

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

3
4 SUNEARTH, INC.; and THE SOLARAY
5 CORPORATION,

6 Plaintiffs,

7 v.

8 SUN EARTH SOLAR POWER CO., LTD.;
9 NBSOLAR USA, INC.; and DOES 1-10,

10 Defendants.

No. C 11-4991 CW

ORDER GRANTING IN
PART, AND TAKING
UNDER SUBMISSION
IN PART,
PLAINTIFFS' MOTION
FOR CIVIL CONTEMPT
(Docket No. 90)

11 _____/

12 Plaintiffs SunEarth, Inc. and The Solaray Corporation move to
13 hold Defendants Sun Earth Solar Power Company, Limited (SESP) and
14 NBSolar USA, Inc. in civil contempt for violation of the
15 preliminary injunction entered in this case. Defendants oppose
16 Plaintiffs' motion. Having considered the arguments presented by
17 the parties in their papers and at the hearing, the Court grants
18 Plaintiffs' motion in part and takes their request for attorneys'
19 fees under submission.

20 BACKGROUND

21 On October 11, 2011, Plaintiffs initiated this trade name and
22 trademark infringement action, alleging that Defendants have
23 misappropriated and infringed upon Plaintiffs' "Sun Earth"
24 trademark, service mark and trade name.

25 On February 2, 2012, the Court granted Plaintiffs' motion for
26 a preliminary injunction, generally enjoining Defendants from
27 using the "Sun Earth" name and mark within the United States
28 during the pendency of this action. Docket Nos. 60, 63. The
initial preliminary injunction went into effect on February 17,

1 2012 upon Plaintiffs' payment of a \$5,000 bond. Docket No. 67.
2 At the time, instead of enjoining Defendants' use of the Sun-
3 earth.com, SunEarthpower.com, and SunEarthpower.net domain names,
4 the Court ordered the parties to attempt to reach an agreement on
5 this issue, or to move for a modification to address it, along
6 with one other issue. Docket No. 63, 37-38.

7 On February 24, 2012, Defendants filed a motion to amend the
8 preliminary injunction, among other things, to add terms
9 addressing the use of the domain names. Docket No. 69.

10 On March 6, 2012, Plaintiffs filed a motion to hold
11 Defendants in civil contempt for continuing to use the "Sun Earth"
12 name and mark on its websites. Docket No. 77.

13 On March 13, 2012, the Court granted in part Defendants'
14 motion to modify the initial preliminary injunction and entered a
15 modified preliminary injunction, which took effect immediately.
16 Docket Nos. 79, 80. The modified preliminary injunction provided,
17 in part, that Defendants were enjoined

18 1. From using or continuing to use the words "SUN
19 EARTH" (with or without a space or capitalization or
20 hyphen), either alone or in conjunction with any other
21 words or symbols, or any phonetically or visually
22 similar words or symbols in any combination, as a
23 trademark, service mark or trade name within the United
24 States, its territories or possessions (the
25 "Territory"), provided that:

26 A. for goods branded as NBSolar rather than Sun
27 Earth, Defendants shall be permitted to identify SESP as
28 the manufacturer, importer or seller of the goods to the
minimum extent necessary as required by law or ordinary
business customs to operate within the United States
under the NBSolar name; and

B. for equipment purchased by Defendants from
sellers within the United States for export to SESP in
China, Defendants shall be permitted to identify SESP as
the buyer of the equipment, to the minimum extent

1 necessary as required by law or ordinary business
2 customs.

3 C. Under subsections A and B above, wherever
4 possible, Defendants shall identify themselves as
5 NBSolar and/or an acronym, such as SESP, that avoids the
6 use of the words "SUN EARTH" (with or without a space or
7 capitalization or hyphen). Where Defendants do use the
8 words "SUN EARTH" under the terms of these subsections,
9 Defendants shall not display the words "SUN EARTH" in a
10 distinctive manner of presentation that makes them stand
11 out in any way from other words on the relevant document
12 and shall not use the "Sun Earth" logo.

13 2. From using or continuing to use the words "SUN
14 EARTH" (with or without a space or capitalization or
15 hyphen), either alone or in conjunction with any other
16 words or symbols, or any phonetically or visually
17 similar words or symbols in any combination, in, or in
18 connection with, any marketing or advertising or any
19 other promotional materials viewable within the
20 Territory;

21 3. From using or continuing to use the words "SUN
22 EARTH" (with or without a space or capitalization or
23 hyphen), either alone or in conjunction with any other
24 words, as an [sic] keyword or other triggering mechanism
25 to generate any internet advertising viewable within the
26 Territory; and

27 4. From importing into the Territory any goods upon
28 which the words "SUN EARTH" (with or without a space or
capitalization or hyphen), either alone or in
conjunction with any other words or symbols, or any
phonetically or visually similar words or symbols in any
combination, appears or are shown on the packaging for
such goods.

Modified Preliminary Injunction, Docket No. 80, 1-3. The
injunction further required Defendants to take certain affirmative
steps, including that

7. Defendants shall, within thirty days of the date of
this Order:

A. Take reasonable measures to ensure that
visitors from within the United States who visit Sun-
Earth.com, SunEarthPower.com, and SunEarthPower.net are
presented with a webpage that: (1) allows them to choose
to continue to either the nbsolar.com home webpage or
the sunearthinc.com home webpage; and (2) contains
language clarifying that the companies associated with
those webpages are not affiliated with one another;

1 B. Replace the Sun-Earth logo which currently
2 appears at the top of each webpage on the nbsolar.com
domain with the nbsolar mark and logo;

3 C. Add to the nbsolar.com home webpage the
4 following explanation, or a similar variation thereof:
5 "NBSolar USA, Inc. has no affiliation with SunEarth Inc.
6 or The Solaray Corporation. NBSolar USA, Inc., is a
7 distributor within the United States of products
8 carrying the NBSolar brand, manufactured by Sun Earth
Solar Power Co., Ltd., of Ningbo, China. Outside of the
United States, Sun Earth Solar Power Co., Ltd. sells
products under the brand Sun-Earth. All sales in the
United States, however, use only the NBSolar brand."; and

9 D. Remove all uses of "Sun Earth" from the
keyword metatags of the nbsolar.com domain.

10 . . .

11 10. Defendants shall file with the Court and serve on
12 Plaintiffs, within thirty-five (35) days after the
effective date of the original Preliminary Injunction, a
13 report in writing and under oath, setting forth in
14 detail the manner and form in which Defendants have
complied.

15 Id. at 3-4.

16 On March 16, 2012, Plaintiffs withdrew their first motion for
civil contempt. Docket No. 82.

17 On March 23, 2012, Defendants filed a report pursuant to
18 paragraph ten of the modified preliminary injunction, stating

19 Since the injunction has been in effect, Defendants
20 have:

- 21 1. Not shipped to the United States any product on which
22 SUN EARTH appears;
- 23 2. Not marketed any product for sale to United States
customers under the SUN EARTH brand;
- 24 3. Not distributed any marketing, advertising, or other
25 promotional materials in the United States using SUN
EARTH;
- 26 4. Removed all uses of SUN EARTH from the keyword
27 metatags of the nbsolar.com domain;
- 28 5. Taken steps so that United States visitors to the
Sun-Earth.com, SunEarthPower.com, and SunEarthPower.net

1 websites are either blocked or redirected to a homepage
2 with the NBSolar logo and the statement "Nbsolar
3 products are manufactured by Sun Earth Solar Power Co.,
4 Ltd. of Ningbo, China. Outside of the United States,
5 Sun Earth Solar Power Co., Ltd. sells products under the
6 brand Sun-Earth. All sales in the United States,
7 however, use only the NBSolar brand. Nbsolar USA Inc.
8 is a distributor of nbsolar brand within the United
9 States."; and

6. Replaced the SUN EARTH logo on the nbsolar.com domain
with the nbsolar mark and logo.

7 Docket No. 83, 2.

8 On April 24, 2012, Plaintiffs filed the instant motion asking
9 the Court to find Defendants in civil contempt for violating the
10 modified preliminary injunction. Docket No. 90.

11 LEGAL STANDARD

12 A district court has the inherent authority to enforce
13 compliance with its orders through a civil contempt proceeding.
14 International Union, UMWA v. Bagwell, 512 U.S. 821, 827-28 (1994).
15 A contempt sanction is considered civil if it "is remedial, and
16 for the benefit of the complainant." Id. A contempt fine is
17 considered remedial if it either "coerce[s] the defendant into
18 compliance with the court's order, [or] ... compensate[s] the
19 complainant for losses sustained." United States v. United Mine
20 Workers, 330 U.S. 258, 303-304 (1947). See also Whittaker Corp.
21 v. Execuair Corp., 953 F.2d 510, 517 (9th Cir. 1992).

22 "The standard for finding a party in civil contempt is well
23 settled: The moving party has the burden of showing by clear and
24 convincing evidence that the [non-moving party] violated a
25 specific and definite order of the court." FTC v. Affordable
26 Media, LLC, 179 F.3d 1228, 1239 (9th Cir. 1999) (quoting Stone v.
27 City & County of San Francisco, 968 F.2d 850, 856 n.9 (9th Cir.
28 1992)). The contempt "need not be willful, and there is no good

1 faith exception to the requirement of obedience to a court order."
2 In re Dual-Deck Video Cassette Recorder Antitrust Litig., 10 F.3d
3 693, 695 (9th Cir. 1993). "But a person should not be held in
4 contempt if his action appears to be based on a good faith and
5 reasonable interpretation of the court's order." Id. (internal
6 formatting and quotations omitted). "'Substantial compliance'
7 with the court order is a defense to civil contempt, and is not
8 vitiated by 'a few technical violations' where every reasonable
9 effort has been made to comply." Id. (citing Vertex Distrib.,
10 Inc. v. Falcon Foam Plastics, Inc., 689 F.2d 885, 891 (9th Cir.
11 1982)).

12 Thus, the Court may grant a motion for an order of contempt
13 if it finds that Defendants (1) violated the court order,
14 (2) beyond substantial compliance, (3) not based on a good faith
15 and reasonable interpretation of the order, (4) by clear and
16 convincing evidence. Id. Once the moving party has met its
17 burden, the burden "shifts to the contemnors to demonstrate why
18 they were unable to comply" with the court order. Stone, 968 F.2d
19 at 856 n.9 (citing Donovan v. Mazzola, 716 F.2d 1226, 1240 (9th
20 Cir. 1983)). "They must show they took every reasonable step to
21 comply." Id. (citing Sekaquaptewa v. MacDonald, 544 F.2d 396, 406
22 (9th Cir. 1976)).

23 When a court imposes civil sanctions, "[g]enerally, the
24 minimum sanction necessary to obtain compliance is to be imposed."
25 Id. However, "the district court retains discretion to establish
26 appropriate sanctions." United States v. Bright, 596 F.3d 683,
27 695-96 (9th Cir. 2010) (citing Richmark Corp. v. Timber Falling
28 Consultants, 959 F.2d 1468, 1473 (9th Cir. 1992)). "Given the

1 remedial purpose of the sanction, a finding of contempt must be
2 accompanied by conditions by which contempt may be purged, spelled
3 out in either the original order or the contempt order." Id.

4 DISCUSSION

5 Plaintiffs contend that Defendants are in violation of the
6 modified preliminary injunction in three ways. First, they argue
7 that Defendants have not modified their websites to comply with
8 the terms of the injunction. Second, they allege that Defendants
9 have continued to use the infringing name and mark to advertise in
10 a major solar power industry publication that is widely
11 distributed within the United States. Finally, they assert that
12 Defendants' March 23, 2012 compliance report failed to comply with
13 the requirements of the injunction.

14 I. Defendants' websites

15 Plaintiffs offer evidence that Defendants violated the
16 modified preliminary injunction in multiple ways related to their
17 websites. First, Plaintiffs offer evidence that, on April 20,
18 2012, more than thirty days after the Court entered the modified
19 preliminary injunction, Defendants had not made the changes to the
20 Sun-Earth.com, SunEarthPower.com, and SunEarthPower.net websites
21 required by paragraph seven of the modified preliminary
22 injunction. On that date, visitors within the United States were
23 not presented with a webpage allowing them to choose to continue
24 to either the nbsolar.com home webpage--Defendants' United States
25 website--or the sunearthinc.com home webpage--Plaintiffs' website.
26 Proffitt Decl. ¶ 3 (describing visit to each page on April 20,
27 2012). The webpage also did not contain language clarifying that
28 the companies associated with those webpages are not affiliated

1 with one another. Id. Instead, visitors were presented with a
2 message stating, "No results found." Id. Plaintiffs also provide
3 evidence that, as of April 23, 2012, Defendants' webpages that had
4 been hosted at these addresses appeared in the United States
5 instead at Sun-Earth.com/web, SunEarthPower.com/web, and
6 SunEarthPower.net/web, and continued prominently to display the
7 "Sun Earth" mark, in violation of paragraphs one through three of
8 the modified preliminary injunction. Id. at ¶¶ 5-8 (offering
9 evidence of webpages as they appeared on April 23, 2012).
10 Plaintiffs offer further evidence that, as of April 23, 2012, the
11 title and metadata for the SunEarthPower.com/web page contained
12 multiple uses of the term "Sun Earth." Id. at ¶ 9. Search
13 engines typically use such data to determine a suitable response
14 to a search query. Id. Finally, Plaintiffs have submitted
15 evidence that the SunEarthPower.com/web website appeared on April
16 23, 2012 within the first page of search results on the search
17 engine Bing.com for the term "Sun-Earth." Id. at ¶ 4, Ex. A.

18 Defendants do not dispute the accuracy of Plaintiffs'
19 evidence. Instead, they offer additional evidence to explain
20 their own actions and the violations identified by Plaintiffs.
21 Defendants present evidence that, after the Court issued the
22 modified preliminary injunction, they instructed the third-party
23 information technology (IT) company that maintains their websites
24 to "set up a choice webpage and take whatever technical measures
25 were necessary to assure that United States visitors to
26 <http://www.sunearth.com>, <http://www.sunearthpower.com>, and
27 <http://www.sunearthpower.net> were redirected to the choice
28

1 webpage." Dong Decl. ¶ 6.¹ They argue that Plaintiffs were
2 unable to visit the Sun-Earth.com, SunEarthPower.com, and
3 SunEarthPower.net webpages on April 20, because, shortly before
4 April 12, 2012, which was thirty days from the date the Court
5 entered the modified preliminary injunction, they discovered that
6 "there were mistakes in how the IT company had done the job"--
7 although they do not state what these mistakes were--and so they
8 told the company to block all access to the websites from United
9 States visitors until the problems were fixed. Dong Decl. ¶ 7;
10 Foster Decl. ¶ 3. On or before April 24, Defendants were told by
11 the IT company that it had finished the work and unblocked access.
12 Dong Decl. ¶ 8. By April 24, 2012, the Sun-Earth.com,
13 SunEarthPower.com, and SunEarthPower.net webpages were properly
14 offering a choice between the nbsolar.com and sunearthinc.com
15 webpages. Id.; Rutt Decl. ¶ 2.

16 As to the Sun-Earth.com/web, SunEarthPower.com/web, and
17 SunEarthPower.net/web pages, Defendants contend that these were
18 not encompassed within a literal reading of the modified
19 preliminary injunction, which refers only to Sun-Earth.com,
20 SunEarthPower.com, and SunEarthPower.net in paragraph seven. Opp.
21 at 7 (citing Dong Decl. ¶ 14). However, this is an unreasonably
22 limited reading of the injunction, which clearly encompasses all
23 subpages within those domain names. Further, the prohibitions
24 contained in the first several provisions of the injunction apply
25

26
27 ¹ Defendants use the term "choice webpage" to refer to the
28 webpage that allows visitors to choose between Plaintiffs'
sunearthinc.com webpage and Defendants' www.nbsolar.com webpage.
Dong Decl. ¶ 4.

1 broadly to prohibit Defendants from using the "Sun Earth" mark in
2 conjunction with all business within the United States, not just
3 on particular websites at particular addresses.

4 Defendants also contend that any possible violations by the
5 use of the Sun-Earth.com/web, SunEarthPower.com/web and
6 SunEarthPower.net/web pages were unintentional. Defendants
7 speculate, without offering evidentiary support, that their IT
8 company created the Sun-Earth.com/web, SunEarthPower.com/web, and
9 SunEarthPower.net/web pages and directed attempts from outside the
10 United States to contact the original homepages to these new
11 pages, while directing attempts to contact the original homepages
12 inside the United States to the choice webpage. They provide
13 evidence that they did not foresee that a United States user would
14 reach the Sun-Earth.com/web, SunEarthPower.com/web, and
15 SunEarthPower.net/web pages directly, instead of first going to
16 the original homepages. Dong Decl. ¶¶ 12, 14. In their brief,
17 Defendants also argue that they "were not aware of those pages'
18 existence at those addresses," implying that only the IT company
19 knew of their existence. Id. While Defendants cite a declaration
20 in support of this statement, it is not stated in the paragraph
21 cited. See Dong Decl. ¶ 14. However, Defendants' claim that they
22 did not know the sites existed at all contradicts their claim that
23 they simultaneously thought that no one in the United States would
24 try to access these sites, because to know enough to think the
25 latter, it is necessary to know the former. Further, even if this
26 explanation were credited, lack of willfulness is not a defense to
27 a civil contempt finding. See Dual-Deck, 10 F.3d at 695.

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1 Defendants also maintain that they promptly took steps to
2 address the issue of the Sun-Earth.com/web, SunEarthPower.com/web,
3 and SunEarthPower.net/web pages when they first learned of it
4 through Plaintiffs' filing of the instant motion. At that time,
5 Defendants instructed their IT company to disable temporarily
6 these pages while they ensured that visitors to these sites from
7 the United States were presented with the choice page. Dong Decl.
8 ¶ 13. This has now been completed. Dong Decl. ¶ 13; Rutt Decl.
9 ¶ 4.

10 The Court finds that Plaintiffs have offered clear and
11 convincing evidence that Defendants violated the court order, by
12 not ensuring that the "choice webpage" was accessible more than
13 thirty days after the order, maintaining the Sun-Earth.com/web,
14 SunEarthPower.com/web, and SunEarthPower.net/web pages as
15 accessible from within the United States with substantial use of
16 the "Sun Earth" name and mark, and allowing those webpages to use
17 keywords that include "Sun Earth" to trigger advertising within
18 the United States. Defendants have not shown that they did
19 everything reasonably within their power to avoid these issues.
20 For example, Defendants could have hired an IT company competent
21 to perform the work, provided appropriate and clear instructions
22 to the IT company to carry out their compliance with the
23 injunction and required the IT company to provide them with an
24 explanation and verification of all the steps that it took in
25 response to their instructions.

26 However, it is also undisputed that Defendants have brought
27 their websites into compliance; when United States users access
28 any of Defendants' websites, they are presented with the choice

1 website, and they can choose to go to Plaintiffs' website or to
2 Defendants' nbsolar website, which does not include the "Sun
3 Earth" mark or logo and instead includes the nbsolar mark. Thus,
4 much of the civil sanction requested--\$3,000 per day until
5 Defendants come into compliance and a registry hold on Defendants'
6 websites--is not required to coerce compliance and could serve
7 only punitive purposes, which are not permitted for civil
8 sanctions. Thus, the Court declines to impose these sanctions at
9 this time.

10 II. Advertisements in the Photon International magazine

11 Plaintiffs contend that Defendants have violated the
12 preliminary injunction by continuing to use the "Sun Earth" words
13 to advertise in an industry magazine, Photon International.

14 According to its website, "PHOTON International is the
15 world's leading solar power magazine," and has more than 33,000
16 copies distributed worldwide each month, including 5,000 copies
17 printed in Chinese. Proffitt Decl. ¶ 11, Ex. 7, 2. Its copies
18 are distributed in a variety of ways, including by subscription
19 and at tradeshows. Id. Photon International has more than 5,000
20 subscribers, and twenty-four percent of their subscribers are
21 located in North America. Id. Of the subscribers in North
22 America, ninety-four percent are located in the United States.
23 Id. Thus, more than 1,100 copies are sent to subscribers within
24 the United States monthly. Of the remaining 28,000 monthly
25 copies, an unknown number is distributed at tradeshows, some of
26 which are held in the United States. Proffitt Decl. ¶ 12, Ex. 7.

27 Defendants admit that they placed an advertisement in the
28 February and March 2012 issues of Photon International. Dong

1 Decl. ¶ 15. The half-page advertisement includes the "Sun-Earth"
2 name and symbol a number of times, clearly violating paragraphs
3 one and two of the modified preliminary injunction. Mosier Decl.,
4 Ex. 10. Defendants attest that they placed these advertisements
5 in December 2011, before the original injunction was entered.
6 Dong Decl. ¶ 15. They do not offer evidence, however, that they
7 took every reasonable effort to comply with the injunction. For
8 example, they offer no evidence that they contacted the publisher
9 to ask to have the advertisements removed from the publication
10 after the injunctions were entered or to have the advertisements
11 printed only in the copies circulated outside of the United
12 States. Further, with their reply, Plaintiffs submit evidence
13 that Defendants have placed another identical advertisement in the
14 April 2012 issue of Photon International, which demonstrates that
15 Defendants have continued to violate the terms of the injunction.
16 Reed Decl. ¶ 3, Ex. 11. Plaintiffs also provide evidence that
17 they brought this to Defendants' attention repeatedly before
18 filing the instant motion, and Defendants did not respond in any
19 way. Mosier Decl., Ex. 10.

20 In response, Defendants offer evidence that they have ceased
21 advertising in a separate magazine by the same publishers that is
22 aimed primarily at the United States market. Dong Decl. ¶ 17.
23 The fact that Defendants ceased advertising in another periodical,
24 however, does not respond to the issue of whether they violated
25 the injunction by continuing to advertise in the United States in
26 Photon International by using Plaintiffs' name and mark.

27 Defendants appear to argue that the circulation level within
28 the United States is de minimis. However, this argument is

1 unavailing; of the subscribers to the magazine located anywhere in
2 the world, almost a quarter of them are within the United States.

3 Defendants also argue that this publication is primarily
4 aimed at the photovoltaic market, not the solar collector market.
5 However, this argument is irrelevant; the injunction did not
6 provide any exception for advertisements that were directed
7 primarily at the photovoltaic market. Further, this Court already
8 found that the parties' goods were close in proximity to one
9 another and would engender confusion for a variety of reasons,
10 including that customers choose between both types of products,
11 they are installed by the same contractors in California, and
12 there are many currently registered marks used to brand both
13 products similar to Plaintiffs' and products similar to
14 Defendants'.

15 Defendants ask the Court to modify the preliminary injunction
16 to "allow SESP to advertise in publications principally directed
17 to (Asian [sic] and European markets," so that they can continue
18 to advertise in Photon International. Opp. at 9. The Court
19 declines to modify the preliminary injunction. Contrary to
20 Defendants' characterization, the current injunction does not
21 prevent them from advertising in Europe, but rather limits their
22 advertising within the United States.

23 The Court finds that Plaintiffs have met their burden to
24 establish that Defendants are in contempt of the preliminary
25 injunction for continuing to advertise within the United States
26 using the "Sun Earth" name and mark. The Court will sanction
27 Defendants \$5,000 for each issue of Photon International
28 distributed within the United States that contains an

1 advertisement in violation of the terms of the modified
2 preliminary injunction, which is placed, or which Defendants have
3 not used reasonable efforts to rescind, on or after the date of
4 this Order.

5 III. Defendants' compliance reports

6 Plaintiffs argue that Defendants have not fulfilled the
7 affirmative obligation under paragraph ten of the modified
8 preliminary injunction that their compliance report "set[] forth
9 in detail the manner and form in which Defendants have complied"
10 with the injunction.

11 The Court finds that Defendants' report is non-compliant on
12 its face. While they make conclusory statements that they have
13 refrained from taking certain actions, they do not specify the
14 manner and form in which they accomplished this, as required by
15 the preliminary injunction. For example, they say that they have
16 "taken steps" to make changes to their websites, so that users
17 within the United States could only access a website with the
18 nbsolar logo, but they do not say what these steps were. As noted
19 above, the steps were insufficient.

20 Further, as Plaintiffs point out, Defendants do not address a
21 number of the terms in the preliminary injunction. For example,
22 the injunction prevents them from "using or continuing to use the
23 words 'SUN EARTH' . . . as an [sic] keyword or other triggering
24 mechanism to generate any internet advertising viewable within the
25 Territory." Modified Preliminary Injunction ¶ 3. Notably, this
26 restriction is not limited to Defendants' keyword metatags
27 associated with the nbsolar website, and applies to any use of
28 these terms to generate internet advertising of any type within

1 the United States. For example, Defendants may not list "SUN
2 EARTH" as a keyword on services like Google AdWords to draw United
3 States traffic to their nbsolar.com website or use these words to
4 trigger the display of banner advertisements for Defendants on
5 third party websites within the United States. Defendants do not
6 address this term in their report, and instead only state that
7 they removed "Sun Earth" from the keyword metatags of the
8 nbsolar.com domain name, as required by a separate section of the
9 injunction. See id. at ¶ 7(D).

10 Similarly, while Defendants state that they did not "market
11 for sale" or ship to the United States any products with the "Sun
12 Earth" name and mark after the preliminary injunction was entered,
13 they do not state that they have not actually sold products that
14 they already had imported to the United States with that logo.

15 Further, the fact that the Photon International
16 advertisements were circulated after the injunction went into
17 effect demonstrates that the representations made in the
18 compliance report filed by Defendants were not complete. In the
19 report, Defendants state that since the injunction went into
20 effect, they have "[n]ot distributed any marketing, advertising,
21 or other promotional materials in the United States using SUN
22 EARTH." The report does not disclose the Photon International
23 advertisements, which were distributed in the United States after
24 the preliminary injunction went into effect.

25 Thus, Plaintiffs have presented clear and convincing evidence
26 that Defendants are in contempt of the preliminary injunction for
27 failing to file a correct and complete compliance report. Within
28 two weeks of the date of this Order, Defendants shall file a new

1 sworn compliance report, addressing the specific steps that they
2 have taken through that date to comply with each provision of the
3 modified preliminary injunction.

4 CONCLUSION

5 For the reasons set forth above, the Court GRANTS IN PART
6 Plaintiffs' motion to hold Defendants in civil contempt (Docket
7 No. 90), and finds Defendants in contempt of Court as described
8 above. As previously stated, the Court will sanction Defendants
9 \$5,000 for each issue of Photon International distributed within
10 the United States that contains an advertisement in violation of
11 the terms of the modified preliminary injunction, which is placed,
12 or which Defendants have not used reasonable efforts to rescind,
13 on or after the date of this Order.

14 The Court TAKES UNDER SUBMISSION Plaintiffs' request for
15 attorneys' fees incurred in bringing the motions for a preliminary
16 injunction and for sanctions. The parties shall attempt to settle
17 this issue along with a global settlement of the case, litigate it
18 after settlement, or litigate it along with the trial on the
19 merits if the case is not settled.

20 At the hearing on June 7, 2012, the Court referred the
21 parties to a Magistrate Judge for a settlement conference to be
22 held as soon as possible. See Docket No. 104. On June 18, 2012,
23 the case was referred to Magistrate Judge Nathanael M. Cousins for
24 settlement. The Court directs the parties to contact Judge
25 Cousins's courtroom deputy promptly to schedule a date for the
26 settlement conference, in accordance with his settlement
27 conference standing order.

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The hearing on the parties' cross-motions for summary judgment and a further case management conference are set for August 30, 2012, at 2:00 p.m.

IT IS SO ORDERED.

Dated: 6/20/2012



CLAUDIA WILKEN
United States District Judge