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10 UNITED STATES DISTRICT COURT
 11 NORTHERN DISTRICT OF CALIFORNIA
 12 OAKLAND DIVISION

13
 14 HELIO LLC
 15 Plaintiff,
 16 vs.
 17 PALM, INC.
 18 Defendant.

CASE NO. C 06 7754 SBA

**[PROPOSED] ORDER GRANTING
 DEFENDANT’S REQUEST FOR TERMS
 AND CONDITIONS IN CONNECTION
 WITH DISMISSAL WITHOUT
 PREJUDICE OR, IN THE
 ALTERNATIVE, REQUEST FOR
 DISMISSAL WITH PREJUDICE**

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20 1. On March 21, 2007, plaintiff Helio filed a motion to voluntarily dismiss its claims
 21 with prejudice.

22 2. On March 29, 2007, defendant Palm filed a request for terms and conditions in
 23 connection with dismissal without prejudice or, in the alternative, request for dismissal with
 24 prejudice.

25 3. The Court heard oral argument on plaintiff’s motion on April 10, 2007.

26 4. Having considered the papers and evidence in support of and in opposition to
 27 plaintiff’s motion, the papers and evidence in support of and in opposition to plaintiff’s motion for
 28

1 a preliminary injunction, the relevant authorities, and the respective arguments of counsel, the
2 Court denies plaintiff's motion and now rules as follows:

3 5. There is no evidence that plaintiff's "Don't call it a phone" and "Don't call us a
4 phone company" marks have secondary meaning. The Declaration of Howard Marylander (docket
5 no. 57) submitted by defendant convincingly demonstrates that there is no secondary meaning.

6 6. There is no evidence of confusion between plaintiff's marks and defendant's "Not
7 Just a Cell Phone. A Treo." theme line. The Declaration of Howard Marylander (docket no. 58)
8 submitted by defendant convincingly establishes that there is no actual confusion and no
9 likelihood of confusion.

10 7. Plaintiff does not have a likelihood of success on the merits of its trademark
11 infringement claim. An analysis of Helio's claim of trademark infringement requires analysis of
12 the eight factors articulated in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir.
13 1979):

- 14 a. The strength of the allegedly infringed mark;
- 15 b. The similarity of goods and services;
- 16 c. The similarity of marks;
- 17 d. The similarity of marketing channels;
- 18 e. Palm's intent on selecting its mark;
- 19 f. Evidence of actual confusion;
- 20 g. The degree of care likely to be exercised by consumers, and
- 21 h. The degree of expansion into other markets.

22 8. Having analyzed these factors both individually and collectively, the Court
23 concludes that, on balance, they weigh in favor of a finding of no likelihood of confusion.

24 9. With regard to the strength of the allegedly infringed mark, the Court finds that
25 plaintiff has not produced evidence of secondary meaning. The evidence presented by defendant
26 convincingly demonstrates that there is no secondary meaning.

27 10. With regard to the similarity of goods and services, the Court finds that they are
28 different. Plaintiff did not produce evidence to demonstrate similarity. The evidence presented by

1 defendant demonstrates that the functions available on plaintiff's devices are entertainment- and
2 youth-oriented and are not available on the Treo 680. The evidence further establishes that
3 plaintiff is a network service provider and defendant is not.

4 11. With regard to similarity of marks, the Court finds that they are different. Plaintiff
5 did not present evidence to demonstrate similarity. The evidence presented by defendant
6 demonstrates that the marks are different in sight, sound, and meaning.

7 12. With regard to similarity of marketing channels, the Court finds that they are
8 different. Plaintiff did not produce evidence to demonstrate similarity.

9 13. With regard to defendant's intent on selecting its mark, the Court finds that plaintiff
10 did not produce evidence sufficient to establish that defendant intentionally selected its mark due
11 to its alleged similarity to plaintiff's marks. The evidence presented by defendant demonstrates
12 that defendant selected its mark independent of plaintiff.

13 14. With regard to actual confusion, the Court finds that plaintiff did not produce any
14 evidence of confusion. The evidence presented by defendant convincingly establishes that there is
15 no actual confusion and no likelihood of confusion.

16 15. With regard to the degree of care likely to be exercised by consumers, the Court
17 finds that plaintiff did not produce evidence to demonstrate that consumers exercise a low degree
18 of care. The evidence presented by defendant demonstrates that cellular phone devices are
19 expensive and plaintiff's market is tech-savvy, suggesting a high degree of care.

20 16. The parties agreed that the degree of expansion in other markets is not relevant in
21 this case.

22 17. On balance, the above factors suggest that plaintiff is not likely to succeed on the
23 merits of its trademark infringement claim.

24 18. Plaintiff's voluntary dismissal without prejudice shall not be granted unless
25 plaintiff agrees to the condition that if plaintiff chooses to challenge the conclusions in the two
26 consumer surveys conducted by Howard Marylander (docket nos. 57 and 58) in future litigation,
27 defendant will be entitled to retroactive payment of fees and costs at the time of the challenge.
28 Otherwise, the opinions expressed in both declarations shall be conclusively established.

1 19. Plaintiff did not demonstrate a “realistic chance of prevailing” on its trademark
2 infringement claim, and the award of fees and costs to defendant is appropriate.

3 20. The costs and fees associated with defendant’s oppositions to plaintiff’s application
4 for a temporary restraining order and motion for a preliminary injunction are sunk costs because
5 they cannot easily be carried over into future litigation.

6 21. Plaintiff’s voluntary dismissal without prejudice also shall not be granted unless
7 plaintiff agrees to the condition that any discovery already exchanged can be utilized in any
8 subsequent lawsuit.

9 22. In the alternative, should plaintiff not agree to the two conditions imposed by this
10 Court, plaintiff’s case shall be dismissed with prejudice.

11 23. Dismissal of this case without conditions would result in defendant suffering “plain
12 legal prejudice.”

13 24. The issues have been fully litigated in connection with plaintiff’s motion for a
14 preliminary injunction and depriving defendant of the Court’s ruling on plaintiff’s motion would
15 result in legal harm.

16 25. Having analyzed the above factors, the Court concludes that plaintiff’s voluntarily
17 dismissal without prejudice shall be conditioned upon payment of defendant’s costs and fees, if in
18 the future plaintiff challenges the findings of defendant’s surveys, and that any discovery already
19 exchanged can be utilized in any subsequent lawsuit. If plaintiff does not agree to such
20 conditions, plaintiff’s case is dismissed with prejudice.

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23 So ordered.

24 Dated: April ___, 2007

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Saundra B. Armstrong
United States District Judge

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