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7 **UNITED STATES DISTRICT COURT**  
 8 **IN AND FOR THE DISTRICT OF ARIZONA**

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 10 SOILWORKS, LLC, an Arizona  
 corporation,

11 Plaintiff / Counterdefendant/  
 Counterclaimant,

12 v.

13 MIDWEST INDUSTRIAL SUPPLY, INC.,  
 an Ohio corporation authorized to do  
 14 business in Arizona,

15 Defendant / Counterclaimant /  
 Counterdefendant.

NO.: 2:06-CV-2141-DGC

**SOILWORKS, LLC'S OPPOSITION TO  
 MIDWEST INDUSTRIAL SUPPLY,  
 INC.'S MOTION *IN LIMINE* (DOC.110)  
 TO BAR EVIDENCE REGARDING  
 INNOCENT INFRINGEMENT**

(Before the Honorable David G. Campbell)

17 This last minute Motion *In Limine* ("Motion") by Midwest Industrial Supply  
 18 ("Midwest") is ill-founded and should be denied. It is no more than a thinly veiled effort to  
 19 mislead this Court into adopting findings it has not made: (1) that this case is "exceptional"  
 20 and (2) that Soilworks' trademark infringement was "willful." Neither finding was briefed  
 21 or argued by Midwest. Neither finding was addressed by this Court in its August 7, 2008  
 22 Order ("Order"). This Court has reviewed Soilworks' intent only in the context of its  
 23 likelihood of confusion analysis under the *Sleekcraft* factors.<sup>1</sup>

24 \_\_\_\_\_  
 25 <sup>1</sup> This Court is not alone in its recognition of the criticism of the holding in *Brookfield*  
 26 *Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999). (Note 5  
 27 of the Order). "If a [Google AdWords] banner advertisement clearly identifie[s] its source . .  
 28 . . no confusion would occur under the [initial interest confusion] theory." *Playboy*  
*Enterprises, Inc. v. NetScape Comm. Corp.*, 354 F.3d 1020, 1025 n.16 (9th Cir. 2004); *see*  
*also Finance Express LLC v. NowCom Corp.*, 2008 WL 2477430 at \*13 (C. D. Cal. June 18,  
 2008) ("[I]t is true that a clearly-labeled banner advertisement [does] not create initial  
 interest confusion").

1 This Court has yet to even address Soilworks' intent with regard to the following still-  
2 to-be-determined matters: (i) whether Soilworks' use of Soil-Sement in its metatags and as a  
3 keyword in Google's AdWords program constitutes "willful" infringement; (ii) Soilworks'  
4 "justification" under Midwest's unjust enrichment claim; (iii) whether any award of damages  
5 is appropriate; and (iv) whether the case is "exceptional" for purposes of awarding attorneys  
6 fees. Ninth Circuit law requires this Court and/or the jury review evidence related to  
7 Soilworks' intent in all of the above. None of this review has occurred. Midwest's Motion  
8 must be denied because granting it would erroneously and unfairly prevent Soilworks' from  
9 presenting evidence of its intent as that intent bears upon all of these matters.

10 **Granting Midwest's Motion would result in reversible error because barring**  
11 **such evidence is premature.** Midwest concedes in its Motion that this Court has not  
12 addressed "damages or other relief" with respect to Midwest's Lanham Act claim, its unjust  
13 enrichment claim and its unfair competition claim. (Motion at 2). Indeed, this Court  
14 addressed damages only in the context of Midwest's False Advertising claim. Midwest is  
15 not entitled to damages under that claim. (Order at 19).

16 "The intent of the infringer is relevant evidence on the issue of awarding profits and  
17 damages and the amount." *Lindy Pen Co. v. Bic Pen Corp.*, 892 F.2d 1400, 1405 (9th Cir.  
18 1993). Additionally, assuming, without conceding, that Midwest can meet its prima facie  
19 case for unjust enrichment, evidence of a "justification" on the part of Soilworks is relevant  
20 under its prima facie case. *Cnty. Guardian Bank v. Hamlin*, 898 P.2d 1005, 1008 (Ariz. Ct.  
21 App. 1995) (Order at 22). Furthermore, in determining whether a case is "exceptional, the  
22 district court must first find that the defendant acted maliciously, fraudulently, deliberately,  
23 or willfully. *See Earthquake Sound Corp. v. Bumper Industries*, 352 F.3d 1210, 1216 (9th  
24 Cir. 2003) ("A district court's failure to articulate its findings underlying its award of  
25 attorney's fees can be an abuse of discretion"). This Court has not addressed any of these  
26 issues.

27 **Midwest's legal analysis is fatally flawed.** Midwest argues that this court has  
28 already found that Soilworks willfully infringed Midwest's trademark. The Court made no

1 such finding. Midwest relies upon *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 431  
2 (5th Cir. 1984) for the proposition that the “the proper focus is whether defendant had the  
3 intent to derive benefit from the reputation or goodwill of plaintiff.” *See* Motion at 3. *Sicilia*  
4 is a Fifth Circuit decision from 1984 and it stands for no such thing. In this case, the Fifth  
5 Circuit addressed the proper inquiry in determining whether a likelihood of confusion exists  
6 in trademark infringement. *Sicilia* does not address “willfulness” or whether its case is  
7 “exceptional.” Nor does *Sicilia* stand for the proposition that once a court has reviewed a  
8 defendant’s intent under the eight-factor likelihood of confusion test, evidence of a  
9 defendant’s intent (innocent or otherwise) is no longer admissible. Yet, Midwest’s Motion  
10 proposes this Court embrace such a proposition.

11 The law in the Ninth Circuit is that “[w]illful infringement carries a connotation of  
12 deliberate intent to deceive. Courts generally apply forceful labels such as ‘deliberate,’  
13 ‘false,’ ‘misleading,’ or ‘fraudulent’ to conduct that meets this standard.” *Lindy Pen Co*, 892  
14 F.2d at 1406; *See also National Lead Company v. Wolfe*, 223 F.2d 195, 203 (9th Cir. 1955),  
15 *cert. denied*, 350 U.S. 883. This Court made no such finding in its Order. Indeed,  
16 Midwest’s Motion for Partial Summary Judgment did not even seek or address a finding of  
17 willfulness.

18 Midwest next posits the untenable argument that because the Court stated “Soilworks  
19 clearly uses the [Soil-Sement] mark to attract customers to Soilworks’ websites” Soilworks  
20 has willfully infringed the mark. *See* Motion at 3. Midwest is wrong. By Midwest’s logic, a  
21 competitor who uses the trademark of another in a legal comparative advertising claim  
22 would be liable for willful trademark infringement.

23 What Midwest doesn’t want this Court and the Jury to see is the clear evidence that  
24 Soilworks used Google’s AdWords program “because [Soilworks] wanted someone  
25 searching for soil sement to see Soiltac under the “sponsored link” portion of the Google  
26 Search results and because people, particularly international customers, misspell the word  
27 “Cement, as Sement.” *See* Falkenberg Depo. (**Exhibit 1**) at 325:6-9 and 326:7-12. This is  
28 not evidence of an intent to *deceive* or “exceptional” conduct as Midwest argues. Soilworks’

1 sponsored links contained no Midwest marks or any words confusingly similar. Instead,  
2 Soilworks' sponsored links clearly displayed its own federally-registered trademark, Soiltac<sup>®</sup>  
3 and [www.soiltac.com](http://www.soiltac.com).

4 For these reasons, Midwest's Motion should be denied.

5 Dated this 24<sup>th</sup> day of September, 2008.

6  
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9 By          /s E. Scott Dosek

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