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

THE BOARD OF TRUSTEES OF THE
LELAND STANFORD JUNIOR UNIVERSITY,

Plaintiff,

v.

STANFORD REHAB MEDICAL GROUP

Defendant.

No. C-08-2117 EDL

**ORDER GRANTING PLAINTIFF'S
MOTION FOR DEFAULT JUDGMENT
AND ISSUING INJUNCTION**

On April 23, 2008, Plaintiff filed this action against Defendant Stanford Rehab Medical Group for trademark infringement, trademark dilution, false designation of origin and unfair competition. After entry of default on July 11, 2008, Plaintiff filed a motion for entry of default judgment. The motion came on for hearing on September 9, 2008. Attorney Sarah Flanagan appeared for Plaintiff. Defendant did not file an opposition to Plaintiff's Motion, but did appear at the hearing through Attorney Brock Phillips. At the hearing, Defendant did not oppose entry of judgment, nor the terms of the injunction sought by Plaintiff, but only disputed the request for attorneys' fees. The parties have consented to this Court's jurisdiction pursuant to 28 U.S.C. § 636(c).

Background

Plaintiff has been using its Stanford name and trademark since at least as early as 1891, and owns numerous trademark registrations worldwide, including several United States trademark registrations. See Declaration of Laura Gustafson ¶ 2. Plaintiff has been providing medical services under the Stanford name and mark since at least as early as 1908, and for many years, has been

1 operating the Stanford Medical Center, the Stanford Medical School, the Stanford Hospital and its
2 affiliated clinics and labs under the Stanford name and mark. See id. at ¶ 3. In the fall of 2007,
3 Stanford learned that Defendant was using the name and mark “Stanford Rehab Medical Group”
4 and/or “Stanford Rehab Weight Loss Clinic” in connection with one or more medical clinics,
5 offering, inter alia, weight loss and weight management treatments and programs. See id. at ¶ 4.
6 The clinics were being operated in part by Dr. Milliard Syverain. See id.

7 On October 10, 2007, Plaintiff sent a cease and desist letter to Dr. Syverain. See id. at ¶ 5.
8 On October 19, 2007, Dr. Syverain indicated that Defendant would comply with Plaintiff’s demands
9 and terminate all use of the Stanford name and mark. See id. Plaintiff sent additional letters on
10 December 21, 2007 and January 29, 2008 seeking confirmation that Defendant had ceased using the
11 Stanford name and mark, and enclosing a proposed settlement agreement. See id. at ¶ 6. Dr.
12 Syverain did not respond to those letters and did not execute and return the settlement agreement.
13 See id. at ¶ 6. Plaintiff contacted Dr. Syverain again on March 4, 2008 because Plaintiff learned
14 that Defendant continued to use the Stanford name and mark. See id. at ¶ 6. Plaintiff’s subsequent
15 research revealed that Defendant continued to use the Stanford name and mark. See id. at ¶ 7
16 (stating that records of the California Secretary of State showed that the Defendant corporation had
17 not been dissolved, that the name and mark appeared on exterior signage and that Defendant
18 continued to use business cards with the Stanford name and mark). Accordingly, Plaintiff filed this
19 trademark infringement action on April 23, 2008.

20 Discussion

21 Federal Rule of Civil Procedure 55(b)(2) authorizes the Court to enter judgment against a
22 defendant against whom a default has been entered, assuming that defendant is not an infant, is not
23 incompetent or in military service. Defendant here is a corporation and therefore not an
24 unrepresented minor, incompetent or in military service. See Gustafson Decl. at ¶ 9.

25 “The general rule of law is that upon default the factual allegations of the complaint, except
26 those relating to the amount of damages, will be taken as true.” Geddes v. United Financial Group,
27 559 F.2d 557, 560 (9th Cir. 1977) (citing Pope v. United States, 323 U.S. 1, 12 (1944)). In
28 exercising its discretion to grant default judgment, the court may consider the following factors: (1)

1 the possibility of prejudice to the plaintiff; (2) the merits of plaintiff’s substantive claims; (3) the
2 sufficiency of the complaint; (4) the sum of money at stake in the action; (5) the possibility of a
3 dispute concerning material facts; (6) whether the default was due to excusable neglect; and (7) the
4 strong policy underlying the Federal Rules of Civil Procedure favoring decisions on the merits. See
5 Eitel v. McCool, 782 F.2d 1470, 1471-72 (9th Cir. 1986). Generally, upon entry of default, the
6 factual allegations of the complaint are taken as true, except for those relating to damages. See
7 Televideo Systems, Inc. v. Heidenthal, 826 F.2d 915, 917 (9th Cir.1987).

8 Here, the Eitel factors weigh in favor of default judgment. Most importantly, the substantive
9 claims in the complaint appear to have merit and the complaint is sufficient to state those claims.
10 To prevail on a trademark infringement claim, a plaintiff must prove the existence of a valid
11 trademark and the subsequent use of that mark by another in a manner likely to create consumer
12 confusion. See Applied Information Sciences Corp. v. eBay, Inc., 511 F.3d 966, 969 (9th Cir.
13 2007).

14 Registration of a mark on the principal register in the Patent and Trademark Office is prima
15 facie evidence of the validity of the mark. See id.; 15 U.S.C. § 1115(a) (stating that registration of a
16 mark “on the principal register provided by this chapter and owned by a party to an action shall be
17 admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of
18 the registration of the mark, of the registrant's ownership of the mark, and of the registrant's
19 exclusive right to use the registered mark in commerce. . . .”). In its complaint and through
20 declarations, Plaintiff has met the first prong of the test for trademark infringement by showing that
21 it owns various registered trademarks. See Compl. at ¶¶ 9-10; Ex. A-C; Gustafson Decl. at ¶ 2.

22 The Ninth Circuit considers eight factors to assess the likelihood of confusion: (1) strength
23 of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion;
24 (5) marketing channels used; (6) type of goods and degree of care likely to be used by the purchaser;
25 (7) defendant’s intent in selecting the mark; and (8) likelihood of expansion of the product lines.
26 AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir. 1979), abrogated in part on other
27 grounds by Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 810 n. 19 (9th Cir.2003). In
28 addition, “[w]hen the alleged infringer knowingly adopts a mark similar to another’s, [a court] must

1 presume that the public will be deceived.” M2 Software, Inc. v. Madacy Entm’t, 421 F.3d 1073,
2 1085 (9th Cir. 2005).

3 In its complaint, Plaintiff has sufficiently alleged the likelihood of confusion pursuant to the
4 Sleekcraft factors. Plaintiff alleges the strength of its trademarks that “are famous, known
5 throughout California, the United States and the world for clearly and unmistakably calling to mind
6 Stanford as the source of high quality, leading edge medical, clinical, educational and research
7 services, and other goods and services.” Compl. ¶ 17. Where, as here, the services at issue are
8 “related or complementary,” the likelihood of confusion is heightened. M2 Software, 421 F.3d at
9 1082. Plaintiff alleges that it is “comprised of a number of graduate schools and associated
10 research and clinical programs, including the Stanford Medical Center, which itself is comprised of
11 the Stanford School of Medicine, the Stanford Hospital and a number of affiliated labs and clinics,”
12 including “Stanford’s Center for Weight Loss Surgery, a surgical specialty clinic focused on weight
13 loss treatment and bariatric surgery.” Compl. ¶¶ 6, 15. Plaintiff alleges that Defendant has used the
14 Stanford name and mark in connection with its weight loss clinics in San Jose, California and
15 Redwood City, California. See Compl. ¶¶ 18-19. While Plaintiff has not alleged actual confusion,
16 Plaintiff alleges that consumers are likely to be confused about the origin of Defendant’s services
17 and mistakenly believe that Defendant is affiliated with Plaintiff. See Compl. ¶ 29. Although
18 Plaintiff does not allege that the parties use similar marketing channels, both Plaintiff and Defendant
19 do business in the greater San Francisco Bay Area. See Compl. ¶¶ 16, 19. With respect to
20 Defendant’s intent, “[w]hen the alleged infringer knowingly adopts a mark similar to another’s, [a
21 court] must presume that the public will be deceived.” M2 Software, 421 F.3d at 1085 (citing
22 Sleekcraft, 599 F.2d at 354). Plaintiff has not made any allegations regarding expansion of product
23 lines, which does not necessarily apply in this context, but even if this factor weighed against
24 finding a likelihood of confusion, it is substantially outweighed by the remaining Sleekcraft factors.

25 The remaining Eitel factors also weigh in favor of granting default judgment. First, if the
26 motion were denied, Plaintiff would be prejudiced because it would likely be without a remedy.
27 Although Plaintiff’s counsel received correspondence from Defendant before this case was filed,
28 there is no evidence that Defendant has been in contact with Plaintiff since that time. See Pepsico,

1 Inc. v. Cal. Sec. Cans, 238 F. Supp. 2d 1172, 1177 (C.D. Cal. 2002) (“If Plaintiffs’ motion for
2 default judgment is not granted, Plaintiffs will likely be without other recourse for recovery.”).
3 Second, Plaintiff does not seek monetary damages. Instead, Plaintiff seeks injunctive relief and an
4 award of fees and costs, which is not disproportionate or unreasonable given the extent of
5 Defendant’s infringement. Finally, because Defendants did not file an answer to the complaint,
6 there is little to suggest that there is a possibility of a dispute concerning material facts. Nor is it
7 likely that Defendant’s default was due to excusable neglect. Plaintiff attempted to follow up with
8 Defendant on June 20, 2008 and July 2, 2008 after the complaint was filed, but Defendant did not
9 respond. See Gustafson Decl. at ¶¶ 11-12.

10 Accordingly, the motion for default judgment is granted.

11 **Injunctive relief**

12 Although Plaintiff’s complaint seeks monetary damages, Plaintiff requests only injunctive
13 relief and attorneys’ fees through this motion. The Lanham Act provides authority for the Court to
14 issue an injunction. See 15 U.S.C. § 1116(a); Century 21 Real Estate Corp. v. Sandlin, 846 F.2d
15 1175, 1180-81 (9th Cir. 1988) (“Injunctive relief is the remedy of choice for trademark and unfair
16 competition cases, since there is no adequate remedy at law for the injury caused by a defendant’s
17 continuing infringement.”). Further, injunctive relief is available as part of a default judgment. See
18 Philip Morris USA, Inc. v. Castworld Prods., Inc., 219 F.R.D. 494, 502 (C.D. Cal. 2003).

19 Here, Plaintiff alleges that unless Defendant’s conduct is enjoined, Defendant’s use of the
20 names and marks “Stanford Rehab Medical Group” and “Stanford Rehab Weight Loss Clinic” will
21 “continue to tarnish Stanford’s registered and common law trademarks and [will] dilute[] the
22 exclusive association in the public’s mind between those Stanford marks and Stanford’s high quality
23 services, including its world-renowned medical, clinical and health services.” Compl. ¶ 30. Plaintiff
24 also alleges that Defendant’s infringement is likely to injure Plaintiff’s business reputation. See
25 Compl. ¶ 39. Although Defendant’s counsel stated at the hearing that Dr. Syverain has attempted to
26 change his business name through the Secretary of State, the threat of continued infringement is real
27 based on Defendant’s failure to successfully dissolve his corporation, or to remain in contact with
28 Plaintiff’s counsel, or to participate in this case until the hearing. Moreover, Defendant does not

1 oppose entry of the requested injunction. Therefore, Defendant shall be permanently enjoined from
2 further infringement of Plaintiff's trademarks.

3 **Attorneys' fees**

4 Attorneys' fees may be awarded to the prevailing party under the Lanham Act in exceptional
5 cases. See 15 U.S.C. § 1117(a). A trademark infringement case may be deemed exceptional where
6 the defendant is found to have acted maliciously, fraudulently, deliberately or willfully. See
7 Earthquake Sound Corp. v. Bumper Indus., 352 F.3d 1201, 1216 (9th Cir. 2003); see also Classic
8 Media, Inc. v. Mewborn, 532 F.3d 978, 990 (9th Cir. 2008) ("Exceptional circumstances can be
9 found when the non-prevailing party's case is groundless, unreasonable, vexatious, or pursued in
10 bad faith.").

11 In Earthquake Sound, the defendant filed an application to publish its "Carquake" mark,
12 knowing of the existence of the "Earthquake" mark, which was quite similar. See id. at 1217. The
13 defendant informed one distributor that its products were the same as, but cheaper than, the
14 plaintiff's competing products. See id. The defendant used similar product identification codes,
15 creating further similarities between the products. See id. at 1218. The court in Earthquake Sound
16 considered the ample evidence of actual confusion as especially important. See id. When the
17 plaintiff informed the defendant of the possible infringement, the defendant did not take any
18 reasonable measures to investigate, and subsequently refused to settle and persisted in marketing the
19 Carquake line of products. See id. The court determined that the totality of the case showed
20 deliberate and willful infringement and affirmed the district court's attorneys' fees award. See id.
21 ("Bumper utilized a mark that was similar to that of its competitor, was informed of actual
22 confusion, and deliberately chose not to make a reasonable effort to ascertain whether it might
23 actually be infringing. Bumper persisted despite further attempts by Earthquake to inform Bumper
24 of consumer confusion. And, as far as the properly submitted facts of this case indicate, Bumper
25 agreed to cease using the 'Carquake' mark and then reneged on that agreement."); but cf. Classic
26 Media, 532 F.3d at 990-91 (affirming district court's denial of fees where fee request was based on
27 the argument that the Lanham Act claim was foreclosed by Supreme Court precedent, finding that
28 the claim involved close questions in an unsettled area of law, and was not objectively unreasonable

1 or improperly motivated).

2 Here, while the course of infringing conduct is sufficiently similar to the facts in Earthquake
3 Sound to establish willfulness, the degree of willfulness is not as great. There is no evidence of
4 actual consumer confusion. As in Earthquake Sound, when Dr. Syverain was contacted by
5 Plaintiff's counsel prior to this litigation, he acknowledged that he understood Plaintiff's case and
6 agreed to take steps to remedy any infringement, but thereafter, he stopped communicating with
7 Plaintiff and continued to infringe. According to defense counsel, Dr. Syverain made unsuccessful
8 attempts through the Secretary of State to change his business name. He used self-help to cover the
9 Stanford name on his business sign in a manner that did not completely obscure the name. Most
10 egregiously, he continued to use Plaintiff's name and mark even after receiving additional cease and
11 desists letters, and even after this case was filed. See Gustafson Decl. ¶¶ 5, 6, 7, 11. With regard to
12 the business sign, Defendant's counsel stated at the hearing that because Defendant is a tenant, it has
13 been more difficult to change the sign. However, Defendant told Plaintiff's counsel the issue was
14 instead that it would be too expensive, and he apparently did not attempt to change his business card
15 until at least the time this suit was filed. Further, there has been no showing that Dr. Syverain
16 sought legal assistance upon being informed of possible infringement; instead, it appears that he
17 consulted counsel only once this litigation commenced. On the whole, Dr. Syverain's conduct on
18 behalf of Defendant demonstrates willful infringement sufficient to establish the exceptional nature
19 of this case for purposes of fees and costs.

20 Plaintiff seeks \$16,945.72 in fees incurred in preparing the complaint in this matter, seeking
21 to obtain a stipulated judgment from Defendant and prosecuting this action through default. See
22 Gustafson Decl. ¶ 16, Ex. C. The Court understands that Plaintiff does not seek fees for work done
23 prior to the filing of the complaint. Partner Christopher Ball billed 7.4 hours on this case at an
24 hourly rate of \$550.00. See Gustafson Decl. ¶ 16. Associates Laura Gustafson and Marley Degner
25 billed 18.3 hours at \$475.20 per hour and 16.1 hours at \$259.60 per hour, respectively. See id. The
26 Court finds that the hourly rates and number of hours are reasonable, and that there was no improper
27 billing.

28 However, an award of fees under § 1117(a) is discretionary. Further, “[u]nder both sections

1 1117(a) and 1117(b), awards are never automatic and may be limited by equitable considerations.”
2 See Perfumebay.com. Inc. v. eBay.com, Inc., 506 F.3d 1165, 1178 (9th Cir. 2007). Here, although
3 the amount of fees sought in this case is reasonable, there are some counterbalancing equitable
4 considerations, in particular, Dr. Syverain’s early acknowledgment of infringement and his attempts
5 (albeit inadequate) to remedy at least some of the infringement, that justify some reduction of fees.
6 Accordingly, the Court reduces Plaintiff’s fee award by one-third, for an award of \$11,297.15.

7 **Conclusion**

8 The Court grants Plaintiff’s motion for default judgment for fees in the amount of \$11,297.15
9 and enters the following permanent injunction:

- 10 a) Enjoining and restraining defendant and its agents, servants, and employees
11 from directly or indirectly using the STANFORD name, marks and logos or any
12 colorable imitation thereof, or any other terms that infringe or dilute STANFORD’S
13 name, marks and logos in any manner;
- 14 b) Requiring that all labels, signs, prints, business cards, stationery, packages,
15 wrappers, receptacles, websites, domain names and advertisements bearing the
16 STANFORD name, mark or logo, or any other colorable imitation thereof, or any
17 other terms that infringe or dilute Stanford’s STANFORD family or marks be
destroyed;
- 18 c) Requiring that defendant cease and desist using or making reference to the
19 STANFORD mark and name in any way so as to constitute unfair competition or
20 deceptive, untrue, or misleading advertising.

21 **IT IS SO ORDERED.**

22 Dated: September 12, 2008

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ELIZABETH D. LAPORTE
United States Magistrate Judge