

1 KAWAHITO SHRAGA & WESTRICK LLP
James K. Kawahito (No. 234851)
2 e-mail: jkawahito@kswlawyers.com
NOELLE SHANAHAN CUTTS (No. 259175)
3 e-mail: noelle@kswlawyers.com
1990 South Bundy Dr., Suite 280
4 Los Angeles, CA90025
Telephone: (310) 746-5302
5 Facsimile: (310) 593-2520

6 ATTORNEYS FOR PLAINTIFF
7 SOUTHERN CALIFORNIA DARTS ASSOCIATION.

8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA
10 WESTERN DIVISION

11 SOUTHERN CALIFORNIA DARTS
12 ASSOCIATION, a California
13 unincorporated association,

14 Plaintiff,

15 vs.

16 SOUTHERN CALIFORNIA DARTS
ASSOCIATION, INC., a California
17 corporation, DINO M. ZAFFINA, an
18 individual, and DOES 1-10,

19
20 Defendants.
21

CASE NO. 2:12-CV-01899 RGK

**APPENDIX OF AUTHORITIES
FROM UNITED STATES
PATENTS QUARTERLY AND
NON-CALIFORNIA AUTHORITY**

Date: April 16, 2012

Time: 9:00 a.m.

Courtroom: 850

1 For the convenience of the Court, the following authorities from the United
 2 States Patents Quarterly and the non-California authority cited and referenced in
 3 the Memorandum of Points and Authorities in Support of Plaintiff's Motion for
 4 Preliminary Injunction, are attached hereto as follows:
 5

<u>Case</u>	<u>Tab</u>
<u>Non-California Authority</u>	
<i>Minnesota State Archery Ass'n I, Inc. v. Minnesota State Archery Ass'n Inc.</i> , 66 U.S.P.Q.2d (BNA) 1348, 2003 WL 1589868 (D. Minn. Mar. 20, 2003).....	1

<u>United States Patents Quarterly Authorities</u>	
<i>Am. Petrofina, Inc. v. Petrofina of California, Inc.</i> , No. CV 74-3330, 189 U.S.P.Q. 67, 82, 1975 WL 21190 (C.D. Cal. Dec. 3, 1975) <i>aff'd</i> , 596 F.2d 896 (9th Cir. 1979)...	2
<i>Pipers v. Holiday Inns, Inc.</i> , No. C 79-1716 SW, 215 U.S.P.Q. 466, 1981 WL 48158, at *3 (N.D. Cal. Mar. 17, 1981).....	3
<i>Playboy Enters., Inc. v. Chen</i> , No. CV 96-3417 DDP (VAPx) 45 U.S.P.Q.2D 1400 1997 WL 829339 at *18 (C.D. Cal. 1997).....	4

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Steinway & Sons v. Robert Demars & Friends,
10 U.S.P.Q. (BNA) 954, 1981 U.S. Dist. LEXIS 15169, *20-21 (C.D. Cal. Jan.
28, 1981).....5

Dated: March 19, 2012

KAWAHITO SHRAGA & WESTRICK LLP
James K. Kawahito

By: /s/ James Kawahito
*Attorneys for Plaintiff Southern California Darts
Association*

TAB 1

2003 WL 1589868
United States District Court,
D. Minnesota.

MINNESOTA STATE ARCHERY ASSOCIATION
I, INC., f/k/a Minnesota State Archery
Association, Inc., Plaintiff,

v.

MINNESOTA STATE ARCHERY ASSOCIATION,
INC., and Stephen H. Helland, Defendants.

No. Civ. 02-4290 RHKRLE. | March 20, 2003.

Attorneys and Law Firms

Donald J. Brown, Winthrop & Weinstine, P.A., Saint
Paul, Minnesota, for Plaintiff.

Robert C. Friday, Law Office of Robert C. Friday, Maple
Grove, Minnesota, for Defendants.

Opinion

MEMORANDUM OPINION AND ORDER

KYLE, J.

Introduction

*1 This case involves a dispute over who has the right to use the name MINNESOTA STATE ARCHERY ASSOCIATION and the acronym MSAA. Plaintiff Minnesota State Archery Association I, Inc.'s ("MSAA I") was founded in 1938 under the name "Minnesota State Archery Association" and first registered in Minnesota as a non-profit corporation in 1960. Since 1938, Plaintiff has used the marks MINNESOTA STATE ARCHERY ASSOCIATION and MSAA in connection with services pertaining to organized archery. In mid-April 2002, the Minnesota Secretary of State statutorily dissolved Plaintiff, apparently because it failed to file a certificate of renewal. One month later, the Secretary of State reactivated Plaintiff's non-profit registration, albeit under its current name.

Plaintiff's name change stems from the fact that Defendant Stephen H. Helland—a member of the Plaintiff organization for several years—incorporated a *for-profit* corporation called "Minnesota State Archery Association, Inc." with the Secretary of State within weeks after Plaintiff was statutorily dissolved. Helland also registered the mark "MSAA" with the Secretary of State. Defendant Minnesota State Archery Association, Inc. ("MN Archery") and Helland (collectively, "the Helland Defendants") thereafter immediately demanded that Plaintiff either cease using the marks MINNESOTA STATE ARCHERY ASSOCIATION and MSAA or pay Helland for the ability to use those marks. Plaintiff MSAA I has in turn demanded that the Helland Defendants stop using the marks in connection with services relating to organized archery. When the Helland Defendants failed to comply with Plaintiff's demands, this lawsuit followed.

Before the Court is Plaintiff's Motion for a Preliminary Injunction. MSAA I seeks an order enjoining the Helland Defendants, and any person or entity acting in concert with them, from using the marks in question for any purpose pending further order of the Court. For the reasons set forth below, the Court will grant the motion.

Background

Plaintiff MSAA I is the largest and oldest archery organization in Minnesota, having over 2,000 archer and bow hunter members. (Verified Compl. ¶ 8.) At the time of its founding in 1938, Plaintiff began using the marks MSAA and MINNESOTA STATE ARCHERY ASSOCIATION in connection with services pertaining to organized archery, including but not limited to information, activities, and events. (*Id.* ¶ 9.) Defendant Helland has been a member of Plaintiff since at least 1997.

On April 17, 2002, the Secretary of State statutorily dissolved the Plaintiff as a registered non-profit corporation. (*Id.* Ex. A.) Helland learned that Plaintiff had failed to renew its registration with the Minnesota Secretary of State's Office and that the Secretary of State had statutorily dissolved Plaintiff. (*Id.* ¶ 14.) Thus, on May 16, 2002, Helland registered a "Minnesota State Archery Association, Inc." as a domestic corporation pursuant to Chapter 302A of the Minnesota Statutes. (Business Orgs. Inquiry, Office of the Minnesota

*2 Within hours of Helland registering "Minnesota State Archery Association, Inc." as a Chapter 302A corporation, James Hemphill of QPA, Inc., sent an e-mail to James Anderson, Plaintiff's president, informing him that "the names 'Minnesota State Archery Association' and 'MSAA' were incorporated at the offices of the Minnesota Secretary of State and are now totally controlled by Stephen H. Helland." (Verified Compl. Ex. B.) Hemphill's e-mail further directed Anderson "to cease and desist from the use of the above names immediately. Should you desire to negotiate the transfer of these names and corporations back to your organization, Stephen is available at 952-471-7340." (*Id.*)

Plaintiff tried to renew its registration as a non-profit corporation using its original name, the "Minnesota State Archery Association, Inc." (Verified Compl. ¶ 17.) The Secretary of State declined that re-registration, however, on the ground that the Helland Defendants had taken that name the day before. (*Id.* ¶ 14.) Therefore, Plaintiff submitted a modified name and, on May 17, 2002, the Secretary of State reactivated Plaintiff under the name "Minnesota State Archery Association I, Inc." (*Id.* ¶ 17 and Ex. A.) The Secretary of State presently lists Plaintiff "Minnesota State Archery Association I, Inc.," as an active, non-profit corporation in good standing, having an original filing date of September 8, 1960. (Verified Compl. Ex. A; Business Orgs. Inquiry, Office of the Minnesota Secretary of State, *www.sos.state.mn.us*.)

On June 2, 2002, Helland wrote to Anderson and the officers and board of directors of Plaintiff MSAA I indicating that he "can and will contest" Plaintiff's registration as the "Minnesota State Archery Association I, Inc.":

My attorneys and I are comfortable that you will lose this case and you are still without a name for your organization. This is my proposal to you, the officers and directors.

1. I will license the name Minnesota State Archery Association to your new corporate organization for \$1000.00 per year for ten years with a financial guarantee.

2. You can purchase out right the name for \$10,000.00.

3. Your attorney can draft up the agreement, and you will cover the cost of my attorneys to review the documents.

4. Should this proposal not meet your requirements on

this situation, just change your name to a name that is not in conflict with mine. * * * * *

I intend to use my name and new corporation to form a new organization that is inclusive to all archers, not just the ones that seem to meet some yet undefined criteria established by you and some board members.

This offer is valid until June 15th.

(Verified Compl. Ex. C.) Plaintiff did not purchase the name "Minnesota State Archery Association, Inc.," from Helland. On October 18, 2002, counsel for the Helland Defendants sent a letter to Anderson directing him and his non-profit organization to cease and desist all corporate activity under the name of "Minnesota State Archery Association" on the grounds that the "Minnesota State Archery Association" ceased to exist on April 17, 2002, and the name is now being used by Helland's corporation.¹ This action followed.

Analysis

I. Standard of Decision

*3 Whether preliminary injunctive relief should be granted depends on an evaluation of the following factors: (1) the threat of irreparable harm to the movant; (2) the state of the balance between this harm and the injury that granting the injunctive relief will inflict on other parties litigant; (3) the probability that the movant will succeed on the merits; and (4) the public interest. *See Dataphase Sys., Inc. v. C.L. Sys., Inc.*, 640 F.2d 109, 113 (8th Cir.1981). "When applying the *Dataphase* factors, as they have come to be called, a court should flexibly weigh the case's particular circumstances to determine whether the balance of equities so favors the movant that justice requires the court to intervene." *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 601 (8th Cir.1999) (internal quotation marks and citations omitted). The party requesting preliminary injunctive relief bears the "complete burden" of proving all the factors listed above. *Gelco Corp. v. Coniston Partners*, 811 F.2d 414, 418 (8th Cir.1987).

The likelihood of success on the merits is not, alone, determinative. *See Dataphase*, 640 F.2d at 113. Rather, a court must consider the particular circumstances of each case, remembering that, "[a]t base, the question is whether the balance of equities so favors the movant that justice requires the court to intervene to preserve the status quo until the merits are determined." *Id.* If the

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threat of irreparable harm to the movant is slight when compared to the likely injury to the other party, the movant carries a particularly heavy burden of showing a likelihood of success on the merits. *See Dataphase*, 640 F.2d at 113.

II. Subject Matter Jurisdiction

As a threshold matter, the Helland Defendants have questioned whether this Court has federal question jurisdiction over the Plaintiff's Complaint. "Whenever it appears by suggestion of the parties or otherwise that the court lacks jurisdiction of the subject matter, the court shall dismiss the action."² Fed.R.Civ.P. 12(h)(3). The sole federal claim asserted by Plaintiff is for trademark infringement under the Lanham Act. The Court therefore considers the scope of jurisdiction conferred by section 43(a) of the Lanham Act.

Federal district courts have original jurisdiction over all actions arising under the trademark statutes of Title 15 of the United States Code. 15 U.S.C. § 1121(a); 28 U.S.C. § 1338(a). Plaintiff MSAA I has asserted trademark infringement in violation of section 43(a) of the Lanham Act. That section states as follows:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(A) 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, or

*4 (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a)(1). Plaintiff MSAA I does not claim that the marks in question MINNESOTA STATE ARCHERY ASSOCIATION and MSAA—are registered with the United States Patent and Trademark Office. That omission does not, however, defeat the existence of

federal question jurisdiction. "[I]t is common ground that § 43(a) protects qualifying unregistered trademarks...." *Two Pesos, Inc., v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992); *see also Gilbert/Robinson, Inc. v. Carrie Beverage—Missouri, Inc.*, 989 F.2d 985, 991 (8th Cir.1993) ("While federal registration triggers certain substantive and procedural rights, the absence of federal registration does not unleash the mark to public use. The Lanham Act protects unregistered marks as does the common law.").

To present a justiciable claim under section 43(a) of the Lanham Act, Plaintiff must show a connection to interstate commerce. The Helland Defendants argue that no federal question jurisdiction exists because Plaintiff has not alleged and cannot establish that *either Helland or his corporation* has used the marks in interstate commerce. The Eighth Circuit long ago flatly rejected such an argument:

By consistent interpretation, jurisdiction under the Lanham Act encompasses *intrastate activity that substantially affects interstate commerce*. ... Thus, "in commerce" refers to the impact that infringement has on interstate use of a trademark; *it does not mean that an infringer is immune from prosecution under the statute so long as he keeps his infringement entirely within the confines of a state*. ... "A substantial effect on interstate commerce is present when the trademark owner's reputation and good will, built up by use of the mark in interstate commerce, are adversely affected by an intrastate infringement."

Coca-Cola Co. v. Stewart, 621 F.2d 287, 290 (8th Cir.1980) (emphasis added and internal citations omitted); *see also* 15 U.S.C. § 1127; *Highmark, Inc. v. UPMC Health Plan, Inc.*, 276 F.3d 160, 165 (3d Cir.2001) ("Congress's authority under the interstate commerce clause extends even to purely intrastate activity if that activity substantially affects interstate commerce."); *Falcon Rice Mill, Inc. v. Community Rice Mill, Inc.*, 725 F.2d 336, 343 n. 5 (5th Cir.1984) ("The Lanham Act clearly prohibits infringement, within a single state, of a trademark used in interstate commerce."); *Franchised Stores of New York, Inc. v. Winter*, 394 F.2d 664, 669 (2nd Cir.1968) (observing that "federal subject matter jurisdiction has been upheld where an act of infringement though occurring in intrastate commerce has a substantial effect on interstate commerce").

*5 Plaintiff MSAA I is the chartered state affiliate of the National Field Archery Association ("NFAA"), a non-profit corporation dedicated to the practice of archery that is headquartered in Redlands, California.³ (See

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www.nfaa-archery.org/about/info.cfm.) MSAA I's membership form gives the applicant an opportunity to join both the state and national organizations. (See www.mnarchery.com/join.html.) MSAA I recently hosted the NFAA Midwest Indoor Sectionals in Hutchinson, Minnesota; thus, archers from the Midwest region came to this state to compete in a tournament sanctioned by the national organization. (See, e.g., www.mnarchery.com/tournaments.html.) Conversely, archers who belong to MSAA I travel to other states to compete in regional and national NFAA tournaments, such as the national tournament held in Las Vegas, Nevada this winter. (*Id.*) The Grand Forks Herald newspaper in North Dakota reports on archery tournaments sponsored by MSAA I in northwestern Minnesota. (See www.grandforks.com.) Several archery and hunting organizations in the United States and overseas provide links to the MSAA I's website from their own websites. (See, e.g., www.oregonbowhunters.com, www.sportsmanschoice.com, www.capablepartners.org, www.letitalarc.free.fr, and www.huntingbuddy.com.) Indeed, the Minnesota Department of Natural Resources maintains a list of acronyms on its website that identifies "MSAA" as the "Minnesota State Archery Association." (See www.dnr.state.mn.us/aboutdnr/acronyms.html.) From the foregoing, it is evident that MSAA I uses the marks at issue in interstate commerce and has obtained a measure of both national and international name recognition and good will in connection with its activities. Helland's incorporation of a for-profit corporation in Minnesota under the same name, "Minnesota State Archery Association," although an intrastate activity, threatens Plaintiff's good will and name recognition. There is a sufficient nexus to interstate commerce to warrant this Court's exercise of federal question jurisdiction.

III. Threat of Irreparable Harm

MSAA I contends that the unauthorized use of marks by a competing organization will obviously cause irreparable harm. A presumption of irreparable harm arises upon a showing that there is a likelihood of confusion between the marks at issue. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 403 (8th Cir.1987) ("In trademark infringement, it is not necessary for plaintiff to prove actual damage or injury to obtain injunctive relief. Injury is presumed once a likelihood of confusion has been established."); *General Mills v. Kellogg Co.*, 824 F.2d 622, 625 (8th Cir.1987) ("Since a trademark represents intangible assets such as reputation and goodwill, a showing of irreparable injury can be satisfied if it appears

that [plaintiff] can demonstrate a likelihood of consumer confusion."); see also *Jews for Jesus v. Brodsky*, 993 F.Supp. 282, 311 (D.N.J.1998) ("lost control of [one's] reputation and goodwill" constitutes irreparable injury).

*6 Helland's assertions that he has no intention of "competing" with Plaintiff are belied by the record before the Court. Shortly after incorporating Defendant MN Archery, Helland informed Plaintiff as follows: "I intend to use my name and new corporation to form a new organization that is inclusive to all archers, not just the ones that seem to meet some yet undefined criteria established by you and some board members." (Verified Compl. Ex. C (emphasis added).) Helland has attempted to seize the MSAA acronym and the name "Minnesota State Archery Association," marks that Plaintiff MSAA I has used for years and that are clearly associated with its operations.

The Helland Defendants argue that, following Helland's formation of Defendant MN Archery, he has not engaged in any commercial activity under that name, such as advertising or marketing. He has clearly threatened to do so, however. The Helland Defendants' voluntary abstention from activities in commerce does not deprive this Court of the power to afford Plaintiff relief, given their ability to resume allegedly improper behavior at any time. See *United States v. W.T. Grant, Co.*, 345 U.S. 629, 632 (1953); *Armstrong v. Fairmont Community Hosp. Assoc., Inc.*, 659 F.Supp. 1524, 1538 (D.Minn.1987) (MacLaughlin, J.) ("Voluntary cessation of allegedly illegal conduct does not deprive a court of the power to hear and decide a case, because a defendant is free to engage in the conduct again.")

Interneccine squabbles at Plaintiff MSAA I led to Helland's formation of his "for-profit" corporation bearing the name that Plaintiff—the NFAA's Minnesota affiliate—has borne for years. Plaintiff MSAA has established a threat of irreparable harm sufficient to support a preliminary injunction.

IV. Likelihood of Success on the Merits

Plaintiff asserts five causes of action in its Verified Complaint against the Helland Defendants, four of which it presents as the basis for a preliminary injunction: trademark infringement in violation of the Lanham Act, deceptive trade practices in violation of the Minnesota Deceptive Trade Practices Act, unfair competition, and conversion. Plaintiff does not separately analyze each cause of action, but rather asserts that the elements of these claims are "similar and overlapping." The Court

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will consider the claims separately, beginning with the Lanham Act claim for trademark infringement.

A. Trademark infringement (Section 43(a) of the Lanham Act)

To succeed on the merits of its section 43(a) trademark infringement claim, Plaintiff MSAA I must demonstrate that the Helland Defendants' use of the marks MINNESOTA STATE ARCHERY ASSOCIATION and MSAA will create a likelihood of confusion, deception, or mistake on the part of persons as to an association between Plaintiff and the Helland Defendants. *See General Mills, Inc.*, 824 F.2d at 626. As set forth above, MINNESOTA STATE ARCHERY ASSOCIATION and MSAA are distinctive marks recognized in the relevant consuming market. Furthermore, there is a significant likelihood of confusion in the consuming market arising from the Helland Defendants' planned use of these marks "to form a new organization that is inclusive to all archers." (Verified Compl. Ex. C.)

*7 There is no merit to the Helland Defendants' contention that MSAA I abandoned the use of its marks when it was statutorily dissolved. Plaintiff has presented persuasive evidence that the Minnesota Secretary of State reactivated MSAA I's corporate status retroactive to the date of dissolution; the Minnesota Secretary of State indicates that Plaintiff MSAA I was incorporated in 1960 (not 2002, as the Helland Defendants contend). There is no evidence that MSAA I ever stopped using the marks or intended to stop using them. There is no evidence that Helland, as a member of MSAA I, knew or had reason to know that MSAA I intended to cease operations. In short, nothing in the record supports Helland's assertion that the marks were abandoned. Plaintiff MSAA I has established a significant likelihood of success on the merits of its trademark infringement claim.

B. Deceptive trade practices (Section 325D.44 of the Minnesota Statutes)

The Minnesota Deceptive Trade Practices Act identifies several categories of conduct that constitute "deceptive trade practices":

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

- (1) passes off goods or services as those of another;
- (2) causes likelihood of confusion or of misunderstanding as to the source, sponsorship,

approval, or certification of goods or services;

(3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by, another;

(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Minn.Stat. § 325.D44, subd. 1; *see United Healthcare Ins. Co. v. AdvancePCS*, 316 F.3d 737, 742 (8th Cir.2002). To the extent Plaintiff has established a "likelihood of confusion" in connection with the Lanham Act claim, that showing also applies to its claims under the MDTPA. With respect to subsection (1), the Eighth Circuit has recently concluded that

[p]rior to the MDTPA's enactment, the Supreme Court of Minnesota described "passing off" as conduct that "deceives, or is likely to deceive, a customer exercising ordinary care in the making of a purchase of the particular goods, and induces him to purchase defendant's goods in the belief that they are those of plaintiff." The MDTPA, enacted in 1973, evidently endorsed this definition of "passing off," since it explicitly states that proof of an "intent to deceive is not required."

United Healthcare Ins. Co., 316 F.3d at 743 (internal citations omitted). Plaintiff MSAA contends that the Helland Defendants will use the name "Minnesota State Archery Association" in connection with the provision of archery-related services in the state of Minnesota. Helland has acknowledged as much in his correspondence to Plaintiff. (*See Verified Compl. Ex. C.*) Whether Defendants intend to deceive those who purchase archery-related services in Minnesota is irrelevant; their plan to operate a "more inclusive" organization for archers under the same name as Plaintiff's non-profit organization is likely to mislead customers, even those exercising ordinary care. Plaintiff MSAA I has established a likelihood of success on its MDTPA claim.

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*8 In light of the foregoing, the Court finds it unnecessary to address Plaintiff's common law claims. The Court turns to the remaining factors in the *Dataphase* analysis.

V. Balance of Harms

After evaluating the threat of irreparable harm to the movant, the Court must assess "the state of balance between this harm and the injury that granting the injunction will inflict on other parties litigant." *Safety-Kleen Systems, Inc. v. Hennkens*, 301 F.3d 931, 935 (8th Cir.2002). Essentially, this factor requires the Court to balance the equities in considering what type of temporary relief, if any, is warranted under the unique factual circumstances presented in this case. Here, the equities favor Plaintiff MSAA I. The entry of an injunction prohibiting Helland and his fledgling corporation from using the marks MINNESOTA STATE ARCHERY ASSOCIATION and MSAA for any purpose will have little impact on Helland's business. Helland and his corporation have voluntarily abstained from any commercial activity for over five months and are plainly in no hurry to operate a business under the name "Minnesota State Archery Association." Indeed, Helland's lack of activity with respect to his "Minnesota State Archery Association" seemingly confirms Plaintiff's assertions that Helland has acted for the sole purpose of extorting money from a non-profit organization with which he has had a falling out. On the other side of the balance, failing to grant a preliminary injunction would expose Plaintiff to the risk of further activities by Defendants, who purportedly intend to be regarded as the "truly inclusive" archery organization in Minnesota. The balance of harms tips in favor of granting an injunction.

VI. Public Interest

When addressing the public interest factor in a trademark infringement case, the district court must weigh the interest in protecting the public from confusion or deception against the interest in maintaining a competitive marketplace. See *Calvin Klein Cosmetics Corp. v. Lenox Labs., Inc.*, 815 F.2d 500, 505 (8th Cir.1987). There is no

evidence before the Court that interests in a competitive marketplace would be furthered by denying the injunction and allowing Defendants to proceed. Indeed, Helland cannot articulate the purpose of Defendant MN Archery beyond its existence as a "for-profit" organization. Plaintiff has used the MINNESOTA STATE ARCHERY ASSOCIATION and MSAA marks for decades; as discussed above, having two organizations with the same name operating in the specialized area of organized archery will inevitably be confusing. The Court concludes that this factor favors the issuance of injunctive relief.

Conclusion

Based on the foregoing, and all of the files, records, and proceedings herein, IT IS ORDERED that Plaintiff Minnesota State Archery Association I, Inc.'s Motion for a Preliminary Injunction (Doc. No. 2) is GRANTED as follows:

1. Defendants Stephen H. Helland and Minnesota State Archery Association, Inc., and any person or entity acting in concert with them, are hereby ENJOINED, pending further order of this Court, from using "MINNESOTA STATE ARCHERY ASSOCIATION" and "MSAA" for any purpose, including but not limited to commercial advertising or promotions, and applications to state or federal governmental agencies.

*9 2. Pursuant to Federal Rule of Civil Procedure 65(d), Plaintiff Minnesota State Archery Association I, Inc. shall post a bond in the amount of one thousand dollars (\$1,000.00) for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined. Upon the posting of the bond, the injunction provided for herein will become effective.

Parallel Citations

66 U.S.P.Q.2d 1348

Footnotes

- 1 The Court refuses to consider the unsigned and un-notarized Affidavit of Robert C. Friday that was attached directly to the Defendants' Memorandum of Law in Opposition to Motion for Preliminary injunction. Furthermore, counsel are cautioned that it is improper to attach either affidavits or exhibits directly to a memorandum of law; they must be filed separately. See, e.g. D. Minn. L.R. 7.1(a)(2)(B) and 7.1(b)(2)(B).
- 2 As federal district courts are courts of limited jurisdiction, dismissal for lack of subject matter jurisdiction would be without prejudice to the plaintiff asserting the same claims in state court.

Minnesota State Archery Ass'n I, Inc. v. Minnesota State..., Not Reported in...

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3 The NFAA hosts three National championship tournaments and several "Sectional" indoor and outdoor championships throughout the country. (See www.nfaa-archery.org/about/info.cfm) The NFAA also operates a liability insurance program for affiliated clubs and state associations. (*Id*)

End of Document

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TAB 2



1975 WL 21190 (C.D.Cal.), 189 U.S.P.Q. 67

American Petrofina, Incorporated, et al.

v.

Petrofina of California, Inc., et al.

District Court, C. D. California

No. CV 74-3330

Decided Dec. 3, 1975

United States Patents Quarterly Headnotes

TRADEMARKS

[1] Jurisdiction of courts -- Jurisdictional amount (§ 43.40)

Jurisdiction of courts -- Trademarks (§ 43.55)

Federal district court has 28 U.S.C. 1332(a) jurisdiction over case in which diversity of citizenship was admitted and amount in controversy, measured by prospective damage to investment that trademark owners made to create, operate, and expand business identified by trade names and marks in U.S., exceeds \$10,000, exclusive of interest and costs.

UNFAIR COMPETITION

[2] Injunction -- Unfair competition (§ 40.9)

Names -- In general (§ 68.701)

Remedies (§ 68.80)

Parties that were first to adopt and use trade name to identify business both within and beyond California are original owners of trade name in business, within meaning of California Business and Professions Code Section 14400, and are entitled to Section 14402 protection through injunctive relief against adverse use of confusingly similar name.

TRADEMARKS

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

Registration -- Related companies (§ 67.755)

Trademark owners related through stock ownership and control are 15 U.S.C. 1127 "related companies," whose goodwill under respective trade names and marks inures to benefit of all.

TRADEMARKS

[4] Infringement -- Knowledge or intent (§ 67.437)

Registration -- Effect (§ 67.747)

1946 Trademark Act Section 22 "constructive notice" charges everyone with notice of claim of ownership of registered marks as set forth in registration certificates, including certificate's claim that marks have been used to identify specified goods and services; "constructive notice" effect of Section 22 means that use of name or mark that is confusingly similar to mark or name set forth in registration certificate cannot be justified by claim of innocence, good faith, or lack of knowledge; practical effect is to give nationwide effect to each principal registration, providing notice to intrastate users as well as others.

American Petrofina, Inc. v. Petrofina of California, Inc., 1975 WL 21190 (1975)

189 U.S.P.Q. 67

TRADEMARKS

[5] Registration -- Effect (§ 67.747)

Each registration on Principal Register is prima facie evidence of validity of registration, ownership of mark, and registrant's exclusive right to use mark in connection with goods and services specified in certificate.

TRADEMARKS

[6] Registration -- Incontestability (§ 67.751)

Right of trademark owner that complied with all 15 U.S.C. 1065 requirements to use registered marks in commerce to identify goods and services specified in registrations is incontestable.

TRADEMARKS

[7] Registration -- Effect (§ 67.747)

Registration -- Incontestability (§ 67.751)

Each of trademark owner's incontestable federal registrations is conclusive evidence of its exclusive right to use registered mark in commerce to identify goods and services specified in certificates.

TRADEMARKS

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

"Fina" is entitled to protection as strong, fanciful mark and "Petrofina" is entitled to protection as strong, fanciful trade name, since terms are not meaningful words in common usage, are not descriptive, have no meanings of their own, are arbitrary and fanciful as applied to petroleum products and services, and there is no evidence that terms have been used as trademarks or part of trade name in oil business by other than trademark owners and accused infringers.

TRADEMARKS

[9] Marks and names subject to ownership -- Secondary meaning (§ 67.523)

No showing of secondary meaning is necessary for term that is neither descriptive, geographical, nor surname, but rather is fanciful, distinctive, and coined.

TRADEMARKS

[10] Marks and names subject to ownership -- Names -- In general (§ 67.5211)

UNFAIR COMPETITION

Names -- In general (§ 68.701)

Trade names and trademarks stand on similar footing, and in California, trade name will receive same protection as trademark.

TRADEMARKS

[11] Identity and similarity -- How determined -- Doubt against newcomer (§ 67.4057)

Marks and names subject to ownership -- Names -- Corporations or partnerships (§ 67.5213)

UNFAIR COMPETITION

Names -- Corporation and company name (§ 68.707)

Property right in trade name that embodies distinctive part of corporate name is readily recognized; newcomers to field of

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business have infinity of non-conflicting names from which to choose, and have duty to select name that is totally dissimilar to trade names and trademarks already being used in field.

TRADEMARKS

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

Territorial limitations (§ 67.83)

UNFAIR COMPETITION

Competition essential (§ 68.30)

Territorial limitations (§ 68.85)

Mere geographical distance does not obviate danger of confusion, and direct or market competition is not prerequisite to protection against infringement of rights in trade names, trademarks, and unfair competition.

TRADEMARKS

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

Marks and names subject to ownership -- Names -- In general (§ 67.5211)

Statutes and treaties (§ 67.80)

UNFAIR COMPETITION

Competition essential (§ 68.30)

Names -- In general (§ 68.701)

Territorial limitations (§ 68.85)

California law recognizes that name or mark may be protected against infringement and unfair competition prior to actual opening of business establishment in California.

TRADEMARKS

[14] Injunction -- Trademarks (§ 40.7)

Acquisition of marks -- Expansion of business (§ 67.079)

Acquisition of marks -- Use by plurality of persons (§ 67.085)

Territorial limitations (§ 67.83)

UNFAIR COMPETITION

Injunction -- Unfair competition (§ 40.9)

Territorial limitations (§ 68.85)

Second user of confusingly similar trade name or trademark may be enjoined under common law if there exists possibility that first user will expand into area.

TRADEMARKS

[15] Identity and similarity -- In general (§ 67.401)

Infringement -- In general (§ 67.431)

Likelihood of confusion determination partakes more of character of conclusion of law than finding of fact.

TRADEMARKS

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[16] Evidence -- Of confusion (§ 67.337)

Infringement -- In general (§ 67.431)

UNFAIR COMPETITION

Names -- In general (§ 68.701)

Proof of actual confusion is not necessary for relief against trade name or trademark infringement or unfair competition, but great weight is attached to evidence of actual confusion in determining likelihood of confusion.

TRADEMARKS

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

Persons to be considered in determining whether confusion is likely are not only those who are intelligent, experienced, and astute, but also those who are ignorant, inexperienced, and gullible.

TRADEMARKS

[18] Identity and similarity -- Words -- Similar (§ 67.4117)

UNFAIR COMPETITION

Names -- Particular names (§ 68.717)

“Petrofina of California” and “Petrofina of California, Inc.,” are confusingly similar to “American Petrofina, Incorporated,” “American Petrofina Company of Texas,” and “American Petrofina Exploration Company,” and are colorable imitations of “Fina.”

TRADEMARKS

[19] Marks and names subject to ownership -- Names -- Corporations or partnerships (§ 67.5213)

UNFAIR COMPETITION

Names -- Corporation and company name (§ 68.707)

Each trade name owner that had authority to transact intrastate business in California under trade name continuously since date prior to filing of accused infringer’s fictitious name and articles of incorporation, and that is actually engaged in business utilizing trade name, is entitled to presumption that it has exclusive right to use corporate name set forth in its Certificate of Qualification to transact business in California, as trade name in California, as well as any confusingly similar name.

TRADEMARKS

[20] Class of goods -- Particular cases -- Similar (§ 67.2073)

Operating oil lands and leases, producing oil and gas therefrom, and drilling are activities and products likely to be connected in minds of prospective purchasers and others concerned with such activities and products.

TRADEMARKS

[21] Infringement -- Knowledge or intent (§ 67.437)

Fraudulent or wrongful intent is not essential element of actionable infringement or dilution of rights in trade names and marks.

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UNFAIR COMPETITION

[22] Names -- In general (§ 68.701)

It is unfair competition to continue to use confusingly similar name after notice to stop, regardless of innocence or lack of it in original adoption of name.

TRADEMARKS

[23] Acquisition of marks -- Character and extent of use -- In general (§ 67.0731)

UNFAIR COMPETITION

Defenses (§ 68.40)

Names -- Corporation and company name (§ 68.707)

Fact that junior user obtained fictitious name certificate or has corporate charter for name is no defense to unfair competition or trade name infringement action brought by owner of prior conflicting trade name, since rights to trade name, like trademark, arise from prior usage.

TRADEMARKS

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

UNFAIR COMPETITION

Fraud, deception and palming off (§ 68.55)

Parties deceived (§ 68.75)

Courts have duty, in trade name and trademark infringement actions, to protect private rights of original owner and public's right to be free from confusion, deception, and mistake.

TRADEMARKS

[25] Injunction -- Trademarks (§ 40.7)

UNFAIR COMPETITION

Injunction -- Unfair competition (§ 40.9)

Actual loss of trade need not be shown to warrant injunction; trademark owners with no adequate remedy at law are entitled to equitable protection in form of permanent injunctive relief from infringement and dilution of rights in trade names and marks.

Action by American Petrofina, Incorporated, American Petrofina Company of Texas, and American Petrofina Exploration Company against Petrofina of California, Inc., Leigh A. Ross, Barbara K. Ross, and Douglas Oil Company of California, Inc., for trademark and trade name infringement, false designation of origin, false descriptions, false representations, unfair competition, and trademark, service mark, and trade name dilution. Judgment for plaintiff.

Rynn Berry, Lars I. Kulleseid, Elmer W. Hanak, and Fish & Neave, all of New York, N.Y., and Robert B. Flaig, and Thelen, Marrin, Johnson & Bridges, both of Los Angeles, Calif., for plaintiffs.

D. Michael Lyden, and Bonelli, Brown & Malone, both of Encino, Calif., for defendants.

Williams, District Judge.

Findings of Fact

The Parties

1. Plaintiffs American Petrofina, Incorporated (“American Petrofina”) and American Petrofina Company of Texas (“Petrofina of Texas”) are Delaware corporations, each having its principal place of business in Dallas, Texas. Plaintiff American Petrofina Exploration Company (“Petrofina Exploration”) is a Delaware corporation with its principal place of business in Houston, Texas.

2. Defendant Petrofina of California, Inc. (“Petrofina of California”) is a California corporation with its principal place of business in Paramount, California. Each of defendants Leigh A. Ross (“Ross”) and Barbara K. Ross (“Kay Ross”) is a citizen of California and a resident of this judicial district. Defendants Petrofina of California and Ross are collectively referred to herein as the “Petrofina Defendants”. Ross is the sole shareholder, director and president, vice president and treasurer of Petrofina of California.

3. Defendant Douglas Oil Company of California, Inc. (“Douglas”) is a California corporation with its principal place of business at Costa Mesa, California, and is wholly owned by Continental Oil Company, a Delaware corporation with its principal place of business in Houston, Texas.

Plaintiffs’ Related Petrofina Companies

4. Plaintiffs are affiliated through stock ownership. Petrofina of Texas is a *71 wholly-owned subsidiary of American Petrofina. Petrofina Exploration is a wholly-owned subsidiary of American Petrofina Holding Company (a Delaware corporation, herein called “Petrofina Holding”), which owns a majority of the capital stock of American Petrofina.

5. Petrofina S.A. (“Belgian Petrofina”) is a Belgian corporation which owns substantial percentages of the stock of Petrofina Holding and of the following companies which are engaged in the oil business under one of the PETROFINA trade names:

Petrofina Canada, Limited, a Canadian corporation;

Petrofina (U.K.) Ltd., a United Kingdom corporation;

Petrofina Francaise S.A., a French corporation,

The trade names of plaintiffs and their affiliated companies identified in Findings 1, 4 and 5 are referred to herein as the “Petrofina trade names”. Plaintiffs and all of the foregoing affiliated companies of plaintiffs which are engaged in the oil business under the PETROFINA trade names are collectively referred to herein as the “Petrofina Companies”.

6. Continuously from dates prior to 1965, the Petrofina Companies have used PETROFINA as part of their trade names to identify their business of producing and marketing petroleum products and services in the countries in which they do business, and to distinguish their business from the businesses of others in the field.

7. The Petrofina Companies have also used FINA as a trademark and service mark to identify the petroleum products and related services of the Petrofina Companies in connection with their marketing activities in the countries in which they do business, and to distinguish them from the products and services of others. Such use of the FINA mark has been continuous since prior to 1959.

Expansion of Plaintiffs’ PETROFINA and FINA Business in the United States

8. American Petrofina was organized in 1956 for the purpose of conducting under the American Petrofina, Incorporated trade name in the United States the operations of an integrated oil company, including the operation of FINA gas stations and the marketing of FINA petroleum products and services. American Petrofina has conducted such a business continuously in the United States from the time it commenced business as an operating company on October 1, 1956.

9. Petrofina of Texas was organized in June of 1958 for the purpose of conducting under the American Petrofina Company of Texas trade name and the FINA mark the operations of a general oil and gas business, including exploration and production

of crude oil and natural gas and refining and distribution of petroleum products, and it has conducted such a business continuously in the United States since June 1958, pursuant to the direction and control of its parent corporation, American Petrofina.

10. Petrofina Exploration was organized in June 1964 for the purpose of conducting under the American Petrofina Exploration Company trade name a general oil and gas business, including the exploration, drilling for, and producing oil and gas, and it has conducted such a business in the United States continuously since June 1964.

11. Commencing with the opening of American Petrofina's first FINA gas station in 1957, American Petrofina and Petrofina of Texas have steadily expanded the marketing of products under the FINA marks and the PETROFINA trade names into new territories, with the ultimate objective of marketing such products on a nationwide basis. In 1957 American Petrofina had only one FINA station in operation, and as of March 1958 American Petrofina had about 800 FINA stations in operation in three Southwestern States. At the end of 1958 Petrofina of Texas had 1202 FINA gas stations in operation in nine States -- namely: Arkansas, Iowa, Kansas, Nebraska, New Mexico, Louisiana, Missouri, Oklahoma and Texas. At the end of 1966 Petrofina of Texas had 3043 FINA gas stations in operation in 14 States, including new marketing territories in the States of Arizona, Colorado, Illinois, Minnesota, South Dakota and Wisconsin. At the end of December 1973 Petrofina of Texas had 5493 FINA gas stations in operation in 29 States, including new marketing territories in the States of California, Oregon, Washington, Idaho, Montana, Utah, Wyoming, Kentucky, Tennessee, Mississippi, Alabama, Florida, Georgia, South Carolina, and North Carolina.

12. The annual gross operating revenue of American Petrofina and its consolidated subsidiaries has increased from \$15,520,000 in 1956 to \$174,744,000 in 1966, and to \$952,997,000 in 1974. The total gross operating revenues of American Petrofina *72 and its consolidated subsidiaries for the years 1956 through 1966 amounted to \$1,070,529,000 and for the years 1956 through 1974 amounted to \$3,917,653,000. The total gross revenues derived from operations conducted under the American Petrofina, Incorporated and Petrofina of Texas names amounted to approximately \$3,172,013,000 for the years 1956 through 1974 and approximately \$976,909,000 for the years 1956 through 1966.

13. By the end of 1966 American Petrofina and Petrofina of Texas had sold more than 3,306,932,000 gallons of FINA gasoline, more than 5,377,000 gallons of FINA motor oils, and more than 8,368,000 pounds of FINA grease, total net sales of FINA petroleum products through 1966 amounting to approximately \$369,797,000. By the end of 1974 American Petrofina and Petrofina of Texas had sold more than 9,873,169,000 gallons of FINA gasoline, more than 17,508,000 gallons of FINA motor oils, and more than 21,158,000 pounds of FINA grease, with total net sales of FINA products from 1957 through 1974 amounting to approximately \$1,385,493,000. In connection with all such sales FINA was used as a mark to identify the goods and services of American Petrofina and Petrofina of Texas and to distinguish them from the goods and services of others.

14. American Petrofina and Petrofina of Texas have also made substantial sales of so-called unbranded petroleum products continuously since 1957. By the end of 1966 total net sales of unbranded gasoline, motor oils and greases amounted to approximately \$124,920,000. Total net sales of such products from 1957 through 1974 amounted to approximately \$303,986,000. All such sales of unbranded petroleum products were made under the trade name of American Petrofina, Incorporated from 1957 until June 1958 and under the trade name of American Petrofina Company of Texas after June 1958.

15. American Petrofina and Petrofina of Texas have invested more than \$3,818,000 during the years 1956 through 1966, and more than \$9,332,000 during the years 1956 through 1974 in FINA advertising, all of which has used FINA to identify products and services of American Petrofina or Petrofina of Texas or both companies. The media used for such advertising have included major newspapers, oil industry trade journals, highway billboards, radio and television.

16. From 1956 to date, the nature, scope and growth of plaintiffs' business, identified by the PETROFINA trade names and the FINA marks have been publicized throughout the United States in major newspapers, including the Los Angeles Times, in nationally-known magazines of general reader interest, including Newsweek, Time, Look, Fortune, and U.S. News & World Report, in numerous oil industry trade journals, in business and financial publications, including The Wall Street Journal, Business Week, Barron's and Forbes, and in other mass media.

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17. American Petrofina is the registrant and owner of six federal registrations on the Principal Register of the 1946 Trademark Act of FINA as a mark identifying the gasoline and other petroleum products and the gasoline station services of American Petrofina and Petrofina of Texas; and American Petrofina is the owner of the goodwill of the business associated with the FINA marks of the registrations, as follows:

Reg. No.	Reg. Date	Goods or Services
620,240	1/31/56	Gasoline
664,285	7/15/58	Liquid petroleum products including lubricating oils and greases
673,746	2/10/59	Gasoline
674,437	2/24/59	Gasoline
801,112	12/28/65	Gasoline Station Services
803,245	2/1/66	Gasoline Station Services

18. American Petrofina has owned all six of the foregoing registrations since February 1966 or earlier, and all six were published and issued before the Petrofina Defendants adopted the name PETROFINA OF CALIFORNIA (Findings 17, 43, 44).

19. American Petrofina has complied with all of the requirements of 15 U.S.C. § 1065 with respect to each of the above six registrations.

Plaintiffs' PETROFINA and FINA Business in California

20. American Petrofina has been authorized to transact intrastate business in California continuously since obtaining a Certificate of Qualification pursuant to the California Corporations Code on January 2, 1957. American Petrofina has paid the State of California annual franchise taxes for every year from 1957 through 1975. *73 Through its California agent for service of process American Petrofina has maintained an office in Los Angeles continuously from January 1957 to date.

21. American Petrofina securities have been listed on the American Stock Exchange since October 1956 and have been traded through brokerage and securities firms throughout the United States since that date. Trading in American Petrofina stock is regularly reported as part of the American Stock Exchange daily trading report on the Dow Jones tape in securities firms all over the country, in The Wall Street Journal and in the financial sections of major newspapers throughout the United States, including the Los Angeles Times, the Los Angeles Herald Examiner, the San Francisco Chronicle and the San Francisco Examiner.

22. American Petrofina's Annual Reports to Stockholders for each of the years 1956 through 1974 have been distributed annually to banks and securities firms, as well as stockholders located all over the United States. As of March 10, 1975 there were 5684 stockholders in American Petrofina, of whom 263 were residents of California.

23. Petrofina of Texas has been authorized to conduct a general oil and gas business in California continuously since obtaining a Certificate of Qualification pursuant to the California Corporations Code on November 2, 1964. Petrofina of Texas has paid the State of California annual franchise taxes every year from 1964 through 1975. Through its California agent for service of process Petrofina of Texas has maintained an office in Los Angeles continuously from November 2, 1964

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to date.

24. From November 2, 1964 to 1968 Petrofina of Texas owned oil and gas leases in Ventura County, California. Petrofina of Texas drilled and operated oil and gas wells in Ventura, California from December 1964 until 1968, when said ownership and drilling operations terminated. American Petrofina of Texas and the name, address and telephone number of its agent in Ventura, California were listed in 1966, 1967, 1968 and 1969 issues of Foust's Sales & Service Directory, an annual index of all active California oil operating firms.

25. Prior to January 1967 Petrofina of Texas had invested more than \$41,000 in purchases and leases of lands in the American Petrofina Company of Texas name in Ventura County, and had invested more than \$215,000 in exploration and drilling operations conducted under the American Petrofina Company of Texas name in Ventura County. Said land holdings and exploration and drilling operations in Ventura County terminated in 1968.

26. In December 1973 Petrofina of Texas obtained a State of California gasoline distributor's license, and a FINA gas station was opened in Yreka, California.

27. Petrofina Exploration has been authorized to transact business in California (viz.: "To explore, produce and drill for oil. To conduct a general oil and gas business") continuously since obtaining a Certificate of Qualification pursuant to the California Corporations Code on April 23, 1965. Petrofina Exploration has paid the State of California annual franchise taxes every year from 1964 through 1975. Through its California agent Petrofina Exploration has maintained an office in Los Angeles from April 23, 1965 to date.

28. Petrofina Exploration has maintained on file with the State of California Division of Oil and Gas in Sacramento, California, continuously from April 1, 1966 to date, a blanket bond in the amount of \$25,000, qualifying Petrofina Exploration to develop oil and gas leases in California.

29. Petrofina Exploration has been qualified continuously since January 6, 1967, with the California office of the Bureau of Land Management to hold oil and gas leases covering California's outer continental shelf.

30. Petrofina Exploration initially conducted its exploration and drilling operations in California through the offices of two Los Angeles consultants whom it retained in April 1966. Petrofina Exploration has also maintained its own offices in Los Angeles County continuously from September 1967 to date.

31. Petrofina Exploration's Los Angeles offices have been listed in various Pacific Telephone Directories for Greater Los Angeles continuously from February 1967 to date, and in Foust's Sales & Service Directory (published in Long Beach, California) continuously since the 1969 Directory, which was published in 1968. One or more of the plaintiffs' PETROFINA trade names have been listed in Foust's Sales & Service Directory continuously from December 1964 to date.

32. Petrofina Exploration acquired in 1965 and has owned continuously since 1965 oil and gas leases in Imperial County, California; and Petrofina Exploration has also owned at various times from 1965 to date oil and gas leases in the cities of Los Angeles, Whittier, Norwalk, Bellflower, Long Beach and Downey and in the Counties *74 of Merced, Stanislaus and Fresno, all in California.

33. Petrofina Exploration's total investment in such purchases and leases from April 1965 to date has been in excess of \$3,325,000. Petrofina Exploration has invested more than \$11,425,000 in conducting exploration and drilling operations under the American Petrofina Exploration Company name on said California properties from April 1965 to date, of which more than \$247,000 was expended for exploration and drilling operations conducted on said California properties prior to January 1967.

PETROFINA and FINA Credit Card Arrangements

34. From 1958 to date Petrofina of Texas has conducted a substantial amount of its business under the American Petrofina and Petrofina of Texas trade names and the FINA marks through credit card accounts. Petrofina of Texas had more than 542,000 such accounts at the end of 1966 and more than 663,000 such accounts at the end of 1974. All credit cards issued by Petrofina of Texas have always had both the FINA trademark and the American Petrofina trade name imprinted on them.

35. Both before 1967 and from 1967 to date, PETROFINA OF TEXAS and CANADIAN PETROFINA have had credit card interchange agreements with other oil companies which permit PETROFINA credit cards to be honored at their service stations and vice versa. The credit cards of those other oil companies display only plaintiffs' FINA mark on their reverse side and do not display the trade name which includes as a part PETROFINA and as such indicate to the card holder that his card will be honored at FINA service stations. The other oil companies whose credit cards have displayed only the FINA mark are: (a) Atlantic Richfield Company (Arco), (b) Chevron Oil Company, (c) Getty Oil Company and (d) Union Oil Company of California. The numerous holders of credit cards issued by these other oil companies which have displayed only the FINA mark, include more than a million residents of the State of California and said credit cards clearly advise, California residents, that their cards will be honored only at FINA stations within Canada.

36. From 1969 to date Petrofina of Texas has done a substantial business with the holders of Master Charge and Bank Americard credit cards. During the years 1969 through 1974 the value of Petrofina of Texas products and services charged to Master Charge Accounts totaled more than \$39,809,000, and to Bank Americard accounts more than \$35,655,000. From 1959 to 1961 Petrofina of Texas service stations also honored Diners Club credit cards.

Plaintiffs' Prior Litigation to Protect PETROFINA and FINA in California and Elsewhere

37. American Petrofina and Texas Petrofina have taken steps to protect their rights in the PETROFINA trade names and the FINA marks in California against two California corporations which made unauthorized use of PETRO-FINA and FINA in their corporate names.

38. In April 1969 American Petrofina and Petrofina of Texas filed suit in the Southern District of California (Civ. No. 69-102-S) against Petro-Fina, Inc., a California corporation, and others. The action was concluded on October 10, 1969 by entry of a Consent Judgment and Findings, including Finding 8 (PETRO-FINA is a colorable imitation of FINA and PETROFINA), Conclusion 10 (PETRO-FINA infringes the registered mark FINA), and an injunction (P1) against the defendants' using PETRO-FINA and FINA.

39. In November 1972 American Petrofina and Petrofina of Texas filed suit in the Northern District of California (Civ. No. G-72-2122) against Fina Corporation, a California corporation, and others. The action was concluded on April 11, 1973 by entry of a Consent Judgment and Findings, including Finding 9 (Fina Corporation is a colorable imitation of PETROFINA) and an injunction (P2(a)) against the defendants' using or registering FINA or PETRO-FINA.

40. In addition to the California actions summarized in Findings 38 and 39, American Petrofina has successfully sued to enjoin the following adverse uses of FINA as a trademark or as part of a trade name in the oil business:

American Petrofina, Incorporated v. Mauro, W.D.N.Y. Civ. No. 8520, reported at 185 F.Supp. 171, 125 USPQ 643 (1960) and at 130 USPQ (1961);

American Petrofina, Incorporated et al. v. Fina Petroleum Corp. et al., (S.D.N.Y. 1973) 73 Civ. 2869-CHT;

American Petrofina, Incorporated v. Brown, 391 F.Supp. 757, 184 USPQ 483 (E.D.N.C. 1974).

41. Each of the plaintiffs adopted its respective PETROFINA trade name and used it both within and beyond the limits of *75 the State of California before the Petrofina Defendants adopted or used PETROFINA OF CALIFORNIA or Petrofina of California, Inc. (Findings 8 through 16, 20 through 33, 43, 44, 46).

Adoption and Use of PETROFINA OF CALIFORNIA by Ross (after January 17, 1967 to July 1972)

42. Defendant Ross began operations in the oil business around June 1, 1966 as a Douglas consignee and did business initially under the name Leigh A. Ross.

43. In December 1966 Ross filed with the Los Angeles County Clerk's office, and in December 1966 and January 1967 published a certificate of doing business under the fictitious name PETROFINA OF CALIFORNIA. Said filing of the PETROFINA OF CALIFORNIA fictitious name statement was subsequent to the dates on which each of the plaintiffs obtained a Certificate of Qualification to transact intrastate business in California (Findings 20, 23, 27).

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44. Ross claims that the approximate date of first commercial use of PETROFINA OF CALIFORNIA was when he started handwriting the name on invoices shortly after he was advised around January 17, 1967 that publication of the PETROFINA OF CALIFORNIA fictitious name was accomplished.

45. Ross's claim as to how he selected PETROFINA is as follows: Ross claims that he selected PETROFINA OF CALIFORNIA by playing around with the word "Portofino"; that he wanted a name which denoted the product, in this case petroleum. He thought of Leigh Ross Petroleum and Ross Petroleum, but that he wanted to have a name that does not suggest a small company operation and the reason that he didn't use Leigh Ross was that it conjured to him a small company and a mom and pop operation. So he wanted something else. He changed PORTO to PETRO, which to him was the abbreviation for the products he intended to sell (i.e. petroleum). The word PETROFINO to him meant "FINE PETROLEUM." For reasons purely personal he found that he did not like the sound of the word as it ended in *O*. He considered the word PETROFINE, which to him meant the same thing. The sound of this word was also unpleasant to him. Since moving to California, he has been exposed to the many Spanish words in use in the area. He was also aware that many Spanish words ended in either an *O* or in the alternative *A*. This awareness caused him to replace the *O* with the *A* thus arriving at PETROFINA.

46. Starting sometime after January 17, 1967 and up until the incorporation of Petrofina of California, Inc. in July 1972, Ross did business under the fictitious name PETROFINA OF CALIFORNIA. He discontinued doing business under said fictitious name when Petrofina of California, Inc. was incorporated. The business Ross conducted under the name "Leigh A. Ross d/b/a Petrofina of California" was the same general sort of business as Ross is now conducting under the name PETROFINA OF CALIFORNIA, INC.

Incorporation of PETROFINA OF CALIFORNIA, INC. in July 1972

47. On July 12, 1972 Ross filed Articles of Incorporation of the defendant Petrofina of California, Inc. with the California Secretary of State's office. The filing of said Articles of Incorporation was subsequent to the dates on which each of the plaintiffs obtained a Certificate of Qualification to transact intrastate business in California (Findings 20, 23, 27).

48. In connection with Ross's application to the Corporate Division of the California Secretary of State's Office to reserve the name Petrofina of California, Inc. and the subsequent grant of a charter under that name, the Corporate Division stated that the name was not likely to mislead the public or tend to deceive within the meaning of Section 310 of the California Corporations Code. However, because of the indexing system employed by the Corporations Division, no actual comparison was made between Petrofina of California, Inc. and any of the previously filed Certificates of Qualification to transact business in California under the names of American Petrofina, Incorporated, American Petrofina Company of Texas and American Petrofina Exploration Company.

49. Ross testified that the Articles accurately state the purposes for which Petrofina of California was organized. The Articles state that "The purposes for which this corporation is formed are," among others,

"(a) To engage primarily in the specific business of buying and selling, distributing and otherwise dealing in, at wholesale or retail, gasoline and other petroleum products of all descriptions and all kinds of oils and other products used for motor fuels or lubrication.

*76 To acquire and own oil lands and leases and oil and gas rights; to produce oil and gas therefrom; to develop and operate said lands, leases and oil and gas rights; and to acquire, carry out and execute contracts for drilling wells.

"(d) To do business anywhere in the world".

The Petrofina Defendants' Use of PETROFINA OF CALIFORNIA in Connection with the Distribution and Sale of Petroleum Products

50. That from some undetermined date later than January 17, 1967 until November 1972, LEIGH A. ROSS continuously conducted business under the trade name PETROFINA OF CALIFORNIA and from November 1972 to date, PETROFINA OF CALIFORNIA, INC. has continuously conducted business and now is engaged in the specific business of selling gasoline, oil and other petroleum products under the PETROFINA OF CALIFORNIA trade name.

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51. Since some undetermined date later than January 17, 1967, LEIGH A. ROSS, dba PETROFINA OF CALIFORNIA and PETROFINA OF CALIFORNIA, INC., have distributed and sold in excess of 16,000 55-gallon drums containing oils, lubricants, solvent and kerosene with the trade name PETROFINA OF CALIFORNIA affixed as shown in photographs attached to Ross's deposition as Exhibit 10F.

52. Ross and Petrofina of California, Inc. have distributed and sold and Petrofina of California, Inc. is distributing and selling gasoline in trucks which display "PETROFINA OF CALIFORNIA" as shown in the photographs Ross dep. Exs. 10A, 10B, 10D, 10E.

53. Leigh A. Ross dba PETROFINA OF CALIFORNIA and PETROFINA OF CALIFORNIA, INC. operated a retail gas station in Paramount, California, marketing to the public at large DOUGLAS OIL COMPANY branded gasoline and petroleum products. During the five to seven year period that said station was operated there was clearly displayed at all times insignia and other paraphernalia clearly indicating that to the public it was purchasing DOUGLAS branded products. There was no display on the premises of any name utilizing as a part PETROFINA.

Expansion of Defendants' Use of the PETROFINA OF CALIFORNIA Trade Name

54. The Petrofina Defendants claim that Petrofina of California has done business to date only in Los Angeles County, but Ross asserts that Petrofina of California has established a reputation with oil jobbers all over California and the Western States.

55. The Petrofina Defendants admit that they are continuing to use and expand the use of PETROFINA OF CALIFORNIA, INC. as a trade name in the State of California in connection with the distribution and sale of gasoline, oil and other petroleum products, and that they may in the future operate all over California.

56. While Ross now claims that he does not intend to do business under the PETROFINA OF CALIFORNIA, INC. trade name outside the State of California, there is nothing in the PETROFINA OF CALIFORNIA, INC. corporate charter or in the nature of the Petrofina Defendants' business to prevent them from doing business under the PETROFINA OF CALIFORNIA, INC. name anywhere in the United States. The Articles of Incorporation of PETROFINA OF CALIFORNIA, INC. state that one of "The purposes for which this corporation is formed" is "To do business anywhere in the world".

Nature of the PETROFINA Name and the FINA Marks

57. Ross testified that he chose PETROFINA OF CALIFORNIA because "I felt I needed something distinctive why people would buy from me", and that his reason for adding "OF CALIFORNIA" to the "PETROFINA" name was that "I wanted to be recognized as a company doing business in California".

58. PETROFINA is not listed as a descriptive word or otherwise in standard dictionaries of the Spanish, English, French, Italian, German, Dutch, Danish, Portuguese, Russian and Latin languages. Neither of defendants' expert witnesses has ever heard or read of "Petrofina" as meaning anything in any language, although defendants' expert, Amneus, searched more than 63 dictionaries of the English, Spanish, French, Portuguese, Italian and Latin languages to try to find Petrofina or variants thereof. Defendants' expert, Amneus further testified that it is not "fair to literally translate the word 'Petrofina' into 'Fine petroleum' * * * No. It wouldn't refer to the petroleum. It is obviously the name of a company, not a kind of substance."

*77 59. Ross admits that prior to his coining of the trade name PETROFINA, that he was not aware of the word in common usage. Having coined the word it meant to him "fine petroleum". Ross could not recall ever hearing of any person or company that has ever used PETROFINA to describe anything. Nor could Ross recall ever hearing of any person or company other than himself and plaintiffs and their affiliated companies who have used "PETROFINA" either alone or with other words, as a trademark or trade name.

60. The PETROFINA portion of PETROFINA OF CALIFORNIA and PETROFINA OF CALIFORNIA, INC. is identical in appearance, spelling and sound with the PETROFINA portion of each of the plaintiffs' trade names, American Petrofina, Incorporated, American Petrofina Company of Texas and American Petrofina Exploration Company and the trade names of plaintiffs' affiliated companies, Petrofina, S.A., Petrofina Canada, Limited, Petrofina (U.K.) Ltd. and Petrofina Francaise S.A. (Findings 4, 5).

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61. Admittedly, use of the PETROFINA OF CALIFORNIA name has already caused confusion. Ross testified that he had, on one occasion, shortly before being confronted by plaintiffs' representatives, been asked at an oil jobbers' convention whether PETROFINA OF CALIFORNIA is "associated with AMERICAN PETROFINA, or something along that line, or PETROFINA".

62. The PETROFINA defendants have also recognized the possibility of confusion arising from the concurrent use of plaintiffs' PETROFINA trade name and defendants' PETROFINA OF CALIFORNIA trade name in the conduct of an oil and gas business in California. In response to written notice that AMERICAN PETROFINA regards PETROFINA OF CALIFORNIA to be a violation of its rights in the PETROFINA trade name and the FINA marks, the PETROFINA defendants, by and through their corporate counsel, stated,

"We do not feel that the name PETROFINA OF CALIFORNIA in any way causes confusion in the minds of the public insofar as your FINA trademark is concerned.

"At the present time we are not aware of any marketing activities by AMERICAN PETROFINA, INC., here in the California market. We trust that, should you begin operations here in the California market, you will so conduct your activities so as to not infringe upon or impair the good will already established by PETROFINA OF CALIFORNIA, INC."

Plaintiffs' Request that the Petrofina Defendants Stop Using PETROFINA OF CALIFORNIA

63. American Petrofina and Petrofina of Texas representatives saw Ross wearing a Petrofina of California badge at the 1974 Pacific Oil Conference meeting held at Lake Tahoe, Nevada, on September 19-21, 1974, and also saw a listing of the PETROFINA OF CALIFORNIA name in a roster of registrations for that meeting. At that meeting three or four representatives of American Petrofina approached Ross and asked him what he was doing using their name.

64. On October 7, 1974 American Petrofina gave the Petrofina Defendants written notice of its rights in the PETROFINA trade name and the FINA mark and called upon them to discontinue use of PETROFINA OF CALIFORNIA. The Petrofina Defendants have insisted that they intend to continue using PETROFINA OF CALIFORNIA in spite of American Petrofina's protest.

Availability of Names Other than PETROFINA OF CALIFORNIA

65. The Petrofina Defendants' investment in the PETROFINA OF CALIFORNIA name is insignificant compared to plaintiffs' investment in their PETROFINA names. The total sums of money which the Petrofina Defendants claim they can document as expended for sales promotion and advertising under the PETROFINA OF CALIFORNIA name have amounted to less than \$6,500. Ross says the PETROFINA OF CALIFORNIA trade name has also been promoted through employees' contacts with customers in selling petroleum products and rendering service, but can give no dollar value for such promotional activities.

66. Many suitable names that are not identified with established companies in the oil industry can be used for defendants' business, including "ROSS PETROLEUM COMPANY", "ROSS OIL COMPANY", "LEIGH ROSS PETROLEUM COMPANY", and "LEIGH ROSS". Ross originally thought of using the names "ROSS PETROLEUM" or "LEIGH ROSS PETROLEUM", but did not do so because he thought they "conjured" a small company operation.

67. Ross used "LEIGH ROSS" as the only name identifying his business for some *78 months before he adopted PETROFINA OF CALIFORNIA, and he displayed "LEIGH ROSS" initially on his truck (Ross dep. 51). PETROFINA OF CALIFORNIA had no telephone directory listing until 1970, and "LEIGH ROSS'S office" is a name Ross and Kay Ross have continued to use from 1966 to the date of this suit to identify the business when answering incoming telephone calls.

68. In making deliveries to customers like Standard Oil, who object to taking delivery from a truck displaying the name "PETROFINA" or "DOUGLAS", ROSS removes PETROFINA OF CALIFORNIA and blanks out DOUGLAS so that his trucks display only "LEIGH ROSS". Such practice is common in the industry whenever the equipment of one oil company may be called upon to go onto the business premises of another oil company for the purpose of picking up or delivering petroleum products.

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69. The Petrofina Defendants have never displayed PETROFINA or PETROFINA OF CALIFORNIA on the buildings or on building directories at any of their places of business. Their only displays of PETROFINA OF CALIFORNIA have been on business cards, invoices, stationery, oil drums, in telephone directory listings, the intermittent displays on trucks, and on miscellaneous giveaway items costing less than \$1,500.

Conclusions of Law

1. This action arises under the Trademark Laws of the United States. Jurisdiction is based on 28 U.S.C. § 1338(a) and 15 U.S.C. §§ 1114-1120 (trademark suits); 28 U.S.C. § 1338(b) and 15 U.S.C. §§ 1125(a), 1126(b), (g), (h), (i) (unfair competition actions); and 28 U.S.C. § 1332(a) (diversity jurisdiction).

2. The Court has jurisdiction over the parties to this action and venue is proper.

[1] 3. Diversity of citizenship is admitted (Complaint P1; Petrofina Defendants Answer P1). The amount in controversy, measured by the prospective damage to the major investment which plaintiffs have made to create, operate and expand their business identified by the PETROFINA trade names and the FINA marks in California and elsewhere in the United States, exceeds \$10,000, exclusive of interest and costs. Accordingly, the Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1332(a).

4. The Petrofina Defendants' use of PETROFINA OF CALIFORNIA and Petrofina of California, Inc. in intrastate commerce in a manner affecting the enjoyment of plaintiffs' trade name and trademark rights in interstate commerce is a use of said defendants' name and mark in "commerce which may lawfully be regulated by Congress". 15 U.S.C. § 1127; Maier Brewing Company v. Fleishmann Distilling Corp., 390 F.2d 117, 120, 157 USPQ 76, 78 (9 Cir. 1968); Drop Dead Co. v. S. C. Johnson & Son, Inc., 326 F.2d 87, 94, 139 USPQ 465, 469-470 (9 Cir. 1963), cert. denied 377 U.S. 907, 141 USPQ 949 (1964).

5. The Court has jurisdiction under 15 U.S.C. § 1114(1) and 28 U.S.C. § 1338 to determine whether the defendants' use of PETROFINA OF CALIFORNIA and Petrofina California, Inc. "in commerce which may lawfully be regulated by Congress" is an infringement or dilution of plaintiff American Petrofina's rights in its U.S. registered trademarks and service marks, FINA, and to determine whether such use constitutes unfair competition related thereto (28 U.S.C. § 1338(b)) Drop Dead Co. v. S. C. Johnson & Son, Inc., supra, 326 F.2d at 94, 139 USPQ at 469-470; Armstrong Co. v. Nu-Enamel Corp., 305 U.S. 315, 324-325, 39 USPQ 402, 408 (1938).

6. In addition to diversity jurisdiction and its jurisdiction arising from the claims for infringement of U.S. registered marks and related claims of unfair competition this Court has jurisdiction under 15 U.S.C. § 1126(b), (g), (h) and (i) and 28 U.S.C. § 1338 to determine whether the defendants' use of PETROFINA OF CALIFORNIA and Petrofina of California, Inc. "in commerce which may lawfully be regulated by Congress" is an act of infringement or dilution of plaintiffs' rights in their PETROFINA trade names or unfair competition. Stauffer v. Exley, 184 F.2d 962, 87 USPQ 40 (9 Cir. 1950); Pagliero v. Wallace China Co., 198 F.2d 339, 341, 95 USPQ 45, 46-47 (9 Cir. 1952).

7. This Court has jurisdiction under 15 U.S.C. § 1125(a) and 28 U.S.C. § 1338 to determine whether the defendants' use of PETROFINA OF CALIFORNIA and Petrofina of California, Inc. "in commerce which may lawfully be regulated by Congress" constitutes false designation of origin, false description and false representations, and unfair competition. Pagliero v. Wallace Chine Co., supra, 198 F.2d at 341, 95 USPQ at 46-47; 2 J. McCarthy, Trademarks and Unfair Competition, § 32.2C at p. 444 (1973), and cases cited at 444 n.20.

*79 [2] 8. Plaintiffs were the first to adopt and use the PETROFINA trade name to identify their oil business, both within and beyond the limits of the State of California. Accordingly, plaintiffs are the original owners of the PETROFINA trade name in the oil business within the meaning of Section 14400 of the California Business and Professions Code, and are entitled under Section 14402 to protection through injunctive relief against any adverse use of the same or a confusingly similar name. Stork Restaurant v. Sahati, 166 F.2d 348, 352-353, 358, 76 USPQ 374, 376-382 (9 Cir. 1948); Safeway Stores v. Rudner, 246 F.2d 826, 828-830, 114 USPQ 206, 207-209 (9 Cir. 1957); Southland Corporation v. Schubert, 297 F.Supp. 477, 480, 160 USPQ 375, 378-379 (C.D.Cal. 1968); Evelyn Wood Reading Dynamics Institutes v. Zimmerman, 134 USPQ 475, 484 (N.D.Cal. 1962) (not reported in F.Supp.); Hotels Statler Co. v. Chase, 104 F.Supp. 533, 93 USPQ 150 (S.D.Cal. 1952).

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9. Plaintiffs American Petrofina and Petrofina of Texas are the owners of the goodwill associated with the use of their respective PETROFINA trade names, American Petrofina, Incorporated and American Petrofina Company of Texas, in California and elsewhere to identify their business of producing and marketing gasoline and other petroleum products, and to identify to investors the securities of American Petrofina and its subsidiary companies, including Petrofina of Texas.

10. Plaintiffs Petrofina of Texas and Petrofina Exploration are the owners of the goodwill associated with the use of the American Petrofina Company of Texas and the American Petrofina Exploration Company trade names in California and elsewhere to identify their business of conducting a general oil and gas business, including the exploration, producing and drilling for oil and gas and buying, selling and leasing oil and gas properties.

[3] 11. Through their relationship of stock ownership and control (Findings 4 and 5) plaintiffs are "related companies" within the meaning of Section 45 of the 1946 Trademark Act (15 U.S.C. § 1127), and plaintiffs are also "related companies" of Belgian Petrofina and other Petrofina Companies which are subsidiaries of Belgian Petrofina. The goodwill identified with the aforesaid business conducted by each of the plaintiffs and by their affiliated Petrofina Companies under their respective PETROFINA trade names and under the FINA marks inures to the benefit of all of the plaintiffs. 15 U.S.C. §§ 1055, 1127. *Evelyn Wood Reading Dynamics Institutes v. Zimmerman*, supra, 134 USPQ at 483.

12. Each of the trade names American Petrofina, Incorporated, American Petrofina Company of Texas and American Petrofina Exploration Company is valid at common law.

13. American Petrofina is the owner for the United States of the goodwill associated with the FINA marks of its Federal trademark registrations listed above (Finding 17) to identify the gasoline and other petroleum products and the gasoline station services of American Petrofina and its related companies, and the FINA marks of said registrations are valid.

14. Before the Petrofina Defendants adopted PETROFINA OF CALIFORNIA, American Petrofina's Federal registrations identified in Finding 17 were effective to give said defendants "constructive notice" that the registrant American Petrofina claimed ownership of FINA as a mark used to identify the gasoline and other petroleum products and the gasoline station services of American Petrofina which are specified in the registration certificates. 1946 Trademark Act. § 22; 15 U.S.C. § 1072.

[4] 15. The effect of said "constructive notice" under Section 22 of the 1946 Trademark Act is to charge everyone with notice of American Petrofina's claim of ownership of the registered marks as set forth in said registration certificates, including the claim in the registration certificates that American Petrofina, Incorporated has used said marks to identify the specified goods and services of American Petrofina in the oil business. The "constructive notice" effect of Section 22 means that use of a name or mark which is the same as or confusingly similar to the FINA mark or the American Petrofina, Incorporated name set forth in the registration certificates, cannot be justified by a claim of innocence, good faith or lack of knowledge. Its practical effect is to give nationwide effect to each of said principal registrations, providing notice of the FINA mark and the American Petrofina, Incorporated trade name to intrastate users as well as others. *Commentary on the Lanham Act of 1946*, 15 U.S.C. 265, 280 (1948); *Bucci v. Burger King Corporation*, 341 F.Supp. 223, 225, 173 USPQ 731, 732-733 (E.D.Pa. 1972); *Howard Stores Corporation v. Howard Clothing Inc.*, 308 F.Supp. 70, 73, 165 USPQ 230, 232-233 (N.D.Ga. 1969); *American Petrofina, Inc. v. Brown*, 391 F.Supp. 757, 184 USPQ 483 (E.D.N.C. 1974).

[5] 16. Each of American Petrofina's aforesaid six registrations on the Principal *80 Register of the 1946 Trademark Act is prima facie evidence of the validity of the registration, of American Petrofina's ownership of the mark, and of American Petrofina's exclusive right to use the mark in commerce in connection with the petroleum products and gasoline station services specified in the certificate. 1946 Trademark Act § 7(b), 15 U.S.C. § 1057(b).

[6] 17. Since American Petrofina has complied with all of the requirements of 15 U.S.C. § 1065 with respect to each of its aforesaid six Federal registrations (Finding 19), American Petrofina's right to use said registered marks in commerce to identify the petroleum products and gasoline station services of American Petrofina specified in the registrations has become incontestable as provided in 15 U.S.C. § 1065.

[7] 18. Each of American Petrofina's aforesaid six Federal registrations is conclusive evidence of American Petrofina's exclusive right to use the registered mark FINA in commerce to identify the petroleum products and gasoline station services of American Petrofina specified in the registration certificates. 1946 Trademark Act § 33(b); 15 U.S.C. § 1115(b).

[8] 19. FINA and PETROFINA are not meaningful words in common usage, are not descriptive of anything, have no

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meaning of their own, but are arbitrary and fanciful as applied to the businesses, products and services of all of the plaintiffs and the Petrofina Defendants (Findings 58, 59). FINA and PETROFINA have been accorded protection by the Courts as the trademarks and the distinctive portion of the trade names identifying plaintiffs (Findings 37-40). There is no evidence that anyone other than the parties hereto, the plaintiffs' related Petrofina Companies and the adverse users identified in Findings 38-40 has ever used FINA or PETROFINA as a trademark or as part of a trade name in the oil business (Finding 59). Accordingly, FINA is entitled to protection as a "strong", fanciful mark and PETROFINA is entitled to protection as a "strong", fanciful trade name. *The J. B. Williams Company, Inc. v. LeConte Cosmetics, Inc.*, F.2d, 189 USPQ 10, September 18, 1975 revised opinion at pp. 4-6 (9 Cir. 1975); *National Lead Company v. Wolfe*, 223 F.2d 195, 105 USPQ 462 (9 Cir. 1955), cert. denied 350 U.S. 883, 107 USPQ 362 (1955); *Ball Chemical Company v. Hodenfield*, 137 F.Supp. 484, 485-486, 108 USPQ 359, 360 (S.D.Cal. C.D. 1956); *Stork Restaurant v. Sahati*, supra, 166 F.2d at 355-356, 76 USPQ at 378-379

[9] 20. Since PETROFINA is neither descriptive, nor geographical nor a surname, but rather fanciful, distinctive and coined, no showing of "secondary meaning" is necessary. *Blisscraft of Hollywood v. United Plastics Co.*, 294 F.2d 694, 700, 131 USPQ 55, 60-61 (2 Cir. 1961); *1 J. McCarthy, Trademarks and Unfair Competition*, § 16.2 at p. 568 and § 15.1 at pp. 514-515 (1974); *J. Gilson, Trademark Protection and Practice*, § 2.09 at p. 2-68 (1974). Even if secondary meaning were required, the facts set forth in Findings 6-16, 20-40 establish that plaintiffs have acquired a secondary meaning in PETROFINA throughout the State of California and elsewhere in the United States, and that such secondary meaning had been acquired before the Petrofina Defendants' adoption of PETROFINA OF CALIFORNIA. *Southland Corporation v. Schubert*, supra, 297 F.Supp. at 479-480, 160 USPQ at 374-375; *Safeway Stores v. Rudner*, supra, 246 F.2d at 828, 114 USPQ at 207-209; *Du Barry of Hollywood, Inc. v. Richard Hudnut*, 323 F.2d 986, 988, 139 USPQ 112, 114 (9 Cir. 1963); *Evelyn Wood Reading Dynamics Institutes v. Zimmerman*, supra, 134 USPQ at 478-481.

[10] 21. Trade names and trademarks stand on similar footing, and in California a trade name will receive the same protection as a trademark. *Stork Restaurant v. Sahati*, supra, 166 F.2d at 352, 76 USPQ at 376-377; *Southland Corporation v. Schubert*, supra, 297 F.Supp. at 479, 160 USPQ at 377-378.

[11] 22. The property right in a trade name, such as PETROFINA, will be readily recognized when as here, it embodies a distinctive part of the corporate names of plaintiffs and their related Petrofina Companies. Newcomers to a field of business, such as the Petrofina Defendants, have an infinity of non-conflicting names from which to choose (Findings 66-69), and have a duty to select a name which is totally dissimilar to trade names and trademarks already being used in the field. *Stork Restaurant v. Sahati*, supra, 166 F.2d at 351, 76 USPQ at 375-376; *Jockey International, Inc. v. Burkard*, F.Supp., 185 USPQ 201, 208 (S.D.Cal. 1975).

[12] 23. Mere geographical distance does not obviate danger of confusion, and direct or market competition is not a prerequisite to protection against infringement of rights in trade names and trademarks and unfair competition. *Stork Restaurant v. Sahati*, supra, 166 F.2d at 355-356, 358, 76 USPQ at 378-380, 381-382; *Safeway Stores v. Rudner*, supra, 246 F.2d at 829, 114 USPQ at 208-209.

*81 [13] 24. California law has long recognized that a name or mark may be protected against infringement and unfair competition prior to actually opening a business establishment in California. *Brooks Bros. v. Brooks Clothing of California*, 60 F.Supp. 442, 65 USPQ 301 (S.D.Cal. 1945), affirmed per curiam 158 F.2d 798, 72 USPQ 66 (9 Cir. 1947), cert. denied 331 U.S. 824, 73 USPQ 550 (1947); *Hotels Statler Co. v. Chase*, supra, 104 F.Supp. at 533, 537, 93 USPQ at 150, 152-153; *Evelyn Wood Reading Dynamics Institutes v. Zimmerman*, supra, 134 USPQ at 478-481, 484; *Chopra v. Kapur*, F.Supp., 185 USPQ 195 (N.D.Cal. 1974); *Stork Restaurant v. Sahati*, supra, 166 F.2d at 358, 76 USPQ at 381-382.

[14] 25. Under the common law the second user of a confusingly similar trade name or trademark may be enjoined if there exists the possibility that the first user will expand into the area. *Hotels Statler Co. v. Chase*, supra, 104 F.Supp. at 537, 93 USPQ at 152-153; *Chopra v. Kapur*, supra, 185 USPQ at 200; *Food Fair Stores, Inc. v. Lakeland Grocery Corp.*, 301 F.2d 156, 133 USPQ 127 (4 Cir. 1962).

[15] 26. Determination of likelihood of confusion partakes more of the character of a conclusion of law than of a finding of fact. The inferences as to likelihood of confusion to be derived from the undisputed and indisputable facts before the Court on this motion are derived from application of a legal standard, and on this record likelihood of confusion is a matter to be determined by the Court as a conclusion of law. *Fleischmann Distilling Corp. v. Maier Brewing Company*, 314 F.2d 149, 136 USPQ 508 (9 Cir. 1963), cert. denied 374 U.S. 830, 137 USPQ 913 (1963); *The J.B. Williams Company, Inc. v. LeConte Cosmetics, Inc.*, supra, September 18, 1975 revised opinion at pp. 2-4; *Safeway Stores v. Rudner*, supra, 246 F.2d at 829, 114 USPQ at 208-209; *Southland Corporation v. Schubert*, supra, 297 F.Supp. at 480, 160 USPQ at 378-379; *Johnson & Johnson v. Diaz*, 339 F.Supp. 60, 172 USPQ 35 (C.D.Cal. 1971); *Volkswagenwerk A.G. v. Karadzian*, 170 USPQ 565 (C.D.Cal.

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1971); Chrysler Corporation v. Thayer Plymouth Center, Inc., 303 F.Supp. 543 (C.D.Cal. 1969); Delta Tire Corp. v. Marion, 157 USPQ 601 (C.D.Cal. 1968).

[16] 27. For relief against trade name or trademark infringement and unfair competition, proof of actual confusion is not necessary. Fleischmann Distilling Corp. v. Maier Brewing Company, supra, 314 F.2d at 159n, 136 USPQ at 516-517; Stork Restaurant v. Sahati, supra, 166 F.2d at 350, 76 USPQ at 379-380. But in determining likelihood of confusion great weight is attached to evidence of actual confusion if it is adduced. Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc., 281 F.2d 775, 761, 126 USPQ 310, 314-315 (2 Cir. 1960); Tisch Hotels, Inc. v. Americana Inn, Inc., 350 F.2d 609, 146 USPQ 566 (7 Cir. 1965); Jockey International, Inc. v. Burkard, supra, 185 USPQ at 207.

[17] 28. The persons to be considered in determining whether confusion is likely to be caused by use of the PETROFINA OF CALIFORNIA trade name and trademark in the oil business concurrently with plaintiffs' PETROFINA trade names and FINA marks are "not only the intelligent, the experienced and the astute" but "also the ignorant, the inexperienced and the gullible". Stork Restaurant v. Sahati, supra, 166 F.2d at 359, 76 USPQ at 382-383.

[18] 29. PETROFINA OF CALIFORNIA and PETROFINA OF CALIFORNIA, INC. are confusingly similar to each of the plaintiffs' PETROFINA trade names, American Petrofina, Incorporated, American Petrofina Company of Texas and American Petrofina Exploration Company, and are colorable imitations of American Petrofina's registered mark FINA.

[19] 30. Each of the plaintiffs has had authority to transact intrastate business in California under its PETROFINA trade name continuously since dates prior to the filing of the PETROFINA OF CALIFORNIA fictitious name and prior to the filing of the Articles of Incorporation of Petrofina of California, Inc. (Findings 20, 23, 27, 43, 44, 47). Each of plaintiffs is actually engaged in business utilizing its PETROFINA trade name. Accordingly, each of the plaintiffs is entitled to the benefit of the presumption that it has the exclusive right to use as a trade name in the State of California the corporate name set forth in its Certificate of Qualification to transact business in California, as well as any confusingly similar name. California Business and Professions Code § 14415.

31. The Petrofina Defendants and plaintiffs American Petrofina and Petrofina of Texas are all engaged in the sale and distribution of gasoline, oil and other petroleum products "whose uses 'are likely to be connected in the mind of a prospective purchaser'". Cf. The J. B. Williams Company, Inc. v. LeConte Cosmetics, Inc., supra, September 18, 1975 revised opinion at p. 6; Fleischmann Distilling Corp. v. Maier Brewing Company, supra, 314 F.2d at 159, 136 USPQ at 516-517.

*82 [20] 32. Plaintiffs have been engaged in, and defendant Petrofina of California, Inc. is authorized to engage in, both within and outside the State of California, the operation of oil lands and leases, the production of oil and gas therefrom, and the drilling of wells for oil and gas (Findings 20, 23-25, 27-33, 49), which activities and products are likely to be connected in the minds of prospective purchasers and others concerned with such activities and products.

33. The Petrofina Defendants' use of PETROFINA OF CALIFORNIA and PETROFINA OF CALIFORNIA, INC. in connection with the sale, offering for sale, distribution and advertising of gasoline, oil and other petroleum products (Findings 46, 49-56):

(a) is likely to cause persons to believe that PETROFINA OF CALIFORNIA is connected with plaintiffs and their related Petrofina Companies, and is likely to cause confusion, or to cause mistake or to deceive within the meaning of § 1114(1) of the 1946 Trademark Act; Richard Hudnut v. Du Barry of Hollywood, Inc., 127 USPQ 486, 488 (S.D.Cal. 1960), affirmed 323 F.2d 986, 139 USPQ 112 (9 Cir. 1963); Reliance Electric Co. v. Canova, 180 USPQ 483 (C.D.Cal. 1973); Hotels Statler Co. v. Chase, supra, 104 F.Supp. at 536, 93 USPQ at 151-152; United States Jaycees v. San Francisco Jr. Cham. of Com., 354 F.Supp. 61, 175 USPQ 525 (N.D.Cal. 1972);

(b) is likely to injure the business reputation of plaintiffs conducted under and identified by their respective PETROFINA trade names within the meaning of California Business and Professions Code § 14330; Reliance Electric Co. v. Canova, supra, 180 USPQ at 485;

(c) is likely to dilute the distinctive quality of plaintiffs' PETROFINA trade names and is likely to dilute the distinctive quality of American Petrofina's FINA trademark and service mark within the meaning of California Business and Professions Code § 14330; Reliance Electric Co. v. Canova, supra, 180 USPQ at 485.

34. By their aforesaid acts the Petrofina Defendants have violated and infringed the rights of plaintiffs in their PETROFINA trade names and the rights of American Petrofina in the FINA marks, at common law and under the California Business and Professions Code §§ 14330, 14400, 14402 and the California Corporation Code § 310.

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35. By their aforesaid acts the Petrofina Defendants have violated and infringed American Petrofina's rights in each of its United States registered FINA marks (Finding 17). 1946 Trademark Act § 32(1), 15 U.S.C. § 1114(1).

36. The aforesaid acts of the Petrofina Defendants constitute false designations of origin, and false descriptions and false representations under § 43(a) of the 1946 Trademark Act (15 U.S.C. § 1125(a)), and unfair competition under §§ 44(b), (g), (h) and (i) of the 1946 Trademark Act (15 U.S.C. § 1126), under California Civil Code § 3369 and at common law.

[21] 37. The Petrofina Defendants have denied knowledge of plaintiffs' prior use of PETROFINA and any intent to trade on plaintiffs' goodwill. But fraudulent or wrongful intent is not an essential element of actionable infringement or dilution of plaintiffs' rights in their PETROFINA trade names and of American Petrofina's rights in its FINA marks. *Stork Restaurant, Inc. v. Sahati*, supra, 166 F.2d at 360, 76 USPQ 383-384; *Safeway Stores v. Rudner*, supra, 246 F.2d 829, 114 USPQ 208-209; *Evelyn Wood Reading Dynamics Institutes v. Zimmerman*, supra, 134 USPQ at 484.

[22] 38. It is moreover an act of unfair competition to continue the use of a confusingly similar name after notice to stop, regardless of the innocence or lack of it in the original adoption of the name. *Restatement, Torts*, § 716; *Fleischmann Distilling Corp. v. Maier Brewing Company*, supra, 314 F.2d at 157 n 8, 136 USPQ at 515; *Stork Restaurant v. Sahati*, supra, 166 F.2d at 362, 76 USPQ at 385-386; *Jockey International, Inc. v. Burkard*, supra, 185 USPQ at 207.

[23] 39. Since rights to a trade name, like a trademark, arise from prior usage, the fact that a junior user obtained a fictitious name certificate or has a corporate charter for his name is no defense to an action for unfair competition or trade name infringement brought by the owner of a prior conflicting trade name. *Brooks Bros. v. Brooks Clothing of California*, supra, 60 F.Supp. at 451, 65 USPQ at 309-310; *Richard Hudnut v. Du Barry of Hollywood, Inc.*, supra, 127 USPQ at 487, 490; *Hotels Statler Co. v. Chase*, supra, 104 F.Supp. at 535-536, 93 USPQ at 150-152; *Southland Corporation v. Schubert*, supra, 297 F.Supp. at 479, 160 USPQ at 377-378; 1 J. McCarthy, *Trademarks and Unfair Competition*, § 9.3 at 254-255 (1973); J. Gilson, *Trademark Protection and Practice*, § 2.14 at 2-118 - 2-121 (1974).

40. There is no genuine issue of disputed fact material to a determination of the Petrofina Defendants' liability and the *83 plaintiffs' right to injunctive relief. In accordance with the provisions of Rule 56, F.R.Civ.P., plaintiffs are entitled as a matter of law to judgment in their favor against the Petrofina Defendants on the issue of liability and to an award of injunctive relief.

[24] 41. In actions for infringement of rights in trade names and trademarks Courts have a duty to protect both the private rights of the original owner and the right of the public to be free from confusion, deception and mistake. *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203, 205 (1942).

42. A disparity in the size of the respective businesses will not bar injunctive relief. *Stork Restaurant v. Sahati*, supra, 166 F.2d at 357-358, 76 USPQ at 380-382; *Hotels Statler Co. v. Chase*, supra, 104 F.Supp. at 537, 93 USPQ at 152-153.

[25] 43. Actual loss of trade need not be shown to warrant an injunction. Having no adequate remedy at law, plaintiffs are entitled to equitable protection in the form of permanent injunctive relief from the aforesaid acts of infringement and dilution of their respective rights in their PETROFINA trade names and the FINA marks. *Stork Restaurant v. Sahati*, supra, 166 F.2d at 350, 76 USPQ at 375; *Safeway Stores v. Rudner*, supra, 246 F.2d at 830, 114 USPQ at 209; *Chrysler Corporation v. Thayer Plymouth Center, Inc.*, supra, 303 F.Supp. at 548-549.

44. Pursuant to leave granted by this Court, plaintiffs have amended their complaint to eliminate any prayer for monetary recovery, and no issues of damages remain in the case. Plaintiffs are entitled to the injunctive remedies against the Petrofina Defendants which are provided by Sections 34 and 36 of the 1946 Trademark Act (15 U.S.C. §§ 1116, 1118) and by Sections 14402 and 14330 of the California Business and Professions Code to prevent infringement and dilution of rights in trade names and trademarks and deception of the public, as set forth in the accompanying Interlocutory Judgment and Injunction.

[Interlocutory Judgment and Injunction omitted.]



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1981 WL 48158
United States District Court,
N.D. California.

The PIPERS, a California corporation, Plaintiff,
v.
HOLIDAY INNS, INC., Defendant.

No. C-79-1716 SW. | March 17, 1981.

Opinion

OPINION AND ORDER

WILLIAMS, District Judge.

*1 Plaintiff seeks to enjoin defendant from using the service mark PIPERS or any confusingly similar mark anywhere in the state of California or the Reno-Lake Tahoe area of Nevada in connection with restaurant services. Plaintiff also seeks damages for injuries allegedly suffered as a result of defendant's use of the mark PIPERS. Plaintiff makes no federal claims, having based its complaint on state statutory and common law concerning dilution of trade names, unfair competition, corporate trade names and fraud. This court acquired jurisdiction when the case was removed from the state court on the basis of diversity of citizenship.

On September 11, 1979, plaintiff filed a motion for preliminary injunction. No jury having been demanded by either side, and the need for immediate relief not having been shown, the court consolidated the hearing on the motion for preliminary relief with the trial on the merits.

On December 14, 1979, the date set for trial, the court discussed the possibility of a voluntary settlement of the action and instructed the parties to report in one month concerning the progress of negotiations and the need for further hearings. The parties neither achieved a settlement nor did they request a further hearing. The matter, therefore, was deemed submitted.

After careful consideration of the exhaustive briefs and review of the parties' arguments and authorities, the court concludes that plaintiff is entitled to neither damages nor injunctive protection against defendant, and judgment shall be entered in favor of defendant. The following

constitutes the court's Opinion and Order as its findings of fact and conclusions of law.

FACTUAL BACKGROUND

Plaintiff is a California corporation originally organized under another name in 1964 but taking "PIPERS" as its name in 1966. The name is derived from the name of its president, Piperis. There are two PIPERS restaurants, one in San Leandro and a newer one in Walnut Creek. There are no concrete plans to change any names, sell any restaurants, or expand. Most advertising is strictly local.

Both PIPERS are smorgasbords without menus or table service. Plaintiff boasts they are known for high quality food at a low price. Plaintiff further boasts that his PIPERS restaurants have served some seven million people since 1964. Based on the presentation of statistical evidence, plaintiff contends that more than one billion people have driven past its San Leandro location on Interstate Highway 580.

Though his restaurants' corporate name was changed in 1966, plaintiff has not registered its trade name with any other federal or state offices. Plaintiff's symbol is a musician, a small man with a pointed hat playing a flute or pipe.

Defendant, on the other hand, is the world's largest hotel chain with over 1700 locations. In 1978, Holiday Inns decided to bring its hotel restaurants under a single name. It reviewed the current list of federal trade names and discovered that "PIPERS" or a confusingly similar name was registered in only one instance, "PIPER'S ALLEY," a midwest concern whose name was registered in 1972.

*2 In July, 1978, Holiday Inns bought the restaurant rights to the trade mark. It invested some \$3.5 million in the name changes. All restaurants are inside Holiday Inn hotels and are dinner houses with menus and table service. Defendant's symbol for these restaurants is an orange bird called a sandpiper.

While plaintiff's "PIPERS" is based on a surname, plaintiff has not used it as a surname designation for its restaurants. Instead, plaintiff has promoted the association of the name with the symbol of the musician. There appears to be no relationship between the name and the services plaintiff provides.

Plaintiff's PIPERS restaurants are not generally known outside the immediate area of Alameda and Contra Costa Counties. There is a paucity of evidence as to whether

plaintiff serves patrons outside this area. Defendant, on the other hand, did prove that plaintiff's restaurants are not known in southern California. While this evidence may be challenged as stemming from an improperly drawn sample, it has not been countered by compelling evidence that the PIPERS restaurants are known in that region. Judicial notice of travel between the Bay Area and southern parts of the state does not sufficiently supply contrary evidence in this regard.

The marks employed by the parties are not similar. Plaintiff has identified the word "PIPERS" with the words "FAMILY RESTAURANTS" and "SMORGASBORD," whereas defendant always uses the word alone. Moreover, the parties have associated very different symbols with their names. Finally, defendant's mark is displayed in association with the name of its hotels, as its PIPERS restaurants are invariably located inside one such hotel. In fact, the evidence shows plaintiff and defendant attract markedly different customers, as many or most of defendant's patrons are guests of its hotels seeking a restaurant with menus and table service.

There is no evidence of bad faith or ill motive on the part of the defendant. Holiday Inns has spent considerable time, energy and money in adopting the name. It has made no attempt in any way to appropriate plaintiff's name in order to trade on plaintiff's good will. In fact, given the respective scale of operations and geographic location, such a suggestion is simply not sensible.

The word "PIPERS" appears as a trade name or service mark in numerous third parties' businesses in California, including several in the food or restaurant business. As noted above, plaintiff's name does not relate to its services, and to that extent may be considered fanciful or arbitrary. However, it is not so fanciful or arbitrary as a word which is not meaningful in common usage.

There is little if any evidence of actual confusion on the part of the public with respect to the ownership and management of defendant's PIPERS and plaintiff's PIPERS. The ordinarily discerning patron would not mistake the two parties' establishments as being subject to common control or ownership.

COMMON LAW INFRINGEMENT AND DILUTION CLAIMS

*3 Proof of a secondary meaning for plaintiff's use of the name "PIPERS" is not necessary. Plaintiff's right under common law principles to exclusive use of the name is limited to its market area, reputation area or area of natural expansion. No area of natural expansion has been

shown, nor has it been established that the reputation area exceeds the market area of Alameda and Contra Costa Counties. Any protectable interest is limited to these two counties.

Even assuming a broader market area, however, the court is convinced there is no likelihood consumers would be confused by the name of defendant's very different restaurants. This determination is based on consideration of the facts set forth above which relate to the relationship between the services offered by the parties, the dissimilarity of the two marks, the intent of the defendant, evidence of actual confusion and the strength of plaintiff's mark.

STATUTORY RIGHTS

California Business and Professions Code § 14415 provides that there is a "rebuttable presumption" that the corporation first filing articles of incorporation containing a given trade name has the exclusive right to use that trade name. The presumed fact of the right to exclusive use of the name has been rebutted in this case. The court rules that the rights plaintiff possesses under section 14415 do not exceed the common law rights discussed immediately above. It is, therefore, unnecessary to rule on defendant's legal contentions that the statute is inapplicable since plaintiff's name only constituted a service mark and further that plaintiff was not the first to incorporate the name PIPERS.

California Business and Professions Code § 14330 provides that grounds for an injunction exist even without actual confusion if there is a likelihood of injury to business reputation or of dilution of the distinctive quality of a mark which is valid at common law. The court finds there is no cognizable likelihood of confusion and that there does not appear to be an injury to business reputation or dilution of distinction. Section 14330, therefore, provides no basis for relief in this action.

California Business and Professions Code §§ 17200 and 17203 are statutory unfair competition provisions. In the trade name and trademark context, establishing a claim for unfair competition requires proof meeting tests at least as high as in the common law infringement setting. Plaintiff has no rights under these provisions exceeding those under the common law. Accordingly, these provisions also fail to supply any legal basis for court ordered relief against defendant.

THE LANHAM ACT; DEFENDANT'S FEDERAL RIGHTS

Pipers v. Holiday Inns, Inc., Not Reported in F.Supp. (1981)

215 U.S.P.Q. 466

As of March 7, 1972, "PIPER'S ALLEY" was a federally registered mark, a mark now owned by defendant. Under section 15 of the Lanham Act, 15 U.S.C. § 1065, the owner of a registered mark has exclusive rights to the mark subject only to common law rights in existence at the time of registration. The Lanham Act preempts both state common law and statutory law. Because the court has concluded plaintiff has no claims against defendant's use of the mark under "PIPERS" under state law, it is unnecessary to evaluate the effect of defendant's ownership of rights in the "PIPER'S ALLEY" mark.

FRAUD

*4 There is no evidence of any fraudulent intent on the part of defendant. Even assuming plaintiff can state a claim for fraud based on a claim that third party

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consumers were the defrauded parties, here there is no evidence of intent. Thus a claim for fraud cannot stand.

CONCLUSION

Plaintiff has not established any right to relief against defendant's use of the name "PIPERS" in connection with its hotel restaurants, even within the areas of Alameda and Contra Costa Counties surrounding plaintiff's own PIPERS. Judgment shall be entered accordingly.

IT IS SO ORDERED.

Parallel Citations

215 U.S.P.Q. 466

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TAB 3

1981 WL 48158
United States District Court,
N.D. California.

The PIPERS, a California corporation, Plaintiff,
v.
HOLIDAY INNS, INC., Defendant.

No. C-79-1716 SW. | March 17, 1981.

Opinion

OPINION AND ORDER

WILLIAMS, District Judge.

*1 Plaintiff seeks to enjoin defendant from using the service mark PIPERS or any confusingly similar mark anywhere in the state of California or the Reno-Lake Tahoe area of Nevada in connection with restaurant services. Plaintiff also seeks damages for injuries allegedly suffered as a result of defendant's use of the mark PIPERS. Plaintiff makes no federal claims, having based its complaint on state statutory and common law concerning dilution of trade names, unfair competition, corporate trade names and fraud. This court acquired jurisdiction when the case was removed from the state court on the basis of diversity of citizenship.

On September 11, 1979, plaintiff filed a motion for preliminary injunction. No jury having been demanded by either side, and the need for immediate relief not having been shown, the court consolidated the hearing on the motion for preliminary relief with the trial on the merits.

On December 14, 1979, the date set for trial, the court discussed the possibility of a voluntary settlement of the action and instructed the parties to report in one month concerning the progress of negotiations and the need for further hearings. The parties neither achieved a settlement nor did they request a further hearing. The matter, therefore, was deemed submitted.

After careful consideration of the exhaustive briefs and review of the parties' arguments and authorities, the court concludes that plaintiff is entitled to neither damages nor injunctive protection against defendant, and judgment shall be entered in favor of defendant. The following

constitutes the court's Opinion and Order as its findings of fact and conclusions of law.

FACTUAL BACKGROUND

Plaintiff is a California corporation originally organized under another name in 1964 but taking "PIPERS" as its name in 1966. The name is derived from the name of its president, Piperis. There are two PIPERS restaurants, one in San Leandro and a newer one in Walnut Creek. There are no concrete plans to change any names, sell any restaurants, or expand. Most advertising is strictly local.

Both PIPERS are smorgasbords without menus or table service. Plaintiff boasts they are known for high quality food at a low price. Plaintiff further boasts that his PIPERS restaurants have served some seven million people since 1964. Based on the presentation of statistical evidence, plaintiff contends that more than one billion people have driven past its San Leandro location on Interstate Highway 580.

Though his restaurants' corporate name was changed in 1966, plaintiff has not registered its trade name with any other federal or state offices. Plaintiff's symbol is a musician, a small man with a pointed hat playing a flute or pipe.

Defendant, on the other hand, is the world's largest hotel chain with over 1700 locations. In 1978, Holiday Inns decided to bring its hotel restaurants under a single name. It reviewed the current list of federal trade names and discovered that "PIPERS" or a confusingly similar name was registered in only one instance, "PIPER'S ALLEY," a midwest concern whose name was registered in 1972.

*2 In July, 1978, Holiday Inns bought the restaurant rights to the trade mark. It invested some \$3.5 million in the name changes. All restaurants are inside Holiday Inn hotels and are dinner houses with menus and table service. Defendant's symbol for these restaurants is an orange bird called a sandpiper.

While plaintiff's "PIPERS" is based on a surname, plaintiff has not used it as a surname designation for its restaurants. Instead, plaintiff has promoted the association of the name with the symbol of the musician. There appears to be no relationship between the name and the services plaintiff provides.

Plaintiff's PIPERS restaurants are not generally known outside the immediate area of Alameda and Contra Costa Counties. There is a paucity of evidence as to whether

215 U.S.P.Q. 466

plaintiff serves patrons outside this area. Defendant, on the other hand, did prove that plaintiff's restaurants are not known in southern California. While this evidence may be challenged as stemming from an improperly drawn sample, it has not been countered by compelling evidence that the PIPERS restaurants are known in that region. Judicial notice of travel between the Bay Area and southern parts of the state does not sufficiently supply contrary evidence in this regard.

The marks employed by the parties are not similar. Plaintiff has identified the word "PIPERS" with the words "FAMILY RESTAURANTS" and "SMORGASBORD," whereas defendant always uses the word alone. Moreover, the parties have associated very different symbols with their names. Finally, defendant's mark is displayed in association with the name of its hotels, as its PIPERS restaurants are invariably located inside one such hotel. In fact, the evidence shows plaintiff and defendant attract markedly different customers, as many or most of defendant's patrons are guests of its hotels seeking a restaurant with menus and table service.

There is no evidence of bad faith or ill motive on the part of the defendant. Holiday Inns has spent considerable time, energy and money in adopting the name. It has made no attempt in any way to appropriate plaintiff's name in order to trade on plaintiff's good will. In fact, given the respective scale of operations and geographic location, such a suggestion is simply not sensible.

The word "PIPERS" appears as a trade name or service mark in numerous third parties' businesses in California, including several in the food or restaurant business. As noted above, plaintiff's name does not relate to its services, and to that extent may be considered fanciful or arbitrary. However, it is not so fanciful or arbitrary as a word which is not meaningful in common usage.

There is little if any evidence of actual confusion on the part of the public with respect to the ownership and management of defendant's PIPERS and plaintiff's PIPERS. The ordinarily discerning patron would not mistake the two parties' establishments as being subject to common control or ownership.

COMMON LAW INFRINGEMENT AND DILUTION CLAIMS

*3 Proof of a secondary meaning for plaintiff's use of the name "PIPERS" is not necessary. Plaintiff's right under common law principles to exclusive use of the name is limited to its market area, reputation area or area of natural expansion. No area of natural expansion has been

shown, nor has it been established that the reputation area exceeds the market area of Alameda and Contra Costa Counties. Any protectable interest is limited to these two counties.

Even assuming a broader market area, however, the court is convinced there is no likelihood consumers would be confused by the name of defendant's very different restaurants. This determination is based on consideration of the facts set forth above which relate to the relationship between the services offered by the parties, the dissimilarity of the two marks, the intent of the defendant, evidence of actual confusion and the strength of plaintiff's mark.

STATUTORY RIGHTS

California Business and Professions Code § 14415 provides that there is a "rebuttable presumption" that the corporation first filing articles of incorporation containing a given trade name has the exclusive right to use that trade name. The presumed fact of the right to exclusive use of the name has been rebutted in this case. The court rules that the rights plaintiff possesses under section 14415 do not exceed the common law rights discussed immediately above. It is, therefore, unnecessary to rule on defendant's legal contentions that the statute is inapplicable since plaintiff's name only constituted a service mark and further that plaintiff was not the first to incorporate the name PIPERS.

California Business and Professions Code § 14330 provides that grounds for an injunction exist even without actual confusion if there is a likelihood of injury to business reputation or of dilution of the distinctive quality of a mark which is valid at common law. The court finds there is no cognizable likelihood of confusion and that there does not appear to be an injury to business reputation or dilution of distinction. Section 14330, therefore, provides no basis for relief in this action.

California Business and Professions Code §§ 17200 and 17203 are statutory unfair competition provisions. In the trade name and trademark context, establishing a claim for unfair competition requires proof meeting tests at least as high as in the common law infringement setting. Plaintiff has no rights under these provisions exceeding those under the common law. Accordingly, these provisions also fail to supply any legal basis for court ordered relief against defendant.

THE LANHAM ACT; DEFENDANT'S FEDERAL RIGHTS

Pipers v. Holiday Inns, Inc., Not Reported in F.Supp. (1981)

215 U.S.P.Q. 466

As of March 7, 1972, "PIPER'S ALLEY" was a federally registered mark, a mark now owned by defendant. Under section 15 of the Lanham Act, 15 U.S.C. § 1065, the owner of a registered mark has exclusive rights to the mark subject only to common law rights in existence at the time of registration. The Lanham Act preempts both state common law and statutory law. Because the court has concluded plaintiff has no claims against defendant's use of the mark under "PIPERS" under state law, it is unnecessary to evaluate the effect of defendant's ownership of rights in the "PIPER'S ALLEY" mark.

FRAUD

*4 There is no evidence of any fraudulent intent on the part of defendant. Even assuming plaintiff can state a claim for fraud based on a claim that third party

End of Document

consumers were the defrauded parties, here there is no evidence of intent. Thus a claim for fraud cannot stand.

CONCLUSION

Plaintiff has not established any right to relief against defendant's use of the name "PIPERS" in connection with its hotel restaurants, even within the areas of Alameda and Contra Costa Counties surrounding plaintiff's own PIPERS. Judgment shall be entered accordingly.

IT IS SO ORDERED.

Parallel Citations

215 U.S.P.Q. 466

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TAB 4

1997 WL 829339
United States District Court,
C.D. California.

PLAYBOY ENTERPRISES, INC., Plaintiff,
v.
HSIN I. CHEN; L.T.C. & C, Sporting Wear, Inc.;
Central De Gorras, Inc.; La Vida Sportswear,
Inc.; A & T Sportswear, Inc; L.T.C. & C.
Embroidery Sportswear; CYW Sportswear, Inc.;
and Tony's Collectables, Inc., Defendants.

No. CV 96-3417 DDP (VAPx). | Oct. 1, 1997.

Opinion

Order Granting Plaintiff's Motion For Partial Summary Judgment as to Liability Under 15 U.S.C. § 1114(l).

Order Denying Plaintiff's Motion for Partial Summary Judgment as to Knowing and Intentional Violations Under 15 U.S.C. § 1117(b).

DEAN D. PREGERSON, District Judge.

*1 Plaintiff Playboy's motion for summary judgment against all defendants for federal trademark infringement and counterfeiting came before the Court on August 25, 1997. After reviewing and considering the materials submitted by the parties and hearing oral argument, the Court grants the motion in part and denies it in part.

I. Background

This case presents a question as to the burdens of production and persuasion that apply in a trademark infringement case where the defendant raises the issue of aesthetic functionality. The defendants in this case have attempted to avoid summary judgment by arguing that their use of the registered trademark in question was aesthetically functional. It is clear under Ninth Circuit law that the plaintiff in a trademark infringement case bears

the burden of persuasion to show that the trademark is not aesthetically functional. *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir.1987). It is also clear that registration of a trademark entitles its owner to certain presumptions as to the mark's validity and non-functionality. *Vuitton Et Fils, S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769, 775 (9th Cir.1981). The effect of a presumption is to shift the burden of going forward with evidence to meet or rebut the presumption. Fed.R.Evid. 301, "[O]nce the presumption arises, the party opposing the presumption need only come forward with sufficient evidence to avoid a directed verdict." *Weinstein's Federal Evidence*, § 301.02[2] at 301-10. The Court holds that where infringement of a registered trademark is involved, the presumptions arising from registration place on the defendant the burden of coming forward with evidence to support a defense of aesthetic functionality. Because the defendant here has come forward with no such evidence, the Court grants the plaintiff's motion for partial summary judgment on the issue of the defendants' liability for trademark infringement under 15 U.S.C. § 1114(1). In addition, to the extent that the defendants' functionality argument can be interpreted as an assertion that the defendants' own use of the trademark was aesthetically functional, and therefore non-infringing, the Court holds that the defendants have not demonstrated a genuine issue of material fact as to whether their own use of the mark was aesthetically functional.

For reasons discussed below, the Court denies summary judgment as to the issue of whether the defendants infringed or counterfeited Playboy's trademark with knowledge and intent. Because the Court finds a genuine issue of fact as to knowledge and intent, a trial is required to determine whether the plaintiff is entitled to mandatory treble damages and attorney's fees under the Trademark Counterfeiting Act of 1994, 15 U.S.C. § 1117(b).

The plaintiff is Playboy Enterprises, Inc. ("Playboy"). Playboy has registered its well-known rabbit's head ("RABBIT HEAD DESIGN") trademark with the United States Patent and Trademark Office for use on magazines and a variety of consumer goods, including clothing, hats, patches and pins.

*2 The individual defendant, Hsin I. Chen, is in the business of making and selling hats and cloth patches embroidered with various designs and logos. Except for CYW Sportswear, Inc., all of the other defendants are corporate entities owned and controlled by Mr. Chen.

The parties stipulate to the following facts:

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Each of the defendant companies, except CYW Sportswear, distributed a catalog printed by defendant A & T Sportswear in 1995. The catalog included a depiction of an embroidered patch bearing the RABBIT HEAD DESIGN. (Defendants' Statement of Disputed Material Facts in Opposition to Motion for Partial Summary Judgment ("Defendants' Statement of Facts") ¶ 21.)

In May 1995, Playboy sent a letter to corporate defendant A & T Sportswear; objecting to the use of the RABBIT HEAD DESIGN and demanding that the company disgorge to Playboy all stock of RABBIT HEAD DESIGN goods. (Submission of Exhibits and Transcript of Deposition of Hsin Chen in Support of Plaintiff's Motion for Partial Summary Judgment ("Plaintiff's Exh.") Exh. 5.) The defendants' counsel wrote on the letter "accepted and agreed to" and returned it to Playboy in addition, the defendants' counsel attached a cover letter stating that the catalog had depicted the RABBIT HEAD DESIGN only to demonstrate to prospective customers the type of designs that the company was capable of producing. (Plaintiff's Exh. 6.) The cover letter also stated that the company had not yet manufactured patches with the RABBIT HEAD DESIGN. (*Id.*)

In February 1996, the Gardena Police Department, executing a search warrant, raided two of the defendant companies. From defendant La Vida Sportswear, police seized approximately 200 patches and 12 hats, all bearing a depiction of the RABBIT HEAD DESIGN. From defendant L.T.C. & C., police seized approximately 1,000 pins bearing the same design and five plastic bags labeled "Playboy" and containing control tapes for embroidery machines as a result of the raid, Mr. Chen was charged with seven felony counts of violating the California Trademark Counterfeiting Act. (Defendants' Statement of Facts ¶¶ 53, 54, 58.) Pursuant to a plea agreement, defendant Chen paid \$130,000 in restitution to the State of California on July 11, 1997. (Declaration of Hsin I. Chen ("Chen Decl.") ¶ 8-9.)

In May 1996, Playboy filed this action for trademark infringement, counterfeiting, false designation of origin, unfair competition, and dilution under federal law, and for state unfair competition and dilution under California law. Playboy's motion for partial summary judgment seeks a determination of liability on the claims for trademark infringement and counterfeiting, and a finding of intentional and knowing infringement and counterfeiting, leading to mandatory treble profits or damages under the Trademark Counterfeiting Act of 1984.

II. DISCUSSION

A. Standard for Summary Judgment

Summary judgment is appropriate when there "is no genuine issue of material fact and ... the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c); see *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986).

*3 In order to defeat a motion for summary judgment, there must be facts in dispute that are both genuine and material, i.e., there must be facts upon which a fact finder could "reasonably find" for the non-moving party. See *Anderson v. Liberty Lobby*, 477 U.S. 242, 252 (1986). The court does not weigh the evidence or make credibility determinations; rather, the court only determines whether there are any disputed issues and, if so, whether those issues are both genuine and material. *Id.*

The initial burden of establishing that there is no genuine issue of material fact lies with the moving party. Fed.R.Civ.P. 56(c); *Celotex*, 477 U.S. at 323; *British Airways Board v. Boeing Co.*, 585 F.2d 946, 951 (9th Cir.1978). Once the movant has met this burden by producing evidence that, if left uncontroverted, would entitle the moving party to a directed verdict at trial, the burden shifts to the non-movant to present specific facts showing that there is a genuine issue of material fact. See Fed.R.Civ.P. 56(e); *Celotex*, 477 U.S. at 324; *Lake Nacimiento Ranch Co. v. San Luis Obispo County*, 841 F.2d 872, 876 (9th Cir.1987).

Summary judgment is disfavored in trademark cases because of the inherently factual nature of most trademark disputes. See *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 (9th Cir.1985). Nonetheless, summary judgment is appropriate "where the party opposing the motion fails to demonstrate the existence of any material issues of fact for trial." *Sykes Laboratory, Inc. v. Calvin*, 610 F.Supp. 849, 860 (CD.Cal.1985).

B. Trademark Infringement

The plaintiff seeks summary judgment for trademark infringement under 15 U.S.C. §§ 1114, 1117(a).

The Lanham Act prohibits the use of another's trademark in a manner likely to confuse the public about the origin of goods. 15 U.S.C. § 1114(1)(a),(b). "The core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products." *E & J Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290

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(9th Cir. 1992). The Ninth Circuit has enumerated a set of non-exclusive factors on the question of customer confusion.¹ The factors are applied to gauge the strength of the mark at issue, the similarity between the mark and the alleged infringing use, any evidence of actual confusion and the defendant's intent in using the mark. These factors are guidelines and are not a definitive test of trademark infringement. The district court need not apply all of the factors, but only those relevant to the question of customer confusion given the facts of the case, *Eclipse*, 894 F.2d at 1118.

1. Undisputed Facts

In the instant case, the parties have agreed on certain undisputed facts. (See Defendants' Statement of Facts ¶¶ 1–23.) The undisputed facts establish the following factors relevant to infringement:

a. Strength of the Mark

*4 Playboy has used the RABBIT HEAD DESIGN on merchandise worth millions of dollars in the United States and other countries. Playboy and its licensees have gone to great effort to promote recognition of the trademark, (*Id.*, ¶¶ 7–9.) The RABBIT HEAD DESIGN is “one of the most famous and recognizable trademarks in the world.” (*Id.*, ¶ 10.)

b. Similarity of the Mark to the Defendants Use

In 1995 the defendant companies published a catalog containing “two offerings of the Playboy RABBIT HEAD DESIGN trademark, differing only in size.” (*Id.* ¶ 22.)

The RABBIT HEAD DESIGN depicted in the PTO Principal Register is identical to the image offered in the defendants' catalog. (*Id.* ¶ 21; Declaration of Eric A. Berger (“Berger Decl.”) Exhs. A & C .)

c. Type of Goods and Marketing Channels

Playboy has registered the RABBIT HEAD DESIGN for use on clothing and caps. (Defendants' Statement of Facts ¶ 5.) The defendant companies deal in the same types of merchandise on the wholesale and retail levels. (*Id.* ¶ 11.)

d. Evidence of Actual Confusion

The plaintiff did not offer evidence of actual confusion.

The plaintiff need not demonstrate actual customer confusion. The statute prohibits usage resulting in the *likelihood* of confusion. Actual confusion is merely strong evidence of a likelihood of confusion, but it is not the only possible evidence. *Eclipse Associates*, 894 F.2d at 1118–19.

2. Disputed Facts

a. Defendants' Intent in Selecting the Mark

The plaintiff asserts that the use of the RABBIT HEAD DESIGN in the defendants' catalog and on the seized merchandise was intended to deceive customers into believing that Playboy or one of its licensees produced the caps and patches. The evidence offered for this contention is the “disclaimer statement” printed on the cover of the defendants' catalog:

NOTE: The designs and logos appearing in this catalog are for reference only. It is not our intent to copy or infringe on patented design. If you have reason to believe we have inadvertently copied your design, please contact us with proper references, i.e., proof that it is your design. He would like to go through standard international channels with you to obtain permission to distribute your designer, if you notify us of your preference, we can guarantee to you that we will not release or use your design in the future.

(Berger Decl. Exh. C.) The plaintiff urges the Court to find that this statement “alone is sufficient to suggest that defendant Chen well knew that he was copying, offering for sale and selling infringing trademarks and logos owned by others.” (Plaintiff's Statement of Uncontroverted Facts and Conclusions of Law in Support of Plaintiff's Motion for Partial Summary Judgment (“Plaintiff's Statement of Facts”) ¶ 23a.) The defendants claim that this statement supports the opposite inference: that the defendants used the logo for a purpose not prohibited by federal trademark law. The defendants' papers suggest two possible purposes.

*5 First, the defendants claim that the depiction of the RABBIT HEAD DESIGN in the catalog was intended to demonstrate to customers the embroidering capability of the defendants' machinery and staff. (See plaintiff's Exh. 5.)

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Second, the defendants claim that their use of the RABBIT HEAD DESIGN sought to capitalize on its functional properties, not its meaning as a marker of origin in the plaintiff or its licensees. Because the defendants rely on this argument not only to negate intent, but also to avail themselves of the aesthetic functionality defense, it is analyzed separately below.

b. *Functionality*

The defendants claim that they used the RABBIT HEAD DESIGN to capitalize on its aesthetic function. Stated simply, their claim is that customers were attracted to merchandise with the RABBIT HEAD DESIGN not because they thought they were buying something produced by Playboy or a licensee, but because the design “carries a certain aesthetic appeal” which itself is the benefit consumers wish to buy. (Opposition By Defendants to Plaintiff’s Motion for Partial Summary Judgement (“Defendants’ Opposition”) 13–15.)

(1) *Aesthetic Functionality Doctrine*

The defendants rely on the doctrine of “aesthetic functionality” as applied in *International Order of Job’s Daughters v. Lindeburg and Co.*, 633 F.2d 912 (9th Cir. 1980). There, the Court of Appeals held that a trademark owner’s property right does not extend to uses of a trademark to denote allegiance to an organization or its values rather than to denote the source of the product. *Id.* at 920.

Although functionality is not mentioned in the Lanham Act, courts as a matter of public policy have denied trademark protection to features that serve a function other than denoting the source of the goods. 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7.63 (1997). “The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.” *Qualitex Co. v. Jacobson Products Co.*, 115 S.Ct. 1300, 1304 (1995). The doctrine prevents the use of trademark law to secure permanent monopolies over useful inventions instead of the temporary monopolies available in patent law. *Id.*

In limited circumstances, a two-dimensional trademark like the RABBIT HEAD DESIGN, has been held to be functional because of its aesthetic appeal. In its initial formulation, the “aesthetic functionality” doctrine barred trademark protection of a design whose aesthetic appeal

was “an important ingredient in the commercial success of the product.” *Pagliero v. Wallace China Co.*, 198 F.2d 339, 343 (9th Cir.1952) (holding that patterns printed on hotel china were aesthetically functional.) Because of the danger that trademark owners would lose protection over any appealing design, the Ninth Circuit refined the definition of aesthetic functionality. In *Vuitton Et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769 (9th Cir.1981), the court refused to read *Pagliero* to hold that any feature that contributes to consumer appeal is functional as a matter of law. *Id.* at 772–73. Later decisions have read *Vuitton* as seriously limiting *Pagliero*. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1373, 1392 n. 2 (9th Cir.1987) (referring to *Pagliero* test as “limited ... if not rejected”); *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 896 (9th Cir.1983) (“This court has specifically rejected the notion that a design feature is functional by definition if it increases appeal and sales of the product.”).

*6 Other circuits have followed in limiting the doctrine. The current formulation of the doctrine limits its applicability to cases where “ ‘recognition of trademark rights would significantly hinder competition’ ” *Qualitex*, 115 S.Ct. at 1306 (quoting Restatement (3d) of Unfair Competition § 17, cmt. c (1995)); *Villeroy & Boch Keramische Werke v. THC Systems, Inc.*, 999 F.2d 619, 621 (2d Cir.1995); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130 (Fed.Cir.1993).

Under this understanding of aesthetic functionality, *Job’s Daughters* must be read to hold that trademark law cannot inhibit competition in the sale of emblems used by consumers to indicate allegiance to an organization or its values. Where a design serves both functions—indicating allegiance and denoting source—the owner’s exclusive use of the design is protected by trademark law. 633 F.2d at 919. The issue to be determined under *Job’s Daughters* therefore is not simply whether the plaintiff’s trademark serves any aesthetic function at all,² but rather whether customers choose the mark primarily because of an aesthetic quality or because they believe that items bearing the mark come from a certain source. Where a mark performs both source-denoting and aesthetic functions, the district court “must closely examine the articles themselves, the defendant’s merchandising practices, and any evidence that consumers have actually inferred a connection between the defendant’s product and the trademark owner.” *Id.*

The defendants here have failed to demonstrate a genuine issue of fact as to the aesthetic function of the RABBIT HEAD DESIGN. The defendants have offered no evidence on the aesthetic functionality or allegiance-

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denoting uses of the RABBIT HEAD DESIGN. The defendants merely assert in their Memorandum of Points and Authorities that the RABBIT HEAD DESIGN has a “certain aesthetic appeal.” (Defendants’ Opposition at 14.) The defendants’ Statement of Disputed Material Facts contains not one word bearing on aesthetic functionality. Conclusory allegations, unsupported by at least one specific fact, cannot demonstrate a triable issue at summary judgment. *Luian v. National Wildlife Federation*, 497 U.S. 871, 886 (1990); *S.A. Empresa De Viacao Aerea Rio Grandiense (Varig Airlines) v. Walter Kidde & Co.*, 690 F.2d 1235, 1233 (9th Cir., 1982) (“[a] party cannot make a genuine issue of material fact merely by making assertions in its legal memoranda.”).

The Ninth Circuit has held that in a trademark infringement case, the plaintiff bears the burden to demonstrate non-functionality of the trademark.³ *Rachel v. Banana Republic, Inc.*, 831 F.2d 1503, 1506 (9th Cir.1987); *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1531 (9th Cir.1992); *Job’s Daughters*, 633 F.2d at 920. Registration of a trademark under the Lanham Act, however, creates a rebuttable presumption of ownership, validity and nonfunctionality.⁴ 15 U.S.C. 1057(b); *Vuitton*, 644 F.2d at 775; *Qualitex v. Jacobson Products Co., Inc.*, 13 F.3d 1297, 1301 (9th Cir., 1994) (“[a] certificate of registration ... relieves that holder, Qualitex, of the burden of proving nonfunctionality”), *rev’d on other grounds*, 115 S.Ct. 1300 (1995); *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 869 (8th Cir., 1994); 1 *McCarthy on Trademarks* § 7:72, at 7–148. To rebut the presumption, the defendant must demonstrate functionality by a preponderance of the evidence. *Vuitton*, 644 F.2d at 776.

*7 Here, the plaintiff has offered its certificate of registration, raising a presumption of nonfunctionality. To demonstrate a genuine issue of fact as to functionality, the defendants must now come forward with at least one item of significantly probative evidence to rebut the presumption. *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir.1985) (affirming district court finding that contrary evidence rebutted presumption of abandonment of trademark under 15 U.S.C. § 1127); *Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir.1982) (“A party moving for summary judgment is entitled to the benefit of any relevant presumptions that support the motion.”); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir., 1980) (“rebuttable presumption ... disappears in the face of contrary evidence or permits trier of fact to infer [fact presumed] in the absence of contrary evidence”). The defendants have offered no evidence to rebut the presumption of non-functionality. Therefore, the plaintiff has met its burden

on summary judgment to show that there is no genuine issue of fact as to whether the RABBIT HEAD DESIGN is aesthetically functional.

Even if registration did not give rise to a presumption of non-functionality, the plaintiff would still prevail on its motion. Assuming, *arguendo*, that Playboy did not benefit from a presumption, it would have to show as part of its prima facie case of infringement that its trademark is not aesthetically functional. To demonstrate that its mark is not aesthetically functional, Playboy would have to show that its customers seek the RABBIT HEAD DESIGN at least in part because they want products that come from Playboy or its licensees. *Job’s Daughters*, 633 F.2d at 919. It is undisputed that the RABBIT HEAD DESIGN has been used in connection with Playboy’s products since 1954, and is connected with a magazine read by approximately 10 million readers each month. (Defendants’ Statement of Facts ¶¶ 2, 3 (marked “Undisputed” by defendants).) It is undisputed that Playboy has spent considerable amounts of time and money promoting the RABBIT HEAD DESIGN and that as a result, “the general public has long come to associate it exclusively with Playboy.” (*Id.* ¶¶ 9, 10 (marked “Undisputed” by defendants).) *Lockwood v. Wolf Corp.*, 629 F.2d 603, 611 (9th Cir., 1980) (admission by nonmoving party satisfies moving party’s burden on summary judgment to demonstrate elements of cause of action). The only reasonable inference from these undisputed facts is that at least some consumers some of the time use the RABBIT HEAD DESIGN to determine the source of the products bearing it. The defendants have offered no facts to the contrary. These facts standing uncontroverted by the defendants, demonstrate that there is no genuine issue of material fact as to aesthetic functionality. *Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986) (holding that party without burden of proof at trial must point out to the district court that there is an absence of evidence to support opposing party’s case).

3. “Defensive” Aesthetic Functionality

*8 The *Vuitton* presumption shifts the burden of proof where a defendant seeks to invalidate a registered trademark based on functionality. *Id.* at 772. Commentators have argued, however, that the *Job’s Daughters* defense does not involve invalidating the plaintiff’s trademark. Instead, a defendant invoking “defensive” aesthetic functionality asks the court to find that “the unauthorized use of what is unquestionably someone else’s valid and non-functional trademark is not an infringement because the defendant is making an aesthetically functional use of the mark.” 1 *McCarthy* §

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7:82. a defendant, by demonstrating that his use of the mark was aesthetically functional, negates the plaintiff's proof of customer confusion. *Job's Daughters*, 622 F.2d at 920.

Under this interpretation of *Job's Daughters*, the burden-shifting analysis discussed above is irrelevant. The plaintiff always has the burden to prove likelihood of customer confusion as an element of trademark infringement. Where, as here, the plaintiff has produced evidence on summary judgment that would entitle the plaintiff to a directed verdict on the question of customer confusion, the defendants, in order to defeat summary judgment must demonstrate a genuine issue of fact showing that their own use of the mark was aesthetically functional and therefore not likely to cause customer confusion. To meet this rebuttal burden as the non-moving party on summary judgment, the defendants must come forward with specific facts. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986) ("When the moving party has carried its burden under Rule 56(c), its opponent must do more than simply show that there is some metaphysical doubt as to the material facts."). As discussed above, defendants have merely adverted to the possibility of aesthetic functionality in their legal memorandum. Unlike the defendant in *Job's Daughters*, the defendants here have not come forward with facts tending to show that their own use of the mark was aesthetically functional.

4. Weighing the Factors on Customer Confusion

The Court finds that the defendants' use of the RABBIT HEAD DESIGN created a significant likelihood of customer confusion. The designs were identical and used on the same types of product for which Playboy has registered the trademark, and on which it or its licensees have sold millions of dollars worth of merchandise. (Defendants' Statement of Facts ¶ 7 (marked "Undisputed" by defendants).) The defendants sell these items in the retail marketplace, where they are likely to be bought alongside RABBIT HEAD DESIGN merchandise sold by Playboy or its licensees. There is no triable issue of fact as to whether consumers buy these products to express allegiance to the Playboy organization or its values.⁵ Because there is no triable issue of fact as to the likelihood of customer confusion arising from the defendants' conduct, the Court finds that the plaintiff has met its burden for summary judgment on the trademark infringement claim.

C. Trademark Counterfeiting Act of 1984

*9 The plaintiff seeks summary judgment on the question of the defendants' liability for treble damages under the Trademark Counterfeiting Act of 1984, 15 U.S.C. §§ 1116(d), 1117(b). The 1984 Act provides a civil remedy against those who sell or offer a product with a mark that is "identical with, or substantially indistinguishable from" a genuine mark, 15 U.S.C. § 1116(d)(1)(B)(ii). Where such counterfeiting is found to be "knowing" and "intentional," the Act requires civil penalties in an amount three times the profits or damages plus attorney's fees, unless the court finds "extenuating circumstances," 15 U.S.C. § 1117(b).

1. Sale or Offer for Sale

The plaintiff claims that sale is firmly established by the declaration of the plaintiff's investigator, who entered the store run by defendant company La Vida Sportswear and bought several RABBIT HEAD DESIGN patches. (Berger Decl. ¶ 4.)

The defendants make an evidentiary objection to this declaration, claiming that it is a "legal conclusion." (Defendant's Evidentiary Objections Re Motion for Partial Summary Judgment ("Defendants' Evidentiary Obj.") ¶ 5.) This objection is groundless, as Mr. Berger is testifying to his personal knowledge and is qualified to state his opinion as to the similarity between the patch he purchased and the RABBIT HEAD DESIGN. Fed.R.Evid. 602, 701.

The defendants do not deny that Mr. Berger bought the patches at La Vida. Instead they offer Mr. Chen's declaration that he has never seen a receipt or spoken to the employee who made the sale. (Chen Decl. ¶ 6.) This statement does not raise a genuine issue of material fact as to whether a sale took place. *Gasaway v. Northwestern Mut. Life Ins. Co.*, 26 F.3d 957, 960 *(9th Cir.1994) (mere denials are insufficient to create genuine issue of fact); Fed.R.Civ.P. 56(e) (nonmoving party "must set forth specific facts showing that there is a genuine issue for trial").

The plaintiffs point to excerpts from the 1995 A & T Sportswear catalog as evidence of an offer for sale. (Berger Decl. Exhibit C.) Defendant Chen admitted in his deposition that he personally created the A & T Sportswear catalog. (Submission of Exhibits and Transcript of Deposition Hsin Chen in Support of Plaintiff's Motion for Summary Judgment Exhibit 1 ("Chen Depo.") at 74.) Mr. Chen also admitted that the same catalog was distributed by corporate defendants L.T.C. & C. Sporting Wear, La Vida Sportswear, and

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Central de Gorras.

The defendants respond with Mr. Chen's denial that he ever offered the RABBIT HEAD DESIGN for sale. (*Id.* ¶ 3.) Although the defendants do not offer any facts to support this denial, the initial settlement letter offered as an exhibit by the plaintiff demonstrates a possible factual basis. In the letter, Mr. Chen's counsel claims that "A & T Sportswear, Inc. only printed brochures to show prospective customers as to their capability of producing a similar kind of "Rabbit Head Design" embroidered emblems and did not begin its manufacturing or sales of such emblems ..." (Plaintiff's Exh. 6.) In light of Mr. Chen's admission that the Gardena police seized more than 1,000 infringing items from his stores, the assertion that the catalog was printed for reference purposes only is insufficient to sustain a verdict that the catalog did not constitute an offer for sale, (Defendants' Statement of Facts ¶¶ 53, 54, 58.)

*10 In order to prove sale or offer, the plaintiff points to the undisputed fact of the 1996 police seizure of RABBIT HEAD DESIGN pins and patches at La Vida and L.T.C. & C. stores in Los Angeles and Gardena. (Defendants' Statement of Facts ¶ 55.) The defendants offer in rebuttal Mr. Chen's statement that the items seized were not offered for sale, but rather were found in a storage area. (Chen Decl. ¶ 5.) Mr. Chen claims that he had ordered the materials destroyed, but that they were inadvertently kept in the storage area instead. This statement is sufficient to create a material issue of fact as to whether the seized items were offered for sale.

Based on the uncontroverted evidence indicating that the plaintiff's investigator bought infringing merchandise from one of the defendants' retail stores, and that the defendants' catalog offered RABBIT HEAD DESIGN patches for sale, the Court finds there to be no genuine issue of triable fact as to whether the defendants offered counterfeit merchandise for sale.

2. Intent

If infringement or counterfeiting is knowing and intentional, the court must award treble profits (or damages) and attorney's fees, unless there are extenuating circumstances. 15 U.S.C. § 1117(b). The plaintiff bears the burden of showing that the defendant's actions were intentional and with knowledge that the mark used was counterfeit. *Lindy Pen Co., Inc. v. Bio Pen Corp.*, 982 F.2d 1400, 1409 (9th Cir.1993). On summary judgment, the plaintiff must show that no reasonable jury could find that the defendant lacked the requisite intent. *Chanel, Inc.*

v. Italian Activewear of Florida, Inc., 931 F.2d 1472, 1477 (11th Cir.1991) Playboy offers four items to meet this burden. (Memorandum of Points and Authorities in Support of Plaintiff's Motion for Partial Summary Judgment ("Plaintiff's Motion") 10-12.)

a. The catalog notice

The plaintiff claims that the following notice on the cover of the A & T Sportswear catalog leads to the conclusion that the defendants knew that the products offered were counterfeits:

NOTE: The designs and logos appearing in this catalog are for reference only. It is not our intent to copy or infringe on patented design. If you have reason to believe we have inadvertently copied your design, please contact us with proper references, i.e., proof that is your design. We would like to go through standard international channels with you to obtain permission to distribute your design. Or, if you notify us of your preference, we can guarantee to you that we will not release or use your design in the future.

(Berger Decl. Exh. C.) The defendants claim that this notice does not support an inference of knowledge or intent. (Defendants' Statement of Facts ¶ 23a.)

In the official legislative history of the Trademark Counterfeiting Act of 1984, Congress indicated that users of a trademark could enter a "safe harbor," shielded from a finding of intentional infringement, by taking certain steps to notify the trademark holder of their use and to make clear to consumers that there is no connection between the infringing use and the trademark owner. 3 *McCarthy on Trademarks* § 25:16, at Appendix A8 (excerpting Senate-House Joint Explanatory Statement on Trademark Counterfeiting Legislation ("Senate-House Joint Statement"), 130 Cong. Rec. H12076, at 12077 (Oct. 10, 1964)). The legislative history refers to an unenacted provision in the Senate version of the bill that would have set out specific requirements for the safe harbor, including 30-day notice to the trademark holder before any infringing or counterfeit use. Senate-House Joint Statement at 12077. Although this section was not included in the law, Congress indicated in the explanatory statement accompanying the Act that

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*11 a party is free to take, on an informal basis, the same sorts of precautions contemplated by the Senate safe harbor provision. Thus, a party planning to use a particular mark could provide ample advance written notice to the owner of an existing mark about the party's plans to use the mark. The party could also conspicuously label its goods and related materials so as to alert the public to the fact that the goods or services are not offered by the owner of the registered trademark. If a party takes these steps in good faith, it would be virtually impossible to establish, in either a civil or criminal case, that he or she "knowingly" used a counterfeit mark.

Id. If, on the other hand, the party undertakes the informal steps in bad faith in order to "immunize" its use of counterfeit marks, the safe harbor would not protect the party from a finding of knowing and intentional infringement. *Id.* In addition, an infringing party who relies on a disclaimer bears the burden to demonstrate that the disclaimer actually prevents customer confusion. *Home Box Office, Inc. v. Showtime/The Movie Channel, Inc.*, 832 P.2d 1311, 1316 (2d Cir.1987) (citing academic literature on the weakness of disclaimers in dispelling customer confusion).

Although the disclaimer is no help to the defendants, it is not much more help to the plaintiff. It does not lead to an inevitable inference of defendants' intent to infringe the particular trademark at issue. A jury could just as reasonably infer that disclaimer meant exactly what it said, that the defendants did not intend to counterfeit the plaintiff's trademark.

b. Previous Litigation Against Mr. Chen

The plaintiff claims that Mr. Chen's involvement in several other lawsuits for trademark infringement lead to a conclusive inference that Mr. Chen is fully informed about trademark law, and about the infringing and counterfeiting activities of his companies. (Plaintiff's Brief at 11.) The defendants do not dispute that between 1991 and 1993, one or more of the defendants has been sued by the National Hockey League, Major League Baseball and Jack Daniels Distillery for trademark infringement and counterfeiting. (Defendants' Statement of Facts ¶¶ 25-27).

(1) Evidentiary Issue

Evidence offered in support of summary judgment must be admissible. *Hal Roach Studios, Inc. v. Richard Feiner and Co., Inc.*, 896 F.2d 1542, 1555 (9th Cir.1989). After the summary judgment motion was taken under submission, the defendants filed a motion in limine seeking to exclude evidence of prior lawsuits involving the plaintiff as inadmissible character evidence under Federal Rule of Evidence 404(a).

Because this is allegedly "the *fifth* counterfeiting case against him," the plaintiff urges this court to "remember [] exactly who and what defendant Chen is ... a counterfeiter; nothing more and nothing less." (Plaintiff's Reply Memorandum in Support of Motion for Summary Judgment ("Plaintiff's Reply") 16.) If this is truly the purpose of the evidence of prior lawsuits, then the evidence is inadmissible. prior acts evidence is inadmissible to show behavior in conformity with a propensity or character trait. Fed.R.Evid. 404(a). Leaving aside this language in the plaintiff's reply brief, the evidence of involvement in prior suits is admissible if offered to show something other than propensity. Prior acts may be used to demonstrate knowledge, intent or absence of mistake, precisely the elements at issue here. Fed.R.Evid. 404(b).

*12 Even where prior acts are relevant to show intent, the court may exclude such evidence if its prejudicial effect substantially outweighs its probative value. Fed. R. Evid. 403. Because this case will be tried to the Court, rather than to a jury, the Court finds that the prejudicial effect of the prior litigation evidence is not outweighed by its probative value for the limited purpose for which it is admitted: to show that the defendants knew what a trademark was and were unlikely to mistake clearly infringing behavior for non-infringing behavior.

ii) Assuming Admissibility, Does The Evidence of Prior Suits Meet the Plaintiff's Burden?

The defendants' involvement in prior lawsuits does not conclusively establish knowledge or intent. The Eleventh Circuit considered an argument that prior lawsuits proved knowledge and intent in *Chanel*, but did not find such evidence probative. 931 F.2d at 1475-77. The Ninth Circuit was not persuaded by such evidence in *Plough, Inc. v. Kreis Laboratories*, 314 F.2d 635 § (9th Cir.1963). There, the prior litigation ended in a consent judgment, with the alleged infringer agreeing not to use trademarks confusingly similar to those of the plaintiff. *Id.* at 636-37. The Court of Appeals acknowledged that the prior

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litigation had some bearing on the question of defendant's intent with regard to future violations:

We also agree with appellant that an infringer, "once caught," should have his conduct carefully scrutinized in any future operations so as to determine his intent in going as far as he does. He must "be required to keep a safe distance away from the margin line."

Id. at 639 (quoting *Broderick & Bascom Rope Co. v. Manoff*, 41 F.2d 353, 354 (6th Cir.1930)). But despite its agreement with this general principle, the appellate court affirmed the district court's finding of no intentional infringement.

In the instant case, the parties have stipulated that three of the previous lawsuits against Mr. Chen resulted in injunctions and consent decrees forbidding Mr. Chen from infringing or counterfeiting the trademarks of Major League Baseball, the National Hockey League, and the Jack Daniels Distillery (Defendants' Statement of Facts ¶¶ 27, 31, 32, 33.) Applying the *Plough* dictum, this Court can consider this piece of evidence as indicating that Mr. Chen has been "once caught," and is therefore now on notice as to the requirements of trademark law with regard to his cap and patch business.

c. Mr. Chen's Invocation of the Fifth Amendment

During deposition, the plaintiff's counsel asked Mr. Chen if he continued counterfeiting trademarks after signing the consent decrees. In each instance, Mr. Chen refused to answer the question, invoking the Fifth Amendment. (Defendants' Statement of Facts ¶¶ 31a, 32a, 33a.) The plaintiff urges the Court to infer from Mr. Chen's invocations of the privilege that the counterfeiting continued and that he knew it was illegal. (Plaintiff's Motion at 11.) The defendants urge the Court to draw no inferences because Mr. Chen has now withdrawn his invocation of the privilege and is ready to be re-deposed. (Chen Decl. ¶ 8; Defendant's Opposition Exhibit 1.)

*13 As a general rule, the court may draw adverse inferences from the assertion of Fifth Amendment privilege in civil cases dealing with federal questions. *Weinstein's Federal Evidence* § 513.04. Even if the Court draws the strongest inferences possible from Mr. Chen's silence, the Court can conclude only that he intentionally and knowingly infringed the trademarks of Major League Baseball, the National Hockey League, and Jack Daniels, (Chen Depo. at 21–27.) Such a conclusion does not eliminate the genuine issue of fact as to whether Mr. Chen knowingly and intentionally infringed Playboy's RABBIT HEAD DESIGN. *LaSalle Bank Lake View v. Seguban*, 54

F.3d 387, 391–92 (7th Cir.1995) (holding that invocation of Fifth Amendment privilege may lead to adverse inferences, but may not be taken as admission; burden remains on moving party to produce admissible evidence showing it is entitled to judgment as a matter of law).

d. Cease-and-Desist Letter

The plaintiff claims that Mr. Chen's receipt of a cease-and-desist letter from Playboy in May 1995—and his response through counsel agreeing to stop all infringing use—prove knowledge and intent after May 1995. (Plaintiff's Motion at 4.) The plaintiff asked Mr. Chen in deposition whether he used the trademark after receiving the letter. Mr. Chen again took the Fifth Amendment. (Chen Depo. 27–29.)

The defendants claim that Mr. Chen immediately reacted to the cease-and-desist letter by ordering the destruction of all infringing items and prohibiting their offer for sale. (Chen Decl. 3.) The subsequent discovery of infringing items in the 1996 police raid was due to inadvertent failure to destroy items in storage, according to the defendants. (*Id.* ¶ 5.) Mr. Chen declares that at no time did he ever intentionally use "the plaintiff's registered trademark in commerce knowing it to be counterfeit." (*Id.* ¶ 7.) Although, Mr. Chen's apparently self-serving declaration is hardly overwhelming evidence, its lack of weight is not relevant at summary judgment. The Ninth Circuit held in a civil forfeiture case, where, unlike here, the burden of proof is on the *defendant*, the defendant's declaration that he never used his home to commit drug offenses, but rather did all his drug dealing from his car, was sufficient to raise a triable issue of fact. *United States v. 1 Parcel of Real Property, Lot 4, Block 5 of Eaton Acres*, 904 F.2d 487, 492 (9th Cir.1990). There, as here, the non-moving party at summary judgment went one step beyond conclusory allegations to provide at least some factual explanation to controvert the moving party's evidence. With regard to these alleged instances of infringement after the cease-and-desist letter, a fact finder could reasonably decide to believe Mr. Chen explanation that he ordered the material destroyed and that the items seized were inadvertently stored. Whether Mr. Chen's declaration controverts Playboy's evidence of intent is a matter of credibility. Summary judgment is not trial by affidavit. It is not appropriate for the Court to make credibility determinations on summary judgment. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249–52 (1986); *TransWorld Airlines v. American Coupon Exchange, Inc.*, 913 F.2d 676, 684–85 (9th Cir.1990) (holding that credibility determinations at summary judgment are also inappropriate where issue to be decided

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in bench trial).

*14 The Court finds that the Playboy's four items of evidence regarding intent do not meet its burden to show no genuine issue of material fact. The catalog disclaimer could support an inference of not intent to infringe as well as it might support the inference desired by Playboy. Where competing inferences about a person's state of mind can be drawn from a fact, summary judgment is inappropriate. *Braxton-Secret v. A.H. Robins Co.*, 769 F.2d 528, 531 (9th Cir.1985) Although the evidence of Mr. Chen's involvement in prior trademark litigation shows his knowledge of trademark law, it does not meet Playboy's burden to show that reasonable minds could not differ about his knowledge and intent as to the specific acts charged here. Nor do the inferences that can be drawn from Mr. Chen's invocation of the Fifth Amendment conclusively establish that he intentionally infringed or counterfeited Playboy's trademark. As to the effect of the cease-and-desist letter, Mr. Chen has raised a triable issue of fact as to whether he offered counterfeit marks for sale after receiving the letter. Nor has the plaintiff come forth with evidence to show that Mr. Chen knew he was selling counterfeit merchandise but chose to behave as if willfully blind to facts that he must have known. *Louis Vuitton S.A. v. Lee*, 875 F.2d 584, 590 § (7th Cir.1989). Because there remains a genuine issue of fact as to Mr. Chen's intent, summary judgment is denied as to Mr. Chen's liability for treble profits or damages under 15 U.S.C § 1117(b).

C. Vicarious Liability

The defendants claim that Mr. Chen is not a proper defendant because he should not be held personally liable for any infringement or counterfeiting by the corporate defendants. (Defendants' Opposition at 12.)

The defendants' claim is groundless. Where, as here, a sole shareholder, officer and director of a corporation participates in violations of the Lanham Act, the corporate principal is personally liable. *See 3 McCarthy on*

Footnotes

1 The test is sometimes formulated in five factors and sometimes in eight factors. The Ninth Circuit has rejected attempts to systematize the use of one test or another in a given situation. Instead, district courts are instructed to use whichever test seems to fit the facts of the individual case. *Eclipse Associates Ltd. v. Data General Corp.*, 394 F.2d 1114, 1117 (9th Cir, 1990). The 5-factor test examines

1. strength of the mark;
2. similarity of the mark;
3. class of goods and marketing channels;
4. evidence of actual confusion;
5. intent of second user.

Id at 1117 n. 2,

The 9-factor test examines

Trademarks § 25:24. Such liability in no way depends on piercing the corporate veil or alter ego. *Id* It is grounded rather on the Lanham Act's reference to "any person" who violates elements of the statute. *Id* § 25:21.1. Mr. Chen has admitted that he is the sole owner of all of the corporate defendants except CYW Sportswear, and that he personally created the A & T Sportswear catalog distributed by all of his companies and containing depictions of the RABBIT HEAD DESIGN, (Chen. Depo 66-72; 75.) His admission of this level of personal involvement in the alleged violations is all that this Court requires to hold him personally liable under the Lanham Act.

III. Conclusion

The defendants' assertion that the RABBIT HEAD DESIGN serves an aesthetic function for customers who choose to display the design as a way of demonstrating allegiance or affinity to a cultural ideal does not raise a triable issue of fact as to customer confusion. Because customer confusion is the core issue of trademark, infringement, summary judgment is granted as to liability for trademark infringement under 15 U.S.C. § 1114(1).

*15 As to the part of the plaintiff's motion dealing with mandatory treble damages under the Trademark Counterfeiting Act of 1984, the plaintiff has failed to establish that there is no triable issue as to the defendants' intent. Therefore summary judgment is denied as to defendants' liability for treble damages or profits under 15 U.S.C. § 1117(b).

IT IS SO ORDERED.

Parallel Citations

45 U.S.P.Q.2d 1400

Playboy Enterprises Inc. v. Hsin I. Chen, Not Reported in F.Supp. (1997)

45 U.S.P.Q.2d 1400

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;
8. likelihood of expansion of the product lines.

Id. at 1117 n. 3.

- 2 Although the defendants have offered no evidence on the aesthetic function served by the RABBIT HEAD DESIGN, they might have been able to find evidence that Playboy's emblem indicates allegiance to a set of values or a way of life promoted by Playboy's magazines and corporate image.
- 3 There is a split of authority on who should bear the burden on functionality. 1 *McCarthy on Trademarks* § 7:72. The Second and Seventh Circuits treat functionality as an affirmative defense to infringement, placing the burden on the defendant. *Vaughan Mfg. Co. v. Brikam Intern, Inc.*, 814 F.2d 346, 349 (7th Cir.1997); *Mana Products, Inc. v. Columbia Cosmetic Mfg., Inc.*, 65 F.3d 1063, 1068 (2d Cir.1995); *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 76 (2d Cir.1985); *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 344, 863 (1982) (White, J., concurring) (“[F]unctionality is a defense to suit under § 43(a) of the Lanham Act.”)
- 4 The issue can be confusing because courts have not been careful distinguishing between the rules applicable to unregistered trade dress and those applicable to registered trademarks. For example, *Sega*, a case about infringement of a registered trademark, cites *Rachel*, a case about unregistered trade dress, for the unqualified proposition that the burden of proof as to functionality is always on the party claiming infringement. *Sega*, 977 F.2d at 1531. Cases about trade dress then cite *Sega* for the proposition. *See e.g., Interactive Network, Inc. v. NTN Communications, Inc.*, 875 F.Supp. 1398 (N.D. Cal. 1995).
The Ninth Circuit cases usually cited for the unqualified proposition that the plaintiff bears the burden of demonstrating non-functionality involve unregistered marks or trade dress. *Job's Daughter's*, 633 F.3d at 914, 915 n. 5 (unregistered collective mark); *Rachel*, 831 F.2d at 150S (trade dress). The Supreme Court has recognized that “[t]rademark law helps the holder of a mark in many ways that ‘trade dress’ protection does not,” including registration leading to “prima facie evidence of validity and ownership.” *Qualitex*, 115 S.Ct. at 1308.
Among cases dealing with registered trademarks, only *Sega* does not raise the presumption of nonfunctionality. No such presumption would have been necessary in *Sega* because the plaintiff came forward at the preliminary injunction stage with an expert affidavit on the nonfunctionality of the feature at issue, and the defendant came forward with evidence to the contrary 977 F.2d at 1532. Any presumption *Sega* enjoyed would have been rebutted, and the result in the case would have been the same.
In addition, *Sega* dealt not with the functionality of a trademark itself, but with the functionality of a computer program that prevented video game machines from working at all unless the software used to operate them triggered a display of the SEGA trademark. The functionality of the trademark was not at issue. What was at issue was the functionality of the programming code that caused the SEGA trademark to be displayed. Without imitating the programming code that made SEGA appear on the screen competitors could not make their games work on Sega video consoles. The court held that Sega's trademark property right did not allow Sega to stifle competition in the video game market by embedding the SEGA trademark in a functional, and therefore unprotectable computer program. 977 F.2d at 1530.
- 5 The Court finds that the evidence offered as to the intent factor is inconclusive.

TAB 5



Steinway & Sons v. Robert Demars & Friends et al.

No. 80-04404

United States District Court for the Central Division of California

1981 U.S. Dist. LEXIS 15169; 210 U.S.P.Q. (BNA) 954

January 28, 1981

COUNSEL: [*1] Kurt E. Richter, and Morgan, Finnegan, Pine, Foley & Lee, both of New York, N.Y., and Rodney E. Nelson, and Nelson, Ritchie & Gill, both of Los Angeles, Calif., for plaintiff.

Donald M. Cislo, and Cislo & O'Reilly, both of Santa Monica, Calif., for defendants.

OPINION BY: HATTER

OPINION

Hatter, District Judge.

This is an action for trademark infringement and unfair competition brought by Steinway & Sons (Steinway), a New York corporation, against Robert DeMars & Friends (DeMars & Friends), a California corporation, and against its founder, president and principal shareholder Robert A. DeMars (DeMars).

The matter is now before this Court on plaintiff's motion for a preliminary injunction seeking to restrain defendants from, inter alia, further using the names and marks STEIN-WAY and STEIN-WAY COMPANY, and from using any other name or mark confusingly similar to plaintiff's names and marks STEINWAY and STEINWAY & SONS.

Based upon the evidence submitted by the parties and the papers filed in support of and in opposition to the motion, and after hearing argument of counsel, the Court determined that a preliminary injunction should be entered. Following the hearing and the Court's [*2] ruling, the parties reached agreement that the preliminary injunction should be made permanent.

Findings of Fact

The Parties

1. Plaintiff Steinway & Sons (Steinway) is a distinguished manufacturer of world famous pianos, which are sold throughout the United States and the rest of the world.

2. Defendant Robert DeMars & Friends (DeMrs & Friends) is a California corporation and is doing business under the name Stein-Way Company. Defendant Robert A. DeMars (DeMrs) is founder, president and a principal shareholder of DeMars & Friends.

Plaintiff's Use of Steinway

3. STEINWAY is the name of the family which founded and managed plaintiff for 125 years. Since its inception in 1853, plaintiff Steinway has been in the business of manufacturing fine pianos in New York, New York. From that time forward, plaintiff has used the names and marks STEINWAY and STEINWAY & SONS as trademarks for its instruments and as a trade name. From the year 1880, plaintiff has manufactured pianos also in Germany.

4. Plaintiff has expended considerable resources in developing, improving and perfecting the state of the piano-making art. STEINWAY pianos embody many innovations for which patents [*3] have been granted to plaintiff.

5. Since before the turn of the century, STEINWAY pianos have been used and played exclusively by the world's foremost piano musicians. Plaintiff has long been a sponsor of musical culture and the musical arts. Through its concerts and artists department, plaintiff provides concert pianos to performing pianists throughout the country. A STEINWAY piano has been present in the White House for over seventy-five years and to this day is played at musical events there.

6. Steinway has advertised extensively nationwide for many decades, as is shown, for example, by Exhibits 2-6. Its advertisements have appeared in such publications as Fortune, Saturday Evening Post, New Yorker, National Geographic, Atlantic, Harpers, House & Garden, Gourmet and Smithsonian. In the period 1970-1979 alone, plaintiff has spent in excess of 2.5 million dollars in advertising and promotion expenses.

7. Plaintiff's products have also been advertised extensively in local newspapers within the State of California by its several authorized dealers. (See Exhibit 6) In addition, the name and mark STEINWAY has been listed for decades in local telephone directories within [*4] the state, a current example of which appears in Exhibit 7. In public performances, in California and elsewhere, when plaintiff's pianos are used, it has long been the custom to inform the listening audience of this fact by a statement in the performance program.

8. A STEINWAY piano is an instrument of distinctive quality and plaintiff has earned and long enjoyed immense good-will. The name "STEINWAY" differentiates plaintiff's products from all others, not only to professional pianists, concert artists and music recording companies, but also to amateur musicians, students, prospective buyers and the public throughout the State of California and the rest of the country.

9. Plaintiff has acquired a well-deserved reputation as being the source of pianos of the highest quality, and the names and marks STEINWAY and steinway & sons/, since long prior to defendants' activities herein, have been universally recognized and acclaimed by the trade and public throughout the United States and the rest of the world as being the hallmarks of a particular source and symbolic of products of prestige and value. That plaintiff and its products have often been the subject of articles appearing [*5] in newspapers and other publications (e.g., Exhibit 8) bears this out.

10. This Court for the though not bound by the decisions of other courts affecting plaintiff's trademarks, takes note of the findings in *Grotian, Helfferich, Schultz, Etc. v. Steinway & Sons*, 365 F.Supp. 707, 713, 180 USPQ 506, 510-511 (S.D.N.Y. 1973), modified and aff'd, 523 F.2d 1331, 186 USPQ 436 (2d Cir. 1975), and tends to agree that:

"There can be little doubt that upon hearing the name 'Steinway', anyone the least familiar with music would instantly think not so much of the identity of the producer as of the piano itself. Indeed, the name 'Steinway' is so associated in the minds of prospective buyers and the public with defendant [Steinway] that plaintiff's own dealers were of the opinion that... 'the name Steinway has a magic influence on buyers' has an 'attraction'

or 'excitement' and that 'people seem to be swayed by this name.' * * *

Likewise, it is plain to us that there is a strong link between the names Steinway and Steinway & Sons and defendant producer and its piano. [Steinway's] mark is thus strong and its name famous. As such, it is entitled to broader protection than a suggestive, weak [*6] or commonplace mark."

11. Plaintiff's use of STEINWAY has not been limited solely to pianos. Long before defendants' STEINWAY product came into existence, plaintiff itself has used one or more of its trademarks on numerous promotional gifts and other articles. Such articles (Exhibits 9-12) have included gold lapel pins, metal ash trays, gold-plated pens, commemorative bronze paper-weights, metal, wood and plastic tools provided to local piano technicians for servicing STEINWAY pianos, and piano replacement and repair parts. Plaintiff also publishes a quarterly news letter, STEINWAY NEWS, which is distributed to its piano dealers and music libraries throughout the country.

12. Because the marks STEINWAY and STEINWAY & SONS have an undeniable appeal, other businesses have sought plaintiff's permission to associate the Steinway name with their products in order to enhance their public image of quality. Plaintiff's celebrated pianos and marks for many years have been selectively associated in advertisements (Exhibit 14), in this country and elsewhere, with the products and services of other companies' lines of business, such as homes, high fidelity electronic equipment, cameras, [*7] expensive cigarettes, high quality stationery, insurance and airline services.

13. As a result of such advertisements, the public can be expected to recognize that plaintiff from time to time endorses the association of its trademarks with products and services not specifically related to music or to the music industry.

14. Plaintiff has obtained federal registrations (Exhibit 15) on the Principal Register for STEINWAY & SONS, Reg. No. 45,846 (pianos), STEINWAY, Reg. No. 141,687 (pianos), STEINWAY -- THE INSTRUMENT OF THE IMMORTALS, Reg. No. 285,732 (pianos), and STEINWAY NEWS, Reg. No. 527,479 (printed publications). Each of the foregoing registrations is presently subsisting and, pursuant to the provisions of 15 U.S.C. § 1057(b), is prima facie evidence of the validity of the registration, of plaintiff's ownership of the mark, and of its exclusive right to use the mark in commerce. Pursuant to the provisions of 15 U.S.C. § 1065, these registrations are now incontestable.

Defendants' Use of STEIN-WAY

15. There is no dispute that sometime in 1977, without the knowledge or permission of Steinway, defendant DeMars sought to promote the sale of clip-on beverage can [*8] handles under the names STEINWAY and STEINWAY COMPANY (or the abbreviation STEINWAY CO.) and, since about 1978, has sold and caused to be sold and distributed in commerce such can handles. Mr. DeMars testified on deposition that these activities were carried out under the fictitious business name STEINWAY COMPANY. The corporate defendant DeMars & Friends was established about January, 1979 and assumed and continues to operate the STEINWAY COMPANY business previously conducted by defendant DeMars.

16. Defendants have employed a Gothic, or "old English", typeface in the STEINWAY trademark used by them, substantially in the forms reproduced below (Exhibit 17):

[See Illustration in original.]

17. Since before the turn of the century all of plaintiff's pianos have borne the mark STEINWAY prominently case into the metal plate of the piano along as arc, substantially as depicted below:

[See Illustration in original.]

Defendants have employed in packaging and on printed matter Exhibit 18) the designation STEINWAY, also curved along an arc as shown below:

[See Illustration in original.]

18. In about 1980, defendants adopted another style of trademark embodying [*9] a different typeface, shown below, on their products, in their packages and in printed matter disseminated by them (Exhibit 19):

[See Illustration in original.]

19. The above trademark (P18) is nearly identical to plaintiff's mark STEINWAY and STEINWAY & SONS, especially in the styles, reproduced below, in which they have appeared for several decades on plaintiff's instruments:

[See Illustration in original.]

20. From a careful observation of the trademarks and names used by defendants, and considering all the circumstances under which defendants' goods are sold, the Court is of the view that STEINWAY and STEINWAY COMPANY are indistinguishable from STEINWAY and STEINWAY & SONS to the casual observer and likely purchaser of defendants' clip-on can handles.

21. When spoken, STEINWAY is identical to STEINWAY and the Court finds that defendants' insertion of a hyphen between the syllables "Stein" and

"Way" is insufficient to distinguish defendants' name and mark from plaintiff's. Not even the average sophisticated person can be counted on to distinguish one mark from the other in the marketplace.

22. No one named Steinway is associated in any way with defendants' [*10] business.

23. Prior to adopting and using the names STEINWAY and STEINWAY COMPANY, defendants had constructive and actual knowledge of plaintiff's trademarks STEINWAY and STEINWAY & SONS and of plaintiff's registrations for the marks STEINWAY, STEINWAY & SONS and STEINWAY, THE INSTRUMENT OF THE IMMORTALS. Defendant DeMars in his deposition acknowledged "having [the name] Steinway ring a bell" when considering a number of possible trademarks, all incorporating the prefix "stein."

24. Defendants' prominently feature the STEINWAY trademark on their promotional literature and display items (Exhibits 17-19). Defendants admit that, in marketing their product, they have continuously emphasized the mark STEINWAY.

25. Defendant DeMars related that, in the short span of one year, almost one million STEINWAY handles (costing about one dollar) were apparently sold, notwithstanding the lack of any paid-for advertising and the use of only limited promotional activities (i.e., attending trade shows, handing out printed flyers and free samples).

26. Affidavits submitted by plaintiff, Exhibits 20-22, indicate that defendants' use of the designation STEINWAY in connection with [*11] its products has already resulted in actual confusion in the trade, in that persons encountering said mark have inquired about the relationship between plaintiff Steinway & Sons and defendants' Stein-Way Company. An affidavit submitted by defendant DeMars does not dispute that such confusion has taken place and, indeed, appears to concede that persons seeing STEINWAY on defendants' products make reference to plaintiff. DeMars' only explanation for this phenomenon is that no such person "would seriously contend that my product had any connection with Steinway."

27. The foregoing facts, taken collectively, confirm the Court's view (reached independently of the affidavits) the plaintiff is likely to succeed in establishing at trial that defendants' adoption and use of STEINWAY is likely to cause confusion in the marketplace. Moreover, the Court finds that such use dilutes the distinctiveness of plaintiff's trademarks.

Steinway Did Not Unreasonably Delay Its Action

28. On September 29, 1978, defendant DeMars caused to be filed in the United States Patent & Trademark Office an application Serial No. 187,440 for registration on the Principal Register of the mark STEINWAY for [*12] goods identified as "clip on handle for beverage can...." Plaintiff immediately filed a notice in the United States Patent & Trademark Office objecting to and opposing such application on the grounds, *inter alia*, that use of the mark STEINWAY in the United States by defendants on its products is likely to cause confusion, mistake or deception. In response to said notice, the United States Patent & Trademark Office set up an opposition proceeding No. 62,938, which is now pending.

29. Plaintiff also wrote to defendants on November 29, 1979 (Exhibit 23) objecting to the use of the trademark STEINWAY and trade name STEINWAY COMPANY as an infringement of plaintiff's trademark and trade name rights. Defendants received such letter, but neither defendant took any responsive action.

30. Steinway acted with due haste in bringing this action and its motion for preliminary injunction. Plaintiff first pursued its trademark rights both privately with defendants and in the United States Patent and Trademark Office opposition proceeding. That proceeding has gone on actively from its inception date to the present. Defendants brought a motion to dismiss the opposition on February 6, [*13] 1980. This motion was subsequently denied by the Trademark Trial and Appeal Board on September 29, 1980 after the submission of briefs. Between February 1980 and June 1980, the parties sought amicably to resolve the controversy, without success. Thereupon, plaintiff took the deposition of defendant DeMars (Exhibit 16) on June 11, 1980; this action was lodged on October 2, 1980 and was timely.

A Likelihood of Confusion Arises From Defendants' Use of STEINWAY

31. The Court concludes that plaintiff will probably succeed at trial in proving that defendants' activities are likely to cause confusion, mistake and deception and will irreparably injure and damage plaintiff, in that the trade and public will erroneously believe that defendants' articles and plaintiff's pianos and/or business have a common origin, or that defendants' products bearing the confusingly similar legends STEINWAY and/or STEINWAY COMPANY are designed, manufactured and/or sold by plaintiff, or are being placed on the market with the consent, authority and/or approval of plaintiff or under plaintiff's sponsorship, or that plaintiff has licensed or approved defendants' use of the designation STEINWAY, or that [*14] plaintiff's and defendants' businesses are in some way connected or associated.

Defendants' Use of STEINWAY Is Likely To Dilute The Distinctiveness of STEINWAY And To Injure Steinway's Business Reputation

32. Defendants' use of the designations STEINWAY and STEINWAY COMPANY on products and as a trade name in connection with its business activities is also likely to dilute, has diluted and, unless enjoined, will continue to dilute the distinctiveness and uniqueness of plaintiff's famous trademarks STEINWAY and STEINWAY & SONS, which trademarks have long been associated substantially exclusively with plaintiff and plaintiff's products, and will thereby tend to diminish the immense value and goodwill attending such trademarks.

33. Defendants' use of the designation STEINWAY in connection with its business and on its products, unless enjoined, will associate or tend to associate plaintiff's high quality pianos and plaintiff's business and cultural activities with defendants' inexpensive, mass-produced products and with the retail liquor stores, supermarkets and similar merchandising concerns which sell defendants' products. Such association will inevitably tarnish plaintiff's [*15] reputation and image with the public of manufacturing and/or sponsoring only products and activities of taste, quality and distinction.

Conclusions of Law

Jurisdiction and Venue

1. An action for trademark infringement and unfair competition arising under the Federal Trademark Act of 1946, as amended (the Lanham Act, *15 U.S.C. § 1051 et seq.*), vests jurisdiction in the federal district court pursuant to *15 U.S.C. § 1121* (actions arising under the Federal Trademark Act), *28 U.S.C. § 1332* (diversity) and *28 U.S.C. § 1338 (a)* (acts of Congress relating to trademarks). Pursuant to *28 U.S.C. § 1332* (diversity) and *28 U.S.C. § 1338(b)* (pendent jurisdiction over unfair competition claims), this court also has jurisdiction over plaintiff's counts arising under the common law of the State of California and the California Business and Professions Code (*Cal. Bus. & Prof. Code § 14330*).

2. This Court has jurisdiction of the parties. Venue is proper in this district pursuant to *28 U.S.C. § 1391 (b)* and *(c)*, since both the individual defendant and the corporate defendant reside in the Central District of California and since the claims arose there.

The Appropriateness [*16] of a Preliminary Injunction

3. The preliminary injunction is a particularly appropriate remedy in trademark and unfair competition cases, and is essential where it appears that plaintiff's trademark rights are being infringed. See 4 Callmann,

The Law of Unfair Competition and Monopolies § 88.3 at 187 (3d ed. 1970).

4. Congress, in the Lanham Act (15 U.S.C. § 1116), has vested the federal courts with the * * * "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office."

5. The California State Legislature likewise has expressly provided for injunctive relief to remedy any "likelihood of injury to business reputation or of dilution of the distinctive quality of a mark valid at common law," whether or not registered in California and "notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods * * *." *Cal. Bus. & Prof. Code* § 14330.

6. The essential requirements for issuance of a preliminary injunction are: (1) irreparable injury to the plaintiff; and (2) [*17] either (a) a likelihood of success on the merits, or (b) serious questions going to the merits of the litigation coupled with a balance of hardships tipping decidedly in favor of the party seeking relief. *Citibank, N.A. v. City Bank of San Francisco*, 206 USPQ 997, 1006 (N.D. Cal. 1980); *Selchow & Righter Co. v. McGraw-Hill Book Co.*, 439 F.Supp. 243, 245, 198 USPQ 557, 558-559 (S.D.N.Y. 1977), aff'd, 580 F.2d 25, 198 USPQ 577 (2d Cir. 1978). See also *Burton v. Matanuska Valley Lines, Inc.*, 244 F.2d 647, 651 (9th Cir. 1957); *Chopra v. Kapur*, 185 USPQ 195, 200 N.D. Cal. 1974). Here, since the likelihood of deceit of the public is also manifest, the necessity of a preliminary injunction is even stronger. *Citibank, supra*.

Irreparable Harm Attends A Likelihood Of Trademark Confusion Or Trademark Dilution

7. The primary function of a trademark or service mark is to identify the product or service sold by the owner of the mark. Incident to that identification is the enhanced goodwill and selling power that a distinctive mark gradually attains with prolonged usage and favorable acceptance by the public. When an interloper applies a confusingly similar mark to a product over which the [*18] trademark owner has no control (trademark infringement), or uses any name or symbol which diminishes the distinctiveness of the trademark (trademark dilution), damage necessarily occurs. Such damage is irreparable, since it is practically irreversible and impossible to assess.

8. That trademark infringement causes irreparable injury and necessitates immediate injunctive relief is universally recognized in the courts of this circuit. *McLeod v. Hosmer-Dorrance, Inc.*, 192 USPQ 683, 686 (N.D. Cal. 1976) (high probability of confusion supports

a finding of irreparable injury in the sense that it may not be fully compensable in damages); *Edgar Rice Burroughs, Inc. v. Manns Theatres*, 195 USPQ 1159, 162 C.D. Cal. 1976) (preliminary injunction an appropriate remedy to restrain acts of unfair competition resulting from threat of creating a likelihood of confusion). Accord, *Diagnostics & Designs, Inc. v. Waverly Beauty Products, Inc.*, 185 USPQ 513, 514 (C.D. Cal. 1975); *Miller Brewing Co. v. Carling O'Keefe Breweries*, 452 F.Supp. 429, 437-38, 199 USPQ 470, 477-479 (W.D.N.Y. 1978) ("infringement of one's trade mark usually in and of itself gives rise to the distinct possibility of irreparable [*19] injury"); *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195, 171 USPQ 769, 772-773 (2d Cir. 1971) ("where there is high probability of confusion, irreparable injury in the sense that it may not be fully compensable in damages almost inevitably follows").

9. A preliminary injunction will also issue to combat the threat of irreparable injury arising from the likelihood of dilution of a distinctive trademark. The irreparable harm is the damage which will be done to plaintiff's mark itself. Thus, as stated in *Citibank, N.A. v. City Bank of San Francisco*, 206 USPQ 997, 1007 (N.D. Cal. 1980), "unless a preliminary injunction is granted, plaintiff will suffer a serious dilution of its trademark by the use of that mark in conjunction with a competitor's name and products, thereby losing the benefit of the mark's function as a distinctive identifier of plaintiff and its products. As a result, the value of the mark to plaintiff will be greatly impaired, and re-establishment of that value will be difficult if not impossible. This in itself is a sufficient indication of irreparable harm to satisfy the requirement." Accord, *Hallmark Cards, Inc. v. Hallmark Of Hollywood, Inc.*, 352 F.Supp. 1195, 1198, 175 USPQ 455, 456-457 (C.D. Cal. 1972); *Edgar Rice Burroughs, Inc. v. Manns Theaters*, 195 USPQ 159, 162 (C.D. Cal. 1976) (preliminary injunction granted to protect strong trademark against unfair competition, infringement and dilution).

10. The same rule applies in other federal circuits. *Guicci Shops, Inc. v. R.H. Macy & Co.*, 446 F.Supp. 838, 840 S.D.N.Y. 1977); *Louis Rich, Inc. v. Horace W. Longacre, Inc.*, 423 F.Supp. 1327, 1335, 195 USPQ 308, 313-314 (E.D. Pa. 1976); *Or Da Industries, Ltd. v. Leisure Learning Products*, 479 F.Supp. 710, 205 USPQ 1128 (S.D.N.Y. 1979) (likelihood of serious dilution provides a basis for finding irreparable injury); *Markel v. Scovill Mfg. Co.*, 471 F.Supp. 1244, 125 W.D.N.Y. 1979) (probable success demonstrated where there is a strong likelihood that trademark owner could satisfy less stringent requirement of showing dilution).

11. Plaintiff need not prove that its business will be less prosperous if an injunction is not granted. "Loss of

business is not the test of irreparable injury in motions for preliminary injunctions against the use of a trademark. The fact that plaintiff has had the symbol of its reputation [*21] placed in the hands of another is irreparable injury." *Citibank, N.A. v. City Bank of San Francisco*, supra, 206 USPQ 977, 1007.

Plaintiff Is Entitled To An Injunction Under *Cal. Bus. & Prof. Code* § 14330 To Preclude Dilution Of STEINWAY As A Trademark

12. *Section 14330 of the California Business and Profession Code*, enacted in 1967, provides:

"Likelihood of injury to business reputation or dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."

13. Even in the absence of proof of confusion as to the source of the goods or services, relief is available where injury to business reputation of the owner or dilution of the distinctive quality of the mark is likely. Good faith is no defense to this claim and actual confusion need not be proved. The statute is concerned with the likelihood of injury or dilution, not the actuality of it. *Golden Door v. Odisho*, 437 F.Supp. 956, 965, 196 USPQ 532, 540-541 (N.D. Cal. 1977). [*22]

14. *Section 14330* (the California anti-dilution statute) furnishes the basis for two causes of action: (1) if there exists a likelihood of injury to business reputation or (2) if there is a likelihood of dilution of the distinctive quality of the mark or trade name. It relieves an aggrieved party of the burden of proving competition between the parties or proving confusion as to the source of goods or services. *Dawn v. Sterling Drug, Inc.*, 319 F.Supp. 358, 363, 167 USPQ 721, 723-724 (C.D. Cal. 1970); *HMH Publishing Co. v. Brincat*, 342 F.Supp. 1275, 1281, 173 USPQ 182, 186 (N.D. Cal. 1972), aff'd in part and rev'd in part, 504 F.2d 713 (9th Cir. 1974) (use of "PLAYBOY" in connection with certain dune buggy businesses and in towing service dilutes the distinctive quality of the marks of the PLAYBOY magazine publisher); *Bank America Corp. v. Bamieh*, 188 USPQ 380, 382 (N.D. Cal. 1975) (use of "B/A Associates" for a management consulting service violates *Section 14330* by diluting the names and marks "BA" and "B of A" identified with plaintiff's banking services). By its plain, unambiguous language it lays a heavy hand upon one who adopts the trade name or mark of another. Cf., *Polaroid* [*23] *Corp. v. Polaroid, Inc.*, 319 F.2d 830, 835, 138 USPQ 265, 269-270 (7th Cir. 1963) (Illinois anti-dilution statute).

15. Plaintiff need not establish that defendants' have sought to trade upon the public recognition of the STEINWAY name, as such an intent is not a prerequisite for relief under the anti-dilution statute. *Golden Door v. Odisho*, supra, 437 F.Supp. 956, 965, 196 USPQ 532, 540-541; *Polaroid Corp. v. Polaroid, Inc.*, supra, 319 F.2d 830, 836, 138 USPQ 265, 270-271.

16. *Section 14330* extends the protection afforded trademarks and trade names beyond that provided by actions for infringement and unfair competition. The evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which fees upon the business reputation of an established distinctive trademark or name. Thus, it would be of no significance under our statute that Steinway Company is not a competitor of, nor likely to be confused with Steinway & Sons. The harm that *Section 14330* is designed to prevent is the gradual whittling away of a firm's distinctive trademark or name. It [*24] is not difficult to imagine the possible effect which the proliferation of various non-competitive businesses utilizing the names STEINWAY would have upon the public's association of the name STEINWAY with fine pianos. The ultimate effect has been appropriately termed dilution. See, *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 198 USPQ 418, 422 (N.Y. 1977); *Mortellito v. Nina of California*, 335 F.Supp. 1288, 1295-96, 173 USPQ 346, 350-351 (S.D.N.Y. 1972). See also, *Dallas Cowboys, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 n.8, 203 USPQ 161, (2d Cir. 1979).

17. It is immaterial that no representations were made to customers, prospective customers of plaintiff or to the general public that defendant is in any way connected with plaintiff or that any customer of defendant believed he was dealing with plaintiff; that the parties' products are not sold through the same outlets or to the same type of customer; that the parties advertise in different media; or that there is no showing of an intent on the part of defendant to capitalize on the good will of plaintiff. These are traditional arguments made against a charge of unfair competition and, even there, it [*25] is without force where a party adopts the distinctive, invented or coined trademark or trade name of another. *Polaroid Corp. v. Polaroid, Inc.*, supra, 342 F.Supp. 830, 836, 138 USPQ 265, 270-271.

18. The visual and audible identity of STEINWAY and STEIN-WAY is undeniable and needs little amplification. The sole difference in the marks resides in defendants' insertion of a hyphen between the syllables STEIN and WAY. This difference is immaterial. *Miss Universe, Inc. v. Plesher*, 605 F.2d 1130, 1134-5 (9th Cir. 1979).

19. "Small changes in words, such as adding or deleting a hyphen, are insufficient to distinguish marks." *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 382, 188 USPQ 623, 637-638 (7th Cir. 1976), cert. denied, 429 U.S. 830, 191 USPQ 416 (1976). "The absence of a hyphen * * * is of no significance, it is a distinction without a difference." *Stix Products, Inc. v. United Merchants & Mfrs., Inc.*, 295 F.Supp. 479, 486, 160 USPQ 777, 783-784 (S.D.N.Y. 1968); *Safeway Stores v. Dunnell*, 172 F.2d 649, 655, 80 USPQ 115, 119-120 (9th Cir. 1949) ("Safe-Way" on toilet seat covers an imitation of "Safeway" for supermarket stores); *Kroger Co. v. Superx, Inc.*, 193 USPQ [*26] 245, 247 (E.D. Pa. 1976).

20. The trademarks STEINWAY and STEINWAY & SONS are distinctive, strong and famous and they are now substantially exclusively identified with plaintiff and plaintiff's goods. That businessmen stand ready to pay for the non-exclusive right to place the mark STEINWAY on their unrelated products is a measure of its true worth. Plaintiff's trademarks are accordingly entitled to broad protection. *Grotrian, Helfferich, Schultz, Etc. v. Steinway & Sons, supra*, 365 F.Supp. 707, 713, 180 USPQ 506, 510-511; *Edgar Rice Burroughs, Inc. v. Manns Theatres, supra*, 195 USPQ 159, 162.

21. The Court finds pertinent to this case the statements in Schechter, *The Rational Basis Of Trademark Protection*, 60 TMR 334 (1970), originally published over fifty years ago. Schechter observed (60 TMR at 341-342):

"Trademark pirates are growing more subtle and refined. They proceed circumspectly, by suggestion and approximation, rather than by direct and exact duplication of their victims' wares and marks. The history of important trademark litigation within recent years shows that the use of similar marks on non-competing goods is perhaps the normal rather than the exceptional [*27] case of infringement.... The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trademark. It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used."

22. Unless defendants' activities are halted, the distinctive quality of STEINWAY inevitably will be injured beyond repair. The low price of defendants' products contributes to the alarming speed of the dilution process and makes a preliminary injunction imperative.

23. Another pressing danger warranting injunctive relief is that the public will begin to identify STEINWAY with a product incompatible with the quality and prestige attached by the public to plaintiff's mark. *Tiffany & Co. v. Boston Club, Inc.*, 231 F.Supp. 836, 844, 143 USPQ 2, 8 (D. Mass. 1964).

The Trademark Infringement Count

24. The Court is of the view that plaintiff [*28] will probably succeed at trial in establishing the defendants have infringed plaintiff's rights in STEINWAY and STEINWAY & SONS in violation of 15 U.S.C. § 1114(1), which provides in pertinent part:

"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. * *

25. The likelihood of confusion addressed by the Lanham Act is not limited, as it once was, to only confusion "as to the source or origin of such goods or services." The Court of Appeals for the Ninth Circuit, in *HMH Publishing Co. v. Brincat*, 504 F.2d 713, 717 n.7, 183 USPQ 141, 144-145 (9th Cir. 1974), said "this court defined the appropriate inquiry in much broader terms, i.e., whether the average consumer would be likely to believe that the infringer's products 'had some connection' with those of the registrant."

26. The purpose of the Act is "to [*29] outlaw the use of trademarks which are likely to cause confusion, mistake or deception of any kind, not merely of purchasers nor simply as to source or origin." *Syntex Laboratories, Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568, 169 USPQ 1, 2 (2d Cir. 1971).

27. Thus, defendants' use of STEINWAY infringes plaintiffs' marks if persons are likely to believe that Steinway sponsors defendants' product, *HMH Publishing Co. v. Brincat, supra*, 504 F.2d 713, 716, 183 USPQ 141, 143-144, or are led "to conclude that Defendant's [products] are in some way related to Plaintiffs, or that Defendant is in some way authorized or sanctioned by Plaintiffs to advertise, offer and render [products]... under that name and mark." *Bank-America Corp. v. Bamieh, supra*, 188 USPQ 380, 382. "The public's belief that [Steinway] sponsored or otherwise approved the use of [STEINWAY] satisfies the confusion requirement."

Dallas Cowboys, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 205, 203 USPQ 161, 164-165 (2d Cir. 1979).

28. Infringement does not turn upon "commonality" of purchasers or purchaser confusion as to who manufactures the respective goods. Confusion in the legal sense occurs if the [*30] average consumer encountering defendants' can handles would be likely to believe that defendants' products have some connection with plaintiff. See *HMH Publishing Co. v. Brincat*, supra, 504 F.2d 713, 717 n.7, 183 USPQ 141, 144-145.

29. In determining the existence of the likelihood of confusion, a number of factors must be considered: the strength of Steinway's marks; the visual and verbal similarity between STEINWAY and STEIN-WAY; the class of goods in question; the marketing channels; the degree of care likely to be exercised by consumers of defendants' product; the intent of defendants; and evidence of actual confusion. *HMH Publishing Co. v. Brincat*, supra, 504 F.2d 713, 717, 183 USPQ 141, 144-145; *Golden Door, Inc. v. Odisho*, supra, 437 F.Supp. 956, 963, 196 USPQ 532, 538-539. No single factor is determinative. *Grotrian, Helfferich, Schultz, Etc. v. Steinway & Sons*, supra, 365 F.Supp. 707, 712, 180 USPQ 506, 509-510.

30. Similarity of sound, appearance or meaning may be enough to warrant a finding that confusion is likely." Or *Da Industries, Ltd. v. Leisure Learning Products*, 479 F.Supp. 710, 717 n.9, 205 USPQ 1128, 1134-1135 (S.D.N.Y. 1979). "The examination of the similarity [*31] of the trademarks * * * does not end with a visual comparison of the marks. Trademarks, like small children, are not only seen but heard. Similarity of sound also enters into the calculation of likelihood of confusion." *Grotrian, Helfferich, Schultz, Etc. v. Steinway & Sons*, 523 F.2d 1331, 1340, 186 USPQ 436, 443-441 (2d Cir. 1975).

31. Under the Trademark Act of 1946, differences in the physical characteristics of the goods in question are not per se significant and must be regarded as only one, rather subordinate element in determining the likelihood of confusion." *Tiffany & Co. v. National Gypsum Co.*, 459 F.2d 527, 530, 173 USPQ 793, 795-796 (C.C.P.A. 1972) (upholding Tiffany & Co.'s opposition to registration of "TIFFANY" for wood fiber acoustic ceiling tiles "taking into account the fame of its mark.")

32. Steinway applies its marks to small promotional "give-away" articles made of metal, such as pens, paperweights, ashtrays and piano technicians' tools. Since defendants' product also is a small article made of metal, it is but a natural conclusion that defendants' handles are simply another promotional item distributed by plaintiff.

33. Additionally, plaintiff's [*32] marks have been associated in advertising with numerous other goods and services, e.g., cameras, tobacco products, airline services and high fidelity electronic equipment. As was observed in *HMH Publishing Co. v. Brincat*, supra, 504 F.2d 713, 719, 183 USPQ 141, 146, "[t]hese promotional 'tie-ins' do tend to create an association between [plaintiff] and the products which it actively aids in marketing." Here the public is certainly aware that, in selected circumstances, Steinway associates its trademarks and pianos with other manufacturers and products, and thus would be likely to conclude that plaintiff has endorsed, if not licensed, the use of its marks on defendants' can handles. This is one type of confusion recognized as trademark infringement.

34. It has come to be recognized that disparity in the nature or location of non-competing businesses does not ensure against the risk of public confusion. That risk is particularly strong where, as here, a newcomer imitates the celebrated mark of another.

35. "In a situation where there is no direct competition between the parties, confusion of course may be defined as a misleading of the public by the imitation of 'an attractive, [*33] reputable trade-mark or tradename * * * not for the purpose of diverting trade from the person having the trade-mark or trade name to the imitator, but rather for the purpose of securing for the imitator's goods some of the good-will, advertising and sales stimulation of the trade-mark or trade name.' *Stork Restaurant, Inc. v. Sahati*, 166 F.2d 348, 356, 76 USPQ 374, 379-380 (9th Cir. 1948). See also, *American Petrofina, Inc. v. Petrofina of California, Inc.*, 596 F.2d 896, 899, 202 USPQ 354, 356 (9th Cir. 1979); *Tiffany & Co. v. Tiffany Productions, Inc.*, 147 Misc. 2d 679 (N.Y. Sup. Ct. 1932), aff'd, 237 App. Div. 801 (1932), aff'd, 262 N.Y. 482 (1933) (defendant's operation of motion picture theater under name TIFFANY enjoined); *Tiffany & Co. v. Boston Club, Inc.*, supra, 231 F.Supp. 836, 845, 143 USPQ 2, 8-9 (use of "Tiffany" on restaurant prohibited); *Polaroid Corp. v. Polaroid, Inc.*, supra, 319 F.2d 830, 835, 138 USPQ 265, 269-270; *Wall v. Rolls-Royce of America*, 4 F.2d 333 (3d Cir. 1925) ("Rolls-Royce" on electronic radio tubes enjoined at the behest of famous Rolls-Royce automobile and airplane maker).

36. Recent decisions in the United States Patent and Trademark Office, refusing [*34] trademark registrations on grounds of potential confusion with similar trademarks for unrelated goods, support Steinway's claim for relief. "It would not be unusual for consumers, simultaneously confronted with the same arbitrary mark for intrinsically unrelated goods, to assume a relationship between the sources of the goods." *Philip Morris Inc. v. K2 Corp.*, 555 F.2d 815, 816, 194 USPQ 81, 82 (C.C.P.A. 1977). "[I]t would not be unreasonable for

purchasers encountering "LLOYD'S OF LONDON" after-shave cologne and perfume to assume falsely that [Lloyd's] has licensed, sponsored, recommended, insured or otherwise guaranteed the quality of those products." *Corp. of Lloyd's v. Louis D'Or of France, Inc.*, 202 USPQ 313, 316 (T.T. & App. Bd. 1979)

37. Because defendants' "novelty" item is inexpensive, prospective purchasers will not expend any appreciable time to inform themselves about the "true source" of the product. Thus, any confusion caused by the similarity between STEINWAY and STEIN-WAY will not be dispelled by careful consumer examination. Or *Da Industries, Ltd. v. Leisure Learning Products, Inc.*, 479 F.Supp. 710, 718 (S.D.N.Y. 1979); 3 Callman, *Unfair Competition Trademarks [*35] and Monopolies* § 81.2(a), at 583-4 (3rd ed. 1969).

38. Since defendants' product will be viewed and purchased by all classes of consumers, it must be taken into account that there will be among them the "ignorant, the inexperienced and the gullible," amongst whom confusion is more prevalent. *American Petrofina, Inc. v. Petrofina of California*, 189 USPQ 67, 81 (C.D. Cal. 1975), *aff'd*, 596 F.2d 896 (9th Cir. 1979); *Stork Restaurant v. Sahati*, 166 F.2d 348, 359, 76 USPQ 374, 382-383 (9th Cir. 1948).

39. Evidence of confusion is usually difficult to obtain. Plaintiff has tendered evidence of actual confusion among retailers, wholesalers and the purchasing trade who revealed their confusion as to the source and sponsorship of the goods by asking about a connection between Stein-Way Company and Steinway & Sons. See *Kroger Co. v. Suprex, Inc.*, *supra*, 193 USPQ 245, 247 ("customers evidenced such confusion by inquiring as to whether defendant's store was affiliated with [plaintiff's] national chain").

40. Where there is evidence of actual confusion, it is regarded as "extremely significant" to the issue of likelihood of confusion, *U.S. Jaycees v. San Francisco Junior Chamber* [*36] *of Commerce*, 354 F.Supp. 61, 77, 175 USPQ 525, 536-537 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226, 185 USPQ 257 (9th Cir. 1975), and "great weight is attached to it." *American Petrofina, Inc. v. Petrofina of California*, *supra*, 189 USPQ 67, 81. "Since reliable evidence of actual confusion is difficult to obtain in trademark infringement cases, any such evidence is substantial evidence that confusion is likely." *Jockey International, Inc. v. Burkard*, *supra*, 185 USPQ 201, 207.

41. Very little proof of actual confusion would be necessary to prove likelihood of confusion. *Citibank, N.A. v. City Bank of San Francisco*, *supra*, 206 USPQ 997, 1009; *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 46, 186 USPQ 73, 74-75 (5th Cir. 1975).

42. Heretofore the public has identified STEIN-WAY with plaintiff alone. Thus, the public is entitled to protection against any confusion and deception which is likely to result from defendants' use of STEIN-WAY. The interest of the public to be free from trademark confusion has long been recognized as a basis for an injunction. *American Philatelic Society v. Claiborne*, 3 Cal. 2d 689, 695, 46 P.2d 135 (1935).

43. In actions for infringement of rights in trade [*37] names and trademarks courts have a duty to protect both the private rights of the original owner and the right of the public to be free from confusion, deception and mistake. *American Petrofina, Inc. v. Petrofina of California, Inc.*, *supra*, 189 USPQ 67 at 83; *Jockey International, Inc. v. Burkard*, *supra*, 185 USPQ 201 at 207.

44. The balance of equities also weighs in favor of plaintiff Steinway & Sons.

45. Defendants' entry into the marketplace is recent. Marketing of the STEIN-WAY product did not commence in earnest until mid-1978. The public has had limited exposure to defendants' product. Moreover, defendants proceeded with their activities in awareness of plaintiff's trademarks. These facts militate against any unfairness in enjoining defendants' use of STEIN-WAY.

46. Defendants will suffer little, if any, harm from the grant of an injunction against use of a name which it has employed for only a short period of time. To the contrary, defendants will undoubtedly benefit from an immediate injunction. "[A] preliminary injunctive decree in a case of this sort is sometimes an act of kindness to the party enjoined. It cuts him off from a business life which, from all [*38] the portents, would involve a series of trademark frustrations. By the time he would have attained some modicum of success, it might be taken away by court decree, making him start all over again. It is more consonant with equity to enjoin him at the threshold of his enterprise." *George Washington Mint, Inc. v. Washington Mint, Inc.*, 349 F.Supp. 255, 263, 176 USPQ 251, 257 (S.D.N.Y. 1972)

47. While a preliminary injunction may necessitate certain expenses for retooling and printing associated with a new trademark, such expenses can be adequately compensated by an award of money damages if the defenses are ultimately upheld. *Louis Rich, Inc. v. Horace W. Longacre, Inc.*, 423 F.Supp. 1327, 1340, 195 USPQ 308, 318-319 (E.D. Pa. 1976). Moreover, defendants have not shown that any of their contractual commitments or future business depends on their continued right to use the name STEIN-WAY. *Miss Universe, Inc. v. Patricelli*, 271 F.Supp. 104, 110, 154 USPQ 334, 337-338 (D. Conn. 1967), *aff'd*, (2d Cir., 1967).

48. That defendants' business operations are small relative to plaintiff's is without significance. *Stork Restaurant, Inc. v. Sahati, supra*, 166 F.2d at 357, 76 USPQ at 380-381; [*39] *Jockey International, Inc. v. Burkard*, 185 USPQ 201, 207 (S.D. Cal. 1975) (disparity in the size of the respective businesses does not bar the granting of injunctive relief).

49. Steinway's delay, if any, in bringing the present action and seeking injunctive relief is not of a character to bar the issuance of a preliminary injunction.

50. The mere passage of time cannot constitute laches as to defeat a motion for preliminary injunction, and defendants do not allege plaintiff lulled them or caused them to act in reliance on the delay. *Ideal Industries, Inc. v. Gardner Bender, Inc.*, 612 F.2d 1018, 1025 (7th Cir. 1980). In this Circuit, simple delay will not defeat an injunction to protect trademark rights. *Whitman v. Walt Disney Productions, Inc.*, 263 F.2d 229, 231, 120 USPQ 253, 255 (9th Cir. 1958). *Friend v. H.A. Friend & Co.*, 416 F.2d 526, 533, 163 USPQ 159, 163-164 (9th Cir.

1969) (plaintiff's six year delay no bar where reliance was absent.)

51. Plaintiff cannot be charged with delay attributable to efforts, such as those here, to resolve the dispute without the court's intervention. *Louis Rich, Inc. v. Horace W. Longacre, Inc.*, 423 F.Supp. 1327, 1335 (E.D. Pa. 1976), [*40] 195 USPQ 308, 313-314; *Coca Cola Company v. Gemini Rising, Inc.*, 346 F.Supp. 1183, 1192, 175 USPQ 56, 61-62 (E.D.N.Y. 1972).

52. Defendants' infringing use of the name STEINWAY will, if permitted to continue, injure plaintiff's business reputation and dilute the distinctive quality of plaintiff's trade name and trademark. Such injury and dilution are in violation of Section 14330 of the California Business and Professions Code.

53. Plaintiff has shown that it is likely to prevail on the merits at trial.

54. Plaintiff is entitled to injunctive relief, pendence lite, from defendants' trademark and trademark infringement, unfair competition and dilution.