venture on his own.

To our point of view the activities of Fawcett Publications and also those of opposer, CBS, both before and after the merger, constitute a classic example of acquiescence on their part relative to applicant's activities regarding use of the notation "MAN'S DAY" on applicant's publication.

[4] As we consider the applicability of the equitable defenses of acquiescence and estoppel in the present situation, we must keep in mind that such defenses are applicable and are considered to be a factor in determining the issue of likelihood of confusion only in those cases where there is reasonable doubt that such a likelihood exists. See: *The Ultra-White Company, Inc. v. Johnson Chemical Industries, Inc.*, 175 USPQ 166 (CCPA, 1972); *Penn Fishing Tackel Mfg. Co. v. Shakespeare Company*, 184 USPQ 700 (TTAB, 1974); *States Steamship Company v. States Marine International, Inc.*, 183 USPQ 561 (TTAB, 1974), and cases cited therein; *Cook's Pest Control, Inc. v. Sanitas Pest Control Corporation*, 197 USPQ 265 (TTAB, 1977); and *White Heather Distillers Ltd. v. The American Distilling Company*, 200 USPQ 466 (TTAB, 1978).

This leads us to a consideration of the likelihood of confusion from the contemporaneous use of the respective marks. Since the goods of both parties are identical, this issue must necessarily turn on whether applicant's mark "MAN'S DAY" is confusingly similar to opposer's mark "WOMAN'S DAY".

It is applicant's position that its "MAN'S DAY" magazine is designed for an altogether different audience than opposer's "WOMAN'S DAY" publication, and that it is markedly different in content, format and target group; that its "MAN'S DAY" magazine covers all aspects of a man's life i.e. career, family, car, home maintenance, finances and leisure while opposer's "WOMAN'S DAY" publication covers such topics as food, decorating, beauty,

health and home furnishings.

Applicant further points out that magazine stands are filled with publications of similar subject matter with most of them being published by different entities. As examples, applicant has made of record the cover pages of the following magazines:

- (1) "Playboy", "Playgirl"
- *476 (2) "Mechanix Illustrated", "Sports Cycle Illustrated", "Racquetball Illustrated"
- (3) "Popular Mechanics", "Popular Science", "Science & Mechanics"
- (4) "Apartment Living", "Apartment Life"
- (5) "Harpers", Harper's Bazaar"
- (6) "Cycle World", "Bike World"
- (7) "New York", "New Yorker"
- (8) "World Tennis", "Tennis"
- (9) "Woman's Day", "Women Today"

In conclusion, applicant argues that magazine purchasers are accustomed to the fact that there are many magazines with similar suggestive titles, and consumers out of necessity have acquired a selective know-how which makes them discriminating purchasers, and in the present case, the difference in the marks, combined with the sophistication of the involved purchasers and the realities of the marketplace, make confusion unlikely.

Opposer, on the other hand, contends that "MAN'S DAY" is visually and orally similar to "WOMAN'S DAY"; that the marks are nearly identical in style and location on the masthead of the respective publications; and that if opposer were to publish a man's magazine complementary to "WOMAN'S DAY", the logical title for such a magazine would be "MAN'S DAY".

After carefully evaluating the respective marks of the parties in the light of the evidence made of record in the present case, we find ourselves in a pos-

ition where we are not free from doubt as to the issue of likelihood of confusion from the contemporaneous use in commerce of the marks here in controversy.

In reaching our decision we have taken into account the realities of the marketplace, wherein, as pointed out by the applicant, there are many publications with similar subject matter and closely related titles, such as "PLAYBOY" and "PLAYGIRL", "WOMAN'S DAY" and "WOMEN TODAY" and others, all owned and published by different entities.

[5] Additionally, and perhaps the most significant factor in reaching our decision has been the prime element that Fawcett Publications during the entire and extended period of time that it had full knowledge of the intent and activities of John Webster pertaining to the use of the mark "MAN'S DAY" on a magazine which it knew he was planning to publish on his own, did absolutely nothing to discourage him or indicate a possible conflict with its mark "WOMAN'S DAY", but did in fact actually encourage him and offer him every assistance possible in the publication and promotion of his "MAN'S DAY" magazine. This, in our judgment, amounted to an admission on the part of Fawcett Publications that it did not consider confusion in trade likely from the contemporaneous use in commerce of the respective marks upon an identical product, namely, a magazine publication.

At this point, we note in particular the statement by the Court of Customs and Patent Appeals in the case of *E. I. du Pont de Nemours & Co.*, 177 USPQ 563 (CCPA, 1973) to the effect that when those most familiar with use in the marketplace, and most interested in precluding confusion do not believe that confusion is likely from the contemporaneous use in commerce of the particular marks upon their respective goods, the court is not in a position to say otherwise. We believe the following quotation from the court's decision is particularly pertinent to the present situation:

"It is at least difficult to maintain a subjective view

that confusion will occur when those directly concerned say it won't. A mere assumption that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not."

[6] If Fawcett Publications, over such a long period of time, did not regard its mark "WOMAN'S DAY" and applicant's mark "MAN'S DAY" to be confusingly similar as used in association with an identical product, who are we to say that it is.

Furthermore, in view of the complete record of the present case, which shows that John Webster in reliance upon the conduct and activity of Fawcett Publications, opposer's predecessor, as set forth above, gave up his prestigious position with such company, and took the risk of going out on his own and establishing his own company, and in so doing gave of his time, energy and money in organizing and promoting his "MAN'S DAY" magazine, we further rule that opposer is now estopped on the basis of the equitable doctrine of acquiescence from prevailing in its attack upon applicant's mark here sought to be registered.

[7] In reaching our decision, we are fully cognizant of opposer's contention to the effect that it is not bound by any acquiescence on the part of Fawcett Publications, its predecessor. There can be no question concerning the fact that opposer, CBS, which acquired Fawcett *477 Publications by merger including the trademark "WOMAN'S DAY" and the goodwill associated with the business of such magazine, is to be regarded merely as an assignee of Fawcett Publications, and, for the purposes here under consideration, must stand in the shoes of the assignor, Fawcett Publications. Thus, it is axiomatic that an assignee must accept the consequences of its assignor's conduct, and, accordingly, in the present case, opposer is bound by the statements and activity of its predecessor, Fawcett Publications. See: *Vantage Mercantile v. New Trends, Inc.*, 183 USPQ 304 (TTAB, 1974); and *Kay Corporation v. Weisfield's Inc.*, 190 USPQ 565 (TTAB, 1976).

Decision

The opposition is dismissed.

FN1 Application Ser. No. 71,256, filed Dec. 8, 1975.

FN2 Reg. No. 500,205, issued May 11, 1948; Renewed; §8 affidavit accepted; §15 affidavit filed.

FN3 Reg. No. 359,967, issued Sep. 6, 1938; Twice Renewed.

FN4 See: "Trademarks and Unfair Competition" by J. Thomas McCarthy, Sec. 31.14, p. 394, vol. II published 1973 by the Lawyers Cooperative Publishing Co.

P.T.O. T.T.A.B.

CBS, Inc. v. Man's Day Publishing Company, Inc.
1980 WL 30129, 205 U.S.P.Q. 470

END OF DOCUMENT



C

Bigfoot 4x4 Inc.
 v.
 Bear Foot Inc.

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Opposition Nos. 72,776 and 73,023

Decided November 3, 1987

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR COMPETITION

[1] Conflicts between marks (infringement) -- De-
 fenses -- Laches or limitations period (§ 335.1005)

JUDICIAL PRACTICE AND PROCEDURE

Procedure -- Prior adjudication -- Res judicata, col-
 lateral estoppel (§ 410.1503)

Equitable defense of laches and/or acquiescence, in
 trademark opposition proceeding, constitutes
 ground for denial of relief upon finding of
 plaintiff's express or implied assurance to defendant
 that it will not assert its trademark rights, and al-
 though such defense cannot bar judgment in favor
 of prior user if parties' marks and goods or services
 are such that confusion is inevitable, defense will
 be considered if issue of likelihood of confusion is
 reasonably in doubt.

TRADEMARKS AND UNFAIR COMPETITION

[2] Conflicts between marks (infringement) -- De-
 fenses -- Laches or limitations period (§ 335.1005)

Opposer to registration of marks "Bear Foot" and
 "Little Bearfoot," for four wheel drive vehicle ex-
 hibitions, which had knowledge of applicant's use
 of such mark for over 2 1/2 years, but which failed
 to take action, leading to applicant's detrimental re-
 liance, is estopped from maintaining opposition.

Application, serial nos. 475,765 and 480,855, for
 trademark registration by Bear Foot Inc. Opposi-
 tions by Bigfoot 4x4 Inc. denied.

Gravely, Lieder & Woodruff and Charles P. Todt,

St. Louis, Mo., for Bigfoot 4x4 Inc.

Frank B. Janoski, St. Louis, Mo., for Bear Foot Inc.

Before Sams, Krugman, and Hanak, Members.
 Krugman, Member.

Applications have been filed by Bear Foot, Inc. to
 register BEAR FOOT ^{FN1} and LITTLE BEAR-
 FOOT ^{FN2} as service marks for entertainment ser-
 vices, namely, conducting four wheel drive vehicle
 exhibitions.

Registration has been opposed in each instance by
 Bigfoot 4x4, Inc. under Section 2(d) of the Trade-
 mark Act on the ground that applicant's mark so re-
 sembles opposer's previously used mark BIGFOOT
 for entertainment services, namely, conducting
 four-wheel-drive vehicle exhibitions as to be likely,
 when used in connection with applicant's services,
 to cause confusion, mistake or to deceive.

Applicant, in each of its answers to the oppositions,
 has denied the allegations therein. In addition, ap-
 plicant has affirmatively alleged that opposer is
 barred from maintaining these proceedings under
 the doctrine of acquiescence, laches and/or estoppel
 in view of opposer's knowledge of applicant's use
 of the BEAR FOOT mark since 1982 and opposer's
 failure to commence any action until the filing of
 these oppositions.

In view of the identity of the parties and the issues
 to be determined, these proceedings were consolida-
 ted by order of the Board issued February 17,
 1987, pursuant to a joint motion of the parties re-
 questing such consolidation. The cases were there-
 after presented upon the same record and briefs and
 the Board will decide both cases in a single opin-
 ion.

The record in these consolidated cases consists of
 the pleadings, the file of each application, testi-
 mony (with exhibits) taken by both parties and a
 number of applicant's answers to opposer's discov-

ery requests relied on by opposer as part of its rebuttal evidence. Each party has filed a brief on the case and opposer has filed a reply brief. No oral hearing was requested.

Opposer has shown, through competent testimony, that it has continuously used the mark BIGFOOT in connection with conducting four-wheel-drive vehicle exhibitions since July 1976. These exhibitions are performed by means of an oversized "monster" pickup truck, a Ford pickup truck having an oversized engine and mounted on huge oversized tires. The BIGFOOT mark appears on opposer's trucks of which there are presently approximately six. The exhibitions are performed at various indoor and outdoor arenas across the country and comprise different events such as car crushing - where opposer's truck will actually ride up and over a line of automobiles, crushing them -- as well as mud runs, truck pulls, hill climbs, drag races, etc.

Opposer has enjoyed considerable publicity and recognition in connection with its BIGFOOT monster truck exhibitions. Numerous articles have appeared in various magazines and newspapers; a BIGFOOT fan club has come into existence and opposer has used the BIGFOOT mark on a line of ancillary type products, such as posters, T-shirts, *1446 toy vehicles, calendars, jackets, key chains, etc. Opposer owns a registration comprising a fanciful representation of a monster truck for entertainment services, namely, conducting four-wheel-drive vehicle exhibitions.^{FN3} Opposer also owns registrations for BIGFOOT for toy vehicles having four-wheel drive^{FN4} and for toy vehicles.^{FN5} Opposer's BIGFOOT truck has also appeared in at least one movie entitled "Take This Job and Shove It" and was shown on posters promoting the movie which were displayed at movie theaters where the movie was playing. A record album from the movie was also sold and the BIGFOOT truck appeared on the cover of the album.

Applicant, since 1982, has continuously used the mark BEAR FOOT in connection with services

identical to those rendered by opposer. Applicant performs the exhibitions using a Chevrolet monster pickup truck on which the mark appears and engages in the same events as does opposer, that is, car crushes, truck pulls, mud runs, and the like. In 1984, applicant began using the mark LITTLE BEARFOOT to identify its services of conducting four-wheel-drive vehicle exhibitions. Again, applicant uses a monster Chevrolet pickup truck on which the mark appears, the only difference being the LITTLE BEARFOOT truck is somewhat smaller than the BEAR FOOT truck.

There is no dispute that the aforementioned services rendered by the parties are identical. In fact, the record shows that opposer and applicant often appear at the same exhibitions with their respective vehicles under the respective marks. Since priority is not in dispute, the only issue to be determined is whether use of the respective marks in connection with the identical activities would be likely to result in confusion as to source or sponsorship for purposes of Section 2(d) of the Trademark Act. We also must determine whether opposer is estopped from opposing registration of applicant's marks by virtue of laches and/or acquiescence, as asserted by applicant as an affirmative defense.

Turning to the respective marks, it is clear from the record that applicant was aware of opposer's BIGFOOT truck at the time applicant adopted the marks sought to be registered herein. The record shows that applicant's president as well as another individual, formerly a partner of applicant's president, visited opposer's truck parts store, inspected opposer's BIGFOOT truck and purchased various truck parts in connection with the building of applicant's own monster truck. It is opposer's contention that applicant has attempted to trade on the goodwill established by opposer by adopting similar marks, and by using a monster truck similar in design, size and color to opposer's BIGFOOT truck. Opposer argues that applicant's mark BEAR FOOT and opposer's BIGFOOT mark both begin with the letter "B" and end with the word FOOT and that ap-

plicant, as the latecomer to the four-wheel-drive vehicle exhibition field, had the duty to select a mark for enough removed from opposer's previously used mark to avoid any confusion.

Opposer places a great deal of emphasis on what it characterizes as instances of actual confusion. Opposer has introduced into the record, in connection with testimony of its witnesses, evidence showing that the BIGFOOT truck was used in a *T.V. Guide* advertisement and on some television promotional spots for a television show *Knight Rider* but the show actually featured the BEAR FOOT truck. Opposer also introduced letters from fans concerning this discrepancy. However, in our view, none of the letters from opposer's fans constitutes evidence of actual confusion. While these letters complain about or note the BIGFOOT truck's being advertised while the BEAR FOOT truck appeared on the television program, the letters, to the extent they are probative of anything, demonstrate that the authors were quite aware that the BIGFOOT and BEAR FOOT monster trucks are quite distinct from each other and not associated with the same entity.
FN6

Other examples of "actual confusion" offered by opposer concern testimony from opposer's vice president of operations, James Kramer, to the effect that at least fifteen people came up to him at an exhibition in *1447 Chillicothe, Ohio where the BIGFOOT truck performed in July or August 1985, and told him they had just seen him recently in Stockdale, Ohio and asked him if he would be doing the same show as he did in Stockdale. Mr. Kramer then testified that the BIGFOOT truck had not appeared in Stockdale and indicated that the BEAR FOOT truck was the one performing in the Stockdale show. This evidence, however, is extremely vague and nonspecific. There has been no identification of the people who were allegedly confused. They have not testified herein and there has been no opportunity for cross-examination. In our view, then, this evidence is entitled to little, if any, probative value. See: *Kraft, Inc. v. Balin*, 209 USPQ 877 (TTAB

1981) and cases cited therein. Similarly lacking in probative value as evidence of actual confusion is testimony from Ron Magruder, someone identified only as being "associated with opposer." This testimony concerned a telephone call from someone named "Dennis" asking for tickets to see the BIGFOOT truck at a show in Richfield, Ohio since the caller had heard on television and radio ads that the BIGFOOT truck was going to be there. In fact, Mr. Magruder testified that the BIGFOOT truck was not in that Richfield show but, rather, the BEAR FOOT truck was. Aside from the fact that there is no indication of Mr. Magruder's specific association with opposer, the vague, nonspecific testimony relating to a telephone conversation with another vaguely identified person is entitled to little, if any, weight. Finally, with respect to the vague, nonspecific testimony of William Candela, opposer's marketing vice president, regarding telephone calls received from unidentified persons concerning some toy trucks and the Candela testimony regarding alleged confusion by unnamed business associates and others in connection with a music video on the MTV network, said testimony is entitled to little if any, probative value for the same reasons noted with respect to the Kramer and Magruder testimony.

Opposer has introduced one exhibit (No. 79) in connection with the testimony of Robert Chandler, its president, in the nature of a misdirected letter addressed to Fred Shafer, applicant's president, concerning the BEAR FOOT truck. This letter was received by opposer. This letter appears to be the only evidence of any actual confusion of the type relevant to this proceeding under Section 2(d) of the Act, that is, confusion as to source or sponsorship arising from the use of the respective marks.
FN7

Applicant basically denies that the marks are similar and argues that they present different commercial impressions.

After reviewing all the testimony and evidence and considering the arguments of the parties, we can-

didly concede that we believe the question of likelihood of confusion vis-a-vis the BIGFOOT and BEAR FOOT marks is a "close call" and is reasonably in doubt. The marks have a number of similarities. Both the BIGFOOT and BEAR FOOT marks comprise two word marks having the identical second word and having a one-syllable first word beginning with the letter "B". The record shows that applicant was aware of opposer's use of the BIGFOOT mark at the time applicant adopted its BEAR FOOT mark and that at least one possible incident of actual confusion has occurred in the form of a misdirected letter meant for applicant but received by opposer. On the other hand, however, we note that both BIGFOOT and BEAR FOOT are terms that have recognizable meanings that are quite distinct. The term BIGFOOT connotes the mythical (or semimythical) creature supposedly existing in the Pacific Northwest of the North American continent. The term BEAR FOOT, by contrast, connotes the quite different impression of the foot of a bear. Reinforcing this impression is evidence that a pictorial representation of a bear often appears in conjunction with the BEAR FOOT and LITTLE BEARFOOT marks and that applicant's president has two live bears which occasionally make personal appearances in connection with the promotion of applicant's services.

Because the ultimate question of likelihood of confusion is reasonably in doubt, we believe it is proper to consider the equitable defenses of laches and/or acquiescence pleaded affirmatively by applicant herein.

[1] As has often been stated, the equitable defense of laches and/or acquiescence is a type of estoppel which constitutes a ground for denial of relief upon a finding of conduct on the part of a plaintiff amounting to an assurance by the plaintiff to the defendant, either express or implied, that plaintiff will not assert its trademark rights against the defendant. See: *1448CBS v. Man's Day Publishing Company, Inc., 205 USPQ 470 (TTAB 1980); State Steamship Company v. States Marine International,

Inc., 183 USPQ 561 (TTAB 1974) and cases cited therein. The theory behind this defense is that it is incumbent upon the owner and prior user of a mark, having actual or constructive notice of another's use of a similar mark for the same or related goods and/or services, to take prompt affirmative action to assert his rights and protect them against what he believes to be infringement thereof and not to sit on those rights for an inordinate time and permit the subsequent user to build up a business and goodwill around the subsequent user's mark before taking action. See: *States Steamship Company*, supra. While the Board has stated that the equitable defense of laches and/or acquiescence cannot bar judgment in favor of a prior user if the marks and goods and/or services of the parties are such that confusion is inevitable, the defense will be considered where likelihood of confusion is reasonably in doubt. See *CBS, Inc.*, supra, and cases cited therein.

Turning to the facts in the present case, the record shows that Mr. Chandler, opposer's president, and Fred Shafer, the president of applicant, were acquaintances at the time applicant adopted the BEAR FOOT mark and that Mr. Chandler had actual knowledge of applicant's use of the BEAR FOOT mark for a monster truck used to perform four-wheel-drive vehicle exhibitions from its inception. In April 1982, applicant's BEAR FOOT truck participated in its first exhibition at a show in Richfield, Ohio at which opposer's BIGFOOT truck also performed. The record shows that Mr. Chandler helped arrange for applicant's appearance at this show. The record further shows that Mr. Chandler announced to the audience at this show the appearance of applicant's BEAR FOOT truck. No objection was made to Mr. Shafer at that time by Mr. Chandler. Subsequent shows in which both the BIGFOOT and BEAR FOOT trucks participated took place in 1983 and 1984 with no objection to applicant's use of the mark. In 1983 or 1984 someone from opposer's staff may have even contacted applicant to appear on a monster truck calendar being put together by opposer.

The record shows that since applicant's adoption and use of the BEAR FOOT mark in 1982, its business has grown. Applicant subsequently began use of the LITTLE BEARFOOT truck in 1984 for performing four-wheel-drive vehicle exhibitions and has used some four trucks since 1982 with the BEAR FOOT name although at present, applicant owns two monster trucks. Applicant's employees have increased in number from one part-time and two full-time employees in 1982 to seven employees at present. The number of exhibitions performed by applicant has increased from some twenty weekends (three exhibitions per weekend) in 1982 to some forty weekends for each truck at the present time. In late 1984 or early 1985, applicant built a new, modern facility in which to work on its trucks at a cost of \$60,000-\$70,000. This was built to replace the outdated garage which applicant had used since 1982.

The first objection made by opposer to applicant's use of the BEAR FOOT and LITTLE BEARFOOT marks was a cease and desist letter dated January 24, 1985 from opposer's attorney to applicant's president.^{FN8} On October 16, 1985 and November 14, 1985, timely notices of opposition were filed against applicant's two applications.

Notwithstanding the foregoing facts which are not essentially in dispute, opposer urges that there has been no laches or acquiescence because opposer never said or did anything which indicated it consented to or acquiesced in applicant's use of the BEAR FOOT and LITTLE BEARFOOT marks. The Board disagrees. It is clear that opposer had knowledge of applicant's use of the BEAR FOOT mark for over two-and-a-half years prior to the cease and desist letter sent in January 1985. We believe opposer's knowledge coupled with the silence as to any objections regarding applicant's use of the mark created an estoppel herein where applicant, during this period of time, acted on this silence by opposer to build up its business and the goodwill associated with the BEAR FOOT mark.

[2] In our view, the circumstances brought out by

this record constitute an almost classic example of laches and/or acquiescence on the part of opposer regarding applicant's use of BEAR FOOT on a monster truck used to perform four-wheel-drive vehicle exhibitions. While, as stated previously, the question of likelihood of confusion herein is reasonably in doubt, opposer's conduct in sitting on its rights for an inordinate period of time coupled with applicant's detrimental reliance on opposer's inaction where opposer *1449 had a duty to act results in opposer's being estopped from maintaining these oppositions. We conclude that it would be inequitable to preclude the registrations sought by applicant and that the oppositions, therefore, must fail.^{FN9}

Decision: Each of the oppositions is dismissed.

FN1 Application Serial No. 475,765 filed April 16, 1984 and the subject of Opposition No. 72,776.

FN2 Application Serial No. 480,855 filed May 18, 1984 and the subject of Opposition No. 73,023.

FN3 Registration No. 1,251,879 issued September 20, 1983.

FN4 Registration No. 1,228,960 issued March 1, 1983.

FN5 Registration No. 1,387,617 issued March 25, 1986.

FN6 The facts and circumstances surrounding the *T.V. Guide* advertisement for the *Knight Rider* television show are not sufficiently clear that any inferences can be fairly made as a result of this incident. Opposer appears to realize that there are insufficient facts upon which to base any conclusions from this incident and blames applicant for applicant's failure to provide any information concerning this matter although asked to do so during discovery. However, we agree with applicant that if

opposer believed the information sought during discovery was relevant, it should have moved to compel answers to said discovery requests. Opposer failed to avail itself of that option.

FN7 While this one misdirected letter is entitled to some weight in determining likelihood of confusion, it may be characterized as de minimis evidence of actual confusion. See: McCarthy, *Trademarks and Unfair Competition*, §23:2 (1984) and cases cited therein.

FN8 Opposer's president, Mr. Chandler, testified that he did object in September 1984 to applicant's truck. However, the testimony is to the effect that Mr. Chandler was complaining about the similarity of the design of the respective trucks. Nothing in that portion of the testimony relates to any objection to applicant's use of the BEAR FOOT or LITTLE BEARFOOT marks.

FN9 While the LITTLE BEARFOOT mark was not adopted until sometime in 1984, it follows that opposer's failure to object to the BEAR FOOT mark and the Board's determination that opposer is precluded from maintaining its opposition to the BEAR FOOT mark due to laches and/or acquiescence also precludes opposer from maintaining its opposition to the LITTLE BEARFOOT mark. It is apparent that the basis of the oppositions herein is opposer's belief that the term BEAR FOOT is confusingly similar to BIGFOOT and that the addition of the term LITTLE to BEARFOOT for exhibition services performed by a monster truck somewhat smaller in size than the BEAR FOOT truck is of minimal significance. Moreover, to the extent that it may ultimately be found that the addition of the term LITTLE to BEARFOOT does result in a substantially different mark and that the laches/acquiescence defense is

not applicable to the LITTLE BEARFOOT application, we hold that LITTLE BEARFOOT and BIGFOOT are sufficiently distinguishable that use of said marks in connection with identical services is not likely to cause confusion.

P.T.O. T.T.A.B.
Bigfoot 4 4 Inc. v. Bear Foot Inc.
1987 WL 123869, 5 U.S.P.Q.2d 1444

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Richdel, Inc.
 v.
 Mathews Company

Patent and Trademark Office Trademark Trial and
 Appeal Board
 Decided Feb. 26, 1976
 Released Apr. 26, 1976

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Opposition -- Mark and use of opposer -- In
 general (§ 67.5831)

Pleading and practice in Patent Office -- In general
 (§ 67.671)

Fact that opposer's "Lawn Genie" for electrical
 timers and controls for lawn sprinklers was granted
 registration notwithstanding pending opposition
 and applicant's previously filed application for
 "Lawn Genie," "Lawn" being disclaimed, for
 mowers for lawns and fields implies that examiner
 did not believe that applications were conflicting,
 or that marketing parties' respective products under
 mark would be likely to cause confusion in trade.

TRADEMARKS

[2] Estoppel -- Trademarks -- Cancellation and op-
 position (§ 35.353)

Laches -- Trademarks (§ 44.25)

Opposition -- Pleading and Practice (§ 67.589)

Evidence of laches, estoppel, and acquiescence is
 factor in opposition only where likelihood of confu-
 sion question is reasonably in doubt.

TRADEMARKS

[3] Acquisition of marks -- Use by plurality of per-
 sons (§ 67.085)

Opposition -- Mark and use of opposer -- In general
 (§ 67.5831)

Pleading and practice in Patent Office -- In general
 (§ 67.671)

Registration -- Consent of another (§ 67.741)

Parties' agreement that included payment to op-
 poser and applicant's cessation of use of mark's
 design portion constituted acquiescence by opposer
 to applicant's use of word portion per se; acquies-
 cence or consent to use is essentially admission that
 subsequent party's use of mark for goods is not
 likely to cause confusion in trade or conflict with
 prior user's marketing practices; declaration al-
 leging essentially that no other person had right to
 use mark in commerce for goods that might be
 likely to cause confusion, mistake, or deception in
 trade, made by opposer that filed application to re-
 gister mark for valves and controls after agreement
 to permit applicant to continue using mark for
 mower, can only be accepted as true if opposer did
 not believe that contemporaneous use of mark for
 both valves and controls and mower was not condu-
 cive to confusion or mistake in trade as to source;
 examiner that allowed opposer's registration of
 mark over applicant's previously filed application
 must have felt that confusion in marketing parties'
 products was unlikely.

TRADEMARKS

[4] Registration -- Effect (§ 67.747)

Registration is recognition of common law rights to
 use mark and is concomitant therewith unless other-
 wise precluded by statutory considerations.

TRADEMARKS

[5] Estoppel -- Trademarks -- Cancellation and op-
 position (§ 35.353)

Opposition -- In general (§ 67.571)

Registration -- Consent of another (§ 67.741)

It would be inequitable to preclude applicant, which
 continued to use and expend effort on its marked
 goods in reliance on agreement with opposer whose
 actions constituted either acquiescence or admis-
 sion that parties' activities under mark were not in
 conflict, from registering mark for goods that were
 recognized by parties and Patent and Trademark
 Office, directly or indirectly, as being sufficiently
 different from opposer's goods to avoid confusion
 in marketing.

Trademark opposition No. 55,253 by Richdel, Inc. against Mathews Company, application, Serial No. 423,040, filed May 1, 1972. Opposition dismissed.

Keith D. Beecher, Los Angeles, Calif., for Richdel, Inc.

Zabel Baker York & Jones, and Burmeister, York, Palmatier, Hamby & Jones, both of Chicago, Ill., for Mathews Company.

Before Lefkowitz, Bogorad, and Rice, Members.
Lefkowitz, Member.

An application has been filed by Mathews Company to register the notation "LAWN GENIE", the word "LAWN" being disclaimed, as a trademark for mowers for lawns and fields, use of the mark since March 17, 1972 being claimed.

Registration has been opposed by Richdel, Inc., which alleges prior and continuous use of the identical designation "LAWN GENIE" for automatic valves and electrical timer controls for lawn sprinklers; and that

*38 "If Applicant were permitted to register and use the mark LAWN GENIE for mowers for lawns and fields, confusion in the trade would be certain to arise from the identity between Applicant's mark and Opposer's mark, and the similarity between the respective goods."

Applicant, in its answer, has denied the assertion of likelihood of confusion on the ground that:

"* * * the word LAWN has been registered and/or used in combination with other words a great number of times for use as a trademark for goods connected with lawn care, and that the word GENIE has been registered and/or used either alone or in combination with other words a great number of times for use as a trademark in connection with mechanical goods, and that in view of the specific differences between the goods of the parties hereto, that the trademark LAWN GENIE as applied to automatic valves and timers for lawn sprinklers is narrow in scope."

Affirmatively, applicant has averred that opposer is estopped by reason of acquiescence from now asserting that it would be damaged by the registration sought by applicant.

The record consists of the pleadings, applicant's application file, testimony in behalf of each party, and copies of official records noticed by applicant under the appropriate rule. Both parties have briefed the issues before us, and were represented at the oral hearing conducted on this matter.

According to its record, opposer is engaged in the manufacture and sale of automatic valves and controls for industrial and irrigation purposes under such marks as "RICHDEL" and "LAWN GENIE" alone and in association with a representation of a genie. The notation "LAWN GENIE" and a representation of a genie was originated by opposer for use as a trademark for a timer and valves used for lawn sprinkling equipment and as a mark to identify opposer's services of engineering, designing, installing, and servicing lawn sprinkler systems. The mark "LAWN GENIE" and a representation of a genie was first used as a trademark for such goods in an intrastate shipment on September 29, 1964 and in an interstate shipment on May 21, 1965. Opposer has since made continuous use of "LAWN GENIE" and a genie design as a trademark for automatic valves and electric timer controls for lawn sprinklers.^{FN1} Opposer discontinued its "LAWN GENIE" lawn sprinkler installation services sometime in 1967. The mark "LAWN GENIE" and design appears on cartons and packages for the goods, labels, plates affixed to the goods, stationery and invoices, catalogs, and on all advertising material directed to opposer's automatic lawn sprinkler equipment. "LAWN GENIE" valve and timer controls have been sold directly to large accounts such as J. C. Penney, Montgomery Wards, and Sears, Roebuck, and Company, and through distributors to retail accounts comprising, in part, hardware stores, building supply outlets, and the like. Opposer's products have been advertised under the mark "LAWN GENIE" and design over the past

four years in the publication *Sunset*, at an approximate cost for four thousand dollars a year; in local newspapers and similar media through cooperative agreements with its outlets since 1967, with present expenditures in this regard approaching twenty-five thousand dollars; through radio for a time in the past; by the distribution of flyers, brochures, pamphlets, and similar descriptive material; and by exhibits at various fairs and trade shows throughout the country including the Northern California Hardware Show and the New York National Hardware Show. Opposer's sales of automatic valves and controls for sprinkler systems under the designation "LAWN GENIE" and/or a genie design have steadily increased over the years from eighteen thousand dollars in 1964 to one hundred and twenty thousand dollars in 1968 to six hundred thousand dollars in 1972 and to one and a half million dollars in 1973. Sales for the first seven months of 1974 alone were one and a half million dollars.

Applicant started in 1954 as an individual proprietorship and incorporated under its present name, Mathews Company, in 1958 under the laws of Delaware. Applicant is principally engaged in the manufacture and sale of flail mowers and shredders, and a line of grain dryers. Flail-type mowers utilize a horizontal rotor shaft to which swinging knives are hung and the peripheral speed of these knives cuts the grass or hay or stalks or vines. Applicant's flail-type mowers are used for agricultural purposes such as mowing hay, cropping hay, and shredding crop residues as well as for mowing lawns and estates, parks, and highways.

*39 Applicant sold a line of flail mowers for cutting lawns and fields under the mark "LAWN GENIE" and a representation of a genie at least as early as February 1972. These mowers are intended for use with a small lawn or garden tractor, and may be purchased with a hopper for gathering grass, leaves, and general cleanup and with such attachments as a vacuum and a leaf mulching screen. Applicant currently sells a thirty-six inch mower and a six foot mower under the "LAWN GENIE"

mark, the latter intended for large areas of space as in parks, highways, and cemeteries. The mark "LAWN GENIE" has always appeared on a decal affixed to the mower and originally with a representation of a genie. On May 1, 1972, applicant filed the subject application to register "LAWN GENIE" and genie design for "mowers for lawns and fields."

Applicant's "LAWN GENIE" mowers are sold essentially through farm equipment dealers and other dealers that more or less specialize in selling lawn mowers and fertilizer spreaders. "LAWN GENIE" lawn mowers have been promoted through the distribution of descriptive pamphlets and by advertising in national magazines directed to the estate, highway, and institutional type purchasers including "Grounds Maintenance", "Home and Garden Supply Merchandiser", "Government Product News", "Turf Grass Times", "Outdoor Power Equipment", and "Cemetery Maintenance and Management". Applicant spends eleven thousand to twelve thousand dollars per year in this regard.

On September 20, 1972, opposer wrote applicant advising that it had encountered an advertisement of "LAWN GENIE" mowers and that applicant's use of this notation and the genie symbol constituted a violation of opposer's rights therein.

Applicant's president responded to the letter by calling opposer's president and pointing out that "we weren't doing anything like he was doing". This was followed up on October 12, 1972 with a letter to opposer's president advising of applicant's investment in the "LAWN GENIE" mark and stating, inter alia, that

"First of all, the Lawn Genie is in no way similar to the Lawn Sprinkler Timer that you make. I would think that in most cases our sales outlets would be different than yours, and not have any conflict on selling them. Another suggestion I have that might be resolved is that we remove the figure of the Genie from the promotional material. I don't know the full details. I think our lawyers said that your new trade mark covers the name and the figure as a design.

Since the lawyers have a tendency to procrastinate, I figure that by appealing to you directly we can come to a quick solution. If you say that you don't want to let us use the name, we will stop immediately. If you feel that we can live together with this name, we would be willing to pay you \$2,000.00."

On November 29, 1972, opposer accepted applicant's offer stating:

"We are willing to go along with your offer of \$2,000.00 for our permission to use the name 'Lawn Genie' with one exception.

We require that alter the depletion of your current literature, or by October 1, 1973 whichever occurs first, that you cease to use the Genie symbol.

Receipt of your check in the amount of \$2,000.00 will indicate your acceptance of these conditions."

By a letter dated December 19, 1972, applicant accepted opposer's conditions stating:

"We will delete the Genie symbol on our literature and in our advertising by October 1, 1973.

"Enclosed is our check for \$2,000.00."

The check was dated December 19, 1972, and it was subsequently deposited to opposer's account.

Applicant did, in fact, take steps to discontinue use of the genie symbol in its literature.^{FN2} It also changed the decal that is affixed to the mowers by deleting the symbol therefrom, and on February 2, 1973, applicant amended the subject application to confine the mark sought to be registered to the notation "LAWN GENIE", per se.

[1] On September 13, 1973, opposer filed an application [Serial No. 841] to register the notation "LAWN GENIE" for electrical timers and controls for lawn sprinklers, alleging therein that "* * * no other person, firm, corporation, or association has the right to use said mark in commerce, either *40 in the identical form or in such near resemblance thereto as may be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive". The file of this application, introduced in evidence by applicant, re-

veals that opposer's application was refused on the basis of the registered mark "GARDEN GENIE" for portable sprayers and "WATER GENIE" and "AQUA GENIE", both owned by the same concern, for goods described as "automatic water systems including pumps, pressure switches, and minicels sold as a unit". Opposer subsequently filed cancellation actions against each of the registrations, these cancellations were dismissed upon agreements between opposer and each of the registrants whereby opposer was granted the right to the use and registration of "LAWN GENIE" for its valves and controls over the registered marks on the basis that no conflict existed therebetween; and opposer was granted Registration No. 1,019,256 on September 3, 1975. The allowance of this registration is interesting because it was granted notwithstanding applicant's previously filed application and the pending opposition.^{FN3} The only inference to be drawn therefrom is that the Examiner did not believe that they were conflicting applications or, in other words, that the marketing of the respective products of the parties under "LAWN GENIE" would be likely to cause confusion in trade.

The record demonstrates that opposer is, as between the parties herein, the prior user by many years of the mark "LAWN GENIE" for automatic valves and controls for lawn sprinklers and that opposer, as a consequence thereof and its advertising and promotional efforts directed thereto, possesses a valuable goodwill in the mark "LAWN GENIE" and hence a protectible interest therein.^{FN4} The question to be resolved in this proceeding is whether the registration of "LAWN GENIE" for mowers for lawns and fields sought by applicant would be in derogation of such rights and damaging to opposer.

Turning first to applicant's affirmative defense, it is applicant's position that by consenting to use of the mark "LAWN GENIE" on products made by applicant in December 1972, opposer acquiesced in the use of the mark "LAWN GENIE" for mowers for lawns and fields; and since the Court in *In re E.*

I. du Pont de Nemours & Co., 177 USPQ 563 (CCPA, 1973) indicated that the right to register should follow the right to use as closely as possible, opposer is estopped to question applicant's right of registration and to assert damage therefrom. Applicant relies on this agreement a step further to urge that it must be interpreted as one based upon a lack of likelihood of confusion otherwise the statement in opposer's application [Serial No. 841] that “* * * no other person, firm, corporation, or association has the right to use said mark in commerce, either in the identical form or in such near resemblance thereto as may be likely, when applied to the goods of such other person, to cause confusion, or to cause mistake, or to deceive * * *” was false when made after the agreement between the parties was consummated.

Opposer, on the other hand, has contended that: “There was *no* consent by Merriner [opposer's president] to the general use by Mathews of the trademark LAWN GENIE in conjunction with all and sundry types of ‘mowers for fields and lawns’ as stated in the application Serial No. 423,040 forming the subject matter of this *41 Opposition. There is no evidence that Merriner granted any permission to Mathews to extend the limited consent to use LAWN GENIE on one piece of particular equipment [the literature supplied by applicant during the correspondence period referred to a lawn mower and leaf mulcher combination machine] to a general use of the mark ‘for mowers of fields and lawns’. Moreover, there is no evidence that Merriner, in giving his limited consent to Mathews, ever contemplated that Mathews would claim his own trademark rights in that general area and would attempt to obtain a registration for the mark LAWN GENIE in conjunction with that general class of goods.”

Section 19 of the statute provides that “* * * In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied * * *.” The interpretation of the words “where applicable” by the Board has been that they refer to fact situations in

inter partes proceedings and not to particular types of proceedings. The Court, however, in *James Burrough Limited v. LaJoie et al.*, 174 USPQ 329 (CCPA, 1972) distinguished between the right to use a mark and the statutory right to register and held that a party is under no obligation to challenge a subsequent party's use of the same or a similar mark on the penalty of being deprived of the right to later oppose an application to register said mark, and that since an opposition is the first opportunity that a party can object to a registration, estoppel by reason of laches and acquiescence cannot apply in a proceeding of this character. While the pronouncement in that case would appear to unequivocally deny an applicant the equitable defenses in an opposition proceeding, the Court's later decided cases suggest that it did not rule out the applicability of the equitable defenses of laches, estoppel, and acquiescence under any circumstances in any and all opposition proceedings. See: *David Crystal, Inc. v. Shelburne Shirt Co., Inc.*, 175 USPQ 112 (CCPA, 1972); *The Ultra-White Company, Inc. v. Johnson Chemical Industries, Inc.*, 175 USPQ 166 (CCPA, 1972) [emphasis herein is on the dissent in said decision]; and *In re E. I. du Pont de Nemours & Co.*, supra. In this last cited case, although an ex parte one, the Court noted that the Act of 1946 does intend that registration and use be coincident as far as possible, and further held that the following factor, among others, must be considered in testing for likelihood of confusion:

“(10) The market interface between applicant and the owner of a prior mark: * * *

”(d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.”

[2] The words “as far as possible” in the Court's decision, in our opinion, are intended to cover the practice over the years by the district courts and their appellate tribunals of entering judgment in favor of the prior user, notwithstanding the establishment of the equitable defenses of laches, estoppel, and acquiescence, where the identity of the marks and goods were such that confusion or mistake in trade was deemed inevitable. The rationale behind

this has been that the public interest necessitates the elimination of situations that could readily give rise to confusion in the marketplace. This practice has been followed in Patent and Trademark Office proceedings involving the right of registration, as shown in *The Ultra-White Company, Inc. v. Johnson Chemical Industries, Inc.*, supra, where the Board and the Court of Customs and Patent Appeals, in spite of evidence supporting a finding of acquiescence and laches, cancelled the respondent's registration because the marks and goods of the parties were such as to raise no doubt as to the likelihood of confusion. See: *States Steamship Company v. States Marine International, Inc.*, 183 USPQ 561 (TT&A Bd., 1974), and cases cited therein. Thus, evidence of laches, estoppel, and acquiescence is a factor in a proceeding of this character only where the question of likelihood of confusion is reasonably in doubt.

Thus, in the instant case, it is necessary to determine whether the evidence adduced by applicant supports its charge of acquiescence and, if so, whether the likelihood of confusion arising from the marketing of the respective goods of the parties under the mark "LAWN GENIE" is reasonably debatable.

The words "laches" and "acquiescence" are often used interchangeably, but there is a significant distinction between them. Laches is based on lack of diligence over an undue period of time in seeking relief in a court of law where the opportunity to have acted sooner was readily available and the failure to act is inexcusable. Acquiescence is submission or consent to an act of which one generally has full knowledge. As set forth in *Black's Law Dictionary, Third Edition (1933)* -

"Acquiescence and laches are cognate but not equivalent terms. The former is a submission to, or resting satisfied with, an existing state of things, while laches implies a neglect to do that which the party *42 ought to do for his own benefit or protection. Hence laches may be evidence of acquiescence. Laches imports a merely passive assent, while acquiescence implies active assent * * *."

Both laches and acquiescence may, under particular circumstances, give rise to an estoppel. That is, an estoppel can arise when a person by his admissions, silence, or acts induces another person to rely upon such representations or silence to his detriment and prejudice. See: *Loma Linda Food Company v. Thomson & Taylor Spice Co.*, 126 USPQ 261 (CCPA, 1960) and cases cited therein.

[3] In the instant case, there can be no question but that the agreement between the parties including the payment to opposer of two thousand dollars and applicant's cessation of use of the genie design in return constituted acquiescence by opposer to applicant's use of the notation "LAWN GENIE", per se. While it may have been opposer's intention to limit its consent to the use of "LAWN GENIE" by applicant to a particular type of mower rather than to "mowers of fields and lawns" in general, this obviously is not the import of the agreement. Moreover, acquiescence or a consent to use is, in essence, an admission that the subsequent party's use of the mark for its goods is not likely to cause confusion in trade or a conflict with the prior user's marketing practices. It thus strains our credulity to understand how opposer can rationalize its consent to applicant's use of "LAWN GENIE" for a particular mower and its objections to use by applicant of "LAWN GENIE" on "mowers for fields and lawns" on the basis of likelihood of confusion or damage. In fact, for what it may be worth to add to the complete picture, when opposer filed its application to register "LAWN GENIE" for its valves and controls after consummating the agreement to permit applicant to continue to use "LAWN GENIE" for a mower, it alleged, in essence, that no other person has a right to use the mark "LAWN GENIE" in commerce for goods that might be likely to cause confusion or mistake or deception in trade. This declaration can only be accepted as true if it is deemed that opposer did not believe that the contemporaneous use of "LAWN GENIE" for both timer controls and valves for lawn sprinklers and for a lawn mower machine was not conducive to confusion or mistake in trade as to source. Finally,

the Examiner by allowing opposer's registration of "LAWN GENIE" over applicant's previously filed application must have also felt that confusion in the marketing of these products was unlikely to occur. In fact, opposer's efforts to obtain non-conflicting agreements with the owners of the registered marks cited as bars to the registration that it sought might also suggest that opposer had a somewhat narrow concept of its rights in and to the mark "LAWN GENIE".

[4] Opposer's assertion that, in giving its consent to applicant, it never contemplated that applicant would claim his own trademark rights therein and seek to obtain a registration to reflect such rights indicates naivete, a failure to consider the possible consequences of its actions prior to executing the agreement, and a failure to recognize the fundamental principle that a registration is recognition of a party's common law rights to the use of a mark and is therefore concomitant therewith unless otherwise precluded by statutory considerations.

[5] All in all, whether considering opposer's actions as acquiescence or an admission that applicant's and opposer's activities under the mark "LAWN GENIE" are not in conflict, applicant's affirmative defense is well founded. Under these circumstances and since applicant has continued to use and expend effort and time on its "LAWN GENIE" mowers in reliance of its agreement with opposer and the parties here involved, as well as this Office, directly or indirectly have recognized the differences between the goods to be sufficient to avoid confusion in their marketing, it is concluded that it would be inequitable to preclude the registration sought by applicant and hence to sustain opposer's claim of damage.

Decision

The opposition is dismissed.

FN1 The documents noticed by applicant reveal that opposer filed an application to

register the representation of a genie for pre-set electrical timer controls and solenoid valves for automatic lawn sprinkling on June 24, 1965 and that this application matured into Reg. No. 814,880 on September 13, 1966.

FN2 On February 8, 1974, after the opposition was filed, opposer wrote applicant complaining, as a violation of the agreement, that the Genie symbol appeared in one of applicant's advertisements in the January 1974 issue of "Grounds Maintenance". An explanation was requested. Applicant responded on February 13, 1974 indicating that it had eliminated the Genie symbol on the decal and other literature; that this was a mistake on the part of the advertising agency; and that the agency will write opposer explaining the error. Apparently, there has been no further communication between the parties.

FN3 Rule 2.83 - "Conflicting marks" provides "(a) Whenever an application is made for registration of a mark which so resembles another mark or marks pending registration as to be likely to cause confusion or mistake or to deceive, the mark with the earliest effective filing date will be published in the Official Gazette for opposition if eligible for the Principal Register, or issued a certificate of registration if eligible for the Supplemental Register. A notice will be sent, if practicable, to the applicants involved informing them of the publication or issuance of the earliest filed mark." and "(c) Action on the conflicting application which is not published in the Official Gazette for opposition or not issued on the Supplemental Register will be suspended by the Examiner of Trademarks until the published or issued application is registered or abandoned."

FN4 Applicant has attempted to restrict op-

190 U.S.P.Q. 37
1976 WL 20915 (Trademark Tr. &
App. Bd.), 190 U.S.P.Q. 37
(Cite as:190 U.S.P.Q. 37)

Page 8

poser's rights in "LAWN GENIE" to the particular goods on which opposer has used the mark through the introduction into evidence of twenty-nine third-party registrations covering marks consisting of or comprising "GENIE" or an equivalent thereof alone and/or in association with a genie design or other wording for a variety of goods. These registrations, however, are insufficient for this purpose if for no other reason than that only one registration pertains in any way whatsoever to equipment of the type here involved or even to goods related thereto and that is the registration of "GARDEN GENIE" referred to above for portable sprayers. See: Price-Pfister Brass Mfg. Co. v. Milwaukee Faucets, Inc., 136 USPQ 215 (CCPA, 1963) and The Conde Nast Publications, Inc. v. American Greetings Corporation, 141 USPQ 249 (CCPA, 1964).

P.T.O. T.T.A.B.
Richdel, Inc. v. Mathews Company
1976 WL 20915, 190 U.S.P.Q. 37

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H

National Resources, Inc.
v.
Nova Resources, Inc.

District Court, D. Maryland
No. JH-80-1034

Decided June 22, 1981

United States Patents Quarterly Headnotes

UNFAIR COMPETITION

[1] Jurisdiction of courts--Trademarks (§ 43.55)
Registration--Trade names (§ 67.767)

Trade names, as such, are not registrable under Lanham Act, and extent to which that Act confers federal jurisdiction for trade name protection is unsettled in Fourth Circuit.

UNFAIR COMPETITION

[2] Names--Secondary meaning (§ 68.725)

Secondary meaning theory contemplates that word or phrase originally, and in sense primarily, incapable of exclusive appropriation with reference to article on market, because geographically or otherwise descriptive, might nevertheless be used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of purchasing public, word or phrase comes to mean that article was his product.

TRADEMARKS

[3] Infringement--In general (§ 67.431)

Infringement involves confusion of origin, not confusion of services.

TRADEMARKS

[4] Evidence--Of confusion

Proof of actual confusion in specific instances is unnecessary.

UNFAIR COMPETITION

[5] Names--Corporation and company name (§ 68.707)
Factors considered in determining likelihood of confusion include similarities between parties' names, nature

of parties' services, parties' trading area, parties' marketing channels, whether parties' services have common purchasers, and sophistication and knowledge of type of persons who purchase parties' services.

UNFAIR COMPETITION

[6] Names--Corporation and company name (§ 68.707)
Similarity, as well as identity, may constitute infringement.

TRADEMARKS

[7] Marks and names subject to ownership--Descriptive--Misdescriptive or not descriptive--Particular marks (§ 67.5078)

"National Resources, Inc.," as trade name, is suggestive of employment agency services.

TRADEMARKS

[8] Identity and similarity--How determined--Dissecting marks (§ 67.4051)

Test of confusing similarity is to be found in comparison of ensemble; even so, slight imitation may constitute infringement if imitation attaches to what is most salient.

TRADEMARKS

[9] Identity and similarity--How determined--Adding to other's mark (§ 67.4053)

One who uses less than whole may infringe, but if so, it must appear that part he has taken identifies owner's product without the rest.

TRADEMARKS

[10] Identity and similarity--How determined--Purchasers and selling methods (§ 67.4071)

Fact that parties' services, trading area, and some marketing channels coincide is not indicator of likely confusion, but should be viewed as context in which likelihood of customer confusion can be determined.

UNFAIR COMPETITION

[11] Names--Corporation and company name (§ 68.707)
Crucial issue in determining infringement vel non of relatively weak trade name with established secondary meaning is whether plaintiff has proved that customers

and potential customers will likely be confused about origin of parties' services.

TRADEMARKS

[12] Identity and similarity--How determined--Purchasers and selling methods (§ 67.4071)
Court should focus its examination of likelihood of confusion on ordinary purchaser who employs care usually exercised in transactions of sort involved.

TRADEMARKS

[13] Identity and similarity--How determined--Purchasers and selling methods (§ 67.4071)
Likelihood of confusion is directly related to degree of care customer may be reasonably expected to exercise in selection of purveyor of services.

TRADEMARKS

[14] Identity and similarity--How determined--Purchasers and selling methods (§ 67.4071)
Expertise of purchasers does not always assure absence of confusion; inefficacy of expertise in preventing confusion is probably greatest in cases involving distinctive or fanciful names so similar that only most perceptive ear can avoid initial confusion between names when they are spoken.

TRADEMARKS

[15] Identity and similarity--How determined--In general (§ 67.4051)
Where resemblance of marks is not alone sufficient to establish likelihood of confusion, as with trade names, other factors such as nature of goods, channels of trade, and class of purchasers must be considered.

TRADEMARKS

[16] Infringement--In general (§ 67.431)
Marks and names subject to ownership--Descriptive--In general (§ 67.5071)
Descriptive word in public domain cannot be infringed unless word, standing alone, has acquired secondary meaning.

Division Trade Names
NRI, Inc.

Action by National Resources, Inc., against Nova Resources, Inc., for trademark infringement, service mark infringement, and unfair competition. Judgment for defendant.

Geoffrey R. Myers, and Hall, Myers & Rose, both of Potomac, Md., for plaintiff.

Peter G. Mack, and Schwartz, Jeffery, Schwaab, Mack, Blumenthal & Koch, P.C., both of Alexandria, Va., and M. Michael Maslan, and Maslan & Maslan, both of Baltimore, Md., for defendant.

Howard, District Judge.

National Resources, Inc. ("National") brought this action against Nova Resources, Inc. ("Nova") for Nova's allegedly unfair competition and service mark and trademark infringement. This suit for injunctive relief and damages was brought under the Lanham Act, 15 U.S.C. §§1051-1127, and under Maryland common law. The Court's jurisdiction is founded on 15 U.S.C. §1121 and 28 U.S.C. §1338. A court trial was held on January 27-28, 1981. The Court's findings of *123 fact and conclusions of law, as required by Fed.R.Civ.P. 52(a), follow.

I. Background

National is an employment agency operating in the Baltimore-Washington metropolitan area. The plaintiff has traded under the name "National Resources, Inc." since 1972 when National ended its affiliation with a franchise organization. National's 1980 sales volume exceeded \$3 million and the firm is the largest employment agency in the metropolitan area. Under National's parentage are several divisions which market services under various service marks:

Service Marks
NRI, National Resources Sales Resources

Commercial Resources, Inc.
Arrow Resources, Inc.
Computer Resources, Inc.
Aro-One, Inc.

Commercial Resources
Arrow Resources
Computer Resources
Legal Resources, Temporary Resources

"NRI," "National Resources," "Sales Resources," "Commercial Resources," and "Legal Resources" are registered service marks.

Since 1973, National has advertised extensively in the Baltimore-Washington area. In addition to their use in newspaper advertising, National's trade names and service marks have been prominently incorporated in the firm's stationery, forms, brochures and telephone and commercial directory advertising.

Nova is also an employment agency in the Baltimore-Washington metropolitan area. The defendant was incorporated under its present trade name, "Nova Resources, Inc.," in April 1979, although it traded as Delta Personnel Service of Towson until January 1980. Nova's service marks are "Nova Resources" and "Nova Temps." The defendant is a relatively small enterprise whose 1980 sales volume did not exceed \$110,000.

Shortly after Nova began to advertise, National's president telephoned Nova's president in an effort to persuade the latter to alter Nova's name and mark; that effort failed. On April 25, 1980, National filed this suit.

II. Discussion

A. Trade Name Infringement

[1] Trade names, as such, are not registrable under the Lanham Act and the extent to which the Act confers federal jurisdiction for trade name protection is unsettled in this Circuit. See *Communications Satellite Corp. v. Comcet, Inc.*, 429 F.2d 1245, 1250 n.5, 166 USPQ 353, 356 n.5 (4th Cir. 1970) (hereinafter "Comsat"). The plaintiff brought Maryland common law infringement claims in addition to its Lanham Act claims; thus, it is unnecessary to determine the applic-

ability of the Lanham Act to National's trade name infringement claim. The Court will conduct its analysis under Maryland law:

[T]he Maryland Court of Appeals classifies cases dealing with trade name protection into three general categories--(1) cases protecting a name consisting of distinctive, unique or fanciful words; (2) cases where actual fraud and deceit are employed; and (3) cases protecting a name, which, though consisting of words in common use, has acquired a secondary meaning. *National Shoe Stores Co. v. National Shoes of N.Y.*, 213 Md. 328, 131 A.2d 909, 912, 113 USPQ 380, 383 (1957).

Comsat, supra at 1250, 166 USPQ at 356.

Even a cursory examination of the plaintiff's trade name reveals that it is not composed of distinctive, unique or fanciful words. Further, National produced no evidence that would support a conclusion that Nova employed actual fraud or deceit "to fool the public into the belief that [its services] are the [services] of the plaintiff." See *Drive It Yourself Co. v. North*, 130 A. 57, 59 (Md. 1925). Thus, if National is to prevail on its trade name infringement claim, its proof must conform to that third category of cases recognized by the Maryland Court of Appeals. To carry its burden, National must prove (1) that its name has acquired a secondary meaning; and (2) that there is a likelihood of confusion "about the parties' goods, services, or businesses." *Comsat*, supra at 1250-1251, 166 USPQ at 357.

1. Secondary Meaning

[2] The Court's analysis of National's evidence must first focus on whether the plaintiff's trade name "has acquired a secondary meaning through association with the seller's product or business in the minds of the * * * public." ^{FN1} *124 *National Shoe*, supra at 912-13, 113 USPQ at 383. The secondary meaning theory is neither

abstruse [n]or complicated * * * however difficult its application may sometimes be. It contemplates that a word or phrase originally, and in the sense primarily, incapable of exclusive appropriation with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase had come to mean that the article was his product; in other words, had come to be, to them, his trade-mark.

National Shoe, *supra* at 913, 113 USPQ at 384.

It has been observed that "the authorities seem to differ as to the character or quantum of [necessary] proof of secondary meaning." *Ibid.* Factors which courts have considered in determining whether a plaintiff's trade name has acquired a secondary meaning include: (1) the length of time the plaintiff has been in business; (2) the portion of the market area population served by the plaintiff; (3) the nature and extent of the plaintiff's advertising; (4) the plaintiff's business volume; (5) evidence of the public's awareness of the plaintiff's business; (6) exclusiveness of use; and (7) the importance the plaintiff attaches to its name in marketing its products or services. See *Drive It Yourself Co.*, *supra* at 60-61; *Neubert v. Neubert*, 161 A. 16, 17 (Md. 1932); *A. Weiskittel & Son Co. v. J. Harry C. Weiskittel Co.*, 173 A. 48 (Md. 1934); and *Nims*, *Unfair Competition and Trademarks* §334 (4th ed. 1947).

As noted previously, National has done business under its trade name for about nine years and has advertised extensively during that period in major and local community newspapers and through display advertising in telephone and commercial directories. See *Trial Transcript* ("Tr.") at 21-27 and *Plaintiff's Exhibits 1A, 1B, and 3*. National's sales have equalled or exceeded \$3 million for the past five years and the firm is the largest employment agency in the Baltimore-Washington area. *Tr.* 18 and *Stipulation* ("Stip.") 10.

Currently, the term "resources" is embodied in the trade names of only two other employment agencies in the Baltimore-Washington area. *Tr.* 298-299. The plaintiff

is the only firm trading as National Resources, Inc. in that area. Finally, National's President Leslie Meil testified about the importance of the plaintiff's trade name in marketing its services:

Q. Mr. Meil, what importance, if any is a company's name and trademark in the employment agency profession?

A. I think it is rather important, especially based on my previous testimony where I indicated that it was the nature of the business that there is a required response, a voluntary response from the client, they have to contact the right organization. The very fact that some of the largest franchisors -- and there are very, very large ones in the employment agency business -- have gone to great extremes to protect the integrity of their name. It is very, very important -- an agency in the employment agency business has clear rights to their name without confusion.

Tr. at 60.

After considering the preceding factors and the evidence produced by National, the Court concludes that National Resources, Inc. has acquired a secondary meaning in the Baltimore-Washington metropolitan area.

2. Likelihood of Confusion

[3,4] The second step in establishing trade name infringement is proving that the defendant's trade name is likely to confuse potential customers for the parties' services; infringement involves confusion of origin, not confusion of services. *Nims*, *supra*, §221c at 671. Of course, in examining the evidence, the Court bears in mind that "proof of actual confusion in specific instances is not necessary." *National Shoe*, *supra* at 914, 113 USPQ at 384.

[5] Factors which have traditionally been considered in determining the likelihood of confusion include: (1) similarities between the parties' names; (2) the nature of the parties' services; (3) the parties' trading area; (4) the parties' marketing channels; (5) whether the parties' services have common purchasers; and (6) the sophistica-

tion and knowledge of the type of persons who purchase the parties' services. See *Comsat*, supra at 1251, 166 USPQ at 357; *Durox Company v. Duron Paint Mfg. Co.*, 320 F.2d 882, 885, 138 USPQ 353, 355 (4th Cir. 1963); *American Mfg. Co. v. Heald Machine Co.*, 385 F.2d 456, 458, 155 USPQ 515, 516-517 (C.C.P.A. 1967), cert denied, 393 U.S. 824, 159 USPQ 798 (1968); *American Drill Bushing Co. v. Rockwell Mfg. Co.*, 342 F.2d 1019, 1022, 145 USPQ 144, 146 (C.C.P.A. 1965); and **125 Five Platters, Inc. v. Purdie*, 419 F. Supp. 372, 381, 193 USPQ 411, 419-420 (D. Md. 1976). Thus, the Court will consider each of the preceding factors to determine the likelihood of confusion between the parties' trade names.

a. *The Parties' Names*

[6] The parties' respective three-word trade names share the words "resources" and "incorporated" and feature initial words beginning with the letter "N"; both names may be abbreviated "NRI". Although there is a readily apparent similarity between the trade names, the similarity is not so striking that "[o]nly a *** perceptive ear can avoid initial confusion between the names when they are spoken [.]" *Comsat*, supra at 1251, 166 USPQ at 357. The Court, of course, recognizes that similarity, as well as identity, may constitute infringement. *Nims*, supra §221d at 672. As courts "have been slow to enjoin altogether the use of similar names," this Court will look to generally accepted principles of trademark law to determine the degree of protection to be afforded the plaintiff's trade name. See *National Shoe*, supra at 914, 113 USPQ at 384, and *Nims*, supra §185 at 513 ("[T]he precise difference [between a trade name and a trademark] is not often material, since the law affords protection against its appropriation in either view upon the same fundamental principles.")

As noted above, the words used in the plaintiff's name are neither distinctive, unique, nor fanciful; rather the name consists of "words in common use." Taken in the context of the plaintiff's services and market area, the name certainly connotes certain qualities of the plaintiff's firm and its services. "National" suggests the

scope of the plaintiff's recruiting area; FN2 "resources," in the context of the plaintiff's trade, connotes a "source of supply or support" for personnel needs. See Tr. 29 and Stip. 5 (dictionary definition of resource).

[7] The suggestiveness of the plaintiff's trade name is demonstrated by the plaintiff's strategy of creating a family of marks and names descriptive of the personnel recruited by each operating entity (e.g., Legal Resources, Sales Resources, Computer Resources):

A. * * * [W]e wanted a name that had a nice ring to it, that we could use it in a two word name, changing the first word to either allude to a type of office or a type of speciality that particular office engaged in or internally or in my mind, referred to a specific office with a specific speciality.

Tr. at 29 (testimony of Leslie Meil, National's President). The suggestiveness of the plaintiff's name convinces the Court that the name should be accorded only "narrow protection." See *Comsat*, supra at 1248, 166 USPQ at 355, and *Durox Company*, supra at 885, 138 USPQ at 355.

[8] By comparison, the defendant's trade name more closely approaches the fanciful; "Nova" is certainly not suggestive of a recruiting area. "Resources" is deemed to connote the same meaning within the trade that the word carries in the plaintiff's name. Of course, "[t]he test [of confusing similarity] is to be found in [a comparison of] the ensemble[.]" *Nims*, supra, §221c at 677. Even so, a slight imitation may constitute infringement if "the imitation * * * attaches to what is most salient[.]" *Id.*, §221f at 678.

[9] Assuming, without holding, that the defendant's use of the word "resources" constitutes an appropriation of a salient feature of the plaintiff's trade name, that appropriation would be an infringement only if the word, standing alone, has acquired a secondary meaning. In other words, "one who use less than th[e] whole may infringe, but, if so, it must appear that the part he has taken identifies the owner's product without the rest." *Parfumerie Roger & Gallet v. Wanamaker*, 24 F.2d 698, 699 (2d Cir. 1928), cited in *Nims*, supra §221g at 683. The plaintiff produced no evidence that "resources,"

standing alone, is evocative of National Resources, Inc.; the mere fact that Nova shares with National a weak and descriptive term will not sustain a claim of infringement.

Thus, the Court concludes that the superficial similarities between the parties' trade names are, without more, insufficient proof of a likelihood of confusion.

b. The Parties' Services, Trading Area, and Marketing Channels

[10] The parties have stipulated that they "are engaged in interstate commerce and are competitors in the employment agency business in the Baltimore-Washington metropolitan area."Stip. 14. Further, the parties "have advertised their services in the Baltimore Sun and the Washington Post newspapers" and "are listed * * * consecutively in the Baltimore City yellow pages."Stips. 15 and 16. Thus, it is established that the parties' services, trading area, and some marketing channels coincide. These factors are not indicators *126 of likely confusion, but should be viewed as the context in which the likelihood of customer confusion can be determined.

c. Characteristics of the Parties' Customers

[11] The crucial issue in determining the infringement vel non of a relatively weak trade name with an established secondary meaning is whether the plaintiff has proved that customers and potential customers "will likely be confused about the origin of the parties' * * * services[.]" Comsat, supra at 1250,166 USPQ at 359.

[12] It has been authoritatively suggested that "[s]imilarity which deceives the critical, well-posted buyer is not the test of infringement"; it has also been suggested, with equally impressive authority, that the purveyor of services, "in choosing a name, is not bound to protect or insure the negligent buyer against himself."Nims, supra, §324 at 1024-1026. It is apparent that the Court should focus its examination of the likelihood of confusion on "the ordinary * * * purchaser, who em-

loys the care usually exercised in transactions, of the sort involved."Id. at 1024. With that consideration in mind, the Court turns to the plaintiff's proof.

Although, having no burden to produce evidence of actual confusion, National adduced testimony about three specific instances of alleged customer confusion. Compare National Shoe, supra at 914, 113 USPQ at 384 (no proof of actual confusion necessary) with Nims, supra §319 at §1017 (proof of actual confusion more important in secondary meaning cases).

In the first instance, KDI Score (a firm which dealt with both parties) telephoned National to determine whether the plaintiff could supply KDI Score with a battery engineer. National's Account Executive, Michael P. Donohue, recounted the KDI Score incident. Donohue recalled that when he was unable to locate a battery engineer among National's recruits, he speculated that KDI Score was probably looking for a battery engineer who had been recruited by Nova. Tr. 75-76.

In the second instance, a representative of the Fedders Corporation telephoned National to arrange an interview with a prospective employee, Norman Beard. National's Manager, Robert C. Ricketts, testified that when he was unable to locate Beard's resume, he assumed that Nova had made the referral. Tr. 101. Ricketts telephoned Fedders and informed them that Nova was the probable source of Beard's resume. Id. Later, Ricketts discovered that the Beard resume had actually originated at National. Id.

In testimony about the third instance of alleged customer confusion, Ricketts recounted a conversation with a sales and service manager at Johnson Controls. Tr. 98, 109. This manager allegedly inquired about a sales applicant, Reg Wigglesworth. Id. When Ricketts denied knowledge of Wigglesworth, the sales manager said, "Isn't this Nova Resources?" Id. Ricketts testified that on a later visit to the sales manager, the manager told Ricketts that he had placed National and Nova material in the same file because he thought they were from the same employment agency. Tr. 100, 110. The Johnson Controls incident is, of course, established only by hearsay testimony. Noting that it was not independently

verified, the Court attached little importance to it.

The Beard incident is evidence only of the confusion within one of National's offices and is certainly not demonstrative of any actual or potential customer confusion.

The plaintiff's testimony about the KDI Score incident was rebutted by Lucy Dubrowsky, who was KDI Score's personnel director during the battery engineer episode. In addition to demonstrating the complete absence of confusion at KDI Score about the parties' names, she testified about the procedure she followed in attempting to determine the originating agency for the battery engineer.^{FN3}

*127 Dubrowsky's testimony, Ricketts' nonhearsay testimony about the Beard incident, and other evidence in the case provide valuable information about customer characteristics relevant to the issue of likely confusion; that testimony and evidence are also indicative of the nature of the personnel recruited by the parties. These two factors, the type of customers and the type of personnel recruited, are central to the Court's resolution of the likelihood of confusion issue.

[13] It is fairly well-established that the likelihood of confusion is directly related to the degree of care a customer may be reasonably expected to exercise in the selection of a purveyor of services. Nims, supra §325 at 1030.

Thus, the buyer of relatively expensive goods or services -- or goods or services for which extended use is required -- or goods or services acquired for manufacturing or professional use -- would be expected to select with care and be less susceptible to deceptive confusion. Id. Similarly, the sophistication and expertise of purchasers may lessen the likelihood of confusion. Comsat, supra at 1252,166 USPQ at 358.

The importance of the parties' recruitment services is well-stated by the plaintiff:

No matter what the economic climate, the life blood of a firm is its people. In prosperous times there are very few people for the abundance of jobs. You, therefore,

need a firm with a recruiting network to supply the very best people for your organization. In a slow economic climate, there are a lot of people but very few jobs. During these times you need a firm staffed with trained specialists to separate the highly qualified from the rest of the crowd. This selectivity enables your organization to enhance its profit picture when profit is even more important.

Plaintiff's Exhibit 3, Item 10. The same source provides some indication of the high skill positions the parties seek to fill:

National Resources is divided into specialities. Each office handles a particular field and is staffed with individuals from that field. Thus, if you are talking to an Account Executive in our Data Processing office, you are talking to someone who has been trained and understands Data Processing. All of our offices are structured to provide the best service to both applicants and employers. We know our specialties as well as the personnel field.

Id.

In addition to recruiting data processing personnel, the parties also recruit in the engineering, sales, finance, technical and administrative fields. See Plaintiff's Exhibit 3 and Defendant's Exhibit 2. Other salient considerations include the plaintiff's "client list [that] reads like a Who's Who out of Forbes or Fortune. We serve the industrial giants as well as the small businesses. * * * We are the professionals and our clients think so, because they keep coming back. Over 85% of our business is repeat business [.]” Plaintiff's Exhibit 3. Another consideration is the operating relationships between the parties and their customers which feature extensive personal contacts:

Q. What importance, if any, do you place upon your classified ads as shown in plaintiff's Exhibit 1A and 1B?
A. I think they are very important. There is no question about it. But I can't help but believe that our direct person to person contact with our clients probably does more for us, as far as bringing in new people, referrals, etc.

A. * * * It is the nature of the business -- its nature is the action on the part of the employment agency to send

referrals to client companies. The reaction on the part of the client company to respond to those referrals by contacting the employment agency and saying something to the effect, we would like to see this individual again, we would like to make an offer. Conceivably, it is a type of industry where it is a very, very personal thing. The counselor or the account executive, his name is usually in the forefront of this communication.

Meil Testimony, Te. 27, 35.

The Dubrowsky and Ricketts' testimony indicates that the personnel officers of the *128 parties' clients are aware of the importance of recruiting services and exercise caution in obtaining those services. Dubrowsky testified to the systematic and thorough search she conducted in her efforts to hire a battery engineer. The same dogged and orderly approach was highlighted in Ricketts' account of the Johnson Controls' incident. The testimony, documentary evidence, and reasonable inferences therefrom establish that the parties' actual and prospective clients (more particularly, the business personnel officers with whom the parties' account executives deal) are intelligent and cautious purchasers who are not likely to misidentify the origins of their prospective employees.

[14] The Court is mindful that "the expertise of purchasers does not always assure the absence of confusion." *Comsat*, supra at 1252, 166 USPQ at 358. The inefficiency of expertise in preventing confusion is probably greatest in cases involving distinctive or fanciful names so similar that "[o]nly a most perceptive ear can avoid initial confusion between the names when they are spoken." *Id.* at 1251, 166 USPQ at 357; see also *AmericanDrill Bushing*, supra ("DELTA" mark held infringed by "DELTA-GRIP" and "DELTA LINER"); and *American Mfg. Co.*, supra ("BORE-MATIC" mark held infringed by "BORMASTER"); but see *American Mfg. Co.*, supra, at 458-459, 155 USPQ at 517-518 (dissenting opinion) (insufficient weight given to care exercised in purchase of expensive equipment and dissimilarity of marks; expense assures purchaser will be certain of the equipment's source).

In the instant case, the Court concludes that the charac-

teristics of the parties' services and the customers for those services are adequate barriers to confusion. This conclusion is supported by the relative weakness of the plaintiff's trade name, the importance of the parties' services, and the care likely to be used by customers in purchasing those services.

Finally, the Court notes that National introduced evidence about several telephone calls for the Nova that were allegedly received at the plaintiff's Hunt Valley office (see, e.g., Tr. 115, 121) and testimony about a former Nova employee's alleged efforts to pass himself off as a former National employee (see, e.g., Tr. 137-138, 165-166). The testimony about the allegedly misdirected telephone calls from unidentified callers is so lacking in guarantees of trustworthiness that it lacks probative value; the testimony about the former Nova employee is of some interest.

Several of the plaintiff's witnesses testified about former Nova employee Carlton Robinson's attempts to secure employment with other employment agencies. Supposedly, Robinson attempted to create the impression that he had been employed by National by stating that he had worked for "NRI."

It is apparent that each attempt was fruitless because, on further questioning, Robinson identified his employer as Nova, "the other NRI." See, e.g., Tr. 165. The Court does not consider these incidents as significant harbingers of confusion. First, Robinson was apparently quite forthright in his designation of Nova as his former employer. Next, each agency representative to whom Robinson talked rather quickly determined that Nova was the actual former employer. Finally, none of the parties' customers was involved in the Robinson matter.

B. Service Mark Infringement

National also brought service mark infringement claims against Nova; much of the preceding discussion of National's trade name infringement claim is applicable to the service mark claims because many of the issues overlap. National registered "NRI" as its service mark in 1975 and "National Resources" in 1977. See

Plaintiff's Exhibit 1B at 2 and 226. Thus, both marks are entitled to the protection of the Lanham Act, 15 U.S.C. §1114, which provides in part:

(1) Any person who shall, without the consent of the registrant --

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant * * *.

The defendant uses "Nova Resources" and "Nova Temps" as service marks; at the time of the trial, the defendant had applied for service mark registration of Nova Resources. Langmead Testimony, Tr. at 250, 283-284.

National contends that the defendant's Nova Resources mark infringes the plaintiff's National Resources mark; further the plaintiff claims that the defendant's name infringes National's NRI mark because the name can be abbreviated "NRI."

[15] With respect to the alleged infringement of the National Resources' mark, the Court initially notes that "[r]esemblance of the marks is not alone sufficient to establish the likelihood of confusion." *Comsat*, supra at 1252,166 USPQ at 358. As with trade names, "[o]ther factors and such as the nature *129 of the goods, the channels of trade, and the class of purchasers must be considered." *Ibid*. Accordingly, much of the earlier discussion of the trade name infringement claim is directly applicable.

The National Resources' mark is relatively weak because, in the employment agency context, it connotes an entity capable of drawing upon a national talent pool to supply an actual or potential customer's personnel needs. The Nova Resources' mark, although nearer the fanciful than National's mark, is somewhat suggestive of a personnel source.

[16] Again, assuming Nova's mark appropriates a salient feature of the plaintiff's name, the appropriation

alone would not be proof of infringement. A descriptive word in the public domain cannot be infringed unless the word, standing alone, has acquired a secondary meaning. *Nims*, supra, §221g at 684. Clearly "resources," in the employment agency context is descriptive and plaintiff has not proved that it is either registered or has acquired a secondary meaning. Thus, National's infringement claim cannot be sustained by the mere fact that Nova incorporates the word "resources" in its mark.

National's claim that Nova infringes its NRI mark is based on the observation that the defendant's trade name may be abbreviated "NRI." At trial, it was established that Nova does not use NRI as either a trade name or service mark. Tr. 250-251. The only indications of such use was the testimony about Carlton Robinson's purported efforts to misrepresent his former employment with Nova and the Meil testimony about the use of abbreviations in the employment agency field. Tr. 38.

The Court accepts Meil's testimony about the widespread use of abbreviations in the employment agency business as true. As the Court found Meil's testimony and other evidence, however, a customer's selection of an employment agency is largely determined by personal contacts with the agency's account executives. Word-of-mouth publicity or newspaper or other advertising have little effect on the customer's choice. Thus, the Court finds that even a widespread practice of using abbreviations is unlikely to influence a customer's selection of an agency or to confuse the customer about the origin of an agency's services.

For the reasons detailed in the preceding discussion, the Court finds that the importance of the parties' services and the degree of care likely to be exercised by prospective customers in the selection of an employment agency make customer confusion unlikely. Accordingly, the Court concludes that Nova's name and mark do not infringe the plaintiff's service marks.

III. Conclusion

As the plaintiff failed to establish a likelihood of confu-

sion, the Court concludes that Nova's name and the mark do not infringe National's name and marks; therefore, the plaintiff has not proved that the defendant has engaged in unfairly competitive practices. Thus, the Court will direct the entry of judgment for the defendant.

Accordingly, it is this 22nd day of June, 1981, by the United States District Court for the District of Maryland,

Ordered:

1. That the Clerk of the Court prepare an Order entering judgment for the defendant; and
2. That the Clerk of the Court mail copies of this Memorandum and Order to all parties.

FN1 The plaintiff and the defendant recruit and refer potential employees to businesses with specific personnel needs. When those businesses hire persons referred by an employment agency, the agency is compensated. Typically, the compensation is calculated as a percentage of the employee's salary; the fee is paid by the employer. Thus, the public, for the purpose of the Court's analysis, is composed of those actual and prospective employers likely to utilize the parties' services.

FN2 See Plaintiff's Exhibit 3, Item 10 (National brochure): "Because of our national exposure, our contracts across the country can assist you in your search."

FN3"A. * * * When my boss, whose name was Mr. Stein who was the president and general manager of the company -- we were sitting and talking one day, that we were going to look for a battery engineer, and he said to me that he thought one of the agencies had contacted us and I said yes, it -- you know, I -- I think that an agency had contacted us in regard to finding a -- in regard to seeing whether or not we wanted a battery engineer, and I couldn't remember the name of the agency or who it was,

so what I decided to do was go through the phone book and call each agency in the Baltimore area. I also dealt with agencies in Philadelphia and Valley Forge, Pennsylvania and the tri-state area of North Carolina, South Carolina, that Durham area, because there is a company there that has -- deals strictly with battery people.Q. Now, when you called National Resources, was it their recruit?A. No.Q. When you called National Resources, were you confusing them with Nova Resources?A. No.Q. When you called Nova Resources, did you find out that it was their recruit?A. No.Q. Did you ever think Nova Resources and National Resources were related?A. No.Q. Did you think the names were similar?A. No.Q. Were you confused by the names?A. No.Q. Did you call National Resources before or after Nova Resources?A. I don't remember. If it is all logical, I went through the phone book so -- alphabetically, you know."Q. So you went through the phone book and alphabetically --A. My thing was I went to the phone book and looked up the numbers of the various agencies.Q. Was this at the instructions of your boss?A. Well, it was something that we decided to do, that I was in charge of recruiting and the way I felt I had to recruit, that is how I would go about it, so it was kind of a combined effort as to, you know, we needed a battery engineer and go find one."

Tr. 215-218.

D.Md.

National Resources, Inc. v. Nova Resources, Inc.
1981 WL 48171, 214 U.S.P.Q. 121

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49 U.S.P.Q.2d 1204
1998 WL 929629 (W.D.Wash.), 49
U.S.P.Q.2d 1204
(Cite as:49 U.S.P.Q.2d 1204)

C

La Mexicana Inc.
v.
Sysco Corp.

U.S. District Court Western District of Washington
No. C97-562R

Decided May 27, 1998

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR TRADE PRACTICES

[1] Infringement; conflicts between marks -- Likelihood of confusion -- Evidence of -- In general (Section 335.0303.01)

Infringement; conflicts between marks -- Likelihood of confusion -- Particular marks -- Confusion not likely (Section 335.0304.05)

Confusion is not likely between plaintiff's "Solena" mark, for Mexican foods, and defendant's "Casa Solana" mark, even though "Solena" is strong mark and parties' products are similar, since sight, sound, and meaning of marks are dissimilar, since parties sell to different markets and their marks are aimed at different types of customers, since no actual confusion has arisen despite two and one half years of sales in similar geographic areas, and since defendant adopted its mark in good faith; plaintiff cannot maintain reverse confusion claim, since it has failed to demonstrate likelihood of confusion.

REMEDIES

[2] Monetary -- Attorneys' fees; costs -- Trademarks and unfair trade practices -- Exceptional case (Section 510.0907.03)

Prevailing infringement defendant's request for attorneys' fees pursuant to 15 USC 1117 is denied, since defendant failed to demonstrate exceptional circumstances, such as bad faith or malicious conduct, that would justify award.

Action by La Mexicana Inc. against Sysco Corp. for trademark infringement, false designation of origin,

unfair competition under Washington common law, and violation of the Washington Consumer Protection Act, Wash. Rev. Code 19.86.020. On defendant's motion for summary judgment. Granted.

Marcia S. Kelbon, Robert J. Carlson, and Davis A. Lowe, of Christensen, O'Connor, Johnson & Kindness, Seattle, Wash., for plaintiff.

Steve Rosenblatt and Richard T. Radano, of Rosenblatt & Redano, Houston, Texas; David T. McDonald, of McDonald & Quackenbush, Seattle, for defendant.

Rothstein, J.

This matter comes before the court on defendant Sysco Corporation's motions for summary judgment and for partial summary judgment. After reviewing the documents filed in support of and in opposition to the motions, the court grants defendant's motion for summary judgment.^{FN1}

I. BACKGROUND

La Mexicana sells tortillas and tortilla chips under the SOLENA trademark in Washington, and in portions of Oregon and Alaska. La Mexicana owns a federal trademark registration for the SOLENA trademark for goods consisting of tortillas, tortilla chips, and sales. The registration is based on La Mexicana's use of the SOLENA mark since 1983.

La Mexicana estimates its 1997 annual tortilla chip sales at approximately \$255,000. It attributes \$250,000 of this total to retail sales (sales to grocery stores) and roughly \$5,000 to food services sales (sales to restaurants). La Mexicana's annual retail sales of tortillas have varied between \$5,000 and \$8,000 over the past four years. It attributes only two percent of its tortilla sales to food service sales.

Sysco Corporation (Sysco) is a nationwide distributor of food products to the food service industry. It

sells and distributes Mexican food, including tortillas, tortilla chips, and salsa, under the trademark CASA SOLANA. Sysco owns three federal trademark registrations related to the CASA SOLANA mark: one for the word mark for Mexican foods and food products, one for the trademark and design for Mexican food and food products, and one for the word mark for various goods including napkins, placemats, and point-of-purchase carts and kiosks for displaying Mexican goods and clothing.

Sysco sells exclusively to food service and volume feeders (institutional cafeterias). Sysco's CASA SOLANA mark is not on display to restaurant or cafeteria patrons unless the cafeteria displays a CASA SOLANA kiosk or sign. No such kiosks or signs are on display in cafeterias in Washington of Alaska.

Based on Sysco's use of the CASA SOLANA mark in Washington, Oregon, and Alaska, La Mexicana claims federal trademark infringement under 15 U.S.C. Section 1114 (1), false designation of origin under 15 U.S.C. Section 1125(a), unfair competition under Washington common law, and violation of the Washington Consumer Protection Act, RCW 19.86.020. La Mexicana asks the court to cancel Sysco's three registrations of the CASA SOLANA trademark, to enjoin Sysco from using the CASA SOLANA trademark, and to award monetary damages.

Sysco asks the court to find that no likelihood of confusion exists and to grant summary judgment. Alternatively, Sysco asks the court to limit the remedies available to La Mexicana by granting its motion for partial summary judgment.

II. DISCUSSION

A. Likelihood of Confusion

*1206 In order to support a claim of federal trademark infringement under 15 U.S.C. Section 1114 and a claim of false designation of origin under 15 U.S.C. Section 1125(a), La Mexicana must prove

that Sysco's use of the CASA SOLANA trademark creates a likelihood of consumer confusion. See *Murray v. Cable Nat'l Broad. Co.*, 86 F.3d 858, 860 [39 USPQ2d 1214] (9th Cir. 1996), cert. denied, 117 S. Ct. 689 (1997). La Mexicana's state law claims also require La Mexicana to demonstrate a likelihood of confusion. See *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.*, 532 F. Supp. 651, 655 n.1 [215 USPQ 175] (W.D. Wash. 1982).

Sysco asks the court to determine that no likelihood of confusion exists. The court can determine likelihood of confusion as a matter of law in response to a summary judgment motion. See *Murray*, 86 F.3d at 860-61.

1. Factors Relevant to Likelihood of Confusion

In determining the likelihood of confusion, the court is guided by eight factors: (1) strength of the mark; (2) proximity of goods; (3) similarity of marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion. See *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 [204 USPQ 808] (9th Cir. 1979). This nonexclusive list of factors assists the court in making its determination, but "[t]he presence or absence of a particular factor does not necessarily drive the determination of a likelihood of confusion." *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290-91 [21 USPQ2d 1824] (9th Cir. 1992).

a. Strength of Mark

An arbitrary or fanciful mark, a "strong" mark, is afforded greater protection than a descriptive or suggestive mark, a "weak" mark. See *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 605 [1 USPQ2d 1809] (9th Cir. 1987). In contrast to the narrow protection granted weak marks, strong marks are granted "protection over a wide range of related products . . . and variations on visual and

aural format.”2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition Section 11:73 (4th ed. 1997).

A word “invented or selected for the sole purpose of functioning as a trademark” is considered a fanciful, or strong mark. 2 *id.*Section 11:5. La Mexicana argues that SOLENA is a fictitious word selected only to function as a trademark and asks the court to characterize the SOLENA mark as a strong mark. The court finds La Mexicana's reasoning correct and considers the SOLENA mark entitled to the broader protection afforded strong marks.

b. *Proximity of Goods*

When goods are related, consumers are more likely to mistakenly assume an association between producers. *See AMF*, 599 F.2d at 350. For this reason, when the court considers closely related goods, a lesser degree of similarity between the marks is required before it will find a likelihood of confusion. *See id.*(citations omitted).

In an attempt to persuade the court that the goods are not related, Sysco points to two differences. First, unlike La Mexicana, which sells fresh tortillas, Sysco sells refrigerated and frozen tortillas under the CASA SOLANA mark. Second, in contrast to La Mexicana, which sells tortilla chips in one pound bags, Sysco sells tortilla chips in ten pound bags.

The question for the court under this factor is not whether the goods are identical, but whether “the goods are similar in use and function.”*Id.* Although the goods differ slightly according to their intended market (grocery stores vs. volume feeders), both companies actively sell tortillas and tortilla chips designed to be consumed as part of Mexican meals. In deciding whether a likelihood of confusion exists, therefore, the court will require a lesser degree of similarity.

c. *Similarity of Marks*

The court determines the similarity of marks based

on three characteristics: sight, sound, and meaning. *See id.* at 351. “The marks must be considered in their entirety and as they appear in the marketplace.” *Official Airline Guides v. Goss*, 6 F.3d 1385, 1392 [28 USPQ2d 1641] (9th Cir. 1993).

Arguing that Sysco promotes CASA SOLANA products using only the SOLANA name, La Mexicana asserts that the relevant comparison is between SOLANA and SOLENA. Menu strips on CASA SOLANA signage, which refer for example to Solana plates and Solana sides, are the only evidence La Mexicana presents to demonstrate Sysco's marketing using only the SOLANA name. Sysco replies that these menu strips have never been used in Washington, Alaska, or the overlapping trade area in Oregon. La Mexicana fails to refute this argument *1207 and presents no evidence to the contrary. The court, therefore, will consider the CASA SOLANA mark in its entirety.

1. *Sight*

In considering the sight element, the court applies a “subjective eyeball” test. *Miss World (UK) Ltd. v. Mrs. America Pageants, Inc.*, 856 F.2d 1445, 1451 [8 USPQ2d 1237] (9th Cir. 1988). Although both marks incorporate the colors of the Mexican flag, the two trademarks, as they appear in the marketplace, look different. La Mexicana's SOLENA labels contain the word SOLENA in red lettering surrounded by a frilly, diamond-shaped border and a multicolored, diagonal striped background. In contrast, Sysco's CASA SOLANA labels are printed on a plain white background with a red, triangle border above and below the mark. The words CASA SOLANA appear in black letters in a distinctively different font and the “O” in SOLANA is replaced with a stylized sun. A description of the product is placed under the name in white lettering within a solid black or green box.

Moreover, both companies display the house name, which helps reduce the likelihood of confusion. The La Mexican labels contain the words “Distributed by La Mexicana” or “Packaged by La Mexicana,”

and the Sysco labels contain the words "Distributed by Sysco Corporation."

ii. *Sound*

The two trademarks sound different. Although both are Spanish-sounding words containing the syllable "SOL," CASA SOLANA is a two word, five syllable mark and SOLENA is a single word, three syllable mark. Even if consumers pronounce the words SOLENA and SOLANA similarly, the trademarks, when considered in their entirety, sound different.

iii. *Meaning*

The SOLENA and CASA SOLANA marks have different meanings. In fact, SOLENA is a fictitious word that lacks an English or Spanish translation. CASA SOLANA, on the other hand, is a Spanish word meaning sunny house or sunny porch on a house. Although both marks may convey a vague Spanish connotation to non-Spanish speaking customers, La Mexicana admits that the word CASA is easily translated by non-Spanish speaking consumers.

After considering the sight, sound, and meaning of the marks, the court finds that the two marks are not similar.

d. *Evidence of Actual Confusion*

Evidence of past confusion between two marks is "persuasive proof" of future confusion. *AMF*, 599 F.2d at 352. But, "failure to prove instances of actual confusion is not dispositive." *Id.* at 353. Instead, the evidence of actual confusion factor is weighed heavily only when circumstances indicate that evidence of confusion should have been available. *See id.*

For the past two and a half years, Sysco has sold goods under the CASA SOLANA mark in Washington. Yet, La Mexicana has failed to provide any evidence of actual confusion. Sysco argues that under this set of circumstances evidence of confusion

should have been available. La Mexicana does not dispute this argument.

e. *Marketing Channels Used*

"Converging market channels increase the likelihood of confusion." *Id.* Sysco presents persuasive arguments demonstrating the differences between the marketing channels of the two companies. La Mexicana sells primarily to retail stores. It promotes its SOLENA products directly to consumers by displaying them at stores, markets, and fairs. In contrast, Sysco sells its tortillas and tortilla chips primarily to food service and volume feeders. Although it advertises to food service and volume feeder buyers, Sysco does not use retail or newspaper ads to promote its CASA SOLANA products. In fact, the only Sysco marketing aimed directly at average consumers is the CASA SOLANA kiosks and signs, which are posted at volume feeders to identify the cafeteria's Mexican food as CASA SOLANA food. No such kiosks or signs are used in Washington or Alaska.

La Mexicana argues that the marketing channels of the two companies overlap because they both sell to Larry's Market and to Red Apple Market. This argument fails to demonstrate a significant overlap. The limited number of taco shells sold to Larry's Market by Sysco were used by the store's deli and sold to consumers without the CASA SOLANA mark. The same is true of the four cases of tortillas purchased by Red Apple Market.

La Mexicana also alleges that marketing channels overlap with respect to food service locations. This argument is similarly unpersuasive. As mentioned above, La Mexicana estimated annual sales of tortilla chips to food service was approximately \$5,000. Its annual sales of tortillas to food service totaled less than \$100. The court finds that *1208 these de minimus sales do not constitute an overlapping market.

f. *Types of Goods and Degree of Care*

In determining the likelihood of confusion, the court considers the typical buyer exercising ordinary caution. *See id.* When dealing with expert or professional buyers, however, the court applies a higher standard. *See id.*

Sysco argues that the relevant purchasers are the food service buyers it services and asks the court to apply the higher, professional buyer standard. La Mexicana argues that the relevant purchasers are ordinary consumers and asks the court to apply the lower, typical buyer standard.

According to La Mexicana's argument, ordinary consumers, who purchase SOLENA products at the grocery store, will be confused when they purchase similar CASA SOLANA products from food service or volume feeders. For La Mexicana to prevail with this argument, it must demonstrate that ordinary consumers associate the tortillas and/or tortilla chips they purchase from food service or volume feeders with the CASA SOLANA mark. Since Sysco sells CASA SOLANA products in bulk, ordinary consumers are unlikely to see the CASA SOLANA packaging. Instead, La Mexicana argues that CASA SOLANA kiosks and signs encourage consumers to associate their Mexican food purchases with the CASA SOLANA mark. Since these kiosks and signs are not used in Washington or Alaska, the court does not find this argument persuasive. Moreover, La Mexicana has failed to establish a likelihood of confusion based on its limited sales in Oregon. Since Sysco does not sell CASA SOLANA products to ordinary consumers, the court will apply the professional buyer standard.

g. Defendant's Intent in Selecting Mark

When a company knowingly adopts a mark similar to another's the court will presume an intent to deceive the public. *See id.* at 354. In this case, Sysco performed a trademark search ten days before La Mexicana filed its application for the SOLENA mark. Unsurprisingly, the SOLENA mark did not appear in its search report. Sysco asks the court to conclude that it adopted its mark in good faith and

did not knowingly adopt a mark similar to La Mexicana's mark. La Mexicana does not dispute this request.

h. Likelihood of Expansion

A strong likelihood that either party will expand its business to compete with the other weighs in favor of a finding of infringement. *See id.* Both companies intend to expand into overlapping areas. La Mexicana informs the court that it plans to expand the SOLENA product line to include salsa and jalapenos. It also seeks to expand its geographic scope and sales to food service buyers. Although Sysco does not intend to expand into retail, it does plan to actively pursue the sales of CASA SOLANA kiosks and signs. As discussed above, this expansion would expose more ordinary consumers to the CASA SOLANA mark and thereby increase the likelihood of confusion.

2. No Likelihood of Confusion

[1] Taken together, the eight factors analyzed above lead the court to a finding of no likelihood of confusion. Although SOLENA is a strong mark and the products of the two companies are similar, the marks as they appear in the marketplace are too different to result in confusion. The strong contrast between the sight, sound, and meaning of the two marks weighs heavily against finding a likelihood of confusion. In addition, the two companies sell to different markets. Since the two markets are aimed at different types of customers, the likelihood of confusion between the marks is low. Application of the professional buyer standard to this case further diminishes the likelihood of confusion.

The court's finding of no likelihood of confusion is supported by the lack of actual confusion, despite two and a half years of sales in similar geographic areas. Sysco's good faith adoption of the CASA SOLANA mark also supports this finding.

B. Reverse Confusion

In its response brief, La Mexicana argues that even

if it failed to demonstrate "traditional confusion" the court should find that it demonstrated "reverse confusion." In a traditional confusion case, the owner of the senior mark contends that consumers mistakenly believe that the product of the alleged infringer is sold or distributed by it. In a reverse confusion case, the owner of the senior mark contends that consumers believe that its product is sold or distributed by the alleged infringer. In either case, the owner of the senior mark must demonstrate a likelihood of confusion. See *Fuddrucker, Inc. v. Doc's B.R. Others, Inc.* 826 F.2d 837, 845 [4 USPQ2d 1026] (9th Cir. 1987). Since La Mexicana has failed to demonstrate a likelihood of confusion, it cannot maintain a reverse confusion claim.

***1209 C. Attorneys' Fees**

[2] Sysco asks the court to award attorneys' fees pursuant to 15 U.S.C. Section 1117. This type of attorneys' fees to prevailing defendants are awarded only under exceptional circumstances such as bad faith or malicious conduct. See *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 827 [44 USPQ2d 1225] (9th Cir. 1997). The court finds that Sysco has failed to demonstrate exceptional circumstances. For this reason, the court denies Sysco's request for attorneys' fees.

III. CONCLUSION

The court finds that no likelihood of confusion exists and grants Sysco's motion for summary judgment [docket 22-1].

FN1 The court finds that it can resolve the pending motions without oral argument.

W.D.Wash.
La Mexicana Inc. v. Sysco Corp.
1998 WL 929629, 49 U.S.P.Q.2d 1204

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57 U.S.P.Q.2d 1151
Not Reported in F.Supp.2d, 2000
WL 1923327 (W.D.Wash.), 57
U.S.P.Q.2d 1151
(Cite as:57 U.S.P.Q.2d 1151)

C

iCARumba Inc.

v.

Inter-Industry Conference On Auto Collision Re-
pair

U.S. District Court Western District of Washington
No. C00-620P

Decided October 5, 2000

TRADEMARKS AND UNFAIR TRADE PRAC-
TICES

[1] Acquisition, assignment, and maintenance of
marks - Acquisition through use - Priority of use (§
305.0503)

Registration and its effects - Federal registration -
Procedure, form, and content - In general (§
315.0303.99)

Defendant in declaratory judgment action has valid
and protectable rights in its various "I-CAR" marks
for searchable database of auto collision repair
shops and related services, since it is undisputed
that defendant was first to use and register all of its
trademarks, although none of those federal registra-
tions specify searchable database services for use
by layperson consumers, and since, even if it is as-
sumed that defendant is not entitled to statutory
presumptions arising from registration, defendant
still has valid and protectable common-law trade-
mark rights in its marks, stemming from its use of
those marks in commerce.

[2] Infringement; conflicts between marks - Likeli-
hood of confusion - Particular marks - Confusion
not likely (§ 335.0304.05)

Infringement; conflicts between marks - Likelihood
of confusion - Relatedness of goods or services -
Similar (§ 335.0305.03)

Defendant in declaratory judgment action is not
likely to succeed on counterclaim alleging that
plaintiff's "iCARumba" and "iCARumba.com"
marks for online automobile information services
infringe defendant's various "I-CAR" marks for

searchable database of auto collision repair shops
and related services, even though both parties are
using World wide Web for marketing and advert-
ising, and both offer Web sites with searchable
databases allowing consumers to obtain information
about auto care professionals, since similarity of
marks is critical question in likelihood of confusion
analysis, and since parties' marks are distinct in ap-
pearance, sound, and meaning, despite fact that
marks at issue all contain letters "icar."

Action by iCARumba Inc. against Inter-Industry
Conference On Auto Collision Repair for declarat-
ory judgment that it owns rights in certain trade-
marks, and that those trademarks do not infringe
defendant's marks, in which defendant counter-
claims for trademark infringement, unfair competi-
tion, and violations of Washington's Consumer Pro-
tection Act. On defendant's motion for preliminary
injunction. Denied.

William O. Ferron Jr. and Brian G. Bodine, of Seed
Intellectual Property Law Group, Seattle, Wash.,
for plaintiff.

Stuart R. Dunwoody and Catherine E. Maxson, of
Davis, Wright & Tremaine, Seattle, for defendant.

Pechman, J.

This matter came before the Court on a motion for
a preliminary injunction filed by Defendant Inter-
Industry Conference on Auto Collision Repair
("I-CAR"). I-CAR seeks a preliminary injunction
enjoining Plaintiff iCARumba using the trademarks
ICARUMBA, ICARUMBA DRIVING THE RE-
VOLUTION IN CAR CARE, and ICAR-
UMBA.COM. I-CAR argues that it is likely to suc-
ceed on its claim that iCARumba's trademarks in-
fringe upon its trademark rights in the marks I-
CAR, the stylized I-CAR, and I-CAR GOLD
CLASS PROFESSIONALS. Plaintiff iCARumba
opposes the injunction and challenges I-CAR's ar-
gument that the marks are similar and misleading.

Having considered all relevant materials, and having heard oral arguments by counsel for all parties, defendant's motion is hereby DENIED.

Findings of Fact:

Defendant and Counterplaintiff I-CAR was founded in 1979 as a not-for-profit corporation devoted to improving the quality, safety, and efficiency of auto collision repair services. Decl. of Thomas Mack, ¶ 2, I-CAR is an acronym for defendant's full name. I-CAR offers training to auto repair technicians and, in 1998, began to offer consumers a searchable database of repair technicians who have received training from I-CAR, *Id.* This database is available to consumers at I-CAR's website, www.i-car.com, where consumers can search by entering a shop name, a city, state, area code, or zip code. *Id.* at ¶ 3.

I-CAR has used several trademarks in conjunction with its I-CAR services. The evidence demonstrates that I-CAR began to use I-CAR in block letter form as a trademark in January 1984, a stylized form of I-CAR in July 1984, and I-CAR GOLD CLASS PROFESSIONALS in July 1990. *Id.* at ¶ 4. I-CAR has also obtained trademark registrations for these I-CAR trademarks from the U.S. Patent & Trademark Office ("PTO"). The PTO issued registrations for I-CAR in block letters in 1990, the stylized I-CAR in 1998, and I-CAR GOLD CLASS PROFESSIONALS in 1997. *Id.* at ¶ 5, Ex. A-D. I-CAR has devoted substantial efforts towards building up goodwill and recognition in its trademarks and towards marketing its services through advertising on the Internet, in magazines, and at trade shows.

Plaintiff iCARumba is a Washington corporation in the business of providing individuals with online automotive information services. Complaint at ¶ 4. In June 1999, iCARumba registered the domain name icarumba.com with Network Solutions, Inc. for use in connection with online automotive information services and related services. *Id.* at ¶ 6. Plaintiff filed a trademark application with the PTO

for the mark ICARUMBA in October 1999. *Id.* at ¶ 7. On its website, iCARumba allows consumers to ask questions about car repair or service, to find service centers nearby, and to learn more about caring for cars. Decl. of Robert M. Ward, Ex. 2 (printed home page for plaintiff's website at www.icarumba.com); Decl. of Sara K. Landreth. The evidence suggests that iCARumba has also devoted substantial resources to obtaining its domain name, developing and maintaining its services and website, and promoting online automotive information services under its mark. *Id.* at ¶ 6.

In April 2000, iCARumba filed a complaint seeking declaratory judgment that it owns the trademark rights to the marks ICARUMBA and ICAR-UMBA.COM, the ICARUMBA logo, and similar marks. ICARumba also seeks judgment declaring that its marks do not infringe any of the trademark rights of the defendant, including I-CAR and I-CAR.COM. I-CAR filed counterclaims for statutory and common law trademark infringement, unfair competition, and violations of Washington's Consumer Protection Act.

Preliminary Injunction Standard:

"A plaintiff is entitled to a preliminary injunction in a trademark case when he demonstrates either (1) a combination of probable success on the merits and the possibility of irreparable injury or (2) the existence of serious questions going to the merits and that the balance of hardships tips sharply in his favor." *Sardi's Restaurant Corp. v. Sardie*, 755 F.2d 719, 723 [226 USPQ 23] (9th Cir. 1985). These are not two distinct tests, but rather the opposite ends of a single continuum in which *1153 the required showing of harm varies inversely with the required showing of meritoriousness, *Walczak v. EPL Prolong, Inc.*, 198 F.3d 725, 731 (9th Cir. 1999).

Conclusions of Law:

Irreparable Injury:

In the context of trademark infringement, “[t]he articulation of [the preliminary injunction standard] as a bifurcated one is somewhat misleading.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 n.4.[53 USPQ2d 1652] (9th Cir, 2000). “[I]rreparable injury may be presumed from a showing of likelihood of success on the merits of a trademark infringement claim.” *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1066 [50 USPQ2d 1545] (9th Cir. 1999). “This presumption effectively conflates the dual inquiries of this prong into the single question of whether the plaintiff has shown a likelihood of success on the merits.” *GoTo.com*, 202 F.3d at 1205 n.4.

Likelihood of success:

I-CAR seeks relief under sections 32 and 43 of the Lanham Act. Under section 32, a person who uses in commerce a “colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive” is liable for trademark infringement. 15 U.S.C. § 1114(1)(a). Section 43(a) of the Lanham Act makes unlawful the use in commerce of any name which “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U.S.C. § 1125(a)(1)(A). To establish a trademark infringement claim under either section, plaintiff must show: (1) the presence of a valid and protectable trademark, and (2) that defendant is using a mark confusingly similar to plaintiff’s protectable mark. *Brookfield Communications*, 174 F.3d at 1046.

Valid & Protectable Trademark

Federal registration of a trademark on the Principal Register is prima facie evidence of “the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration.” 15 U.S.C. § 1115(a). When a mark has been used continuously for five years since registration and an affidavit to that effect has been filed with the PTO, the registration becomes incontestable. 15 U.S.C. § 1065.

[1] It is undisputed that I-CAR was the first to use and register all of its trademarks. However, iCARumba argues that I-CAR is not entitled to any of the statutory registration presumptions. ICARumba points out that the statutory presumption of validity applies only to those goods and services “specified in the registration.” 15 U.S.C. § 1115(a). *See also Trustees of Columbia University v. Columbia/HCA Healthcare Corp.*, 964 F.Supp. 733, 742 [43 USPQ2d 1083] (S.D.N.Y. 1997) (Although the plaintiff has obtained federal service mark protection for the name “Columbia University” for educational services, the plaintiff does not own any federal trademark registrations for the mark in connection with medical or healthcare services.). None of I-CAR’s federal registrations specify searchable database services for use by a layperson consumer. *See Decl. of Thomas Mack, Ex. A-D.*

Even assuming that I-CAR is not entitled to any of the statutory presumptions under 15 U.S.C. § 1115(a), I-CAR still has valid and protectable common law trademark rights in its marks. I-CAR has been using its marks in commerce for a number of years, and it is undisputed that I-CAR was the first party to offer a searchable Internet database aimed at consumers. While the parties disagree sharply on the strength of the I-CAR marks, I-CAR does have valid and protectable trademark rights in its marks.

Confusion

“The likelihood of confusion is the central element of trademark infringement, and the issue can be recast as the determination of whether the similarity of the marks is likely to confuse customers about the source of the products.” *GoTo.Com*, 202 F.3d at 1205 (internal quotations omitted). The Ninth Circuit has developed and consistently applied the eight factors developed in **1154AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 [204 USPQ 808] (9th Cir. 1979), to guide the determination of a likelihood of confusion. These factors are: 1. strength of the mark; 2. proximity of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant's intent in selecting the mark; and 8. Likelihood of expansion of the product lines. *Id.* In the context of the Web, the three most important *Sleekcraft* factors are the similarity of the marks, the relatedness of the goods or services, and the simultaneous use of the Web as a marketing channel. *GoTo.com*, 202 F.3d at 1205. “This trinity constitutes the most crucial body of the *Sleekcraft* analysis.” *Id.* at 1207. In this case, a consideration of these factors indicates that I-CAR has failed to demonstrate a likelihood of confusion.

Marketing Channels Used:

“[T]he Web, as a marketing channel, is particularly susceptible to a likelihood of confusion.” *GoTo.com*, 202 F.3d at 1207. Courts have concluded that the simultaneous use of the Web as a marketing and advertising facility exacerbates the likelihood of confusion. *Brookfield Communications*, 174 F.3d at 1057.

[2] In this case, not only do both companies advertise on the Internet, but I-CAR has presented evidence that the companies have also advertised in the same periodical. See Decl. of Thomas Mack, ¶ 8. Contrary to iCARumba's assertion, the fact that en-

tering “icarumba” into a search engine does not direct the computer-user to I-CAR's website (and vice-versa) does not preclude a finding that there is a likelihood of confusion resulting from the parties' simultaneous use of the Web. It appears that both parties are using the Web as a marketing and advertising facility, thus weighing in favor of finding a likelihood of confusion.

Proximity of the Goods:

This factor considers whether the competing businesses are sufficiently related that the consuming public is likely to associate the parties' products. *Brookfield Communications*, 174 F.3d at 1056. “Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods.” *Id.* at 1055. “With respect to Internet services, even services that are not identical are capable of confusing the public.” *GoTo.com*, 202 F.3d at 1206.

The parties disagree sharply on the relatedness of the goods and services offered by the two companies. ICARumba accuses I-CAR of overstating the similarities between the two companies' services. According to iCARumba, I-CAR's services are mainly educational and training services directed at automobile professionals, rather than consumers. In contrast, iCARumba argues that its services are directed toward laypersons, with only the separate proCARumba section of its website directed to professionals in the auto industry. Further, iCARumba maintains that the only overlapping service offered by the parties—a searchable database of auto care professionals—has a very different layout and format.

ICARumba's arguments here are similar to those rejected by the Ninth Circuit in *Brookfield Communications*. In *Brookfield Communications*, the Ninth Circuit rejected the argument that one party's website was directed toward and used by consumers who wanted more general movie information, while

the other party's website was focused upon entertainment industry professionals and moviegoers who wanted more detailed information. 174 F.3d at 1056. The Court concluded that this argument overstated the differences between the businesses, and noted that "the relatedness of each company's prime directive isn't relevant." *Id.* (quoting *Dreamwerks Prod. Group v. SKG Studio*, 142 F.3d 1127, 1131 [46 USPQ2d 1561] (9th Cir. 1998)).

It appears that I-CAR and iCARumba's services are related. While the parties may not be direct competitors, it certainly cannot be said that their services are unrelated or that they are non-competitors. Both parties offer websites with searchable databases allowing layperson consumers to obtain information about auto care professionals. These databases also serve auto care professionals by directing consumers to their services. As noted above, the fact that these services are both offered over the Internet contributes to the relatedness and potential for confusion between I-CAR and iCARumba.

Similarity of the Marks:

"The first *Sleekcraft* factor—the similarity of the marks—has always been considered a *critical question* in the likelihood-of-confusion analysis." *GoTo.com*, 202 F.3d at 1205 (emphasis added). To determine whether the trademarks leave a similar impression, 1155 courts compare the appearance, sound, and meaning of the marks in their entirety and as they appear in the marketplace. *Brookfield Communications*, 174 F.3d at 1054-55. In considering the two marks, similarities are weighed more heavily than differences. *GoTo.com*, 202 F.3d at 1206.

Comparing the relevant marks, it appears that they are distinct in appearance, sound, and meaning. While the marks at issue all contain the letters "ICAR" as a dominant portion of the marks, this is not sufficient to conclude that the marks are similar. Visually, the stylized "I-CAR" and stylized

"iCARumba" vary in color, font, and general appearance. The stylized "I-CAR" appears in blue block capital letters with a double "I," a hyphen, and the letters "A" and "R" overlapping. In contrast, the stylized "iCARumba" appears in black and red underlined with a yellow line and dots. Only the letters "CAR" are capitalized, and all of the letters appear in a different font from those used in the stylized "I-CAR" mark. Similarly, the mark I-CAR GOLD CLASS PROFESSIONALS differs greatly in appearance from the iCARumba marks. Comparing only the block letter "I-CAR" mark with the block letter "iCARumba" mark also yields different visual appearances.

The sound factor also weighs heavily in favor of finding that the marks are distinct. Despite the fact that all marks contain the sound "CAR," the marks in fact have very different pronunciations. While "I-CAR" has only two syllables, "iCARumba" has four. Giving plaintiff's marks their proper pronunciation, the emphasis is upon the syllable "RUM" rather than the syllable "CAR."

Finally, the meaning of the allegedly infringing marks also differs from the meaning of the I-CAR marks. As noted above, I-CAR is an acronym for the Inter-Industry Conference on Auto-Collision Repair. In contrast, iCARumba has no specific meaning with regards to the company. iCARumba points out that its mark is a pun referring to the Spanish declaration *Ay Carumba!* While the "CAR" portion of both parties' trademarks may signal to consumers the companies' automobile-related services, there is no reason to believe that the terms iCARumba and I-CAR would render the same commercial impression.

Because the marks differ in appearance, sound, and meaning, this *Sleekcraft* factor weighs against finding a likelihood of confusion. Having concluded that the marks at issue are not similar, I-CAR's motion must be denied. As noted above, the similarity of the marks is the critical question in determining whether there is a likelihood of confusion. If, as is the case here, the marks at issue are not similar, this

57 U.S.P.Q.2d 1151
Not Reported in F.Supp.2d, 2000
WL 1923327 (W.D.Wash.), 57
U.S.P.Q.2d 1151
(Cite as:57 U.S.P.Q.2d 1151)

Page 6

Court cannot conclude that use of the allegedly infringing marks is likely to cause confusion. This is true even if the parties use similar marketing channels and have similar goods or services. Having concluded that the marks are not similar and therefore not likely to cause confusion, this Court need not consider the remaining *Sleekcraft* factors.

Conclusion:

Comparing the I-CAR and iCARumba marks at issue, this Court finds that the marks differ in appearance, sound, and meaning. As such, plaintiff's use of the iCARumba marks is not likely to cause confusion with defendant's I-CAR marks. I-CAR has failed to show a likelihood of success on its claims of trademark infringement. Accordingly, defendant I-CAR's motion for a preliminary injunction is hereby DENIED,

The Clerk is directed to send copies of this order to all counsel of record.

W.D.Wash.
iCARumba Inc. v. Inter-Industry Conference on
Auto Collision Repair
Not Reported in F.Supp.2d, 2000 WL 1923327
(W.D.Wash.), 57 U.S.P.Q.2d 1151

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**H**

Woodsmith Publishing Co.
 v.
 Meredith Corp.

District Court, S.D. Iowa
 No. 87-723-B

June 27, 1989

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR TRADE PRACTICES

[1] Types of marks -- Trade dress as mark -- In general (§ 327.0702)

Infringement; conflicts between marks -- Passing off; state law trademark infringement -- Lanham Act Section 43(a) (§ 335.0703)

Lack of any genuine issue of material fact as to whether trade dress of defendant's magazine, *Weekend Woodworking Projects*, and its subscription solicitation mailer, is so similar to trade dress of plaintiff's magazine, *Woodsmith*, as to create likelihood of confusion among consumers as to origin of defendant's magazine, especially considering visual comparison of products, warrants summary judgment for defendant.

Action brought by Woodsmith Publishing Co. against Meredith Corp. alleging violation of 15 USC 1125(a), unfair competition, and deceptive trade practices, to which defendant counterclaims for defamation, trade libel, unfair competition, and tortious interference with business relationships. On parties' cross-motions for summary judgment. Defendant's motion for summary judgment granted; defendant's counterclaims dismissed without prejudice.

William B. Serangeli, of Smith, Schneider, Stiles, Mumford, Schrage & Zurek, and Edward J. Sease, of Zarley, McKee, Thomte, Voorhees & Sease, Des Moines, Iowa, for plaintiff.

George B. Newitt, Jon O. Nelson, Daniel A. Boehnen, and Valerie E. Looper, of Allegratti & Witcoff Ltd., Chicago, Ill.; Ann DiDonato, Des Moines, Iowa, for defendant.

Victor, J.

Plaintiff's amended and substituted complaint alleges that defendant's *Weekend Woodworking Projects* magazine and a mailed solicitation of subscriptions to the magazine infringe the trade dress of plaintiff's *Woodsmith* magazine, in violation of 15 U.S.C. §1125(a), section 43(a) of the Lanham Act. Based on the same allegations that underlie the Lanham Act claim, plaintiff also asserts common law unfair competition and deceptive trade practices claims. Defendant has counterclaimed asserting claims for defamation, trade libel, unfair competition and tortious interference with business relationships. Defendant moves for summary judgment on plaintiff's complaint and plaintiff moves for summary judgment on defendant's counterclaims. Discovery is complete. The evidentiary facts, though not all ultimate facts, are undisputed.

SUMMARY JUDGMENT STANDARD

Rule 56 of the Federal Rules of Civil Procedure provides that summary judgment *1652 "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." To preclude the entry of summary judgment, the nonmovant must make a sufficient showing on every essential element of its case on which it has the burden of proof at trial. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 323 (1986); *Continental Grain Co. v. Frank Seitzinger Storage*, 837 F.2d 836, 838 (8th Cir. 1988). Rule 56(e) requires the nonmoving party to go beyond the pleadings and by affidavits, or by the "depositions, answers to inter-

rogatories, and admissions on file," designate "specific facts showing that there is a genuine issue for trial." Fed.R.Civ.P. 56(e); *Celotex*, 477 U.S. at 324; *Johnson v. Schopf*, 669 F.Supp. 291, 295 (D. Minn. 1987). The quantum of proof that the non-moving party must produce is not precisely measurable, but "the nonmoving party must produce enough evidence so that a reasonable jury could return a verdict for the nonmovant." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 257 (1986); *Johnson*, 669 F.Supp. at 295-96.

PLAINTIFF'S CLAIMS

To prevail on its claims, plaintiff must prove that *Woodsmith* magazine's trade dress is nonfunctional, has acquired a secondary meaning, and defendant's *Weekend Woodworking Projects* or its subscription solicitation mailer is so similar as to create a likelihood of confusion in consumers' minds as to the origin of defendant's magazine. See *Prufrock, Ltd. v. Lasater*, 781 F.2d 129, 132 [228 USPQ 435, 437] (8th Cir. 1986).

Although it clearly appears from the discovery record that each feature of *Woodsmith* is functional, the whole collection of features in combination could be found by a reasonable jury to be nonfunctional. See *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1272-75 [6 USPQ2d 2038, 2041-44] (10th Cir. 1988). Thus a genuine issue of material fact exists on this essential element of plaintiff's case.

Although the question is very close, I believe that a reasonable jury could also find from the record that the *Woodsmith* trade dress carries a secondary meaning, albeit weak. Thus there is a genuine issue of material fact on that element.

[1] A reasonable jury could not find from the record, however, that defendant's *Weekend Woodworking Projects* or its subscription solicitation mailer is so similar to *Woodsmith* as to create a likelihood of confusion in consumers' minds as to

the origin of defendant's magazine. In reaching this conclusion, I have considered the six factors listed in *CoRect Products v. Marvy! Advertising Photography*, 780 F.2d 1324, 1330 [228 USPQ 429, 432] (8th Cir. 1985). The record, and most especially a visual comparison of *Woodsmith* with *Weekend Woodworking Projects* and the mailer, simply will not, as a matter of law, support a finding or likelihood of confusion. Because there is no genuine issue of material fact on this essential element of plaintiff's case, defendant is entitled to judgment.

Defendant's motion for summary judgment is GRANTED, and IT IS ORDERED that judgment be entered dismissing with prejudice plaintiff's amended and substituted complaint.

DEFENDANT'S COUNTERCLAIMS

The parties argue about the true nature of defendant's counterclaims, whether they are compulsory counterclaims and whether they have been brought prematurely. I need not and do not decide those matters.

The counterclaims are state law claims for which defendant seeks to invoke the court's ancillary jurisdiction. There is no independent basis for federal subject matter jurisdiction. Because the plaintiff's claims are being dismissed, I believe that it is appropriate, in an exercise of this court's discretion, to decline to exercise jurisdiction over the counterclaims. See *United Mine Workers v. Gibbs*, 383 U.S. 715, 726 (1966). Accordingly, the counterclaims will be dismissed without prejudice, and without ruling on plaintiff's motion for summary judgment.

IT IS ORDERED that defendant's counterclaims be dismissed without prejudice.

S.D.Iowa
Woodsmith Pub. Co. v. Meredith Corp.
1989 WL 418780, 11 U.S.P.Q.2d 1651

11 U.S.P.Q.2d 1651
1989 WL 418780 (S.D.Iowa), 11
U.S.P.Q.2d 1651
(Cite as:11 U.S.P.Q.2d 1651)

Page 3

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C

Riverhead Paints Plus Inc.
 v.
 PPG Industries Inc.

District Court, E. D. New York
 No. CV 85-4554

Decided January 13, 1987

United States Patents Quarterly Headnotes

TRADEMARKS AND UNFAIR COMPETITION

[I] Conflicts between marks (infringement) -- Likelihood of confusion -- Particular marks -- Marks not similar (§ 335.0304.05)

Finding of no likelihood of confusion, based on visual comparison of marks in context of products' packaging, between multicolored double "P" with rainbow pattern mark used by retail paint store, and stylized "P" used by paint manufacturer, warrants summary judgment for manufacturer on plaintiff's claim of trademark infringement.

Action by Riverhead Paints Plus Inc. and Westhampton Paints Plus Inc., against PPG Industries Inc., for service mark and trademark infringement, dilution, and unfair competition. On defendant's motion for summary judgment and for sanctions. Motion for summary judgment granted.

Franklyn A. Farris, and Wickham, Wickham & Bressler, both of Mattituck, N.Y., for plaintiffs.

Russell A. Falconer, Doreen J. Leavens, and Brumbaugh, Graves, Donohue & Raymond, all of New York, N.Y., and Henry W. Leeds, Norman D. St. Landau, and Brylawski, Cleary & Leeds, all of Washington, D.C., for defendant.

Mishler, Senior District Judge.

Plaintiffs instituted this action in the New York State Supreme Court, Suffolk County, *2036 against the defendant PPG Industries, Inc. ("PPG"),

claiming infringement of the service mark issued to Riverhead Paints Plus, Inc. ("Riverhead Paints") pursuant to New York General Business Law §§360 *et seq.*, dilution of its mark (N.Y. Gen. Bus. Law §368-d (McKinney 1979)), common law trademark infringement, and unfair competition. Plaintiffs seek injunctive relief, damages, and attorney's fees. PPG removed the action to this court pursuant to 28 U.S.C. §1441 based on diversity of citizenship. PPG's answer seeks a declaratory judgment establishing its right to use its registered mark and that its mark does not infringe any rights of plaintiffs.

PPG now moves for summary judgment pursuant to Fed.R.Civ.P. 56(b) and for sanctions pursuant to Fed.R.Civ.P. 11.

The Undisputed Facts

Riverhead Paints operates a retail paint store in Riverhead, New York. It has used the mark, which it describes as a "multicolored double 'P' with rainbow pattern" in connection with the operation of its store since about March 1978. In March 1979, the principals of Riverhead Paints opened another retail paint store in Westhampton, New York, operated by Westhampton Paints Plus, Inc. ("Westhampton Paints"). Westhampton Paints used the same mark in connection with the operation of the Westhampton store. On March 19, 1982 Riverhead Paints registered the mark made the basis of this litigation as a "service mark."^{FN1} A certificate of registration was issued to Riverhead Paints pursuant to §363 of the New York General Business Law. A copy of the certificate of registration is appended to this memorandum of decision [omitted].

PPG first used the trademark that plaintiffs claim infringes on Riverhead Paints' mark on January 31, 1983. It consists of a "stylized letter 'P'." The loop of the P is incomplete and the mark is described as a "dripping P" by PPG. It was registered in the United States Patent and Trademark Office on May

Not Reported in F.Supp., 1987 WL
16877 (E.D.N.Y.), 2 U.S.P.Q.2d
2035

(Cite as:2 U.S.P.Q.2d 2035)

7, 1985. A copy of the registration is appended to this memorandum of decision [omitted].

PPG manufactured ^{FN2} and sold over \$550 million of house paints nationally during the period 1983 through 1985, of which only about \$1.5 million represents sales in the Long Island, New York area.

Throughout this period, to date, every can of paint sold and distributed by PPG displayed the "dripping P" drawn with lines of the colors red, orange, yellow, green and blue (or purple) against a square silver background under the trade name Pittsburgh (in large lettering) and "Paints" (in smaller lettering). From 1983 to 1985 PPG spent over \$18 million advertising and promoting paints under its trademark. (About \$398,000 was spent in advertising and promoting Pittsburgh Paints on Long Island).

Plaintiffs do not manufacture paint. They sell paint that is manufactured by others under their trademark in the stores in Riverhead and Westhampton to retail customers. The mark is always used together with the words "Paints Plus." The lines of color in the mark are similar to the lines in the PPG mark.

DISCUSSION

Summary Judgment

Plaintiffs' Claims of Trademark Infringement and Unfair Competition

In a motion for summary judgment, the moving party has the burden of demonstrating the absence of a genuine issue of material fact. Fed.R.Civ.P. 56(c); *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 157, 90 S.Ct. 1598, 1608 (1970); *Katz v. Goodyear Tire and Rubber Co.*, 737 F.2d 238, 244 (2d Cir. 1984). The moving party may support its motion with affidavits, answers to interrogatories, and depositions. Fed.R.Civ.P. 56(e). When the moving party supports its motion in this manner the party opposing summary judgment "may not rest upon the mere allegations or denials of his pleading, but .

. . . must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). The record before the court on the motion must be construed in the light most favorable to the opposing party and all reasonable inferences must be drawn against the moving party. *2037 *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 115 [223 USPQ 1000, 1002] (2d Cir. 1984).

In an action for trademark infringement brought pursuant to New York law (N.Y. Gen. Bus. L. §368-b (McKinney 1979)), federal law (Lanham Trademark Act of 1946, 15 U.S.C. §§1051 *et seq.*), or common law, the plaintiff must demonstrate that the defendant's use of its allegedly infringing trademark is likely to cause confusion among consumers as to the source of the goods in question. *See Standard & Poor's Corp. v. Commodity Exchange, Inc.*, 683 F.2d 704, 708 [216 USPQ 841, 843] (2d Cir. 1982) (showing of likelihood of confusion is the heart of a successful claim of common law trademark infringement); *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 543, 399 N.Y.S.2d 628, 631, 369 N.E. 2d 1162, 1165 [198 USPQ 418, 421] (1977) (showing of likelihood of confusion necessary in action brought pursuant to New York and federal trademark statutes). Similarly, a showing of a likelihood of confusion is required to state a cause of action for unfair competition. *Id.* at 543, 399 N.Y.S.2d at 631, 369 N.E.2d at 1165 [198 USPQ at 421]. Although the existence of a likelihood of confusion is normally a question of fact, *American International Group, Inc. v. London American International Corp.*, 664 F.2d 348, 351 [212 USPQ 803, 806] (2d Cir. 1981), "courts retain an important authority to monitor the outer limits of substantial similarity within which a jury is permitted to make the factual determination whether there is a likelihood of confusion as to source," [citation omitted] and summary judgment is appropriate if the court is satisfied that the products or marks are so dissimilar that no question of fact is presented.

Universal City Studios, Inc. v. Nintendo Co., *supra*,

Not Reported in F.Supp., 1987 WL
16877 (E.D.N.Y.), 2 U.S.P.Q.2d
2035

(Cite as:2 U.S.P.Q.2d 2035)

746 F.2d at 116 [223 USPQ at 1002] (quoting *Warner Bros. Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 246 [222 USPQ 101, 113] (2d Cir. 1983)).

A determination of whether there is a likelihood of confusion as to the source of the goods at issue normally requires careful analysis of such factors as the strength of the senior user's mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the senior user will bridge the gap, actual confusion, the defendant's good faith in adopting its mark, the quality of the defendant's products, and the sophistication of the buyers. *Harvey Cartoons v. Columbia Pictures Industries, Inc.*, 645 F.Supp. 1564, 1572 [231 USPQ 715, 721] (S.D.N.Y. 1986); *Universal City Studios, Inc. v. Nintendo Co.*, 578 F.Supp. 911, 927 [221 USPQ 991, 1003] (S.D.N.Y. 1983), *aff'd*, 746 F.2d 112 [223 USPQ 1000] (2d Cir. 1984). See *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 [128 USPQ 411, 412] (2d Cir.), *cert. denied*, 368 U.S. 820, 82 S.Ct. 36 [131 USPQ 499] (1961).

^{FN3} However, if a visual comparison of the marks by the court reveals that they are not substantially similar, the court may grant summary judgment for the defendant. See *Universal City Studios, Inc. v. Nintendo Co.*, *supra*, 746 F.2d at 116 [223 USPQ at 1002], *aff'g* 578 F.Supp. at 927 [221 USPQ at 1003]; *Warner Bros. Inc. v. American Broadcasting Cos.*, *supra*, 720 F.2d at 246 [222 USPQ at 113]; *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 918 [208 USPQ 10, 21] (2d Cir. 1980); *Harvey Cartoons v. Columbia Pictures Industries, Inc.*, *supra*, 645 F.Supp. at 1572 [231 USPQ at 721]; *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F.Supp. 735, 740 [228 USPQ 648, 651] (S.D.N.Y. 1985), *aff'd*, 799 F.2d 867 [230 USPQ 831] (2d Cir. 1986).

The parties in the instant action invited the court to examine their marks side by side. We find, viewing them as a whole, that there is no likelihood of confusion. Riverhead Paint's mark consists of a double "P", one "P" being the mirror image of the other,

drawn with a rainbow of colors. PPG's mark is a single dripping "P" drawn with lines of colors similar to those used in Riverhead Paint's mark. Thus, the physical similarity between the marks themselves is slight.

Further, the settings in which the marks appear eliminate any likelihood that buyers will be confused as to the source of the goods due to the slight similarity in the design of the two marks. In assessing the similarity of two marks, the court should view the marks in the context of the products' packaging. See *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1007 [222 USPQ 373, 379] (2d Cir. 1983); *Lever Brothers Co. v. American Bakeries Co.*, 693 F.2d 251, 257 [216 USPQ 177, 181] (2d Cir. 1982); *2038 *Nina Ricci, S.A.R.L. v. Gemcraft, Ltd.*, 612 F.Supp. 1520, 1526 [226 USPQ 575, 579] (S.D.N.Y. 1985). Use of a brand name in the presentation and packaging of the products lessens the likelihood that any similarity in the marks will generate confusion among consumers. *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1134 [202 USPQ 81, 89] (2d Cir. 1979); *Nina Ricci, S.A.R.L. v. Gemcraft Ltd.*, *supra*, 612 F.Supp. at 1526-27 [226 USPQ at 579-80].

Riverhead Paints' multicolored double "P" mark always appears together with the words "Paints Plus." On the label submitted by plaintiffs as an exhibit, the mark is centered between the words "Paints" and "Plus." In fact, in the absence of the words "Paints Plus," Riverhead Paints' mark may not be readily construed as a multicolored double "P" by the casual observer. Arguably, it is only when the mark is viewed with the words "Paints Plus" that it is susceptible to such an interpretation. Likewise, PPG's dripping "P" mark is always used in conjunction with the words "Pittsburgh Paints" on all of PPG's household paint products.

[1] We find as a matter of law that the use of brand names by both Riverhead Paints and PPG on their products in conjunction with their marks eliminates any likelihood that consumers will be confused by the slight similarity in the two marks, ^{FN4} and,

Not Reported in F.Supp., 1987 WL
16877 (E.D.N.Y.), 2 U.S.P.Q.2d
2035

(Cite as:2 U.S.P.Q.2d 2035)

therefore, PPG's motion for summary judgment with respect to plaintiffs' claims of trademark infringement under New York law and common law and unfair competition is granted. *Plaintiffs' Claim for Dilution of Their Mark*

N.Y. Gen. Bus. L. §368-b provides that: Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, *notwithstanding* the absence of competition between the parties or *the absence of confusion as to the source of goods or services*.

(emphasis added). Thus, this court's finding that PPG's mark does not create a likelihood of confusion does not dispose of plaintiff's state law claim for dilution of its mark.

Section 368-d was enacted by the New York State legislature to prevent " 'the whittling away of an established trade-mark's selling power and value through its unauthorized use by others upon *dissimilar products*.' " *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, *supra*, 42 N.Y.2d at 542, 399 N.Y.S.2d at 630, 369 N.E.2d at 1164 [198 USPQ at 420] (quoting N.Y. Legis. Ann., 1954, p. 49) (emphasis added). The New York Court of Appeals has stated that "[t]he evil which the Legislature sought to remedy [by enacting the anti-dilution statute] was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of *dissimilar products* or services which feeds upon the business reputation of an established distinctive trade-mark or name." *Id.* at 544, 399 N.Y.S.2d at 632, 369 N.E.2d at 1165 [198 USPQ at 421] (emphasis added). In light of this legislative history and the language in the *Allied* opinion, a number of federal district courts have held that §368-D has no application where, as here, the products of the parties are similar and competitive. *Smithkline Beckman Corp. v. Procter & Gamble Co.*, 591 F.Supp. 1229, 1246-47 [223 USPQ 1230, 1242-43] (N.D.N.Y. 1984), *aff'd*, 755

F.2d 914 (2d Cir., 1985); *Aris-Isotoner Gloves, Inc. v. Fownes Brothers & Co.*, 594 F.Supp. 15, 24 [222 USPQ 489, 496] (S.D.N.Y. 1983). *See also Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F.Supp. 414, 418 n.1 [206 USPQ 70, 73 n.1] (S.D.N.Y. 1980) (New York's anti-dilution statutes seems inapplicable to similar, competitive products).

Moreover, to merit protection under New York's anti-dilution statute "the plaintiff must possess a strong mark -- one which has a distinctive quality or has acquired a secondary meaning which is capable of dilution." *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, *supra*, 42 N.Y.2d at 545, 399 N.Y.S.2d at 632, 369 N.E.2d at 1166 [198 USPQ at 418]. The New York Court of Appeals cited trademarks such as "Kodak," Xerox," "Exxon" and "Coke" as examples of marks that are distinctive, arbitrary, fanciful, or coined. *Id.* at 542, 399 N.Y.S.2d at 630, 369 N.E.2d at 1164 [198 USPQ at 420]. *See Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 [217 USPQ 658, 661] (2d Cir. 1983) (citing N.Y. Legis. Ann., 1954, p.49) (New York legislature cited Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, and Bulova *2039 gowns as examples of diluting tradenames). Riverhead Paint's mark is clearly not of this nature. Since plaintiffs do not possess a mark of such distinctive quality their claim under section 368-d must be dismissed as well.

Defendant's Motion For Sanctions Under Rule 11

PPG moves pursuant to Fed.R.Civ.P. 11 for sanctions against the plaintiffs and their attorneys. PPG claims that plaintiffs' complaint was without merit and that plaintiffs' and their counsel failed to make the reasonable inquiry into the facts required by Rule 11 prior to filing this action in state court. Plaintiffs argue that sanctions are inappropriate in this case because they had a sufficient factual basis for their claims at the time they filed the complaint. In addition, plaintiffs claim that since the complaint

Not Reported in F.Supp., 1987 WL
16877 (E.D.N.Y.), 2 U.S.P.Q.2d
2035

(Cite as:2 U.S.P.Q.2d 2035)

in this action was filed in state court it is not governed by Rule 11.^{FN5}

We are persuaded that this is not an appropriate case for the imposition of sanctions under Rule 11. Plaintiffs have demonstrated that at the time the action was commenced in state court they thought that there was a factual basis for their claims. Plaintiffs hold an honest belief that the marks are confusingly similar, several of plaintiffs' suppliers and customers have commented on the similarity of the marks, and the parties' products are identical. "[i]n imposing rule 11 sanctions, the court is to avoid hindsight and resolve all doubts in favor of the signer." *Oliveri v. Thompson*, 803 F.2d 1265, 1275 (2d Cir. 1986).^{FN6} Further, we accept plaintiffs' argument that this court should not award sanctions under Rule 11 based on a complaint filed in state court. See *Columbus, Cuneo, Cabrini Medical Center v. Holiday Inn*, No. 85 C 10337 (N.D. Ill. Aug. 4, 1986) (available on LEXIS, Genfed library, Dist file); *King v. Stuart Motor Co.*, 52 F.Supp. 727, 730 (N.D. Ga. 1943). Cf. *Istituto Per Lo Sviluppo Economico Dell' Italia Meridionale v. Sperti Products, Inc.*, 47 F.R.D. 310, 312 (S.D.N.Y. 1969) (only pleadings filed subsequent to removal must conform to the requirements of the federal rules). But see *Krushinski v. Roadway Express, Inc.*, No. 84-1485 (M.D.Pa. Dec. 20, 1985) (available on LEXIS, Genfed library, Dist file). Therefore, PPG's motion to impose sanctions on plaintiffs and their attorneys pursuant to Rule 11 is denied.

ORDER

The Clerk is directed to enter judgment in favor of the defendant PPG Industries, Inc. and against plaintiffs Riverhead Paints Plus, Inc. and Westhampton Paints Plus, Inc., dismissing the complaint and declaring that PPG's trademark, Reg. No. 1,333,907, does not infringe Riverhead's mark issued by the State of New York, No. S-6689. Defendant's motion to impose sanctions under Rule 11 is denied, and it is

SO ORDERED.

FN1 A service mark is defined under §360(a-i) of New York General Business Law as "anything used in the sale or advertising of services to identify the services of one person and distinguish them from the services of other. . . ."

FN2 The affidavit in support of the motion states that PPG sold over \$550 million of house paints nationally during this period. It appears from the exhibits annexed to the affidavit of Kathleen A. McGuire, a PPG employee, that PPG manufactures the paints it distributes and sells or the paints are manufactured by others under a formula prescribed by PPG.

FN3 While the factors enumerated in *Polaroid* were initially set forth in the context of non-competing goods, they are also applicable to competing goods. *Thompson Medical Co. v. Pfizer Inc.*, 753 F.2d 208, 214 [225 USPQ 124, 129] (2d Cir. 1985); *American Int'l. Group, Inc. v. London American Int'l. Corp.*, 664 F.2d 348, 351 n.2 [212 USPQ 803, 806 n.2] (2d Cir. 1981); *Vitarroz Corp. v. Borden, Inc.*, 644 F.2d 960, 966 [209 USPQ 969, 974] (2d Cir. 1981).

FN4 Plaintiffs' papers indicate that a number of suppliers or customers have commented on the similarity of the two marks. However, plaintiff has not offered any proof of actual confusion. Of course, plaintiff is not required to demonstrate actual confusion in order to successfully assert to claim for trademark infringement. *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 [230 USPQ 831, 837] (2d Cir. 1986); *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1136 [202 USPQ 81, 91] (2d Cir. 1979).

2 U.S.P.Q.2d 2035
Not Reported in F.Supp., 1987 WL
16877 (E.D.N.Y.), 2 U.S.P.Q.2d
2035
(Cite as:2 U.S.P.Q.2d 2035)

Page 6

However, the court can infer from the absence of actual confusion that there is no likelihood of confusion. *Id.*

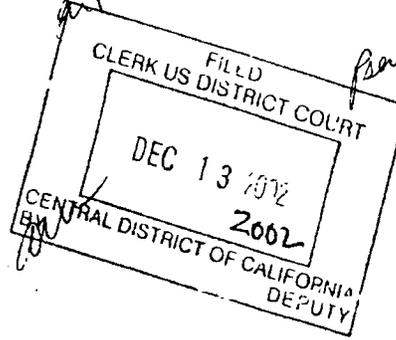
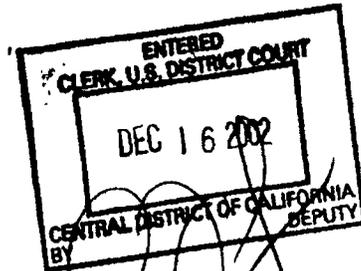
FN5 Plaintiffs' memorandum of law states that the court should award plaintiffs their reasonable costs and attorneys fees for defending that part of PPG's motion seeking sanctions under Rule 11. Since we do not find that defendant's motion violates Rule 11 we decline to do so.

FN6 The complaint filed in state court was not signed by the plaintiffs' attorneys.

E.D.N.Y.
Riverhead Paints Plus, Inc. v. PPG Industries, Inc.
Not Reported in F.Supp., 1987 WL 16877
(E.D.N.Y.), 2 U.S.P.Q.2d 2035

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THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

KAROUN DAIRIES, INC.,
Plaintiff(s),

vs.

LOS ALTOS FOOD PRODUCTS,
INC., et al.
Defendant(s).

CV 99 - 7323 FMC (CWx)

**ORDER GRANTING
DEFENDANT KRADJIAN
IMPORTING COMPANY INC.'S
MOTION FOR SUMMARY
JUDGMENT**

This matter is before the Court on Defendant Kradjian Importing Company Inc.'s Motion to Dismiss and Motion for Summary Judgment of the Fourth Amended Complaint (docket #151). The Court deems this matter appropriate for decision without oral argument. See Fed. R. Civ. P. 78; Local Rule 7.11. Accordingly, the hearing date set for December 16, 2002, is removed from the Court's calendar. For the reasons set forth below, the Court hereby **GRANTS** Defendant Kradjian Importing Company Inc.'s Motion for Summary Judgment.

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I. Introduction

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On September 12, 2002, Plaintiff Karoun Dairies, Inc. ("Karoun") filed a Fourth Amended Complaint alleging the following causes of action: (1) unfair competition in violation of California Business and Professions Code §17200 et seq.; (2) unfair competition in violation of 15 U.S.C. §1125(a); and (3) trademark infringement.

On September 25, 2002, the Court granted Defendant Kradjian Importing Company, Inc.'s ("Kradjian") Motion for Partial Summary Adjudication of Plaintiff's cause of action for trademark infringement of the mark "California Cheese." In the instant motion, Kradjian now moves for summary judgment, or moves to dismiss the Fourth Amended Complaint.¹ Plaintiff opposes Kradjian's motion.

II. Objections to Evidence

Plaintiff argues that Kradjian's alleged use or non-use of the mark, "Karoun's California Cheese" is irrelevant. Plaintiff further argues that Kradjian's alleged use or non-use of the mark "Byblos California Cheese" is irrelevant. In fact, Kradjian's use of either mark is directly relevant to whether Kradjian is liable for unlawful infringement of the "Karoun's California Cheese" mark. Accordingly, Plaintiff's objection is overruled.

¹ Defendants H. Jack Galadjian and Galko Foods, Inc. have not joined in Defendant Kradjian's Motion.

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III. Judicial Notice

“A court shall take judicial notice [of an adjudicative fact] if requested by a party and supplied with the necessary information.” Fed. R. Evid. 201(d). A court may take judicial notice of matters of public record. See *Mack v. South Bay Beer Distributors, Inc.*, 798 F.2d 1279, 1282 (9th Cir. 1986). Thus, pursuant to Federal Rule of Evidence 201, “the Court is empowered to . . . take judicial notice of court files and records.” *Schweitzer v. Scott*, 469 F. Supp. 1017, 1020 (C.D. Cal. 1979).

Plaintiff requests the Court to take judicial notice of several documents previously filed in the instant action. The Court takes judicial notice of the documents.

IV. Uncontroverted Facts

Plaintiff seeks protection of the mark “Karoun’s California Cheese.” (Fourth Amended Complaint ¶18.) Plaintiff has used this mark since 1992 to identify a Middle Eastern style cheese that Plaintiff developed, manufactures, and sells to persons of Middle Eastern and Mediterranean origin. (Fourth Amended Complaint ¶18.) “Karoun’s California Cheese” is sold exclusively to retailers and wholesalers who specialize in products for the Middle Eastern ethnic market. (Baghdassarian Dec. ¶7.) The print advertising for “Karoun’s California Cheese” product has been and continues to be published in media directed toward individuals who speak Middle Eastern languages. (Baghdassarian Supplemental Dec. ¶6.) Furthermore, numerous retailers that have purchased “Karoun’s California Cheese” understand the mark “Karoun’s California Cheese” “to mean a white Middle-Eastern and Mediterranean cheese; not to mean a cheese made only in California.” (Decs. of Sayegh, Cakir, Tabaja,

1 Bahnan, Tarosyan, Salimi, and Mulaiese.)

2 Kradjian's "Byblos California Cheese" product is sold to retailers, rather
3 than directly to the general public. (Kradjian Dec. ¶12.) Kradjian sends its
4 cheese packaged in large containers that bear the full trade name of "Byblos
5 California Cheese."² (Kradjian Dec. ¶7.) "Byblos California Cheese" is sold to
6 retailers accompanied by an invoice which indicates the source of the cheese as
7 Kradjian, as well as Kradjian's mailing address and telephone number.³
8 (Kradjian Dec. ¶2.) The invoice further indicates the price being charged for
9 the cheese, and the quantities of cheese being shipped.⁴ (Kradjian Dec. ¶2.)
10 Mr. Kradjian stated that it benefits Kradjian to have retailers and resellers be
11 able to identify Kradjian as the source of the cheese, so that retailers and
12

13 ² Plaintiff objects that this evidence constitutes hearsay and lacks foundation. As Vice
14 President of Kradjian, Mr. Kradjian's position provides sufficient foundation for his personal
15 knowledge of Kradjian's activities. Plaintiff's objection is overruled.
16

17 ³ Plaintiff objects that this evidence constitutes hearsay and lacks foundation. As Vice
18 President of Kradjian, Mr. Kradjian's position provides sufficient foundation for his personal
19 knowledge of Kradjian's activities. Plaintiff's objection is overruled.
20

21 In support of its Motion, Kradjian submitted a Proposed Statement of Uncontroverted Facts.
22 Uncontroverted Fact No. 11 reads, "Defendant Kradjian's trade name, color and style of packaging,
23 and defendant's address and phone number are all different from plaintiff's." Plaintiff objects that
24 this statement is hearsay, lacks foundation, and draws a legal conclusion. Plaintiff's objections are
25 overruled.

26 ⁴ Plaintiff objects that this evidence constitutes hearsay and lacks foundation. As Vice
27 President of Kradjian, Mr. Kradjian's position provides sufficient foundation for his personal
28 knowledge of Kradjian's activities. Plaintiff's objection is overruled.

1 resellers can provide payment and readily place reorders. (Kradjian Dec. ¶2.)
2 Kradjian has never advertised nor offered cheese for sale under the name
3 "Karoun's California Cheese."⁵ (Kradjian Dec. ¶5.)
4

5 V. Summary Judgment Standard

6
7 Summary judgment is proper only where "the pleadings, depositions,
8 answers to interrogatories, and admissions on file, together with the affidavits,
9 if any, show that there is no genuine issue as to any material fact and that the
10 moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c);
11

12 ⁵Rostom Baghdassarian is the operations manager of Karoun. (Baghdassarian Dec. ¶1.) He
13 indicates that on several occasions since May 1, 1999, packages of cheese labeled "Byblos California
14 Cheese" were delivered to the Karoun plant in Los Angeles. (Baghdassarian Dec. ¶4.) The senders
15 delivered the packages along with documents, which indicated that the senders believed they were
16 returning the cheese to its manufacturer. (Baghdassarian Dec. ¶4.) In fact, Karoun did not
17 manufacture the returned cheese. (Baghdassarian Dec. ¶4.) When Mr. Baghdassarian contacted the
18 senders, he was told that the senders were retailers who were returning the cheese as defective.
19 (Baghdassarian Dec. ¶4.) The senders told Mr. Baghdassarian that they had sent the cheese to
20 Karoun because the cheese was labeled "California Cheese," which led them to believe that Karoun
21 was the source of the cheese. (Baghdassarian Dec. ¶4.)
22

23 Defendant Kradjian objects that this evidence includes hearsay statements. Out of court
24 statements made by the senders regarding the return of the cheese is hearsay and not admissible. The
25 objection is sustained. Moreover, the Court notes that the statements appear to conflict. Although
26 Mr. Baghdassarian indicated that the packages of cheese were labeled "Byblos California Cheese,"
27 he states that the senders returned the cheese to Karoun because it was labeled "California Cheese."
28

1 *see also Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 106 S.Ct.
2 1348, 89 L.Ed.2d 538 (1986).

3 The moving party bears the initial burden of demonstrating the absence
4 of a genuine issue of material fact. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S.
5 242, 256, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986). Whether a fact is material is
6 determined by looking to the governing substantive law; if the fact may affect
7 the outcome, it is material. *See id.* at 248.

8 If the moving party meets its initial burden, the “adverse party may not
9 rest upon the mere allegations or denials of the adverse party’s pleading, but the
10 adverse party’s response, by affidavits or as otherwise provided in this rule,
11 must set forth specific facts showing that there is a genuine issue for trial.” Fed.
12 R. Civ. P. 56(e). Mere disagreement or the bald assertion that a genuine issue
13 of material fact exists does not preclude the use of summary judgment. *See*
14 *Harper v. Wallingford*, 877 F.2d 728 (9th Cir. 1989).

15 The Court construes all evidence and reasonable inferences drawn
16 therefrom in favor of the non-moving party. *See Anderson*, 477 U.S. at 255; *see*
17 *also Brookside Assocs. v. Rifkin*, 49 F.3d 490, 492-93 (9th Cir. 1995).

18 VI. Discussion

19
20
21 Defendant Kradjian’s Motion for Summary Judgment is based on four
22 arguments:

- 23 (1) There can be no liability because there has been no misuse or
24 misappropriation by Kradjian of the phrase “Karoun’s California
25 Cheese.”
26 (2) There is no substantial similarity between the marks “Byblos
27 California Cheese” and “Karoun’s California Cheese.”
28 (3) Plaintiff has no protection of the mark “California Cheese,” standing

1 alone, based on the Court's ruling of September 25, 2002. Thus, Plaintiff
2 cannot claim infringement of the mark "California Cheese."⁶

3 (4) Plaintiff has failed to offer evidence of likelihood of confusion
4 between the marks "Karoun's California Cheese" and "Byblos California
5 Cheese."

6
7 Substantial Similarity

8 "When the goods produced by the alleged infringer compete for sales with
9 those of the trademark owner, infringement usually will be found if the marks
10 are sufficiently similar that confusion can be expected." *E. & J. Gallo Winery v.*
11 *Consorzio Del Gallo Nero*, 782 F. Supp. 457, 464 (N.D. Cal. 1991). The similarity
12 of the marks "must be considered in light of the way the marks are encountered
13 in the marketplace and the circumstances surrounding the[ir] purchase." *Id.*
14 (citation omitted). A defendant may prevail on a summary judgment motion
15 if the defendant shows a lack of any triable issue of fact on likelihood of
16 confusion due to the distinctly dissimilar marks. *See J. Thomas McCarthy,*
17 *McCarthy on Trademarks and Unfair Competition* §32:120 (2001) (citing *Woodsmith*
18 *Publishing Co. v. Meredith Corp.*, 11 U.S.P.Q. 2d 1651 (S.D. Iowa 1989), *aff'd*, 904
19 F.2d 1244 (8th Cir. 1990)) (where the Court's visual comparison of the parties'
20 allegedly conflicting trade dress reveals that a reasonable jury could not find

21
22 ⁶ As discussed in the Court's Order, dated September 25, 2002, the California Milk Advisory
23 Board is the registered owner of the "Real California Cheese" certification mark. The Court
24 previously granted Defendant Kradjian's Motion for Partial Summary Adjudication of Plaintiff's
25 cause of action for trademark infringement of the mark "California Cheese." Plaintiff's Fourth
26 Amended Complaint also alleged infringement of the mark "Karoun's California Cheese," which
27 is at issue in the instant motion.
28

1 substantial similarity for a likelihood of confusion, summary judgment for
2 defendant is to be granted, notwithstanding evidence of a few instances of actual
3 confusion); *Riverhead Paints Plus, Inc. v. PPG Industries, Inc.*, 2 U.S.P.Q. 2d
4 2035, 1987 WL 16877 *2 (E.D.N.Y. 1987) (citations omitted) (“[I]f a visual
5 comparison of the marks by the court reveals that [the] [marks] are not
6 substantially similar, the court may grant summary judgment for the
7 defendant.”)

8 The Parties do not dispute that they are competitors, and sell similar
9 cheese products to the same consumers. (Mem. P. & A. 13:12-13 and Opp. at
10 4:13-16.) Defendant Kradjian sends its cheese, packaged in large containers
11 that include the full trade name of “Byblos California Cheese,” to retailers.
12 Plaintiff sells its cheese products bearing the mark “Karoun’s California
13 Cheese” to retailers and wholesalers.

14 However, evidence that the Parties compete in the same market is
15 insufficient to support a claim of trademark infringement. Defendant Kradjian
16 contends that not only are the product names significantly distinctive, the
17 Parties’ color and style of packaging are not similar. Plaintiff has the burden
18 to produce evidence to demonstrate that the marks are sufficiently similar that
19 confusion can be expected. No such evidence has been provided. In a phrase
20 that is as inartful and distasteful as it is admirable in its clarity, at least three
21 circuits have described the summary judgment stage as the “put up or shut up”
22 moment in a lawsuit, when the nonmoving party must show what evidence it
23 has that would convince a trier of fact to accept its version of events. *See, e.g.,*
24 *Weinstock v. Columbia University*, 224 F.3d 33 (2d Cir. 2000); *Schacht v. Wisconsin*
25 *Dep’t of Corr.*, 175 F.3d 497 (7th Cir. 1999); *Cox v. Kentucky Dep’t of*
26 *Transportation*, 53 F.3d 146 (6th Cir. 1995).

27 The Court finds that the initial word found in the Parties’ marks, i.e.
28 “Karoun” and “Byblos,” are substantially different in sight and sound. The

1 marks "Karoun's California Cheese" and "Byblos California Cheese," when
2 considered as a whole and as encountered in the marketplace, lack substantial
3 similarity so as to prevent consumer confusion. *See Keebler Co. v. Murray Bakery*
4 *Prods.*, 866 F.2d 1386, 1387-90 (Fed. Cir. 1989) (in the context of registration of
5 a mark, the court held that the dissimilarity between the marks "Pecan Sandies"
6 and "Pecan Shortees," both used to designate cookies, was sufficiently
7 dissimilar to prevent consumer confusion.).

8 Accordingly, Defendant Kradjian is entitled to summary judgment,
9 because the Parties' marks are dissimilar.

10 11 Likelihood of Confusion

12 To maintain an action for trademark infringement, or an action under 15
13 U.S.C. §1125(a), or an action for unfair competition under California law, a
14 plaintiff must prove that the defendant's use of the same or similar mark would
15 create a likelihood of confusion. *See Murray v. Cable Natl. Broadcasting Co.*, 86
16 F.3d 858, 860 (9th Cir. 1996) (citations omitted); *see also Brookfield Comm. Inc.*
17 *v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999) (In order to
18 prevail on a claim under the Lanham Act §43(a), a plaintiff must show: (1) there
19 is a valid, protectable mark; and (2) defendant's use of the mark creates a
20 "likelihood of confusion."); *see also Official Airline Guides, Inc. v. Goss*, 6 F.3d
21 1385, 1391 (9th Cir. 1993) (quoting *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967
22 F.2d 1280, 1290 (9th Cir. 1992)) ("The core element of trademark infringement
23 is the likelihood of confusion, i.e., whether the similarity of the marks is likely
24 to confuse customers about the source of the products.").

25 "[L]ikelihood of confusion is a mixed question of law and fact that is
26 predominantly factual in nature." *E. & J. Gallo Winery*, 967 F.2d at 1290.
27 However, a district court may determine likelihood of confusion as a matter of
28 law on either a motion to dismiss or a motion for summary judgment. *See*

1 *Murray*, 86 F.3d at 860-61; *see also* *McCarthy* at §32:120 (citing *Chesebrough-*
2 *Pond's Inc. v. Faberge, Inc.*, 666 F.2d 393 (9th Cir. 1982), cert. denied, 459 U.S.
3 967, 103 S.Ct. 294 (1982)) (affirming trial court's ruling of summary judgment
4 in favor of defendant because no likelihood of confusion existed).

5 The Ninth Circuit uses a multi-factor test for assessing likelihood of
6 consumer confusion. The factors include: (1) strength of the mark; (2)
7 proximity of goods; (3) similarity of the marks; (4) evidence of actual confusion;
8 (5) marketing channels used; (6) type of goods and the degree of care likely to
9 be exercised by the purchaser; (7) defendant's intent in selecting the mark; and
10 (8) likelihood of the expansion of product lines. *See Sleekcraft*, 599 F.2d at 348-
11 49; *see also Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993);
12 *Gallo*, 967 F.2d at 1290. This list of factors is neither exhaustive nor exclusive,
13 and is intended to guide the Court in assessing the basic question of likelihood
14 of consumer confusion. *See Gallo*, 967 F.2d at 1290. Because the factors are not
15 to be applied in a mechanical manner, *see Dreamwerks Prod. Group, Inc. v. SKG*
16 *Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998), the Court considers the *Sleekcraft*
17 factors in order of their importance to the pending case. *See Brookfield Comm.*
18 *Inc.*, 174 F.3d at 1054 n.16; *Dreamwerks*, 142 F.3d at 1129.

19 Defendant Kradjian properly asserts that Plaintiff has failed to offer
20 evidence of likelihood of confusion between the marks "Karoun's California
21 Cheese" and "Byblos California Cheese."⁷ Kradjian offers evidence that
22 confusion is unlikely (e.g., the appearance of the Parties' marks is different, and

23 ⁷ Plaintiff argues that it has presented evidence of actual consumer confusion. However, as
24 explained above, the following statement found in ¶4 of the Baghdassarian Declaration is
25 inadmissible hearsay: "These senders told me that they had sent the cheese to Karoun Dairies
26 because they believed Karoun to be the source of the cheese because it was labeled 'California
27 Cheese.'"
28

1 the source of the products is clearly identified on the products when sold to
2 retailers). However, the Parties' goods are similar, and are advertised using
3 similar marketing channels. In the instant case, the similarity of the marks and
4 the strength of the mark are of primary importance.

5 At the summary judgment stage, once the moving defendant has met its
6 initial burden of demonstrating an absence of a genuine issue of material fact,
7 the plaintiff's mere allegations are insufficient to create a triable issue of fact.
8 Fed. R. Civ. P. 56(e). Plaintiff claims that because it uses the mark "Karoun's
9 California Cheese" to refer to Middle Eastern-style cheese products rather than
10 to any typically Californian cheese product, the mark "Karoun's California
11 Cheese" is an arbitrary mark, and therefore Plaintiff need not demonstrate
12 secondary meaning. *See* McCarthy at §14:7 ("When a geographic term is used
13 in an arbitrary manner, taking into consideration the nature of the goods or
14 services in issue, no secondary meaning is required."). Kradjian, however,
15 responds that the mark "Karoun's California Cheese" is descriptive when used
16 to refer to cheese made in California.

17 The mark "Karoun's California Cheese" is a composite geographical
18 mark, consisting of the name "Karoun," the geographic term "California," and
19 the term "cheese." Moreover, "[i]f a geographical term is combined with other
20 elements to form a composite mark, the resulting combination may not have
21 any descriptive connotations. The total commercial impression created by a
22 composite mark may be merely arbitrary or suggestive even though its separate
23 parts may be geographically descriptive." McCarthy at §14:11. The validity of
24 a composite mark is not judged "by an examination of its parts. Rather the
25 validity of a trademark is to be determined by viewing the trademark as a
26 whole." *California Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1455 (9th
27 Cir. 1985). "A composite geographical mark should not be dissected into its
28 parts to determine whether it is primarily geographical or not. It is the likely

1 reaction of customers to the total mark that is at issue.” *Id.* (quotations
2 omitted).

3 “An arbitrary mark consists of common words arranged in an arbitrary
4 way that is non-descriptive of any quality of the goods or services.” *Stork*
5 *Restaurant Inc. v. Sahati*, 166 F.2d 348, 355 (9th Cir. 1948) (“[The Stork Club] is
6 in no way descriptive of the appellant’s night club, for in its primary
7 significance it would denote a club for storks.”); *see also Official Airline Guides,*
8 *Inc.*, 6 F.3d at 1390-91. In contrast, the Trademark Board has “said that where
9 (1) there is no real question that the geographical significance of a term is its
10 primary significance; and (2) where the geographical place is neither obscure
11 nor remote; and (3) the applicant’s own goods come from the geographical place
12 named in the term, then a public association of the goods with the place will
13 ordinarily be presumed.” *McCarthy* at §14:29 (citing *In re Handler Fenton*
14 *Westerns, Inc.*, 214 U.S.P.Q. 848 (T.T.A.B. 1982); *In re California Pizza Kitchen,*
15 *Inc.*, 10 U.S.P.Q. 2d 1704 (T.T.A.B. 1988); *In re Chalk’s Int’l Airlines, Inc.*, 21
16 U.S.P.Q. 2d 1637 (T.T.A.B. 1991); *In re U.S. Cargo*, 49 U.S.P.Q. 2d 1702
17 (T.T.A.B. 1998); *see also* Restatement (Third) of Unfair Competition §14,
18 comment d (1995) (“If the place is noted for the goods on which the term is
19 used, consumers can be expected to view the designation descriptively. Thus,
20 FRANCE on wine and FLORIDA on grapefruit are clearly descriptive.”).

21 Because Plaintiff’s product is a “cheese” made in “California,” the phrase
22 “Karoun’s California Cheese” is indisputably descriptive of Plaintiff’s goods.
23 *See McCarthy* at §14:9 (“Since geographically descriptive terms are not regarded
24 as inherently distinctive, the law requires that they must acquire consumer
25 association or ‘secondary meaning’ for legal protection.”). Moreover, the name
26 “Karoun” can be protected only upon proof that through usage it has acquired
27 distinctiveness and secondary meaning. *See McCarthy* at §13:2 (citations
28 omitted); *see also Abraham Zion Corp. v. Lebow*, 761 F.2d 93, 104 (2d. Cir. 1985)

1 (names used as trademarks generally are regarded as descriptive terms, and are
2 protected only if, through usage, they have acquired distinctiveness or
3 secondary meaning). Clearly, the mark "Karoun's California Cheese" is
4 descriptive when viewed as a whole, and therefore the presumption is that the
5 mark is properly classified as "descriptive" rather than "arbitrary." This
6 presumption can only be rebutted with evidence that "Karoun's California
7 Cheese" has acquired a secondary meaning.

8 9 Secondary Meaning

10 "The prime element of secondary meaning is a mental association in
11 buyers' minds between the alleged mark and a single source of the product."
12 McCarthy at §15:5-7 (citing *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434
13 F.2d 794, 802 (9th Cir. 1970))(the chief inquiry to determine whether a mark has
14 acquired a secondary meaning "is directed towards the consumer's attitude
15 about the mark in question: does it denote to him 'a single thing coming from
16 a single source?"). The Ninth Circuit, in analyzing secondary meaning, quoted
17 the Supreme Court decision in *Kellogg Co. v. Nat. Biscuit Co.*, 305 U.S. 111, 118,
18 59 S.Ct. 109 (1938), "to establish a trade name in the term . . . the plaintiff must
19 show that the primary significance of the term in the minds of the consuming
20 public is not the product but the producer." *Carter-Wallace, Inc.*, 434 F.2d at
21 802. When plaintiff has the burden to prove a secondary meaning in a mark,
22 and defendant moves for summary judgment based on evidence that tends to
23 show the lack of secondary meaning, summary judgment will be granted unless
24 plaintiff comes forward to show an issue of fact on secondary meaning. See
25 McCarthy at §32:119 (citing *Silver Invest, Inc. v. Director, United States Mint*, 682
26 F. Supp. 484 (D. Or. 1987), *aff'd in part*, 885 F.2d 620 (9th Cir. 1989)). Thus,
27 summary judgment is appropriate where plaintiff produces no evidence that a
28 descriptive term has achieved a secondary meaning as a mark. See McCarthy

1 at §32:119 (citing *Lewis Management Co. V. Corel Corp.*, 36 U.S.P.Q. 2d 1534
2 (S.D. Cal 1995)).

3 Plaintiff has introduced declarations by numerous retailers that
4 previously purchased “Karoun’s California Cheese” who understand the mark
5 “to mean a white Middle-Eastern and Mediterranean cheese; not to mean a
6 cheese made only in California.” (Decs. of Sayegh, Cakir, Tabaja, Bahnan,
7 Tarosyan, Salimi, and Mulaiese.) The declarations submitted by Plaintiff do
8 not show that the retailers associate the term “Karoun’s California Cheese” with
9 Karoun as the *source* of the product. Instead, the declarations reveal that the
10 retailers primarily associate “Karoun’s California Cheese” with the *product* itself,
11 a type of cheese. Accordingly, Plaintiff has not produced evidence to show that
12 the mark “Karoun’s California Cheese” has achieved a secondary meaning.

13 Thus, summary adjudication of Plaintiff’s cause of action for trademark
14 infringement and unfair competition under 15 U.S.C. §1125(a) of the mark
15 “Karoun’s California Cheese” is proper.

16
17 **VII. Unfair Competition Under California Business and Professions**
18 **Code §17200**

19
20 “[A]ctions pursuant to California Business and Professions Code § 17200
21 are ‘substantially congruent’ to claims made under the Lanham Act.” *Cleary v.*
22 *News Corporation*, 30 F. 3d 1255, 1262-63 (9th Cir. 1994). The ultimate test under
23 California Business and Professions Code §17200 is “whether the public is
24 likely to be deceived or confused.” *Id.*

25 Accordingly, because the Court has found that there is no likelihood of
26 confusion between the Parties’ marks, Defendant Kradjian is entitled to
27 summary adjudication of Plaintiff’s claim for unfair competition under
28 California law.

VIII. Conclusion

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The Court hereby **GRANTS Defendant Kradjian Importing Company Inc.'s Motion for Summary Judgment (docket #151). Defendant Kradjian Importing Company Inc.'s Motion to Dismiss hereby is denied as moot.**

December 12, 2002.



**FLORENCE-MARIE COOPER, JUDGE
UNITED STATES DISTRICT COURT**

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

ONE INDUSTRIES, LLC, a limited liability company,

Plaintiff,

v.

JIM O'NEAL DISTRIBUTING, INC., a corporation,

Defendant.

Civil No.06CV1133 JAH(AJB)

**ORDER GRANTING
PLAINTIFF'S/COUNTER-
DEFENDANT'S AND THIRD
PARTY DEFENDANT'S MOTION
FOR SUMMARY JUDGMENT
[Doc. No. 43]**

AND ALL RELATED
COUNTERCLAIMS AND THIRD-
PARTY COMPLAINTS.

BACKGROUND

Plaintiff, One Industries, LLC markets and distributes motorcycle racing products and is a licensee of products that use two marks owned by Third Party Defendant Ludovic Boinnard and Marc Blanchard referred to as the "One Icon" mark and the "One Angular" mark. Defendant/Counter-claimant and Third Party Plaintiff Jim O'Neal Distributing, Inc. ("O'Neal") manufactures and distributes motorcycle and bicycle-related products and owns various trademarks for multiple variations of the marks "O'NEAL" and "O" that appear on its products.

On May 26, 2006, One Industries filed a complaint (Doc. No. 1) seeking declaratory judgment of non-infringement of Defendant O'Neal's trademark rights and a

1 declaration of no unfair competition as it relates to One Industries' marketing. O'Neal
2 filed an answer and counterclaim (Doc. No. 6) on August 21, 2006, and a Third Party
3 Complaint (Doc. No. 9) against Boinnard and Blanchard on September 5, 2007. On
4 September 13, 2006, One Industries filed a motion to dismiss the counterclaim and for
5 a more definite statement (Doc. No. 11). Boinnard and Blanchard filed a motion to
6 dismiss the third party complaint and motion for a more definite statement (Doc. No. 13)
7 on September 26, 2006. The motions were granted in part and denied in part and O'Neal
8 was provided the opportunity to file an amended counterclaim and an amended third
9 party complaint. See Order (Doc. No. 31). O'Neal filed an amended answer and
10 counterclaim (Doc. No. 38) alleging trademark infringement, trade dress infringement and
11 unfair competition on July 2, 2007, and an amended third party complaint¹ (Doc. No. 40)
12 alleging trademark infringement, trademark cancellations and trade dress infringement
13 against Boinnard² on July 3, 2007. Answers (Doc. Nos. 41, 42) were filed on July 19,
14 2007. One Industries and Boinnard filed the pending motion for summary judgment
15 (Doc. No. 43) on August 15, 2007. O'Neal filed an opposition (Doc. No. 47) on
16 September 28, 2007. One Industries and Boinnard (collectively "One Industries"
17 "Movants") filed a reply (Doc. No. 48) on October 5, 2007, and objections to evidence
18 (Doc. No. 49) on October 9, 2007. O'Neal filed a response (Doc. No. 59) to the
19 objections on December 12, 2007.

20 The motion was originally set for hearing on October 22, 2007, but was vacated
21 because the courthouse was closed due to the fires in San Diego county. In an order filed
22 October 30, 2007, the Court continued the hearing and the parties later stipulated to
23 continue the hearing date.

24 The Court heard oral argument on the motion on December 19, 2007. After a
25 thorough review of the parties submissions and consideration of the parties' argument at
26

27 ¹O'Neal filed a motion seeking leave to file the amended third party complaint one day late. Because
28 the amended complaint was filed on July 3, 2007, the motion is denied as moot.

²The amended third party complaint does not name Blanchard as a defendant.

1 the hearing, this Court GRANTS IN PART DENIES IN PART the motion for summary
2 judgment.

3 LEGAL STANDARD

4 Summary judgment is properly granted when “there is no genuine issue as to any
5 material fact and ... the moving party is entitled to judgment as a matter of law.”
6 Fed.R.Civ.P. 56(c). Entry of summary judgment is appropriate “against a party who fails
7 to make a showing sufficient to establish the existence of an element essential to that
8 party’s case, and on which that party will bear the burden of proof at trial.” Celotex Corp.
9 v. Catrett, 477 U.S. 317, 322 (1986). The party moving for summary judgment bears the
10 initial burden of establishing an absence of a genuine issue of material fact. Celotex, 477
11 U.S. at 323. Where the party moving for summary judgment does not bear the burden
12 of proof at trial, it may show that no genuine issue of material fact exists by demonstrating
13 that “there is an absence of evidence to support the non-moving party’s case.” Id. at 325.
14 The moving party is not required to produce evidence showing the absence of a genuine
15 issue of material fact, nor is it required to offer evidence negating the moving party’s claim.
16 Lujan v. National Wildlife Fed’n, 497 U.S. 871, 885 (1990); United Steelworkers v.
17 Phelps Dodge Corp., 865 F.2d 1539, 1542 (9th Cir. 1989). “Rather, the motion may, and
18 should, be granted so long as whatever is before the District Court demonstrates that the
19 standard for the entry of judgment, as set forth in Rule 56(c), is satisfied.” Lujan, 497
20 U.S. at 885 (quoting Celotex, 477 U.S. at 323).

21 Once the moving party meets the requirements of Rule 56, the burden shifts to the
22 party resisting the motion, who “must set forth specific facts showing that there is a
23 genuine issue for trial.” Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256 (1986).
24 Without specific facts to support the conclusion, a bald assertion of the “ultimate fact” is
25 insufficient. See Schneider v. TRW, Inc., 938 F.2d 986, 990-91 (9th Cir. 1991). A
26 material fact is one that is relevant to an element of a claim or defense and the existence
27 of which might affect the outcome of the suit. The materiality of a fact is thus determined
28 by the substantive law governing the claim or defense. Disputes over irrelevant or

1 unnecessary facts will not preclude a grant of summary judgment. T.W. Electrical Service,
2 Inc. v. Pacific Electrical Contractors Ass'n, 809 F.2d 626, 630 (9th Cir. 1987)(citing
3 Anderson, 477 U.S. at 248).

4 The court may not make credibility determinations, and inferences to be drawn
5 from the facts must be viewed in the light most favorable to the party opposing the
6 motion. Masson v. New Yorker Magazine, 501 U.S. 496, 520 (1991); see also
7 Matsushita, 475 U.S. at 587; Anderson, 477 U.S. at 255.

8 Because the likelihood of confusion is a largely factual determination and requires
9 a full record, district courts should grant summary judgment motions regarding likelihood
10 of confusion sparingly. Than International, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 901
11 (9th Cir. 2002).

12 DISCUSSION

13 One Industries and Boinnard argue O'Neal cannot prove infringement as a matter
14 of law, the unfair competition claims fail and they are entitled to judgment as to O'Neal's
15 cancellation claims.

16 I. Trademark Infringement

17 O'Neal seeks relief for trademark infringement under 15 U.S.C. §§ 1114 and 1125.
18 O'Neal alleges One Industries' use of the "One Angular" mark infringes on O'Neal's
19 "O'NEAL" mark. Amended Counterclaim at 14; Amended Third Party Complaint at 11.
20 O'Neal further alleges One Industries' "One Icon" mark infringes O'Neal's "O" mark,
21 because it is confusingly similar to the O'Neal's "O" mark. Amended Counterclaim at 15;
22 Amended Third Party Complaint at 12.

23 In order to prevail on a trademark infringement claim, a plaintiff must show that
24 1) it is the owner of the asserted marks and 2) the use of the mark by the alleged infringer
25 is likely to cause confusion or mistake or deceives the consumer. Survivor Media v.
26 Survivor Productions, 406 F.3d 625, 630 (9th Cir. 2005). To show there is a likelihood
27 of a consumer confusing O'Neal's mark with One Industries', the Court considers eight
28 factors, known as the "Sleekcraft" factors, in its determination

- 1 (1) The strength of the mark;
- 2 (2) The similarity of the marks;
- 3 (3) The relatedness of the companies' services;
- 4 (4) The marketing channels used by the companies;
- 5 (5) The alleged infringer's intent in selecting it mark;
- 6 (6) Evidence of actual confusion;
- 7 (7) The likelihood of expansion into other markets, and;
- 8 (8) The degree of care likely to be exercised by purchasers of the good.

9 Goto.com v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000). "Some factors are
10 much more important than others, and the relative importance of each individual factor
11 will be case specific." Brookfield Communications, Inc. v. West Coast Entertainment
12 Corp., 174 F.3d 1036 (9th Cir. 1999).

13 A. "One Angular" Mark



17 1. Strength of Mark

18 The strength of a mark is determined by its placement on a continuum of marks
19 from generic through descriptive or suggestive to arbitrary or fanciful. E. & J. Gallo Winery
20 v. Gallo Cattle Co., 967 F.2d 1280, 1291 (9th Cir. 1992). Generic trademarks are not
21 entitled to protection. Marks that are suggestive, arbitrary or fanciful, are "inherently
22 distinctive", "because their intrinsic nature serves to identify a particular source of a
23 product" and are, therefore, awarded maximum protection. Two Pesos, Inc. v. Taca
24 Cabana, Inc., 505 U.S. 763, 768 (1992). Marks that are descriptive of a product are not
25 inherently distinctive, but "may acquire the distinctiveness which will allow them to be
26 protected under the Act." Two Pesos, 505 U.S. at 769.

27 There is no dispute as to the strength of O'Neal's mark, as O'Neal maintains and
28 Movants agree the "O'NEAL" mark is a strong mark.

1 **2. Similarity of Marks**

2 The similarity of marks “has always been considered a critical question in the
3 likelihood-of-confusion analysis.” See GoTo.com, 202 F.3d at 1205. In considering the
4 degree of similarity, a court should view the marks in their entirety as they appear in the
5 marketplace. Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1144 (9th Cir. 2002).
6 Additionally, a court should consider the similarity in appearance, sound and meaning. Id.

7 One Industries argues there is no infringement of the “O’NEAL” mark as a matter
8 of law, because the “One Angular” mark is entirely different from the “O’NEAL” mark.
9 They maintain the “One Angular” mark evokes the word one, is abstract and without
10 context it is difficult to make out the word “one.” They further argue the “O’NEAL” mark
11 has an apostrophe, the words are pronounced very differently and the meaning behind the
12 names are different.

13 O’Neal argues the only difference between the “O’NEAL” mark and the “One
14 Angular” mark is an apostrophe and the “AL.” O’Neal contends the stylized version of the
15 “O’NEAL” mark is very similar to the “One Angular” mark. O’Neal further argues the
16 marks appear similar on helmets and that photos of riders wearing O’Neal gear sometimes
17 make it appear the “O’Neal” says “one” because of the camera angle. See below.



24 The Court finds a side-by-side comparison of the two marks demonstrate they are
25 not similar.

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1 While O'Neal argues the only difference between the marks are the addition of an
2 apostrophe and the "AL," this Court finds those additions create a dramatically different
3 mark. One Industries' mark is the word "one" which represents a number. O'Neal's mark
4 is a name. Additionally, the two words sound completely different. Nor is this Court
5 persuaded that the camera angle of photos of riders wearing helmets with the marks create
6 a similarity between the two marks. This factor weighs heavily against finding a likelihood
7 of confusion.

8 3. Relatedness of the Companies' Services/Proximity of the Goods

9 "Related goods are those products which would be reasonably thought by the
10 buying public to come from the same source if sold under the same mark." Entrepreneur
11 Media, Inc. v. Smith, 279 F.3d 1135, 1147 (9th Cir. 2002) (quoting AMF Inc. v.
12 Sleekcraft Boats, 599 F.2d 341, 348 n.10 (9th Cir. 1979). "[T]he more closely related the
13 goods are, the more likely consumers will be confused by similar marks." Id. Movants
14 admit the goods sold are proximate to each other, because the parties both sell off-road
15 helmets and motocross gear.

16 4. Marketing Channels

17 "Convergent marketing channels increase the likelihood of confusion."
18 Nutri/System, Inc. v. Con-Stan Industries, 809 F.2d 601, 606 (9th Cir. 1987). One
19 Industries admits both companies advertise in the same magazines and sell products in
20 specialty retail stores.

21 5. Intent in Selecting the Mark

22 The party is not required to demonstrate the infringer "intended to deceive
23 consumers." E.& J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1293 (9th Cir.
24 1992). Intent to confuse may be inferred when the "alleged infringer chooses a mark he
25 knows to be similar to another." Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1148
26 (9th Cir. 2002) (citing Official Airlines Guides, Inc. v. Goss, 6 F.3d 1385 (9th Cir. 1993).

27 Movants argue Blanchard and Boinnard indicated they did not consider O'Neal to
28 be a competitor when they selected the marks at issue. O'Neal argues the intent of

1 Blanchard and Boinnard is inferred from their conduct of distancing the helmet line from
2 One Industries by keeping the words “One Industries” off the helmet, using the “One
3 Icon” logo and launching a new website for the helmets that did not feature the words
4 “One Industries.”

5 In reply, Movants maintain, when they introduced the helmet line, they used the
6 two primary logos they had been using the previous five years, the “One Icon” and the
7 “One Angular” marks. They further maintain the name “One Industries” appears on the
8 helmet, the box and the product literature accompanying the helmet. Movants contend
9 the new website is directly linked to its main website, uses the same logos as the main
10 website and prominently identifies the helmets as One Industries products.

11 There is no evidence to support O’Neal’s argument that One Industries sought to
12 distance the helmet line by establishing a separate website. The evidence demonstrates
13 the website for the helmets is directly linked to the main website and both sites contain
14 One Industries’ logos. Movant’s Exh. GG. Additionally, while the helmet website name,
15 www.onehelmets.com, does not contain the name “One Industries,” the content of the
16 website clearly states the helmets are One Industries products. *Id.* Accordingly, there is
17 no evidence of intent to deceive the consumer.

18 **6. Evidence of Actual Confusion**

19 One Industries argues there is no evidence of actual confusion, although both One
20 Industries and O’Neal have co-existed in the motocross industry since 1997 and the marks
21 have been used since 1999.

22 O’Neal argues “[c]onfusion has permeated the industry at every level as a result of
23 almost identical commercial uses of the O’ and One Icon marks.” Opp. at 18. And further
24 relies upon its discussion of actual confusion as to the “O” and “One Icon” mark. It
25 appears O’Neal relies upon confusion between its “O” logo and the “One Icon” mark to
26 support actual confusion between the “One Angular” mark and “O’NEAL” mark.

27
28

1 After addressing the objections to O'Neal's evidence³, the only admissible evidence
2 arguably relevant to the "One Angular" and "O'NEAL" marks is Riley Beckinger's
3 testimony regarding phone calls from customers requesting a helmet from O'Neal that is
4 actually sold by One Industries.⁴ The testimony does not include any information as to
5 what caused the confusion. Even assuming the confusion is between the "One Angular"
6 mark and the "O'NEAL" mark, it demonstrates only a minimum amount of actual
7 confusion between the marks.

8 **7. Likelihood of Expansion into other Markets**

9 Movants argue there is no evidence of further expansion that might bring the two
10 companies into direct competition with regard to future product lines. O'Neal does not
11 address this factor.

12 **8. Degree of Care Likely to be Exercised by Purchasers**

13 The likelihood of confusion is determined by the "reasonably prudent consumer."
14 Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036,
15 1060 (9th Cir. 1999). The "reasonably prudent consumer" is expected to be "more
16 discerning-and less easily-confused" when purchasing expensive items and less discerning
17 and more easily confused when purchasing inexpensive items. Id.

18 One Industries contend the degree of care likely to be exercised by the purchaser
19 varies by product. They argue although t-shirts may be inexpensive, the highly image-
20 conscious industry may still have strong brand differentiation. They further argue
21 consumers are more likely to exercise a higher degree of care for items such as helmets.

22 O'Neal argues One Industries' KOMBAT helmet, ROCKSTART helmet and
23 MONSTER helmet are sold from between \$99.99 and \$199.99, which makes it a different
24 market than a \$299.00 purchase.

25
26 ³See Discussion of actual confusion as to the "One Icon" mark below.

27 ⁴The testimony regarding the sweatshirt worn by Roland Hinz is not relevant because it contained
28 the "One Icon" logo not the "Angular One" mark. O'Neal's Exh. C, Mescher Depo. at 27:20 - 28:8. Likewise,
Rocky Trevino specifically states the confusion he observed involved the "O" logo on the side of helmets.
O'Neal's Exh. A, Trevino Depo. at 12:21 - 24.

1 The Court finds that a customer may not be as discerning when purchasing less
2 expensive items such as t-shirts, but the higher price of the helmets would involve a higher
3 degree of care by purchasers.

4 **9. Conclusion**

5 The Court finds there is a lack of genuine issue of material fact as to the factors in
6 determining likelihood of confusion. The strength of O'Neal's mark, the relatedness of
7 the parties' goods and the marketing channels weigh in favor of likelihood of consumer
8 confusion. However, the Court finds the most important factor in this case is the
9 similarity of the marks. As such the high dissimilarity between the two marks, and the
10 lack of intent to confuse weigh heavily against a likelihood of confusion. Even assuming
11 the evidence of actual confusion involves the "One Angular" and "O'NEAL" marks, the
12 scant evidence of confusion, in conjunction with the other factors in support of likelihood
13 of confusion, is insufficient to overcome the weight of the dissimilarity of the marks and
14 the lack of intent. Accordingly, the Court finds the "One Angular" mark does not infringe
15 the "O'NEAL" trademark. Movants are entitled to judgment on this claim.

16 **B. One Icon Mark**



21 One Industries argues O'Neal's claims regarding the "One Icon" mark are unclear,
22 because it broadly asserted the "One Icon" mark infringes O'Neal's exclusive right to use
23 the "O" mark on motocross related apparel and accessories. Then O'Neal asserts the "One
24 Icon" mark infringes O'Neal's "O" mark, specifically the "Rounded O" mark. Movants
25 argue O'Neal does not have the exclusive right to use the letter "O" and O'Neal has never
26 used an "O" mark, as it always includes an apostrophe and a stylized form of the "O"
27 mark. Movants argue there is no evidence that the letter "O" creates a separate
28 commercial impression on its own to support a claim of exclusivity. They maintain

1 evidence establishes other companies use an "O" or "O"-shaped logo on motocross apparel
2 and accessories, including Oakley, OGIO and Alloy.

3 O'Neal contends they have the exclusive right to use any "O" mark on helmets.
4 O'Neal contends the evolution of their "O" mark is important, because it educated
5 consumers to associate a variety of "O" designs with O'Neal.

6 In reply, Movants argue O'Neal has neither applied for nor obtained a trademark
7 registration for the letter "O". Therefore, they argue, there is no presumption that O'Neal
8 has any right to exclude others from using the letter "O" on motorcycle related products.
9 Additionally, Movants argue O'Neal has not established secondary meaning with respect
10 to the letter "O".

11 O'Neal fails to set forth any authority to support its contention that its continued
12 use of the "O" mark provides it the exclusive right to use the letter "O". O'Neal
13 maintains the evolution of their mark has educated consumers to associate the letter "O"
14 with their products. However, it provides no direct evidence that consumers associate the
15 letter "O" in the motocross industry solely with O'Neal's products.⁵ The evidence shows
16 O'Neal's "O" logos include the apostrophe, which demonstrates, rather, the letter "O"
17 with an apostrophe is associated with O'Neal. Additionally, evidence of other companies
18 "O" shaped logos further supports that the letter "O" is not associated solely with O'Neal.
19 Movant's Exh. U, Oakley advertising image, Exh. V, OGIO advertising image, Exh. W,
20 Excerpts from Alloy MX 2006 Catalog, Exh. X, Excerpts from No Fear 2007 Catalog, Exh.
21 SS, No Fear 2007 Catalog, Exh. RR Alloy MX 2006 Catalog. This evidence includes "O"
22 shaped logos on helmets. See Movant's Exh. SS. As such, the undisputed evidence
23 demonstrates O'Neal owns trademarks for the "O" mark, which is a letter "O" with an
24

25
26 ⁵Antonio R. Sarabia's expert opinion that consumers "came to associate the core element -
27 resemblance to an 'O' - with products made by O'Neal Distributing which is purportedly based upon his
28 knowledge of development of trademarks and review of O'Neal's "O" logos in advertising and distribution
of its products does not sufficiently demonstrate consumers associate "O" designs solely with O'Neal. There
is no evidence Mr. Sarabia relied upon consumer surveys or feedback or otherwise obtained any information
directly from consumers. Moreover, O'Neal's "O" shaped logos in advertising and products consistently
include the apostrophe in the design.

1 apostrophe.⁶ Amended Counterclaim at 8-10; Amended Third Party Claim at 4 -6, Exhs.
2 1 - 10; Movant's Exhs. R, S.

3 **1. Strength of the Mark**

4 One Industries argues there are many "O" or "O"-shaped logos in the motocross
5 industry, so O'Neal's mark is not a strong mark. O'Neal argues its "O'" mark is strong,
6 because it is completely fanciful and the existence of other "O" marks is irrelevant to
7 strength.

8 O'Neal, however, is mistaken. The existence of similar marks on similar goods
9 weakens a mark. See Miss World (UK) Ltd. V. Mrs. Am. Pageants, Inc., 856 F.2d 1445,
10 1449 (9th Cir. 1988) *abrogation in part on other grounds*; see also PostX Corp. v. docSpace
11 Co., Inc., 80 F.Supp.2d 1056 (N.D.Cal. 1999). Movants present evidence of competitors'
12 "O" marks in the motocross industry. Such as advertising images of Oakley motocross
13 goggles with "O" logo, OGIO gear with an "O" logo, Alloy MX apparel with an "O"-shaped
14 logo and No Fear products with an "O"-shaped logo. Movant's Exh. U- X, SS, RR.
15 O'Neal's "O" shaped logo is weakened by the existence of other known "O"-shaped logos.

16 **2. Similarity of Marks**

17 Movants argue the marks are not confusingly similar. They maintain the "One
18 Icon" mark is sharp, pointy and angular, while the "Rounded O'" mark is soft, rounded
19 and oval shape with a prominent apostrophe. Additionally, the "One Icon" is composed
20 of two clearly separate elements that are symmetrical and often appear in different colors,
21 such as black and red while the "Rounded O'" mark is a single large "O" with a smaller
22 apostrophe and are always in the same color. They further maintain there is no similarity
23 as to sound, because the "One Icon" does not have a sound.

24 One Industries further argues the two logos have different meanings: the "One Icon"
25 is two number ones interlaced to be symmetrical - number one was chosen for its
26 significance to motocross, where the top rider races with the number one place on his

27
28 ⁶Even if O'Neal has the exclusive right to use a letter "O" (without the apostrophe) on helmets or
other motocross gear, the Court finds the "One Icon" is not a stylized version of the letter "O" as discussed
below.

1 motorcycle and because it evokes the name “One Industries.” The “Rounded O” logo is
2 the first letter of the name O’Neal.

3 O’Neal argues a side-by-side comparison of the marks demonstrates they are both
4 stylized versions of the letter “O” and are almost identical as used in commerce. In terms
5 of sound, O’Neal argues consumers can easily think the One Icon is an “O”, because it is
6 the first letter of “one” which is the first word of One Industries. O’Neal maintains a jury
7 could reasonably find the “One Icon” would be interpreted by consumers to be an
8 infringing “O”

9 In reply, Movants argue the O’Neal helmet presented by O’Neal for comparison
10 purposes is irrelevant to the “Rounded O” mark, because it shows the newer “Angular O”
11 mark.

12 The evidence demonstrates One Industries first used the “One Icon” in 1999 on
13 fenders, handle bar pads, seat covers for motorcycles, decals and clothing, and first started
14 using the icon on helmets on December 19, 2003. See Trademark Registration Forms,
15 Movant’s Exh. O at 164, 167, 171, 177, 179, 184, 189, 191, 196, 204. O’Neal began
16 using the “Rounded O” mark in 1997. Amended Counterclaim at 9, 1998 Catalog,
17 O’Neal’s Exh. 8; Amended Third party Complaint at 5, 1998 catalog, O’Neal’s Exh. 8.
18 O’Neal began using the “Angular O” mark on December 17, 2003. Movant’s Exh. S at
19 276, 279. As such, the proper comparison is between the “One Icon” and the “Rounded
20 O” marks.

21 This Court finds the two marks are not “almost identical” in appearance as asserted
22 by O’Neal. See illustrations below.



26 The “One Icon” does not appear as a stylized “O”. It consists of two angular
27 symbols, described by Movants as interlacing number ones, placed in such a way that a
28 “Z”-shaped space appears between the two. The “Rounded O” is clearly a letter “O” with

1 a prominent apostrophe and is slightly angled. Additionally, there is no similarity with
2 sound because the "One Icon", which consists of symbols, has no sound. The meaning
3 of the two symbols also differ. The "One Icon" is made up of two interlaced number "1"
4 symbols, while the "Rounded O" mark is the first letter of the name O'Neal. Accordingly,
5 the Court finds this factor does not support a likelihood of consumer confusion.

6 **3. Relatedness of Companies' Services/Proximity of the Goods**

7 Both companies sell off road helmets and motocross gear. Therefore, this factor is
8 not in dispute and supports a likelihood of confusion.

9 **4. Marketing Channels**

10 Likewise, the parties agree both companies advertise in the same magazines and sell
11 products through specialty retail stores.

12 **5. Intent in Selecting the Mark**

13 The parties assert the identical arguments discussed above for the "One Angular"
14 mark. As provided above, this Court finds there is no evidence that One Industries
15 intended to deceive consumers when choosing the "One Icon" mark.

16 **6. Evidence of Actual Confusion**

17 Movants argue there is no evidence of actual confusion.

18 O'Neal maintains there is evidence of actual confusion at every level of the industry.
19 In support O'Neal presents the following evidence: KBC America, the manufacturer of its
20 and Movant's helmets mistakenly sent a One Industries product to O'Neal and sent an
21 O'Neal product to One Industries. Kashare Decl. ¶ 5. Rocky Trevino, owner of Cycle
22 Parts West, testified he is aware of confusion regarding brand recognition between the
23 parties and one of his employees sought to purchase a helmet he saw on television he
24 thought was an O'Neal product but was a One Industries product. O'Neal's Exh. A,
25 Trevino Depo. at 12:11 - 14:3. Roland Hinz, owner of Hi-Torque Publishing, the largest
26 publisher of motorcycle-related magazines, confused the logo on a sweatshirt he owned.
27 O'Neal's Exh. C, Mescher Depo. at 27:20 - 28:8; Kashare Decl. ¶ 5. Mr. Trevino testified
28 to customer confusion. Trevino Depo. at 17:4 - 6. Riley Beckinger, a member of O'Neal's

1 sales staff, testified to receiving calls regarding confusion over the products. O'Neal's Exh.
2 D, Beckinger Depo. at 14:24 - 15:4.

3 Movants filed objections to certain declarations and deposition testimony relied
4 upon by O'Neal. They object to Mr. Kashare's statement regarding KBC Manufacturing
5 as irrelevant, arguing that the lack of information as to what caused the mistake does not
6 make the mistake more or less likely that there is infringement. This Court agrees the
7 information provides no evidence that the mixup was caused by confusion over the logos
8 and is therefore irrelevant to the issue of actual confusion. One Industries also objects to
9 Trevino's testimony regarding customer confusion, because Trevino was not present during
10 the conversations about which he testified and therefore, lacks personal knowledge. The
11 Court sustains the objection to Trevino's testimony regarding his employee's confusion,
12 because he was not present during the conversation. However, the objection to his
13 testimony regarding customer confusion is overruled. Trevino testified to being present
14 on the sales floor when customers confused the parties' helmets. Movants also object to
15 Kashare's testimony regarding Mr. Hinz's confusion over a sweatshirt containing a One
16 Industries' logo, because he does not have personal knowledge as to why Hinz was
17 confused and he does not describe the markings on the shirt. However, Mr. Mescher
18 testifies that the design on the shirt was the One Industries' logo "they use today."
19 Mescher Depo. at 29:6. Because Mescher's testimony about the conversation, for which
20 he was present, provides sufficient information to cure any deficiencies of Kashare's
21 testimony, the Court overrules the objection.

22 Movants also argue the evidence of actual confusion relates to the "Angular O"
23 mark that was not used by O'Neal until five years after the "One Icon" mark was used by
24 One Industries. As such, Movants argue, the "One Icon" mark has seniority over the
25 O'Neal "Angular O" mark. Movants further argue the calls regarding the confusion over
26 the parties helmets coincided with a mistake by a retailer that listed the One Industries
27 "Kombat" helmet as the "O'Neal Kombat." Movants argue this demonstrates O'Neal's
28 evidence of actual confusion has nothing to do with confusion regarding the trademarks.

1 This Court agrees with One Industries.

2 O'Neal presents evidence of confusion. However, the relevant admissible evidence
3 demonstrates the confusion occurred after the use of the "Angular O" mark. Trevino's
4 testimony regarding customer confusion happened within the year prior to his deposition
5 which was taken on May 7, 2007. See Trevino Depo. at 17:4 - 14. Additionally, Mescher
6 testifies that the incident with the design on Mr. Hinz's shirt occurred 36 to 48 months
7 before the date of the deposition which was taken on May 1, 2007. O'Neal began using
8 the "Angular O" mark in December 2003, five years after One Industries began using the
9 "One Icon" mark and well before the two incidents of confusion. Accordingly, the Court
10 finds this factor weighs against finding of confusion between the "One Icon" mark and the
11 "Rounded O" mark.

12 **7. Likelihood of Expansion into Other Markets**

13 Movants maintain there is no evidence of further expansion that might bring the
14 two companies into direct competition with regard to future product lines. O'Neal does
15 not address this factor. The Court gives little weight to this factor.

16 **8. Degree of Care Likely to be Exercised by Purchasers**

17 Movants contend the degree of care likely to be exercised by the purchaser varies
18 by product. They suggest although t-shirts are inexpensive, the highly image-conscious
19 industry may still have strong brand differentiation. They further contend consumers are
20 more likely to exercise a higher degree of care for items such as helmets.

21 The Court finds that a customer may not be as discerning when purchasing less
22 expensive items such as t-shirts, but the higher price of the helmets would involve a higher
23 degree of care by purchasers.

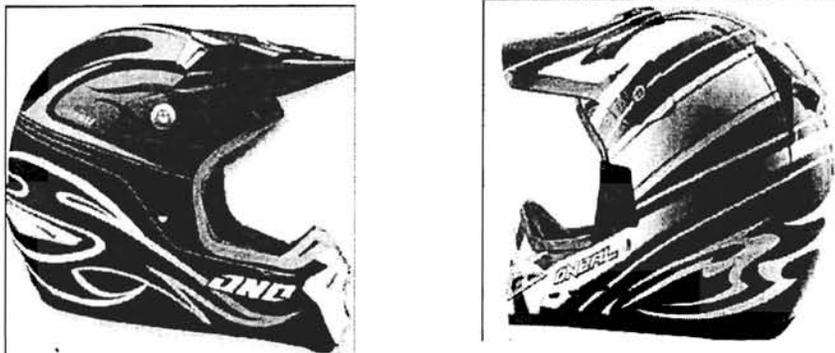
24 **9. Conclusion**

25 The Court finds there is no genuine issue of material fact with respect to the
26 likelihood of confusion factors. Again, this Court finds the dissimilarity of the marks,
27 along with the lack of actual evidence of confusion and lack of evidence of intent to
28 confuse consumers weighs heavily in support of finding no actual confusion and is not

1 overcome by the relative strength of O'Neal's mark, the relatedness of the parties' goods
2 and similar marketing channels. Accordingly, Movants are entitled to judgment as a
3 matter of law on this claim.

4 **II. Trade Dress Infringement**

5 O'Neal alleges One Industries' trade dress for its helmets is confusingly similar, and
6 therefore infringes on O'Neal's trade dress. Amended Counterclaim at 16. O'Neal also
7 alleges Boinnard authorized and directed the activities of One Industries with respect to
8 the trade dress and is therefore personally liable. Amended Third Party Complaint at 13.
9 It asserts it is the owner of "distinctive trade dress for motocross helmets" that feature "the
10 word "O'Neal" in a slight slant across the lower part of the helmet in bold typface."
11 Amended Counterclaim at 11. The helmets are shown below.



20 To sustain a trade dress infringement claim, the plaintiff must prove (1) its claimed
21 dress is nonfunctional; (2) its claimed dress serves a source-identifying role, because it is
22 either inherently distinctive or has acquired secondary meaning and (3) the infringer's
23 product creates a likelihood of confusion. Clicks Billiards, Inc. v. Sixshooters, Inc., 251
24 F.3d 1252, 1258 (9th Cir. 2001).

25 Movants argue O'Neal has not and cannot claim exclusive right to placement of a
26 logo on the chin bar area of a helmet. They further argue it is unclear which O'Neal logo
27 is at issue, because in the Amended Counterclaim it shows the angular O'Neal logo
28 introduced in 2003. However the referenced exhibit shows the rounded O'Neal logo

1 introduced in 1997. They maintain the analysis of likelihood of confusion is the same as
2 with the O'Neal's trademark claim.

3 O'Neal maintains they have established evidence of actual confusion in regard to
4 the helmets as discussed in their trademark claims. The confusion, it maintains, is a result
5 of the total design, including size, shape, color combinations, graphics, trademarks and
6 placement of trademarks on the helmet. O'Neal maintains its trade dress is not related
7 to the use or purpose of the article, rather, it is the way in which One Industries copied the
8 logo placement and style such that there has been actual confusion. Thus, O'Neal argues,
9 its trade dress is non-functional. Additionally, O'Neal argues the trade dress serves a
10 source-identifying role, because they contain strong marks, highly recognized in the
11 motocross industry.

12 In reply, One Industries argues O'Neal has not identified the allegedly infringed
13 trade dress. Movants maintain O'Neal cannot, and does not claim the use of any logo at
14 a slight slant on the chin bar infringes its trade dress. Thus, they argue, the trade dress
15 claim is the same as the claim for infringement of the "O'NEAL" mark.

16 O'Neal bears the burden of proof on the issue of non-functionality. Rachel v.
17 Banana Republic, Inc., 831 F.2d 1503, 1506 (9th Cir. 2001). A product feature is function
18 and "cannot serve as a trademark, if it is essential to the use or purpose" of the product
19 or "it affects the cost or quality of the" product or "if exclusive use of the feature would
20 put competitor at a significant non-reputation-related disadvantage." Qualitex Co. v.
21 Jacobson Products Co., Inc., 514 U.S. 159, 165 (1995). One Industries does not dispute
22 the logo placement is non-functional.

23 O'Neal must also demonstrate its claimed dress serves a source-identifying role.
24 O'Neal contends the dress serves a source-identifying role because the "O'NEAL" mark
25 and the "O" mark are strong marks and highly recognized in the motocross industry. It
26 essentially argues the claimed dress has acquired secondary meaning. A product's trade
27 dress has secondary meaning when "the purchasing public associates the dress with a
28 particular source." Fuddruckers, Inc. v. Doc's B.R. Others, Inc., 826 F.2d 837, 843 (9th

1 Cir. 1987). Secondary meaning may be demonstrated by direct evidence, such as consumer
2 surveys and testimony, see Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352 (9th Cir.
3 1985), or circumstantial evidence such as exclusivity, manner and length of use, amount
4 and manner of advertising, amount of sales and the number of customers, and established
5 place in the market. See Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc.,
6 198 F.3d 1143 (9th Cir. 1999). O'Neal offers no evidence to support its contention that
7 the claimed dress has acquired secondary meaning.⁷

8 Having determined O'Neal fails to establish its trade dress serves a source
9 identifying role, the Court finds O'Neal fails to demonstrate a genuine issue as to the trade
10 dress claim. One Industries is entitled to judgment on the trade dress claim.

11 **III. Unfair Competition**

12 O'Neal alleges One Industries' and Boinnard's unlawful use of confusing similar
13 trademarks and trade dress constitutes unfair competition under California Business
14 Professions Code § 17200. Amended Counterclaim at 17; Amended Third Party
15 Complaint at 19.

16 California Business and Professions Code § 17200 defines unfair competition to
17 include "any unlawful, unfair or fraudulent business act or practice and unfair, deceptive,
18 untrue, or misleading advertising . . ."

19 Movants argue if judgment of non-infringement is entered, the claims for unfair
20 competition, which are based on the infringement claims, must also fail. O'Neal maintains
21 it has proven confusion to sustain its unfair competition claim, as retailers have noted
22 customers seek to purchase helmets from O'Neal, including the "Rockstar" helmet, the
23 "Kombat" helmet and the "Monster" helmet which are all helmets made by One
24 Industries.

25 Because the Court finds no evidence of infringement, the unfair competition claim
26 based upon the infringements claims fail. One Industries is entitled to judgment as to

27
28 ⁷In the introduction to its opposition, O'Neal provides information on its sales, and the amount
expended in advertising, but fails to address this "evidence" in the context of the trade dress claim. This
Court declines to make the arguments on O'Neal's behalf.

1 O'Neal's unfair competition claim.

2 **IV. Cancellation Claims**

3 O'Neal seeks to cancel, in the Third Party Complaint, Boinnard's Trademark
4 Registration Nos. 2831709, 2831710, 2946193, 2894616, and 2970422. It argues the
5 trademarks are likely to cause confusion with O'Neal's "O" mark and the "O'NEAL" logo,
6 which predates Boinnard's trademarks.

7 Movants argue if the trademark infringement and trade dress infringement claims
8 fail, the cancellation of the trademarks claims should also fail, because they are based upon
9 the likelihood of confusion. O'Neal argues it will be damaged by the trademarks listed
10 above and the "One Icon" mark and "One Angular" mark.

11 Based upon the discussion of infringement above, the Court finds Boinnard is
12 entitled to judgment as to the claim seeking cancellation of Trademark Registration Nos.
13 2894616, 2970422, 2831709, 2831710 and 2946193.

14 **V. Attorney Fees and Costs**

15 Movants seek attorney fees pursuant to 15 U.S.C. § 1117(a). They argue O'Neal's
16 counsel sent a cease and desist letter on May 11, 2006, stating One Industries was
17 infringing on its slanted O' mark which was in use for "over a decade." Movants Exh. T
18 at 285, Letter from Joe Landau to Ludovic Boinnard. However, One Industries argues the
19 statement was false, because the mark had been used only since December 2003. Movants
20 further maintain O'Neal's next correspondence included the following language:

21 We have a lot of evidence to support this [use of the "O" mark since 1993],
22 and we will gladly shower you with it in discovery. No doubt your client will
23 delight in the costs of studying 13 years worth of evidence, and making
24 thousands of pages of copies.
25 Movants Exh. T at 293, Letter from Steven Sereboff to Jonathan Hangartner. Movants
26 further argue the litigation confirms the case is not about redress of legitimate grievances,
27 because O'Neal has asserted a frivolous position that they have the exclusive right to use
28 an "O" mark although many other companies use an "O" for their logos.

O'Neal argues this is not an exceptional case in which an award of attorney fees is
warranted. O'Neal maintains its claims are reasonable and pursued in a good faith effort

1 to stop the infringement. It maintains the cease and desist letter was drafted by former
2 counsel. Additionally, O'Neal contends it is One Industries who has wasted valuable time
3 and money in pursuing frivolous leads in this action. As such, O'Neal seeks an award of
4 attorney fees.

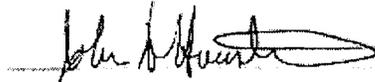
5 A court may award reasonable attorney fees in trademark infringement cases to the
6 prevailing party in exceptional cases. 15 U.S.C. § 1117(a). The Court does not find this
7 qualifies as an "exceptional case" warranting and award of attorney fees. Accordingly, the
8 parties' requests for attorney fees are DENIED.

9 **CONCLUSION AND ORDER**

10 Based on the foregoing, **IT IS HEREBY ORDERED:**

- 11 1. Plaintiff/Counter-Defendant's motion for summary judgment (Doc. No. 43)
12 is **GRANTED**.
- 13 2. Plaintiff/Counter-Defendant's request for attorney fees is **DENIED**.
- 14 3. Defendant/Counter-Claimant's request for attorney fees is **DENIED**.
- 15 4. Defendant/Counter-Claimant's (Doc. No. 36) motion for leave to file the
16 amended third party complaint one day late is **DENIED as moot**.

17 DATED: February 14, 2008

18 
19 JOHN A. HOUSTON
20 United States District Judge
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28

ORIGINAL

IN THE COURT OF APPEALS OF
THE STATE OF WASHINGTON
DIVISION I

67032-8-I

DAVID N. BROWN, INC. d/b/a FOX PLUMBING & HEATING

Appellant,

v.

ACT NOW PLUMBING LLC, d/b/a
GARY FOX PLUMBING & HEATING

Respondent.

**CERTIFICATE OF SERVICE RE:
RESPONDENT'S BRIEF AND MOTION TO STRIKE**

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COURT OF APPEALS
STATE OF WASHINGTON
DIVISION I

I, Diana T. Woodruff, do hereby certify under penalty of perjury under the laws of the State of Washington as follows:

1. I am a citizen of the United States, over the age of 18 years and am not a party to the within cause;

2. I am employed by the law firm of Oles Morrison Rinker & Baker, LLP. My business and mailing address is 701 Pike Street, Suite 701 Pike Street, Suite 1700, Seattle, Washington 98101-3930.

3. On November 4th, 2011 I caused to be delivered via hand-delivery or via ABC Legal Messenger Services, Inc. a copy of the following document(s) on the following parties:

1. Respondent's Brief;
2. Appendixes (A&B);
3. Respondent's Motion to Strike; and
4. Certificate of Service.

Directed to the following entities/individuals:

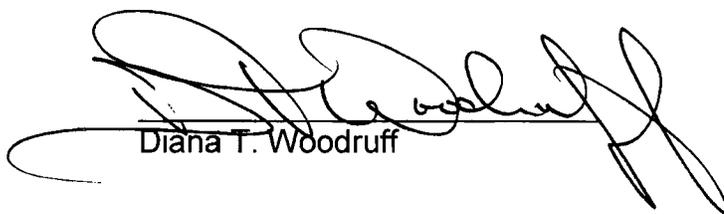
**David A. Lowe, WSBA 24453
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- and -

Original (plus one) Filed With:
COURT OF APPEALS - DIVISION I:

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Court of Appeals – Division I
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600 University Street
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Signed this 4th day of November, 2011 at Seattle,
Washington.



Diana T. Woodruff

4813-0514-6893, v. 1