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11 Attorneys for Plaintiff  
 RE/MAX, LLC

12 **IN THE UNITED STATES DISTRICT COURT**  
 13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
 14

15 RE/MAX, LLC, a Delaware limited  
 16 liability company,

17 Plaintiff,

18 vs.

19 RE/MAX EMPIRE, INC., a California  
 corporation, ERALINE TERRONES,  
 20 an individual, WALTER TERRONES,  
 an individual, and HECTOR  
 21 VASQUEZ, an individual.

22 Defendants.  
 23

CASE NO. 2:10-cv-04517-AHM (SHx)

**AMENDED CONSENT ORDER  
 AND JUDGMENT**

**Defendant Hector Vasquez**

**Introduction**

24  
 25 On June 18, 2010, Plaintiff RE/MAX, LLC (“RE/MAX”) filed a Complaint  
 26 against Defendants RE/MAX Empire, Inc. (“RE/MAX Empire”), Eraline Terrones,  
 27 Walter Terrones and Hector Vasquez (“Vasquez”). The Complaint alleges that the  
 28

1 Defendants (former franchise owners, operators and agents of a terminated RE/MAX  
2 real estate brokerage office in Montebello, California) continue to hold themselves out  
3 as being (or working for) an authorized RE/MAX franchisee. The Complaint seeks  
4 injunctive and monetary relief for acts of trademark counterfeiting, trademark  
5 infringement, unfair competition, and dilution of a famous mark under the laws of the  
6 United States, Title 15, United States Code; for trademark infringement under Cal. Bus.  
7 & Prof. Code § 14200 *et seq.*; for unfair competition under Cal. Bus. & Prof. Code §  
8 17200; and trademark infringement, and unfair competition under the common law of  
9 the state of California.

10 Defendant Hector Vasquez consents to have judgment entered against him as set  
11 forth below. The remaining Defendants have failed to timely Answer or otherwise  
12 respond to the Complaint.

13 **I. Consents and Agreements**

14 In order to effect settlement of the matters alleged against him in the Complaint in  
15 this action without a trial on the merits or further judicial proceedings, Defendant  
16 Vasquez:

- 17 1. Consents to entry of this Consent Order and Judgment (“Judgment”);
- 18 2. Affirms that he has read this Judgment voluntarily, and that no promise or  
19 threat of any kind has been made by RE/MAX, or any officer or employee of RE/MAX,  
20 to induce Vasquez’s consent to entry of this Judgment;
- 21 3. Affirms that he was represented by legal counsel in connection with the  
22 negotiation of this Judgment;
- 23 4. Acknowledges service of the summons and Complaint;
- 24 5. Admits that this Court has personal jurisdiction over him;
- 25 6. Admits that this Court has subject matter jurisdiction pursuant to 15 U.S.C.  
26 § 1121 and 28 U.S.C. §§ 1331, 1332, 1338 and 1367;
- 27 7. Admits that venue properly lies with this Court;
- 28 8. Waives the entry of findings of fact and conclusions of law in this action

1 pursuant to Rule 52 of the Federal Rules of Civil Procedure, except as to the facts  
2 stipulated to below in Section II;

3 9. Waives any and all rights to appeal this action;

4 10. Consents to the continued jurisdiction of this Court for the purpose of  
5 enforcing the terms and conditions of this Judgment and for any other purposes relevant  
6 to this case, even if Defendant Vasquez now or in the future resides outside of the  
7 Court's jurisdiction; and

8 11. In consenting to the entry of this Judgment, Defendant Vasquez admits all  
9 of the allegations in the Complaint, each Finding of Fact, and the Conclusions of Law  
10 set forth in this Judgment.

## 11 **II. Findings of Fact and Conclusions of Law**

12 This Court, being fully advised in the premises, finds that there is good cause for  
13 the entry of this Order and that there is no just reason for delay. This Court therefore  
14 directs the entry of Findings of Fact, Conclusions of Law, a permanent injunction, an  
15 order of monetary damages and other equitable relief, as set forth herein.

### 16 **A. Findings of Fact**

#### 17 **RE/MAX**

18 12. Since the early 1970's, RE/MAX has authorized a network of over 6,500  
19 independent franchised offices throughout the United States and in over 70 countries  
20 worldwide, comprising over 90,000 franchisees and affiliated independent  
21 contractor/sales associates to use the trademarks and other intellectual property of  
22 RE/MAX in connection with providing real estate brokerage services.

23 13. RE/MAX is the owner of U.S. Trademark Registration No. 1,139,014 for  
24 the trademark "RE/MAX" (the "RE/MAX Mark"). RE/MAX is also the owner of U.S.  
25 Trademark Registration No. 1,173,586 for the service mark consisting of a hot air  
26 balloon design (the "Balloon Design"), and Registration No. 1,702,048 for the service  
27 mark consisting of a rectangular sign displaying three horizontal bars, the top of which  
28 is red, the middle of which is white, and the bottom of which is blue ("the Red-Over-

1 White-Over-Blue Design”).

2 14. RE/MAX owns several additional U.S. trademark registrations for a family  
3 of marks that includes the RE/MAX Mark, the Balloon Design, and the Red-Over-  
4 White-Over-Blue Design together with other words and/or other design elements,  
5 including, but not limited to U.S. Trademark Registration Nos. 1,900,865, 1,902,943  
6 and 1,691,854.

7 15. All of the above listed trademark registrations have achieved  
8 incontestability under 15 U.S.C. § 1065.

9 16. RE/MAX also owns California State Trademark Registration No. 5,610 for  
10 the RE/MAX Mark and California State Trademark Registration No. 37,219 for the  
11 mark comprising a red, white, and blue rectangular bar design.

12 17. The federal registration rights, state law rights, and common law rights of  
13 RE/MAX in the RE/MAX Mark, the Balloon Design, and the Red-Over-White-Over-  
14 Blue Design, as described above, are collectively referred to as the “RE/MAX  
15 Trademarks.”

16 18. The RE/MAX Trademarks are used on a variety of advertising media,  
17 including listing signs. A color photo of the RE/MAX yard sign is below:



25 19. From approximately September 2005 until September 2009, Defendants  
26 Eraline Terrones and Walter Terrones were franchise owners of a RE/MAX real estate  
27 brokerage office operating as RE/MAX Empire, Inc. RE/MAX Empire is a California  
28 corporation having its principal place of business at 2444 West Beverly Boulevard,

1 Montebello, California 90640.

2 20. Defendant Vasquez is a real estate salesperson, licensed with the State of  
3 California Department of Real Estate (“DRE”). Vasquez currently works as an  
4 independent contractor at H & M Investments Inc. (“H & M Investments”), 2444 W  
5 Beverly Boulevard, Montebello, California 90640, which was formerly RE/MAX  
6 Empire. H & M Investments is also the “employing broker” currently sponsoring  
7 Vasquez’s real estate license.

8 21. Vasquez represents, and RE/MAX relies upon the representation, that  
9 Vasquez is currently in the process of disassociating himself completely from RE/MAX  
10 Empire, H & M Investments, and any other company or business under the control of or  
11 otherwise affiliated with Eraline Terrones or Walter Terrones.

12 22. While affiliated with RE/MAX Empire, Vasquez believed that RE/MAX  
13 Empire was properly reporting Vasquez to RE/MAX as a salesperson affiliated with  
14 RE/MAX Empire.

15 23. During the period when Vasquez was affiliated with RE/MAX Empire, to  
16 his knowledge, there were approximately 15 to 20 real estate brokers and salespersons  
17 affiliated with RE/MAX Empire, approximately 5 of which were licensed.

18 24. Vasquez first learned, upon being served with this Complaint in June of  
19 2010, that on September 7, 2009, RE/MAX had terminated its franchise agreement with  
20 RE/MAX Empire, Inc.

21 25. Upon being served with this Complaint, Vasquez learned that, RE/MAX  
22 Empire and all real estate professionals affiliated therewith were obligated to cease all  
23 use of the RE/MAX Trademarks within ten (10) days of termination of the franchise  
24 agreement.

25 26. At no time prior to Vasquez being served with the Complaint did Eraline  
26 Terrones, Walter Terrones, or any employee or agent of RE/MAX Empire, Inc., inform  
27 Vasquez that the franchise agreement had been terminated, or that he was no longer  
28 authorized to use the RE/MAX Trademarks.

1 27. Shortly after being served with the Complaint, Vasquez discussed the  
2 Complaint with Defendants Eraline and Walter Terrones, both of whom acknowledged  
3 having received and reviewed the Complaint.

4 28. Vasquez used the RE/MAX Trademarks and held himself out as a  
5 RE/MAX agent after September 7, 2009, through and until he was served with the  
6 Complaint filed in this action. A color photo of Vasquez' yard sign using the RE/MAX  
7 Trademarks is below:



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14 29. As of the signing of this Consent Order and Judgment, to Vasquez's  
15 knowledge, Walter Terrones, Eraline Terrones, RE/MAX Empire and its associated  
16 brokers and/or real estate professionals continue to use the RE/MAX Trademarks and  
17 hold themselves out as being associated with, licensed by, or otherwise affiliated with  
18 RE/MAX.

19 30. Since September 7, 2009, Vasquez made at least two (2) sales of real estate  
20 while holding himself out as an authorized RE/MAX agent.

21 31. Under a valid franchise agreement, Vasquez would have been entitled to  
22 use the RE/MAX Trademarks in exchange for 1% of his commissions, plus franchise  
23 fees, ad fund fees, and annual dues in the amount of \$306.88 per month.

24 32. RE/MAX and Vasquez therefore agree that as a reasonable royalty for his  
25 infringement of the RE/MAX Trademarks, Vasquez owes RE/MAX \$250 in  
26 commissions and \$3,375.68 in unpaid franchise fees, for a total of \$3,625.68.

27 33. These sums indicate only the royalty attributable to Vasquez's use of the  
28

1 RE/MAX Trademarks, and do not include monies and other damages owed by  
2 Defendants RE/MAX Empire, Walter Terrones or Eraline Terrones.

3 **B. Conclusions of Law**

4 **Jurisdiction and Venue**

5 34. This action arises under §§ 1114, 1125(a), and 1125(c) of the Trademark  
6 Act of July 5, 1946, as amended, commonly known as the Lanham Act, 15 U.S.C. §  
7 1051 *et seq.*; Cal. Bus. & Prof. Code § 14200 *et seq.* and § 17200; and the common law  
8 of the state of California.

9 35. The Court has subject matter jurisdiction pursuant to 15 U.S.C. § 1121 and  
10 28 U.S.C. §§ 1331, 1338 and 1367.

11 36. Venue is proper within this judicial district pursuant to 28 U.S.C. § 1391(b)  
12 because the Defendant Vasquez resides in and transacted business in the Central District  
13 of California, and the acts complained of occurred in this District.

14  
15  
16 **Violations of the Lanham Act, the Cal. Bus. & Prof. Code § 14200 *et seq.* and**  
17 **§ 17200; and the common law of the state of California**

18 37. To prove infringement under the Lanham Act, a plaintiff must show  
19 ownership of a legally protectable mark and that there is a likelihood of confusion  
20 between that mark and the defendants' allegedly infringing material. *AMF Inc. v.*  
21 *Sleekcraft Boats*, 599 F.2d 341, 346 (9th Cir. 1979). The likelihood-of-confusion  
22 standard used in Lanham Act infringement analysis also applies to RE/MAX's federal  
23 and state unfair competition claims, its California statutory trademark infringement and  
24 unfair competition claims, and its common law trademark infringement claim. *New*  
25 *West Corp. v. NYM Co.*, 595 F.2d 1194, 1201 (9th Cir. 1979); *Rearden LLC v. Rearden*  
26 *Commerce, Inc.*, 597 F. Supp. 2d 1006, 1018 (N.D. Cal. 2009); *Westinghouse Elec.*  
27 *Corp. v. General Circuit Breaker & Elec. Supply Inc.*, 106 F.3d 894, 899 (9th Cir.  
28 1997).

1 38. In order to recover enhanced damages for federal trademark counterfeiting  
2 under 15 U.S.C. § 1117(b)-(c), RE/MAX must show that the infringement consisted of  
3 “intentionally using a mark or designation, knowing such mark or designation is a  
4 counterfeit mark . . . in connection with the sale, offering for sale, or distribution of  
5 goods or services,” 15 U.S.C. § 1117(b). A counterfeit mark is defined as a spurious  
6 mark which is identical with, or substantially indistinguishable from, a mark that is  
7 registered and in use for the same goods or services, whether or not the person against  
8 whom relief is sought knew such mark was so registered. 15 U.S.C. §§ 1116(d)(1)(B),  
9 1127. *See United States v. Able Time, Inc.*, 545 F.3d 824, 832 & n.3 (9th Cir. 2008).

10 39. The test for trademark dilution under the Lanham Act requires the  
11 trademark owner to show that its mark is famous, that the defendant made commercial  
12 use of the famous mark after it became famous, and that such use caused actual dilution.  
13 *Horphag Research Ltd. v. Garcia*, 475 F.3d 1029, 1036 (9th Cir. 2007). To be famous,  
14 a mark must be prominent and renowned. *Avery Dennison Corp. v. Sumpton*, 189 F.3d  
15 868, 875 (9th Cir. 1999).

16 40. RE/MAX’s certificate of registration for each of its federal trademarks is  
17 *prima facie* evidence of the validity of the mark and of RE/MAX’s exclusive right to  
18 use it in connection with real estate brokerage and insurance brokerage services. 15  
19 U.S.C. § 1057(b), § 1115(a). RE/MAX’s six federal trademarks have been registered  
20 and used in commerce for over five years, achieving incontestable status. 15 U.S.C. §  
21 1065.

22 41. Considering the eight factors involved in assessing a likelihood of  
23 confusion, the Court has determined that the overall impression conveyed to consumers  
24 by the RE/MAX Empire signs, as used by Defendant Vasquez, creates a likelihood of  
25 confusion. The RE/MAX Empire signs are identical to the RE/MAX signs used while  
26 RE/MAX Empire was an authorized RE/MAX Franchise. The signs use the RE/MAX  
27 word Trademark, the same red, white, and blue color scheme, the same horizontal bar  
28 arrangement, the same hot-air balloon placement in the left corner, and the same font



1 and positioning of identifying elements such as the office name, agent name, phone  
2 number, “For Sale,” and the Realtor® “R” mark designating membership in the  
3 National Association of Realtors.

4 42. RE/MAX’s red, white, and blue tri-bar marks have become strong source  
5 identifiers within the market for real estate brokerage services and have wide consumer  
6 recognition. Defendant Vasquez’s signs are identical or substantially indistinguishable.  
7 Both Defendant Vasquez and Plaintiff RE/MAX advertise similar services using similar  
8 advertising means, operate through similar advertising channels, and attract the same  
9 class of consumers.

10 43. Therefore, Defendant Vasquez’s use of his red, white, and blue “RE/MAX  
11 Empire” signs in advertising his real estate services is likely to confuse ordinary  
12 consumers and has caused actual dilution to RE/MAX’s Trademarks.

13 44. Because there is a likelihood of confusion, dilution and no applicable  
14 affirmative defense, judgment is entered against Defendant Vasquez for his trademark  
15 counterfeiting, trademark infringement, unfair competition, and dilution of a famous  
16 mark under the laws of the United States, Title 15, United States Code (Counts I-IV);  
17 for trademark infringement under Cal. Bus. & Prof. Code § 14200 *et seq.*(Count V); for  
18 unfair competition under Cal. Bus. & Prof. Code § 17200 (Count VI); and trademark  
19 infringement, and unfair competition under the common law of the state of California  
20 (Counts VII-VIII).

21 45. Because the Terrones’ did not inform Vasquez of the termination, it is not  
22 clear that Vasquez intentionally or knowingly used the counterfeit RE/MAX signs.  
23 Therefore, an assessment of RE/MAX’s damages, pursuant to 15 U.S.C. section 1117(a)  
24 and as measured by the reasonable royalty for the use of the RE/MAX Trademarks from  
25 the termination of the RE/MAX Empire franchise until Vasquez ceased using the marks  
26 in July 2010, is appropriate with regard to Defendant Vasquez.

27 46. Because RE/MAX will suffer irreparable injury to its reputation and  
28 goodwill if Defendant Vasquez’s infringing use continues – for which there is no

1 adequate remedy at law – RE/MAX’s request for a permanent injunction is granted. 15  
2 U.S.C. § 1116(a); *see also Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175,  
3 1180 (9th Cir. 1988); *Levi Strauss & Co. v. Toyo Enterprise, Co.*, 665 F. Supp. 2d 1084,  
4 1098 (N.D. Cal. 2009).

### 5 **III. Order and Judgment**

#### 6 7 **It is hereby ORDERED AND ADJUDGED:**

8 1. This Court has jurisdiction over Defendant Vasquez and over all the claims  
9 set forth against Defendant Vasquez.

10 2. Judgment is entered against Defendant Vasquez for trademark  
11 counterfeiting, trademark infringement, unfair competition, and dilution of a famous  
12 mark under the laws of the United States, Title 15, United States Code (Counts I-IV);  
13 for trademark infringement under Cal. Bus. & Prof. Code § 14200 *et seq.*(Count V); for  
14 unfair competition under Cal. Bus. & Prof. Code § 17200 (Count VI); and trademark  
15 infringement, and unfair competition under the common law of the state of California  
16 (Counts VII-VIII).

17 3. A Permanent Injunction is Ordered, effective immediately, enjoining  
18 Defendant Vasquez, and any of his principals, agents, servants, employees, successors  
19 and assigns and all those in privity, concert or participation with Defendant Vasquez  
20 from using, imitating, copying, duplicating or otherwise making any use of the  
21 RE/MAX Trademarks or any mark confusingly similar to the RE/MAX Trademarks in  
22 connection with providing, advertising or promoting real estate or related services,  
23 including without limitation:

24 (i) imitating, copying, duplicating, or otherwise making any use of the  
25 RE/MAX Trademarks or any mark confusingly similar to the RE/MAX Trademarks;

26 (ii) manufacturing, producing, distributing, circulating, selling, or  
27 otherwise disposing of any printed material which bears any copy or colorable imitation  
28

1 of the RE/MAX Trademarks;

2 (iii) using any unauthorized copy or colorable imitation of the RE/MAX  
3 Trademarks in such fashion as is likely to relate or connect Defendant Vasquez with  
4 RE/MAX or the RE/MAX Network;

5 (iv) using any false designation of origin or false description which can  
6 or is likely to lead the trade or public, or individual members thereof, to believe  
7 mistakenly that any service advertised, promoted, offered, or sold by Defendant  
8 Vasquez is sponsored, endorsed, connected with, approved, or authorized by RE/MAX;

9 (v) causing likelihood of confusion or injury to RE/MAX's business  
10 reputation and to the distinctiveness of the RE/MAX Trademarks by unauthorized use  
11 of a confusingly similar sign design;

12 (vi) engaging in any other activity constituting unfair competition or  
13 infringement of the RE/MAX Trademarks or RE/MAX's rights in, or to use, or to  
14 exploit the same; and

15 (vii) assisting, aiding or abetting another person or business entity in  
16 engaging or performing any of the activities enumerated in subparagraphs (i) through  
17 (vi) above.

18 4. Defendant Vasquez and his principals, agents, servants, employees,  
19 successors and assigns and all those in privity, concert or participation with Defendant  
20 Vasquez shall immediately cease all use of the sign depicted below, including but not  
21 limited to ceasing manufacture, purchase and/or distribution and display of such sign.  
22 In no event shall Defendant Vasquez, his principals, agents, servants, employees,  
23 successors or assigns or any others in privity, concert or participation with Defendant  
24 Vasquez use any sign design confusingly similar to the sign depicted below.



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10 5. Defendant Vasquez shall pay to RE/MAX a reasonable royalty for his  
11 infringement of the RE/MAX Trademarks in the amount of \$3,625.68. Vasquez shall  
12 submit payment in full within forty five (45) days from the date of signing of this  
13 Consent Order and Judgment.

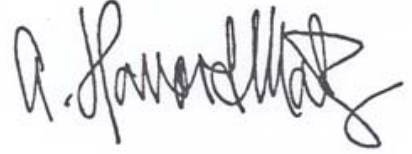
14 6. Defendant Vasquez shall submit a report to the Court, within five days of  
15 entry of this Order, detailing the steps he has taken to be in compliance with this Order,  
16 and certifying under penalty of perjury that Defendant Vasquez, and his principals,  
17 agents, servants, employees, successors and assigns, and all those in privity, concert or  
18 participation with him, are in compliance with this Order, or providing detailed reasons  
19 why any such entities or persons are not in compliance with this Order.

20 7. Within one week of changing his employing broker from H & M  
21 Investments and no later than thirty (30) days from the date of signing of this Consent  
22 Order and Judgment, Vasquez shall submit to the Court the State of California DRE  
23 documentation confirming the change and stating the identity of his new employing  
24 broker.

25 8. RE/MAX shall be entitled to its costs and attorneys' fees expended in  
26 pursuing compliance with or seeking enforcement of any provision of the Final  
27 Judgment and Permanent Injunction Against Defendant Vasquez.

1 9. The Court retains jurisdiction over this matter and the parties to this action  
2 in order to enforce any violation of the terms of this Final Judgment and Permanent  
3 Injunction Against Defendant Vasquez by a finding of contempt.

4 ENTERED this 5th day of October, 2010.



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8 \_\_\_\_\_  
A. Howard Matz  
United States District Judge

9  
10 **APPROVED AS TO FORM AND CONTENT:**

11 \_\_\_\_\_  
/s/ Ben Davidson

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