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

9 SOILWORKS, LLC, an Arizona  
 10 corporation,

11 Plaintiff / Counterdefendant /  
 12 Counterclaimant,

13 v.

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

15 Defendant / Counterclaimant /  
 16 Counterdefendant.

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

**SOILWORKS LLC’S OBJECTION TO  
 MIDWEST INDUSTRIAL SUPPLY,  
 INC.’S SUPPLEMENTAL PROPOSED  
 JURY INSTRUCTION**

17 Plaintiff Soilworks, LLC (“Soilworks”) objects to Defendant Midwest Industrial  
 18 Supply, Inc.’s (“Midwest”) Supplemental Proposed Jury Instructions (“Proposed Jury  
 19 Instructions”) for the following reasons:

20 With regard to Proposed Jury Instruction No. 1 Proof of Willful Trademark  
 21 Infringement, Soilworks objects on the following grounds:

22 1) Midwest admits that it has “already submitted” the “correct Trademark  
 23 Instrutions (sic)” related to damages for willful infringement under Proposed Model  
 24 Instructions 15.4 through 15.27. (See Parties’ Joint Proposed Jury Instructions at p. 52)  
 25 Indeed, both parties have already submitted proposed jury instructions on proof of  
 26 willfulness.

27 2) Midwest’s Proposed Jury Instruction on Proof of Willful Trademark  
 28 Infringement misstates Ninth Circuit law and will confuse the jury. For example, a finding

1 of willful trademark infringement is necessary but not sufficient to justify an accounting of a  
2 defendant's profits. *See e.g., Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 n. 4 (9th  
3 Cir. 1993) (“Even assuming that Bic could be termed a willful infringer, “[w]illful  
4 infringement may support an award of profits to the plaintiff, but does not require one”) ; *see*  
5 *also Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000). Additionally, and perhaps more  
6 importantly, Midwest's proposed standard for a jury's finding of willful trademark  
7 infringement ignores the fundamental principles and characteristics of such willfulness  
8 unequivocally set forth by the Ninth Circuit over the past forty years.

9 Willful infringement carries a connotation of **deliberate intent**  
10 **to deceive**. Courts generally apply forceful labels such as  
11 “deliberate,” “false,” “misleading,” or “fraudulent” to conduct  
12 that meets this standard. *Bandag, Inc.*, 750 F.2d at 918-19;  
13 *National Lead Company v. Wolfe*, 223 F.2d 195, 203 (9th Cir.  
14 1955), *cert. denied*, 350 U.S. 883, 76 S.Ct. 135, 100 L.Ed. 778  
15 (1955). Cases outside this jurisdiction offer additional guidance.  
16 For instance, the Circuit for the District of Columbia equates  
17 willful infringement with **bad faith**. *Reader's Digest*  
18 *Association, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 807  
19 (D.C. Cir.1987). Willfulness and bad faith “require a connection  
20 between a defendant's awareness of its competitors and its  
21 actions at those competitors' expense.” *ALPO Petfoods, Inc. v.*  
22 *Ralston Purina Co.*, 913 F.2d 958, 966 (D.C. Cir.1990) (court  
reversed trial court's finding that false advertising violation of  
Lanham Act was willful or in bad faith). **The Sixth Circuit has**  
**stated that a knowing use in the belief that there is no**  
**confusion is not bad faith.** *Nalpac, Ltd. v. Corning Glass*  
*Works*, 784 F.2d 752, 755 (6th Cir.1986) (accounting of profits  
properly denied where there was no deliberate intent to cause  
confusion). *See also W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d  
656, 662 (2d Cir.1970) (affirming finding of willfulness based  
on evidence that defendant tried to buy out trademark holder  
prior to infringement). Indeed, this court has cautioned that an  
accounting is proper only where the defendant is “attempting to  
gain the value of an established name of another.” *Maier*  
*Brewing Co.*, 390 F.2d at 123.

23 *Lindy Pen Co.*, 982 F.2d at 1406 (emphasis added). Midwest's Proposed Jury Instruction  
24 ignores the entirety of the Ninth Circuit's pronouncement and definition of “willful”  
25 trademark infringement and distorts the law to suit its version of the facts.

26 With regard to Proposed Jury Instruction No. 2 Damages for Willful Trademark  
27 Infringement, Soilworks objects on the following grounds:

- 28 1) Midwest admits that it has “already submitted” the “correct Trademark

1 Instructions (sic)” related to damages for willful infringement under Proposed Model  
2 Instructions 15.4 through 15.27. (See Parties’ Joint Proposed Jury Instructions at pp. 50-51)  
3 Indeed, both parties have already submitted proposed jury instructions (and objections) on  
4 accounting of profits.

5 2) Midwest’s Proposed Jury Instruction No. 2 impliedly places the decision to  
6 grant an accounting of profits in the hands of the jury and not the court, as required by Ninth  
7 Circuit law. See *Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272,  
8 1275 (9th Cir. 1982) (“[A]ny decision concerning the awarding of an accounting of profits  
9 remedy should remain within the discretion of the trial court.”)

10 3) Midwest’s Proposed Jury Instruction No. 2 incorrectly states the law as to  
11 Midwest’s burden for the recovery of profits; i.e., “[A]n accounting is intended to award  
12 profits **only on sales that are attributable to the infringing conduct**. The plaintiff has  
13 only the burden of establishing the defendant's gross profits **from the infringing activity**  
14 **with reasonable certainty . . .**” *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, (9th Cir.  
15 1993) (emphasis added). Ninth Circuit case law mandates that Midwest has the burden of  
16 establishing Soilworks’ gross profit **from the infringing activity with reasonable**  
17 **certainty**.

18 This Court held, and Midwest does not dispute, that Soilworks infringing use of  
19 Midwest’s Soil-Sement mark relates solely to its purchase of the mark from Google’s  
20 AdWords program and its placement of the words “soil” and “sement” in close proximity in  
21 the metatags of its websites; i.e., Soilworks infringing use was confined to its websites on the  
22 internet. Therefore, Midwest must establish Soilworks’ gross profits derived from  
23 Soilworks’ websites.

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Dated this 20<sup>th</sup> day of February, 2009.

KUTAK ROCK LLP

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**CERTIFICATE OF SERVICE**

I hereby certify that on February 20, 2009, the foregoing **SOILWORKS LLC'S OBJECTION TO MIDWEST INDUSTRIAL SUPPLY, INC.'S SUPPLEMENTAL PROPOSED JURY INSTRUCTION** was filed electronically. Notice of this filing will be sent to all parties by operations of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s Amy S. Fletcher  
Amy S. Fletcher