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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 SAN DIEGO COUNTY CREDIT
12 UNION,

13 Plaintiff,

14 v.

15 CITIZENS EQUITY FIRST CREDIT
16 UNION,

17 Defendant.

Case No.: 18cv967-GPC(MSB)

**MEMORANDUM DECISION AND
ORDER FOR ENTRY OF
JUDGMENT**

18 Plaintiff San Diego County Credit Union (“SDCCU”) brings this action for
19 declaratory judgment of invalidity of Defendant Citizens Equity First Credit Union
20 (“CEFCU”)’s common law mark, IT’S NOT A BANK. BETTER.¹ (Dkt. No. 139, SAC
21 ¶¶ 88-96.) A bench trial was held via ZOOM on March 30, 2021 and April 1, 2021.
22 (Dkt. Nos. 335, 338.) Martin Bader, Esq. and Jesse Salen, Esq. appeared on behalf of
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25 ¹ The fourth cause of action for declaratory judgment of invalidity claim for the common law mark is the
26 remaining claim in the second amended complaint (“SAC”). The other causes of action that were ruled
27 on at summary judgment or dismissed by joint motion were: 1) declaratory judgment of noninfringement
28 of CEFCU. NOT A BANK. BETTER.; 2) declaratory judgment of noninfringement of NOT A BANK.
BETTER.; 3) declaratory judgment of invalidity of CEFCU. NOT A BANK. BETTER; and 4) false or
fraudulent trademark registration under 15 U.S.C. § 1120, (Dkt. No. 139, SAC), as well as CEFCU’s
counterclaim for trademark cancellation, (Dkt. No. 141). (Dkt. Nos. 256, 259, 276.)

1 SDCCU and James Dabney, Esq. appeared on behalf of CEFCU. (*Id.*) On April 7, 2021,
2 CEFCU filed its closing argument, SDDCU filed its closing argument on April 13, 2021,
3 and CEFCU filed a reply closing argument on April 15, 2021. (Dkt. Nos. 343, 347, 350.)

4 Having carefully reviewed the evidence and the arguments of the parties, as
5 presented at trial, and in their written submissions, the Court makes the following
6 findings of fact and conclusions of law pursuant to Federal Rule (“Rule”) of Civil
7 Procedure 52(a) and finds in favor of SDCCU seeking declaratory judgment that NOT A
8 BANK. BETTER. is invalid.²

9 **FINDINGS OF FACT³**

10 SDCCU is a credit union organized and existing under the laws of the State of
11 California, having its principal place of business and headquarters in San Diego,
12 California and CEFCU is a credit union organized and existing under the laws of the
13 State of Illinois, having its principal place of business and headquarters in Peoria, Illinois.
14 (Dkt. No. 303, Stip. Facts ¶¶ 3, 4.)

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17 ² After the close of Defendant’s case in chief, both parties orally moved for judgment on partial findings
18 under Rule 52(c), which the Court took under submission. (Dkt. No. 348 at 275-76; *see also* Dkt. No.
19 349 at 31, 162.) The Court also noted this was a “big-ticket” legal issue that the parties would be
20 briefing when they submit their written closing argument briefs. (Dkt. No. 348 at 275.) CEFCU’s
21 counsel acknowledged he would brief the issue in writing. (Dkt. No. 349 at 162.) Despite raising Rule
22 52 motions, neither party addresses their Rule 52(c) motions in the closing briefs. (*See* Dkt. Nos. 343,
23 347, 350.) Therefore, the parties have either abandoned or waived their Rule 52(c) motions and the
24 Court declines to consider them. *See e.g., Kohler v. Inter-Tel Techs.*, 244 F.3d 1167, 1182 (9th Cir.
25 2001) (observing that issues raised in an appellate brief but not supported by argument are deemed
26 abandoned); *Am. Int’l Enters., Inc. v. FDIC*, 3 F.3d 1263, 1266 n. 5 (9th Cir. 1993) (issues raised in
27 briefs that are not supported by argument are deemed abandoned).

28 ³ The parties filed letter briefs to address the appropriate procedure for providing the Court with
transcripts of deposition video clips played at trial to impeach a witness. (Dkt. Nos. 342, 345.) SDCCU
argues that Exhibits 195 and 196 that were lodged with the Court consisting of transcript excerpts from
deposition video clips played by SDCCU at trial to impeach CEFCU’s witnesses Jennifer Flexer and On
Amir, (Dkt. No. 334), should be admitted as evidence in order to make a complete record. (Dkt. No.
342.) SDCCU does not explain why the transcripts need to be admitted rather than lodged with the
Court to be considered part of the record. CEFCU argues that because the transcripts have been lodged,
they should be treated as if the court reporter had transcribed the deposition audio as it were played in
open court during trial. (Dkt. No. 345.) Because Exhibits 195 and 196 have been lodged with the Court,
they are considered part of the record.

1 On September 1, 2010, CEFCU filed an application to federally register CEFCU.
2 NOT A BANK. BETTER. on the principal trademark register. (Trial Ex. B.) On May 3,
3 2011, the United States Patent and Trademark Office (“USPTO”) recorded U.S.
4 Registration No. 3,952,993 for CEFCU. NOT A BANK. BETTER. in standard characters
5 (the “’993 Registration”). (Trial Ex. A.) The USPTO recorded the ’993 Registration
6 without requiring any disclaimer⁴ of NOT A BANK. BETTER. (Trial Ex. B.)

7 At trial, Jennifer Flexer, CEFCU's Assistant Vice President of Market Strategy
8 and Analytics, who has been employed with CEFCU since 1997, was the sole non-expert
9 witness to testify. (Dkt. No. 348, Flexer Test. at 78:21-79:1.) From 2006 to 2011,
10 CEFCU used “Your Credit Union” as its primary tagline on its advertising. (Dkt. No.
11 348, Flexer Test. at 150:11-19; *see also* Trial Exs. 21, J, 33,⁵ 95.) In 2011, CEFCU made
12 a corporate decision to rebrand and switched its tagline from “CEFCU, Your Credit
13 Union” to “CEFCU. NOT A BANK. BETTER.” (Dkt. No. 348, Flexer Test. at 151:8-
14 16.) It is not disputed that since 2011, Defendant has consistently used NOT A BANK.
15 BETTER. with its housemark, CEFCU, in the form of CEFCU. NOT A BANK.
16 BETTER. in its extensive advertising and marketing. (Dkt. No. 349, Trial Trans. at
17 283:12-19: *see also* Trial Exs. C, D.)

18 Prior to its corporate decision to rebrand in 2011, CEFCU used the tagline or
19 slogan, NOT A BANK. BETTER. as part of its advertising and marketing beginning in
20 2006. (Dkt. No. 348, Flexer Test. at 91:4-8.) On September 20, 2006, CEFCU, in an
21 internal email, announced it would start the “Not a Bank. Better.” campaign to include
22 TV, radio and billboard ads for its fall membership campaign that would run in Illinois
23 for a period of four weeks. (Dkt. No. 348, Flexer Test. at 81:23-82:3; 83:3-18; Trial Exs.
24 F, G.) This campaign included 15-second TV ads promoting CEFCU and in a closing
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27 ⁴ “The Director may require the applicant to disclaim an unregistrable component of a mark otherwise
28 U.S.C. § 1056(a).

⁵ Trial Exs. J and 33 are duplicative.

1 graphic where floating type moves across the screen “Not a bank. Better.” along with the
2 CEFCU housemark are displayed. (Trial Exs. G-2, G-5.)

3 On October 16, 2006, CEFCU first used NOT A BANK. BETTER, by itself and
4 separate from the housemark CEFCU in an ad that ran for one day in the Decatur Herald
5 and Review. (Trial Ex. CC - 4645-47.) The rectangular advertisement presents “Not a
6 Bank. Better!” in the upper left-hand corner and on the bottom right-hand corner is
7 CEFCU’s former tagline, “CEFCU Your Credit Union.” (*Id.*)

8 CEFCU’s first use of CEFCU. NOT A BANK. BETTER. was in a print
9 advertisement in the Peoria Journal Star on February 5, 2007 promoting its home equity
10 loans. (Dkt. No. 348, Flexer Test. at 168:15-169:19; Trial Exs. I, J.) The ad features
11 “CEFCU. Not a bank. Better” in normal text after a description of its home equity loan
12 and its former tagline highlighted in the bottom right-hand corner, “CEFCU Your Credit
13 Union.” (Trial Exs. I, J.)

14 In 2007, CEFCU’s website landing page⁶ displayed at the bottom, “Contact
15 CEFCU or visit a Member Center to find out more about the credit union difference.
16 CEFCU... Not a bank. Better.” (Dkt. No. 348, Flexer Test. at 119:2-121:1; Trial Exs. K,
17 L.)

18 In October 2007, CEFCU mailed out a newsletter to members over sixteen years
19 old. (Trial Ex. M.) NOT A BANK. BETTER. was used twice in the text of the
20 Chairman’s letter. (Trial Ex. M-2.) The Chairman wrote, “The phrase, ‘*Not a Bank –*
21 *Better*’ certainly described those early days” and “‘*Not a Bank—Better.*’ It still holds true
22 today.” (*Id.*)

23 In November 2007, CEFCU produced a storyboard for a 15 second TV ad
24 promoting its Visa credit card. (Dkt. No. 348, Flexer Test. at 125:1-12.) On the last shot,
25 the CEFCU logo appeared and then “Not a bank. Better.” rained down and was placed
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28 ⁶ A landing page is a web page where a web visitor ends up on by clicking on a CEFCU display ad on a
third-party website. (Dkt. No. 348, Flexer Test. at 120:16-121:1.)

1 under the CEFCU logo. (Trial Ex. CC-4535.) This ad was aired from time to time
2 between 2007 and 2010 when the Visa credit card offer was being promoted. (Dkt. No.
3 348, Flexer Test. at 126:2-5.)

4 CEFCU also played two audio radio advertisements at trial. The first radio ad
5 began running in the fall of 2007 until 2010. (Dkt. No. 348, Flexer Test. at 105:8-13;
6 126:18-23; 127:6-9.) In the closing remarks promoting CEFCU's Platinum Rewards
7 Visa card, the announcer states, "Switch to Visa Rewards from CEFCU. Not a bank.
8 Better." There is a slight one second pause between "CEFCU" and "Not a bank. Better."
9 (Trial Ex. CC-4497.)

10 The second radio ad began to run in the spring of 2008 until 2010. (Dkt. No. 348,
11 Flexer Trans. at 128:2-8.) In the closing of the second radio ad promoting CEFCU's
12 home equity line of credit, the announcer states, "Call . . . or stop in for details for a home
13 equity loan from CEFCU. Not a bank. Better." (Trial Ex. CC-4498.) In this ad, there is
14 no pause between CEFCU and NOT A BANK. BETTER. (*Id.*)

15 In a storyboard for a 15 second TV ad, which aired in 2008 to 2010, promoting
16 CEFCU's offer to pay closing costs for first-time home buyers, Flexer testified that there
17 was a time delay between when the word CEFCU appeared and "Not a bank. Better"
18 appeared on the last slate. (Dkt. No. 348, Flexer Test. at 129:12-23; 130:3-14; Trial Exs.
19 4557 and 4559.)

20 Starting February 1, 2008 for a period two months, CEFCU used the tagline, NOT
21 A BANK. BETTER., by itself, along with its former tagline, "CEFCU. Your Credit
22 Union," in its pocket schedules. (Trial Ex. CC-4510.)

23 In 2009, CEFCU ran a home equity campaign. (Dkt. No. 348, Flexer Test. at
24 132:21-133:6, 136:10-18; Trial Ex. O; *see also* Trial Ex. P.) CEFCU published
25 newspaper ads promoting its home equity loan with CEFCU NOT A BANK. BETTER.
26 in regular text and font and used its former tagline "CEFCU Your Credit Union" which
27 was highlighted in the bottom right corner. (Dkt. No. 348, Flexer Test. at 133:7-10; Trial
28 Ex. O-2.) This promotion included radio ads using CEFCU. . . NOT A BANK.

1 BETTER. (Dkt. No. 348, Flexer Test. at 133:15-24; Trial Ex. O-3.) The promotion also
2 included TV ads that included a slate at closing displaying CEFCU. NOT A BANK.

3 BETTER. (Dkt. No. 348, Flexer Test. at 134:3-17; Trial Ex. O-4, O-5.) Flexer testified
4 there was a time delay between display of the word CEFCU and NOT A BANK.

5 BETTER. in the TV ad. (Dkt. No. 348, Flexer Test. at 134:18-20.)

6 In August 2009, CEFCU sent credit card statements to about 50,000 of its credit
7 card holders. (Dkt. No. 348, Flexer Test. at 137:12-17; Trial Ex. Q.) The credit card
8 statements included an ad for a car loan with CEFCU. NOT A BANK. BETTER along
9 with “CEFCU Your Credit Union.” (Trial Ex. Q.) These ads were inserted in the
10 statements about five times between 2009 and 2011. (Dkt. No. 348, Flexer Test. at
11 137:12-15.)

12 On December 31, 2008, CEFCU purchased Valley Credit Union in northern
13 California. (*Id.* at 161:13-19.) In the Spring 2010, CEFCU ran an ad in Scene, a
14 magazine from the East Bay area for Valley Credit Union, a division of CEFCU. (Dkt.
15 No. 348, Flexer Test. at 137:22-138:17; Trial Ex. R.) “Valley Credit Union, a division of
16 CEFCU” is above the tagline “NOT A BANK. BETTER.” (Trial Ex. R-4.) A fourth
17 quarter 2010 Valley Credit Union newsletter was sent to CEFCU members who were
18 members of the former Valley Credit Union in October 2010. (Dkt. No. 348, Flexer Test.
19 at 138:18-139:1; Trial Ex. S.) The newsletter promoted the CEFCU Visa card and
20 included, “Enjoy a better value and switch to a Visa Credit Card from CEFCU. Not a
21 bank. *Better.*” (Trial Ex. S-1.)

22 Because CEFCU had no recognition or meaning outside of central Illinois, and the
23 words “credit” and “union” have some negative connotations, CEFCU decided to rebrand
24 itself around 2010-2011. (Dkt. No. 348, Flexer Test. at 151:17-152:12; 161:20-162:5.)
25 CEFCU wanted to convey from a marketing standpoint that it was a full-service financial
26 institution. (*Id.* at 162:6-10.) At this time, CEFCU also decided to register CEFCU.
27 NOT A BANK. BETTER. as a trademark because that is how they had been using the
28 phrase and wanted to continue using them together. (*Id.* at 156:7-13.) Ms. Flexer

1 testified that use of NOT A BANK. BETTER. was always a part of its branding and
2 marketing of CEFCU and has had a powerful impact. (*Id.* at 119:10-120:9.)

3 In 2011 and again in 2017, CEFCU issued detailed brand guidelines concerning
4 use of CEFCU. NOT A BANK. BETTER which includes its housemark, CEFCU, and
5 the tagline, NOT A BANK. BETTER. Since 2011, CEFCU consistently used the
6 following as its tagline in the following format below or in a horizontal format, (*id.* at
7 202:3-21; Trial Ex. 42 at p. 4).



14 These brand guidelines have been strictly complied with in all advertising and
15 marketing since 2011 in order to keep a consistent brand. (Dkt. No. 348, Flexer Test. at
16 197:11-17; *see also* Trial Exs. 26, C, D.) Except for variations in color, CEFCU did not
17 allow the logo to be altered in any manner and the tagline was never to be displayed by
18 itself. (Dkt. No. 348, Flexer Test. at 197:20-199:5; 202:22-203:3.)

19 However, since rebranding, there were two instances where NOT A BANK.
20 BETTER. was used by itself. First in 2011, CEFCU created standard design business
21 cards with NOT A BANK. BETTER., by itself, in white text on a blue background on the
22 back side of the cards. (Dkt. No. 348, Flexer Test. at 123:11-13; Trial Ex. C-13.) From
23 2011 to the present, CEFCU printed and distributed about 1.1 million of the business
24 cards to employees. (Dkt. No. 348, Flexer Test. at 122:18-23; 123:4-7; 207:8-9; 209:11-
25 21; Trial Ex. C-13.) The front side of the card has the logo “CEFCU. Not a bank.
26 Better.” as well as the address and contact information of a CEFCU employee. (Dkt. No.
27 348, Flexer Test. at 206:10-12; Trial Ex. C-13.) CEFCU employees distribute the
28 business cards in the course of networking and working throughout the communities that

1 they serve. (Dkt. No. 348, Flexer Test. at 218:24-219:5.) Flexer testified that the
2 business cards were used in advertising and marketing of CEFCU services. (*Id.* at 123:8-
3 10.) However, Ms. Flexer did not know how many of the 1.1 million have been
4 distributed to customers or potential customers. (*Id.* at 210:2-5.)

5 Second, the current landing page of CEFCU’s website was originally posted on
6 August 1, 2017 and displays “Not a bank. Better.” in the center highlighted in white on
7 top of a picture, by itself, without the housemark. (Dkt. No. 348, Flexer Test. at 121:6-
8 22; Trial Ex. DD.) The bottom of the page also displays CEFCU. NOT A BANK.
9 BETTER. (Trial Ex. DD.)

10 CONCLUSIONS OF LAW

11 SDCCU’s fourth cause of action seeks to have a declaration finding that CEFCU
12 does not hold a protectable interest in the tagline NOT A BANK. BETTER on four
13 grounds of which two were pursued at trial: (1) CEFCU has not continuously used the
14 tagline in commerce with credit union services as a standalone mark apart from the house
15 mark “CEFCU” and (2) the tagline is merely descriptive and is not protectable. (Dkt. No.
16 139, SAC ¶¶ 100, 102.)

17 A. Continuous Use of NOT A BANK. BETTER.

18 1. Burden of Persuasion

19 The function of the Declaratory Judgment Act is “procedural” and substantive
20 rights remain unchanged. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S.
21 191, 194 (2014). The burden of proof is a substantive aspect of a claim. *Id.* In this case,
22 under the common law, there is no presumption of validity of the subject mark. As such,
23 to establish validity, the initial burden falls on CEFCU to demonstrate ownership of the
24 common law mark and then the burden shifts to SDCCU to demonstrate that it is invalid.
25 *Cf. Vuitton Et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775 (9th Cir. 1981)
26 (“under the Lanham Act, registration and entry of a trademark . . . shifts the burden of
27 proof from the plaintiff, who would have to establish his right to exclusive use in a
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1 common law infringement action, to the defendant, who must introduce sufficient
2 evidence to rebut the presumption of plaintiff’s right to such protected use.”)

3 The Court concludes that CEFCU bears the burden of persuasion to show that it
4 had made continuous use of the tagline to create a valid mark.⁷ CEFCU is not entitled to
5 any presumption of validity and, as a practical matter, it is in a superior position to
6 demonstrate its ongoing use of the mark rather than requiring SDCCU to prove a
7 negative. *Cf. Medtronic*, 571 U.S. at 200 (patent holder in a better position than an
8 alleged infringer to know, and to be able to point out, just where, how, and why a product
9 infringes a claim of that patent and until he does so, alleged infringer may have to work
10 in the dark). Accordingly, on the remaining claim for declaratory relief of invalidity,
11 CEFCU must establish that it has a valid and protectable ownership interest in the tagline,
12 NOT A BANK. BETTER., distinct from its ownership rights in its registered trademark,
13 CEFCU. NOT A BANK. BETTER.

14 **2. Applicable Law**

15 Next, the Court must decide what law to apply in analyzing the legal issues before
16 it. CEFCU submits that Illinois state law, not Ninth Circuit law, applies relying on *Jim*
17 *Mullen Charitable Fdn. v. World Ability Fed’n*, 917 N.E. 2d 1098, 1105 (Ill. App. Ct.
18 2009). The Court agrees that Illinois law provides the starting point in identifying the
19 applicable law for determining whether CEFCU’s use of its tagline has established an
20 ownership right for the common law mark.⁸ In *Jim Mullen*, a trademark infringement
21 case, the Illinois court of appeals observed that “because the [trademark] statutes
22 themselves neither create a valid trademark nor establish new rights, courts may apply a
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25 ⁷ The Court previously arrived at this conclusion during the motions in limine hearing. (Dkt. No. 348,
Trial. Trans. at 32:4-40:2.)

26 ⁸ While the evidence at trial showed that the tagline was used in Illinois and California, CEFCU does not
27 contend that it acquired a valid trademark right under California law. If it did, there was no evidence
28 that the use of the tagline had gained independent trademark significance in California. Instead,
CEFCU’s case was centered on offering evidence to demonstrate that it acquired a trademark right under
Illinois law. (*See, e.g.*, ECF No. 331 at ¶ 87.)

1 single analysis to federal, state, and common law trademark claims.” *Id.* at 1104; *see*
2 *also Bedrock Mgmt., Inc. v. Peoples Choice Entm’t, Inc.*, No. 14–cv–06624, 2014 WL
3 4979270, at *2 (N.D. Ill. Oct. 6, 2014) (“Illinois statutory and common law trademark
4 claims are examined under the same analysis as federal trademark claims.”); *Eagle*
5 *Forum v. Phyllis Schlafly's American Eagles*, 451 F. Supp. 3d 910, 919 (S.D. Ill. 2020)
6 (“The elements of a claim for Illinois common law trademark infringement are the same
7 as under [Lanham Act § 43(a)]”); *cf. Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403,
8 425 (1916) (common law of the several states has the same origin for the most part, and
9 their law concerning trademarks and unfair competition is the same in its general
10 features).

11 Here, CEFCU argues that SDCCU’s continuous and standalone use theory under
12 Ninth Circuit law is irrelevant and has no basis in law or fact. (Dkt. No. 350 at 6.⁹) In its
13 papers, CEFCU relies on *Jim Mullen* for the general proposition of trademark law that
14 one may obtain protectable rights in a slogan if it is used in sale or advertising or services
15 and is “sufficiently public to identify or distinguish the marked goods in an appropriate
16 segment of the public mind as those of the adopter of the mark.” (Dkt. No. 350 at 6
17 (citing *Jim Mullen Charitable Fdn.*, 917 N.E. 2d at 1108).) Ninth Circuit law also applies
18 the same standard. *See Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1205
19 (9th Cir. 2012) (quoting *New W. Corp. v. NYM Co. of Cal.*, 595 F.2d 1194, 1200 (9th Cir.
20 1979) (whether the mark was used “in a way sufficiently public to identify or distinguish
21 the marked [services] in an appropriate segment of the public mind.”)). CEFCU fails to
22 explain how *Jim Mullen* is distinct from Ninth Circuit law and how the ruling in *Jim*
23 *Mullen* applies to the specific facts of this case. (Dkt. No. 350 at 6.) Most significantly,
24 neither *Jim Mullen* or any other Illinois case addresses the issue in this case whether one
25 may acquire trademark rights to a tagline when it is displayed with a housemark.
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28 ⁹ Page numbers to the parties’ briefs are based on the CM/ECF pagination.

1 Accordingly, given that CEFCU has not produced relevant Illinois caselaw and it
2 appears there is no Illinois law on point, the Court will apply federal law interpreting the
3 common law on trademark. To establish common law trademark rights for an
4 unregistered mark, the owner must establish continuous use of the trademark in a
5 commercial capacity. *See Air Aromatics, Ltd. Liab. Co. v. Hakim*, 556 Fed. App'x 622,
6 623 (9th Cir. 2014) (citing *Watec Co., Ltd. v. Liu*, 403 F.3d 645, 654 (9th Cir. 2005) (“To
7 establish a protectable ownership interest in a common law trademark, the owner must
8 ‘establish not only that he or she used the mark before the mark was registered, but also
9 that such use has continued to the present.’”)); *see e.g., Casual Corner Assocs., Inc. v.*
10 *Casual Stores of Nevada, Inc.*, 493 F.2d 709, 713 (9th Cir. 1974) (In an action for
11 trademark infringement, a party asserting common law trademark rights must show
12 continuous use prior to the date of the junior user's trademark registration.). For purposes
13 of establishing protectable rights in a trademark, use of the mark must be “sufficiently
14 public” that the trademark is “identif[ied] or distinguish[ed] . . . in an appropriate
15 segment of the public mind as those of [the adopter of the mark].” *Johnny Blastoff, Inc. v.*
16 *Los Angeles Rams Football Co.*, 188 F.3d 427, 433–34 (7th Cir. 1999) (quoting *New*
17 *West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979)).

18 To establish that the public identifies the mark with a particular product source, the
19 fact-finder may rely on its use in “‘advertising brochures, catalogs, newspaper ads, and
20 articles in newspapers and trade publications,’ as well as in media outlets such as
21 television and radio.” *Id.* at 434 (citations omitted); *see also Comm’cns. Satellite Corp.*
22 *v. Comcet, Inc.*, 429 F.2d 1245 1248–49 (4th Cir. 1970) (holding that plaintiff's
23 promotion and use of the distinctive mark “Comsat” as an abbreviation for its company,
24 together with frequent references to the company by the Comsat name in magazines and
25 newspapers, was sufficient to support a finding that the name was a strong and
26 protectable mark).

27 Despite CEFCU’s argument that Ninth Circuit law is irrelevant and that only
28 Illinois law applies, CEFCU, as well as SDCCU, rely on *Quiksilver, Inc. v. Kymsta*

1 *Corp.*, 466 F.3d 749 (9th Cir. 2006) to support their respective positions. *Quiksilver*
2 addressed how a party may obtain trademark rights in a mark separate from a housemark.
3 In that case, the Ninth Circuit reversed the district court’s ruling in favor of Quiksilver on
4 its motion for judgment as a matter of law concluding that there were fact issues on the
5 validity of the registered trademark ROXY. *Id.* at 751. There, Quiksilver filed a
6 trademark infringement action as well as false designation of origin, trademark dilution
7 and unfair competition against Kymsta which raised several defenses including first use,
8 inherent distinctiveness and innocent use. *Id.* at 754.

9 The import of *Quiksilver* is better understood with a brief description of the facts.
10 In September 1990, Quiksilver launched its junior line at a trade show using a poster
11 featuring a logo displaying “‘QUIKSILVER’ in corporate script on the left, a ‘Bali-ohm’
12 woman’s figure in the middle, and ‘ROXY’ on the right.” *Id.* at 752. It took orders of its
13 junior line in January 1991. *Id.* In September 1991, Quiksilver began selling two new
14 design denim items: “a vest displaying a patch with ‘ROXY’ in large letters above
15 ‘QUIKSILVER’ in corporate script . . . and a ‘graffiti short’ displaying ‘ROXY’ on the
16 right back pocket and ‘QUIKSILVER’ wrapping around from the left front pocket to the
17 left back pocket.” *Id.* The hangtag that was attached to the apparel for the 1992 line
18 included QUIKSILVER in corporate script above ROXY in a different font. *Id.* at 753.
19 The defendant, Kymsta, also manufactured clothing and produced a junior trendy line
20 called ROXYWEAR. *Id.* at 754. The first sale of ROXYWEAR clothing occurred in
21 mid-January 1992 where ROXYWEAR was displayed on the interior clothing label but
22 never on the fabric of its garments or its hangtags. *Id.*

23 The district court ruled in favor of Quiksilver as to Kymsta’s affirmative defenses
24 and found the first use of ROXY was on the 1991 graffiti short and concluded that
25 ROXY was valid and Quiksilver was the senior user. *Id.* The Ninth Circuit reversed, in
26 part, and found that Kymsta provided evidence to rebut the presumption of validity of
27 Quiksilver’s registered trademark for ROXY by raising factual issues whether Kymsta
28 used its mark ROXYWEAR in commerce before Quiksilver first used the ROXY mark.

1 *Id.* at 756. The Ninth Circuit held that 1) reasonable minds could differ whether
2 Quiksilver first used ROXY as a *standalone mark* before Kymsta first used
3 ROXYWEAR, and 2) reasonable minds could differ whether Quiksilver created
4 *independent trademark significance* for its ROXY mark before Kymsta first used
5 ROXYWEAR. *Id.* at 756-58 (emphasis added).

6 Applying *Quiksilver* here, the Court will consider whether CEFCU has
7 demonstrated continuous use of NOT A BANK. BETTER. in commerce as a standalone
8 mark and whether CEFCU created independent trademark significance for the tagline.

9 **3. Standalone Mark**

10 CEFCU argues that it may obtain rights to a tagline even though it is used with a
11 housemark; therefore, demonstrating standalone use of NOT A BANK. BETTER. is
12 “legally irrelevant.” (Dkt. No. 350 at 6, 8.) Based on its theory, CEFCU argues that it
13 has continuously used NOT A BANK. BETTER. since 2006 even though it has primarily
14 been used with its housemark, CEFCU. SDCCU asserts that CEFCU failed to show that
15 it used the tagline apart from its housemark when it advertised its services and any
16 independent use of the tagline was *de minimus* or not linked to any information about its
17 services. (Dkt. No. 347 at 8-11.)

18 In *Quiksilver*, the Ninth Circuit specifically held that reasonable minds could differ
19 on whether Quiksilver first used ROXY as a standalone mark before the alleged infringer.
20 *Quiksilver*, 466 F.3d at 756. But the court did not provide any guidance on what it meant
21 by using a mark as a “standalone.” In coming to its conclusion, the court pointed to the
22 physical distance between the display of ROXY and QUIKSILVER on the shorts. *Id.* at
23 757. It concluded that a reasonable jury could conclude that the shorts did not display
24 ROXY as a standalone mark and could infer that the shorts displayed the QUIKSILVER
25 ROXY mark. *Id.* Further, the court pointed to the poster using ROXY and
26 QUIKSILVER with the Bali-ohm logo, explaining that reasonable minds could differ on
27 whether Bali-ohm logo displayed the standalone ROXY mark or the QUIKSILVER
28 ROXY mark. *Id.*

1 The Court finds that use of a mark in standalone fashion is relevant because such
2 use evidences the intent of the mark owner to distinguish the mark in the minds of the
3 public. The Court reads *Quiksilver* as recognizing that a mark owner seeking protection
4 of a mark may gain some level of commercial impression for the mark by displaying it
5 separately or distinctly from the housemark.

6 At trial, CEFCU provided evidence that it used the tagline by itself on a few
7 occasions. CEFCU first used NOT A BANK. BETTER, by itself and separate from the
8 housemark in the Decatur Herald and Review on October 16, 2006 which ran for one
9 day. (Trial Ex. CC - 4645-47.) Again, for a period of two months starting on February 1,
10 2008, the tagline was used by itself and with the former tagline “CEFCU. Your Credit
11 Union” in its pocket schedules. (Trial Ex. CC-4510.) After rebranding in 2011, the
12 tagline, itself, was displayed on the back side of 1.1 million business cards that were
13 printed and distributed to employees from 2011 to the present as well as used on
14 CEFCU’s landing page since 2017. (Trial Exs. C-13; DD.) This evidence reveals some
15 standalone use of the tagline by CEFCU. There was also evidence that CEFCU brand
16 guidelines adopted in 2011 did not permit the logo to be altered in any manner, other than
17 variations in color, and the tagline was never to be displayed by itself. (Dkt. No. 348,
18 Flexer Test. at 197:20-199:5; 202:22-203:3.)

19 While there may have been limited standalone use, it was de minimis, sporadic and
20 insufficient alone to establish a valid and protectable interest in a trademark. As such, the
21 Court will next review the entire record to determine whether CEFCU has created
22 independent significance for NOT A BANK. BETTER.

23 **4. Independent Trademark Significance**

24 Whether a mark has acquired trademark significance independent of the
25 housemark “depends on the manner of use and the commercial impression engendered by
26 that use”, *Quiksilver*, 466 F.3d at 757 (citing *Bose Corp. v. QSC Audio Prods., Inc.*, 293
27 F.3d 1367, 1374 (Fed. Cir. 2002)), and whether the mark is “‘recognized in and of itself
28 as an indication of origin’ for the product.” *Id.* at 757 (quoting *Textron Inc. v. Cardinal*

1 *Eng'g Corp.*, 164 U.S.P.Q. 397, 399 (T.T.A.B. 1969)). The court considers whether the
2 mark owner engaged in “a constant pattern or effort . . . to use . . . [the product mark] in a
3 manner separate and distinct from [the house mark].” *Id.* (quoting *Textron Inc.*, 164
4 U.S.P.Q. at 400). In addition, the court should consider “consumer awareness of the
5 product mark apart from the fame of the associated house mark,” the “strength of the
6 public reputation of the product mark,” and the “nature and context of promotion.” *Id.*
7 (quoting *Bose Corp.*, 293 F.3d at 1374). Courts should consider the totality of the
8 evidence. *See id.*

9 In line with *Quiksilver*, courts and the Trademark Trial and Appeal Board
10 (“TTAB”) have consistently applied a similar legal standard to determine whether a mark
11 has obtained independent significance separate from a housemark. For example, in *Bose*,
12 a case cited in *Quiksilver*, Bose opposed a trademark application before the TTAB to
13 register POWERWAVE where Bose claimed, on the issue of likelihood of confusion, that
14 its marks WAVE and ACOUSTIC WAVE were independently famous. *Bose*, 293 F.3d
15 at 1373-74. The TTAB concluded that Bose’s marks WAVE and ACOUSTIC WAVE
16 were not independently famous because they were used with the BOSE housemark. *Id.*
17 The Federal Circuit agreed with the TTAB that product marks used with a famous house
18 mark must show that the product marks have independent trademark significance apart
19 from the fame associated with the housemark. *Id.* at 1374 (citing Thomas McCarthy,
20 McCarthy on Trademarks and Unfair Competition § 7.5 (4th ed. 1999) (“Whether or not
21 a product mark always used with a house mark possesses a separate trademark
22 significance depends on the manner of use and the commercial impression engendered by
23 that use.”)). But the Federal Circuit disagreed with the TTAB’s conclusion and noted
24 there was “overwhelming evidence” that the product marks stood independent of its
25 famous house mark. *Id.* at 1375. First, the “critical notice given to the products
26 specifically note[d] the ACOUSTIC WAVE and WAVE marks separate from the Bose
27 marks” and there was significant “evidence of advertising and sales literature that
28 decouple[d] the product marks from the famous house mark.” *Id.*

1 Similarly, in *Textron*, the defendant sought to register ZIP-ZAW for a portable saw
2 for cutting concrete and masonry which Textron opposed arguing it had continuously
3 used ZIP on its portable saws before the defendant. *Textron, Inc.*, 164 U.S.P.Q. 397, at
4 *1 The question was whether or not Textron had used ZIP alone or used it as part of a
5 composite mark associated with the housemark HOMELITE. *Id.* at *3-4. The TTAB
6 explained “whether or not a particular designation used on a product along with a house
7 mark possesses a separate trademark significance depends on the manner in which it is
8 used and the commercial impression engendered as a result of such use.” *Id.* at *4. The
9 record showed that Textron adopted the mark ZIP with the intent to create a distinctive
10 product mark for a particular chain saw of its manufacture and that Textron had used the
11 term ZIP both alone and in association with a three arc design in a manner separate and
12 distinct from HOMELITE. *Id.*

13 In *In re Colgate-Palmolive Co.*, 153 U.S.P.Q. 695 (1967), the TTAB disagreed
14 with the examiner and concluded that the slogan, THE MOST POWERFUL NAME IN
15 CLEANING, can be separately registered as a trademark even though it has been used as
16 AJAX, THE MOST POWERFUL NAME IN CLEANING. *Id.* at *1-2. In coming to its
17 conclusion, the TTAB noted that a slogan which is used with a principal mark may be
18 registered separately as long as the “the portion sought to be registered forms a separate
19 commercial impression or has acquired a secondary meaning.” *Id.* at *1. The question
20 was whether the slogan “is merely a part of the composite mark” or “create[d] a separate
21 commercial impression apart from the word ‘AJAX’ and [was], therefore, an independent
22 trademark.” *Id.* Based on the evidence in the case, the TTAB concluded the slogan had
23 been advertised and used by the applicant to create a commercial impression separate and
24 apart from the mark AJAX. *Id.* at *2.

25 Here, CEFCU, relying on *Quiksilver*, argues that by its use of CEFCU. NOT A
26 BANK. BETTER. in advertising, the tagline has acquired independent trademark
27 significance because CEFCU’s use of the tagline is in a different print style, different size
28 lettering, and different position relative to the housemark. (Dkt. No. 350 at 8.) Next,

1 CEFCU contends that Dr. On Amir’s survey demonstrated a high level of consumer
2 awareness of NOT A BANK. BETTER. in central Illinois. (*Id.*) Finally, NOT A
3 BANK. BETTER. has appeared as a tagline in tens of millions of dollars of print, radio,
4 television, direct mail, and internet advertising of CEFCU services since 2006.¹⁰ (*Id.*)
5 SDCCU disputes CEFCU’s assertions contending that varying the size, font and color do
6 not establish independent trademark significance; moreover, unlike the ROXY mark
7 which was registered and enjoyed the presumption of validity, NOT A BANK. BETTER.
8 is not a registered mark and enjoys no presumption of validity. (Dkt. No. 347 at 7-8.)

9 Based on the evidence presented at trial, CEFCU has not demonstrated that it has
10 created independent trademark significance for NOT A BANK. BETTER. First, it did
11 not engage in a constant pattern or effort to use the mark in a manner separate and
12 distinct from the housemark. In fact, CEFCU took pains to use the housemark along with
13 the tagline. While the print style, font size and position of the tagline may support a
14 finding of independent trademark significance, by themselves, they do not establish it.
15 *See Quiksilver*, 466 F.3d at 758 (displaying ROXY in different size, font and color may
16 suggest it acquired independent trademark significant, it does not establish it). Next, as
17 discussed in more detail below, the Court gives Dr. Amir’s testimony little or minimal
18 weight. Finally, CEFCU’s argument that it has used NOT A BANK. BETTER. and spent
19 “tens of millions of dollars” on advertising using the tagline since 2006 is not persuasive
20

21
22 ¹⁰ In its closing reply brief, CEFCU cites to Exhibit E, a table reflecting assets, income and liabilities
23 from 2006 to 2019, to support its claim that it has spent tens of millions of dollars on advertising. (Dkt.
24 No. 350 at 8 (citing Trial Ex. E and Flexer Test. at 147-48).) However, at trial, Ms. Flexer did not
25 explain the contents of the tables. (*See* Dkt. No. 348, Flexer Test. at 147:13-23.) On the Court’s review,
26 the tables do not list advertising as an expense; instead, it lists “Communications”, “Member Education”
27 and “Other.” (Trial Exs. E-6 to E-19.) Therefore, it is not clear where advertising falls under the
28 Expense category. Although not referenced by CEFCU concerning advertising expenses, Exs. T to BB,
consist of annual reports from 2010 to 2018 that include a line item for marketing expenses. (Trial Exs.
T to Ex. BB.) Yet, the sum of the advertising expenses in the annual reports do not reach anywhere near
the tens of millions of dollars CEFCU asserts it spent. While the record does not demonstrate that tens of
millions of dollars were spent on advertising of CEFCU. NOT A BANK. BETTER. it does reveal that a
significant amount of money was spent on advertising it.

1 because CEFCU’s use of NOT A BANK. BETTER. in advertising has nearly always
2 been used with the housemark, CEFCU. (Dkt. No. 348 Flexer Test. at 197:11-22 (since
3 2011 CEFCU employed 40,000 projects which all included the logo, CEFU. NOT A
4 BANK. BETTER).) With the exception of a newspaper ad that ran for one day on
5 October 16, 2006, its use on pocket schedules for two months starting in February 2008,
6 printing of 1.1 million business cards since 2011 and use on the landing page of its
7 website since 2017, CEFCU has spent the vast majority of its “tens of millions of dollars”
8 of advertising expenses in support of CEFCU. NOT A BANK. BETTER. *See Spraying*
9 *Sys. Co. v. Delvan, Inc.*, 975 F.2d 387, 393 (7th Cir. 1992) (rejecting plaintiff’s argument
10 that the district court failed to give adequate consideration of evidence of sales,
11 advertising and use of its “-JET” marks because the evidence did not demonstrate
12 secondary meaning in the “-JET” mark but instead showed extensive recognition of the
13 composite marks). By using the housemark and tagline together, CEFCU created
14 independent trademark significance in the registered mark and not the tagline.
15 Ultimately, CEFCU failed to provide evidence that significant advertising was spent
16 promoting the tagline separately from the housemark or any other evidence of a “constant
17 pattern or effort . . . to use . . . [NOT A BANK. BETTER] in a manner separate and apart
18 from [CEFCU].”¹¹ *See Quiksilver*, 466 F.3d at 757.

19 **5. Abandonment**

20 Lastly, SDCCU argues that even if the limited evidence of use of the tagline was
21 sufficient to create trademark rights, CEFCU intentionally abandoned its rights to the
22 tagline, itself, since rebranding in 2011 as the new branding guidelines required that the
23 tagline only be displayed together with the CEFCU housemark in all of its advertising.
24 (Dkt. No. 347 at 12.) CEFCU argues that SDCCU has not cited a case that the “complete
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27 ¹¹ While not argued in its closing briefs, at trial, it appeared that CEFCU was suggesting that the TV
28 and radio ads included pauses between stating CEFCU and NOT A BANK. BETTER. However, the
alleged pause in the radio announcements the Court heard at trial was insignificant and does not
distinctly create a separate commercial impression for the tagline.

1 cessation” requirement is satisfied by a mark being used together with a housemark.
2 (Dkt. No. 343 at 9.)

3 To demonstrate abandonment, SDCCU must show “(1) discontinuance of
4 trademark use *and* (2) intent not to resume such use.” *Electro Source, LLC v. Brandess–*
5 *Kalt–Aetna Grp., Inc.*, 458 F.3d 931, 935 (9th Cir. 2006) (citing 15 U.S.C. § 1127)
6 (emphasis in original). Three consecutive years of non-use is “prima facie evidence of
7 abandonment.” 15 U.S.C. § 1127. The term “discontinued” in this context requires
8 “*complete* cessation or discontinuance of trademark use.” *Id.* at 938 (emphasis in
9 original). “Even a single instance of use is sufficient against a claim of abandonment of a
10 mark if such use is made in good faith.” *Id.* (quoting *Carter Wallace, Inc. v. Procter &*
11 *Gamble Co.*, 434 F.2d 794, 804 (9th Cir. 1970)).

12 “When a prima facie case of non-use is shown, there is a rebuttable presumption
13 that the trademark owner has abandoned the mark without intent to resume use.”
14 *Marketquest Grp. Inc. v. BIC Corp.*, 316 F. Supp. 3d 1234, 1282 (S.D. Cal. 2018)
15 (citations omitted). Abandonment of a trademark “must be strictly proved.”
16 *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 515 (9th Cir. 2010) (quoting
17 *Prudential Ins. Co. of Am. v. Gibraltar Fin. Corp. of Cal.*, 694 F.2d 1150, 1156 (9th Cir.
18 1982)). “The burden of persuasion . . . always remains with the petitioner to prove
19 abandonment” *On–Line Careline, Inc. v. America Online, Inc.*, 229 F.3d 1080, 1087
20 (Fed. Cir. 2000) (internal quotations and citation omitted); *Abdul–Jabbar v. General*
21 *Motors Corp.*, 85 F.3d 407, 411 n.4 (9th Cir. 1996) (the burden of proof does not shift to
22 the trademark owner simply because a prima facie case of non-use is made). Whether the
23 presumption even comes into play is a key issue for even a “single instance of use is
24 sufficient against a claim of abandonment of a mark if such use is made in good faith.”
25 *Marketquest Grp. Inc.*, 316 F. Supp. 3d at 1282.

26 SDCCU has not demonstrated abandonment of the tagline by CEFCU. The record
27 shows that from 2011 to the present, CEFCU printed and distributed 1.1 million business
28 cards that displayed the tagline, by itself, on the backside. Marks used on business cards

1 constitute “use in commerce” under the Lanham Act. *See* 15 U.S.C. § 1125(a); *Meridian*
2 *Transp. Resources, LLC v. Magic Carrier Resources LLC*, 518 F. Supp. 2d 1255, 1261
3 (D. Or. 2007) (use of trademark and logo on website, advertising and business cards
4 constitute “use in commerce”); *RGB Plastic, LLC v. First Pack, LLC*, 184 F. Supp. 3d
5 649, 658 (N.D. Ill. 2016) (citing *Am. Eagle Outfitters, Inc. v. Am. Eagle Furniture, Inc.*,
6 No. 11 C 02242, 2013 WL 6839815, at *13 (N.D. Ill. Dec. 27, 2013) (quoting 3 J.
7 Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 19:83 (4th ed.)
8 (“Use sufficient to support service mark registration includes such things as business
9 cards, stationery, circulars, brochures, invoices, direct mailing pieces, advertisements,
10 store signs and almost every type of printed matter.”)). Moreover, NOT A BANK.
11 BETTER. has been displayed, by itself, on the landing page of CEFCU’s website since
12 2017. Therefore, SDCCU has not proved CEFCU discontinued use of the tagline, NOT
13 A BANK. BETTER.¹²

14 While SDCCU has not demonstrated that CEFCU discontinued use of the tagline,
15 the Court concludes that CEFCU has not shown it has a valid and protectable interest in
16 the tagline NOT A BANK. BETTER. On this basis alone, SDCCU is entitled to a
17 declaratory judgment of invalidity. However, given that SDCCU asserts that the mark is
18 also invalid as a merely descriptive mark, the Court will also analyze this claim.

19 **B. Inherently Distinctive and Acquired Distinctiveness/Secondary Meaning**

20 Alternatively, SDCCU’s fourth cause of action seeks to have CEFCU’s mark
21 declared invalid as a mark which is merely descriptive. SDCCU submits that the mark is
22 merely descriptive and is invalid. Meanwhile, CEFCU argues that NOT A BANK.
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27 ¹² Because the record shows that the tagline, by itself, was used and not abandoned by CEFCU, the
28 Court need not address whether abandonment applies when a tagline has been continuously used along
with a housemark.

1 BETTER. is inherently distinctive and has acquired distinctiveness through secondary
2 meaning.¹³ (Dkt. No. 343 at 11.)

3 **1. Merely Descriptive Mark**

4 At common law, neither terms which were generic nor those which were merely
5 descriptive could become valid trademarks, *see Delaware & Hudson Canal Co. v. Clark*,
6 80 U.S. 311, 323 (1872) (“Nor can a generic name, or a name merely descriptive of an
7 article or its qualities, ingredients, or characteristics, be employed as a trademark and the
8 exclusive use of it be entitled to legal protection”). Under the modern definition of the
9 term “trademark,” both state common law and federal law follow the definition set forth
10 in the federal Lanham Act of 1946. 2 J. McCarthy, *Trademarks and Unfair Competition*
11 § 4:3 (4th ed. 2004).

12 Courts may analyze all components of the mark in determining whether those
13 parts, taken together, merely describe the goods or services offered. *Lahoti v. VeriCheck,*
14 *Inc.*, 586 F.3d 1190, 1201 (9th Cir. 2009). If each component retains its descriptive
15 significance in relation to the goods or services, the combination results in a composite
16 that is itself descriptive. *Duopross Meditech Corp. v. Inviro Med. Devices, Ltd.*, 695 F.3d
17 1247, 1250, 1255 (Fed. Cir. 2012) (SNAP SIMPLY SAFER merely descriptive for
18 “medical devices, namely, cannulae; medical, hypodermic, aspiration and injection
19 needles; medical, hypodermic, aspiration and injection syringes”). However, the validity
20 of composite term is be determined by viewing the trademark as a whole and not by an
21 examination of its parts. *California Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451,
22 1455 (9th Cir. 1985). Further, the mere combination of words is insufficient in itself to
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26 ¹³ In its trial brief, CEFCU argued that NOT A BANK. BETTER. was inherently distinctive and also
27 acquired distinctiveness or secondary meaning. (Dkt. No. 302 at 16, 20-21.) Yet, after trial, in its
28 closing briefs, CEFCU disposes of the inherently distinctive argument and solely argues that NOT A
BANK. BETTER. has acquired distinctiveness. (Dkt. No. 343 at 9-11; Dkt. No. 350 at 10-11.) It
appears that CEFCU may have abandoned its argument concerning inherently distinctive after the
evidence presented at trial. In any event, the Court addresses both positions.

1 make a mark registrable. *Surgicenters of Am., Inc. v. Med. Dental Surgeries, Co.*, 601
2 F.2d 1011, 1018 (9th Cir. 1979).

3 Marks that extol some feature or attribute of the goods or services are “laudatory”
4 and fall into the descriptive category. 2 J. McCarthy, *Trademarks and Unfair*
5 *Competition* § 11:71 (4th ed. 2004); see *In re Best Software, Inc.*, 58 U.S.P.Q. 2d 1314,
6 2001 WL 204235, at *1 (T.T.A.B. 2001) (The terms “best” and “premier” are descriptive
7 as self laudatory and must be disclaimed from the designation “BEST! SPORTPLUS
8 PREMIER” for computer consultation and support services).

9 In determining whether a mark is suggestive or descriptive, the Ninth Circuit has
10 observed that “clearly the most used[] test is known as the ‘imagination’ test.”
11 *Zobmondo Entm’t, LLC v. Falls Media, LLC*, 602 F.3d 1108, 1115 (9th Cir. 2010);
12 accord *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d
13 1025, 1033 (9th Cir. 2010) (“[A] mark is more likely suggestive if it passes the
14 imagination test, which asks whether the mark ‘requires a mental leap from the mark to
15 the product.’”); see also 2 J. McCarthy, *Trademarks and Unfair Competition* § 11:71 (4th
16 ed. 2004) (“Is some reflection or multistage reasoning process necessary to cull some
17 direct information about the product from the term used as a mark?”). The “imagination”
18 test asks whether “imagination or a mental leap is required in order to reach a conclusion
19 as to the nature of the product being referenced.” *Zobmondo Entm’t, LLC*, 602 F.3d at
20 1115 (citation omitted).

21 A second test used in the Ninth Circuit is the “competitor test” and “focuses on the
22 extent to which a mark is actually needed by competitors to identify their goods or
23 services.” *Zobmondo Entm’t, LLC*, 602 F.3d at 1117 (quoting *Rodeo Collection, Ltd. v.*
24 *W. Seventh*, 812 F.2d 1215, 1218 (9th Cir. 1987)); *Fortune Dynamic, Inc.*, 618 F. 3d at
25 1033-34 (mark is more likely suggestive if “the suggestion made by the mark is so
26 remote and subtle that it is really not likely to be needed by competitive sellers to
27 describe their goods.”); 2 J. McCarthy, *Trademarks and Unfair Competition* § 11:68 (4th
28 ed. 2004); *Sec. Ctr., Ltd. v. First Nat’l Sec. Ctrs.*, 750 F.2d 1295, 1299 (5th Cir. 1985) (to

1 determine the descriptive/suggestive categorization, court applied: (1) the imagination
2 test; and (2) whether competitors are likely to use or actually do use the term
3 descriptively). The mark is most likely descriptive if competitors have a great need to
4 use a mark. *Zobmondo Entm't, LLC*, 602 F.3d at 1117. The imagination and competitor
5 tests are inversely related such that “[t]he more imagination that is required to associate a
6 mark with the product, the less likely the words used will be needed by competitors to
7 describe their products [or services].” *Id.* at 1117 (quoting *Rodeo Collection, Ltd. v. W.*
8 *Seventh*, 812 F.2d 1215, 1218 (9th Cir. 1987)).

9 Here, the mark “NOT A BANK. BETTER” is a composite term that presents two
10 separate ideas: “NOT A BANK” and “BETTER”. As to “BETTER”, the term is
11 descriptive as a laudatory term. Meanwhile, “NOT A BANK” is not subtle and does not
12 require a multistage reasoning process or a mental leap from the mark to the product that
13 it describes, a credit union. Plainly, a credit union is not a bank although both are
14 financial institutions that engage in similar types of services such as extending various
15 types of loans and providing services such as checking and savings accounts and debit
16 cards. The connection is sufficiently obvious that SDCCU has itself employed a similar
17 laudatory expression, “BETTER”, to distinguish itself from banks. Further, considering
18 the tagline as a whole, there is little reflection required to “cull some direct information”
19 that CEFCU is a financial institution that is not a bank or to recognize the puffery
20 supplied that it is better than a bank. *See* 2 J. McCarthy, *Trademarks and Unfair*
21 *Competition* § 11:71 (4th ed. 2004).

22 Also, the language that makes up the tagline is sufficiently generic as a means to
23 distinguish credit unions from banks, that competitors would have a need to employ
24 similar language in presenting themselves as different and better than banks. *See Fortune*
25 *Dynamic, Inc.*, 618 F.3d at 1034 (other shoes companies are unlikely to use the word
26 “delicious” to describe their products noting that the court was unaware of any other
27 show companies and the defendant pointed to none that use the word “delicious” to
28 describe their product). SDCCU’s use of BETTER in its trademark is an indication that

1 other credit unions try and need to distinguish themselves from banks. Finally, because
2 little imagination is required to connect the CEFCU’s mark to credit union services, the
3 more likely that competitors would have a need to use components of or the composite
4 mark. *See id.* Therefore, under both the imagination and competitor tests, NOT A
5 BANK. BETTER. is descriptive.

6 In its trial brief, CEFCU presents two reasons why the tagline is inherently
7 distinctive. First, it argues that NOT A BANK. BETTER. is not defined in a dictionary.
8 While the tagline is not defined, “BANK” and “BETTER” are defined separately in the
9 dictionary and intended to convey the dictionary meaning. Moreover, even though the
10 entire tagline is not defined in a dictionary, the dictionary is merely a starting place to
11 differentiate descriptive and suggestive marks. *See Fortune Dynamic, Inc.*, 618 F.3d at
12 1033; *Surgicenters of Am., Inc.*, 601 F.2d at 1015 n. 11 (“While not determinative,
13 dictionary definitions are relevant and often persuasive in determining how a term is
14 understood by the consuming public”). The fact that the phrase is not found in the
15 dictionary is afforded little weight. Further, use of a common punctuation mark, a period,
16 is not sufficient to negate the mere descriptiveness of a term. *In re Brock Residence Inns,*
17 *Inc.*, 222 U.S.P.Q. 920, 1984 WL 63072, at *2 (T.T.A.B. 1984) (FOR A DAY, A WEEK,
18 A MONTH OR MORE!, even with the exclamation point, merely descriptive of hotel
19 services).

20 Second, CEFCU asserts that the USPTO did not require a disclaimer of NOT A
21 BANK. BETTER. when it recorded the ‘993 registration for CEFCU. NOT A BANK.
22 BETTER. (Dkt. No. 302 at 16-17.) Because the USPTO did not require a disclaimer of
23 the phrase NOT A BANK. BETTER, it is a strong indication that the USPTO did not
24 consider the phrase merely descriptive of credit union services. (Dkt. No. 343 at 5 (citing
25 *Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 166 (2d Cir. 2016) (registration
26 of a composite mark without disclaimer of component parts supported a registrant’s
27 argument that the unregistered component was more than merely descriptive)).
28

1 Pursuant to 15 U.S.C. § 1056(a), the PTO “may require [an] applicant to disclaim
2 an unregistrable component of a mark otherwise registrable.” 15 U.S.C. § 1056(a).
3 Although the PTO Examining Attorney is obligated to consider whether a disclaimer is
4 appropriate for each application reviewed, the decision remains a discretionary choice
5 rather than a conclusive legal determination. *See In re Creative Goldsmiths of Wash.,*
6 *Inc.*, 229 U.S.P.Q. 766, 768 (T.T.A.B.1986) (“[W]e conclude that it is within the
7 discretion of an Examining Attorney to require the disclaimer of an unregistrable
8 component (such as a common descriptive, or generic, name) of a composite mark sought
9 to be registered on the Principal Register under the provisions of Section 2(f).”); *see also*
10 *Trademark Manual of Examining Procedure*, § 1213(a)-(c) (5th ed. 2007).

11 Further, “a decision by the PTO to either require a disclaimer or not is merely a
12 single piece of evidence in the court's overall genericism analysis.” *Boston Duck Tours,*
13 *LP v. Super Duck Tours, LLC*, 531 F.3d 1, 22 (1st Cir. 2008) (*citing In re Nat'l Data*
14 *Corp.*, 753 F.2d 1056, 1059 (Fed. Cir. 1985) (“The power of the PTO to accept or require
15 disclaimers is discretionary under the statute, and its practice over the years has been far
16 from consistent. Thus, it is inappropriate to give the presence or absence of a disclaimer
17 any legal significance.”) (internal citation omitted)). In this case, the USPTO did not
18 require a disclaimer to any portion of the registered mark which provides one piece of
19 evidence to support CEFCU’s argument but is not dispositive of the issue. However, the
20 Court finds that this fact is outweighed by the court’s analysis under the imagination and
21 competitor tests.

22 In view of the foregoing analysis, the Court concludes that CEFCU has not met its
23 burden demonstrating that NOT A BANK. BETTER. is inherently distinctive. Next, the
24 Court considers whether CEFCU has established acquired distinctiveness or secondary
25 meaning in NOT A BANK. BETTER.

26 **2. Acquired Distinctiveness or Secondary Meaning**

27 A descriptive term identifies a characteristic or ingredient of an article or service
28 and is not protectable as a trademark. *See* 15 U.S.C. § 1052(e)(1); *Zobmondo*, 602 F.3d

1 at 1114. Descriptive marks may become valid marks by acquiring a secondary meaning
2 in the minds of the consuming public. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469
3 U.S. 189, 194 (1985); 15 U.S.C. § 1052(f).

4 “The burden of proof of secondary meaning is upon the party trying to establish
5 legal protection for the mark”. 1 J. McCarthy, *Trademarks and Unfair Competition* §
6 15:11A at 686 (2d ed. 1984); *cf. Levi Strauss & Co. v. Genesco, Inc.*, 742 F.2d 1401,
7 1405 (Fed. Cir. 1984) (“one seeking to register [the proposed trademark] bears the burden
8 of showing secondary meaning under Section 2(f.)”); *accord Yamaha Int'l Corp. v.*
9 *Hoshino Gakki Co.*, 840 F.2d 1572, 1579 (Fed. Cir. 1988).

10 Secondary meaning is the “mental association by a substantial segment of
11 consumers and potential consumers between the alleged mark and a single source of the
12 product.” *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 (9th Cir. 1985)
13 (internal quotations omitted); *Coach Servs., Inc. v. Triumph Learning LLC*, 668 F.3d
14 1356, 1379 (Fed. Cir. 2012) (to demonstrate that a term has acquired distinctiveness, “an
15 applicant must show that in the minds of the public, the primary significance of a product
16 feature or term is to identify the source of the product rather than the product itself.”).

17 The difference between distinctiveness and secondary meaning “may be thought of
18 this way: A mark or trade dress may be inherently distinctive whereas secondary meaning
19 is a learned association, an acquired distinctiveness.” *Int'l Jensen, Inc. v. Metrosound*
20 *U.S.A., Inc.*, 4 F.3d 819, 824 (9th Cir. 1993). “If buyers take the word to refer only to a
21 particular producer’s goods or services, it is not generic. But if the word is identified
22 with all such goods or services, regardless of their suppliers, it is generic and so not a
23 valid mark.” *Surgicenters of Am., Inc.*, 601 F.2d at 1016.

24 “Factors considered in determining whether a secondary meaning has been
25 achieved include: (1) whether actual purchases of the product bearing the claimed
26 trademark associate the trademark with the producer, (2) the degree and manner of
27 advertising under the claimed trademark, (3) the length and manner of use of the claimed
28 trademark and, (4) whether use of the claimed trademark has been exclusive.” *Levi*

1 *Strauss & Co.*, 778 F.2d at 1358 (quoting *Transgo, Inc. v. Ajac Transmission Parts*
2 *Corp.*, 768 F.2d 1001, 1015 (9th Cir. 1985) (citing 1 Gilson, *Trademark Protection &*
3 *Practice*, § 2.09[1])). “While evidence of a manufacturer's sales, advertising and
4 promotional activities may be relevant in determining secondary meaning, the true test of
5 secondary meaning is the effectiveness of this effort to create it.” *Id.*

6 “A plaintiff may establish secondary meaning through direct and circumstantial
7 evidence.” *Continental Lab’y Prods., Inc. v. Medax Int’l, Inc.*, 114 F. Supp. 2d 992, 999
8 (S.D. Cal. 2000) (citing 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair*
9 *Competition* § 15:30 (4th ed. 2000)). Direct evidence, such as consumer surveys
10 provides the most persuasive evidence of secondary meaning. *Levi Strauss & Co.*, 778
11 F.2d at 1358; *Vision Sports*, 888 F.2d at 615. “A plaintiff may also establish secondary
12 meaning through circumstantial evidence, such as: exclusivity, manner, and length of use,
13 amount and manner of advertising, amount of sales and the number of customers, and
14 plaintiff's established place in the market.” *Continental Lab’y Prods.*, 114 F. Supp. 2d at
15 1000 (citing *Filipino Yellow Pages v. Asian Journal Publ’n*, 198 F.3d 1143, 1151 (9th
16 Cir. 1999)).

17 CEFCU argues it has shown that the tagline has acquired distinctiveness through
18 direct and indirect evidence. (Dkt. No. 343 at 11.) According to CEFCU, the following
19 indirect evidence supports acquired distinctiveness: 1) more than 14 years of regular use
20 of NOT A BANK. BETTER. in its advertising and marketing; 2) “tens of millions of
21 dollars spent on print, television, radio, internet and member education activity featuring
22 the tagline NOT A BANK. BETTER.”; 3) “hundreds of millions of dollars earned while
23 using the tagline NOT A BANK. BETTER.”; 4) “tens of thousands of new members
24 attracted while using the tagline NOT A BANK. BETTER.”; 5) “billions of dollars of
25 assets managed while using the tagline NOT A BANK. BETTER”.; 6) “non-use of NOT
26 A BANK. BETTER. by CEFCU competitors” and (vii) “survey evidence proffered by
27 SDCCU, in which a substantial segment (27%) of the respondents exposed to a slogan
28

1 similar to NOT A BANK. BETTER. identified CEFCU as the source of that slogan.”
2 (Dkt. No. 343 at 11.)

3 As discussed above, CEFCU’s evidence of fourteen continuous years of use of
4 NOT A BANK. BETTER., and “tens of millions of dollars” spent on all types of
5 advertising which led to increased members and increased assets provide little support for
6 CEFCU’s claim of secondary meaning for the tagline NOT A BANK. BETTER. because
7 the advertising moneys spent were almost exclusively used with the housemark, CEFCU.
8 *See Spraying Sys. Co.*, 975 F.2d at 393 (sales did not establish secondary meaning in the
9 “-JET” mark because it showed extensive recognition of the composite marks); *Vision*
10 *Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 615 (9th Cir. 1989) (secondary meaning
11 established based on extensive use and promotion of the VSW logo separate from the
12 wordmark).

13 Next, nonuse of NOT A BANK. BETTER. by competitors of CEFCU, (Dkt. No.
14 348, Flexer Test. at 148:9-12), may be relevant to demonstrate secondary meaning. *See*
15 *Levi Strauss & Co.*, 778 F.2d at 1358. However, nonuse of the tagline by competitors, by
16 itself, cannot demonstrate secondary meaning. *See id.* That is particularly the case when
17 CEFCU’s tagline is composed of terms that are descriptive.

18 Finally, in its closing brief, instead of relying on Dr. Amir’s survey evidence,
19 CEFCU now argues that Dr. Nowlis’ rebuttal survey report supports secondary meaning
20 summarily asserting that a “substantial segment (27%) of the respondents exposed to a
21 slogan similar to NOT A BANK. BETTER. identified CEFCU as the source of that
22 slogan.” (Dkt. No. 343 at 11 (citing Apr. 1 Tr. at 428).) CEFCU’s argument is neither
23 factually nor legally supported. Page 428 of the trial testimony provides only a question
24 to Dr. Nowlis confirming that he found there was 27% confusion rate for the SDCCU
25 slogan. (Dkt. No. 349, Dr. Nowlis Test. at 428:11-21.) Contrary to CEFCU’s
26 conclusion, Dr. Nowlis’ testimony and Table 4 shown at trial do not show that his survey
27 revealed that 27% of the respondents that were shown NOT A BANK. BETTER.
28 identified CEFCU as the source. No evidence was provided as to the specific questions

1 posed by Dr. Nowlis' survey. Accordingly, reliance on Dr. Nowlis' survey results is
2 without merit. Moreover, without any analysis, CEFCU has not demonstrated that the
3 confusion survey that Dr. Nowlis conducted has any bearing on secondary meaning in
4 this case. Therefore, on the indirect evidence, nonuse of the tagline by competitors is the
5 only evidence to support secondary meaning.

6 CEFCU also presented the direct evidence of Dr. On Amir's¹⁴ survey evidence
7 arguing his survey results clearly establish that consumer awareness of CEFCU and its
8 tagline is very strong. (Dkt. No. 302 at 21.) SDCCU claims that Dr. Amir's survey is
9 flawed for a number of reasons. CEFCU does not address SDCCU's arguments.

10 First, SDCCU claims that Dr. Amir's survey results are not reliable because he
11 conducted a confusion survey and not a secondary meaning survey. Moreover, it
12 maintains the unreliability of Dr. Amir's survey questions because they were "invented"
13 or created with direction from CEFCU's counsel. (Dkt. No. 347 at 15-18.)

14 "It is true that evidence proving secondary meaning and evidence proving
15 likelihood of confusion may sometimes overlap. But not always." *Parks LLC v. Tyson*
16 *Foods, Inc.*, 863 F.3d 220, 234 (3d Cir. 2017) (citing 2 McCarthy on Trademarks § 15:11
17 n.1) ("Not every response rate that shows likely confusion establishes secondary meaning
18 and not every survey that fails to show likely confusion establishes an absence of
19 secondary meaning.") (quoting Vincent N. Palladino, *Secondary Meaning Surveys, in*
20 *Trademark and Deceptive Advertising Surveys: Law, Law Science, and Design* 98
21 (2012)); see *Spraying Sys. Co. v Delvan*, 762 F. Supp. 772, 779 (N.D. Ill. 1991)
22 ("However proper the survey question may have been to prove likelihood of confusion
23 between the marks, it was improper to prove secondary meaning."), *aff'd*, 975 F.2d 387
24

25
26 ¹⁴ Dr. On Amir is a Professor at University of California, San Diego and Associate Dean of Programs at
27 the Rady School of Management. (Dkt. No. 348, Dr. Amir Test. at 225:2-14; Trial Ex. EE 38-42.) He
28 has conducted research in consumer behavior and consult with many companies as the chief variable
science officer. (Dkt. No. 348, Dr. Amir Test. at 225:15-23.) He has conducted over 500 consumer
studies which included brand awareness surveys for clients. (*Id.* at 225:18-226:2.)

1 (7th Cir. 1992). Whether a confusion survey is probative of secondary meaning depends
2 upon the format of the survey.” *Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405,
3 425 (E.D. Pa. 2016) (questions and images posed did not correlate to secondary
4 meaning).

5 At trial, Dr. Amir testified that he conducted a likelihood of confusion survey
6 versus a secondary meaning survey. (Dkt. No. 348, Dr. Amir Test. at 240:22-241:5;
7 246:15-17.) He also testified that he was not testing whether or not the slogan was put
8 out by a single source. (*Id.* at 244:19-21.) Instead, he testified that his questions tested
9 for brand awareness. (*Id.* at 238:12-18.) He explained that in a brand awareness study,
10 the first question is “Are you aware?”, or in other words, aided awareness, and the second
11 question is “Who is the company that uses that?” (*Id.* at 246:4-7.)

12 Dr. Amir also testified that he used his survey design questions and adapted them
13 to the survey questions used by Dr. John Linden in the *Jefferson Bankshares* case as well
14 as suggestions by Mr. Dabney, CEFCU’s counsel. (*Id.* at 238:7-240:11; 242:6-21.) He
15 did not specify what changes he made based on Mr. Dabney’s suggestions. Dr. Amir also
16 admitted he never saw the actual survey instrument used in the *Jefferson Bankshares*
17 case. (*Id.* at 239:20-22.) He further stated that he had never seen the question he used in
18 his survey, “Please indicate whether this slogan is one you have, or have not, ever seen or
19 heard used by a financial institution.” in any other survey. (*Id.* at 242:2-243:13.) Dr.
20 Amir acknowledged that Dr. Linden’s survey was a confusion survey. (*Id.* at 270:2-10.)

21 In *Jefferson Bankshares, Inc. v. Jefferson Sav. Bank*, CIV. A. No. 89-0022-C, 1989
22 WL 222446, at *4 (W.D. Va. Nov. 27, 1989), Dr. John Lindgren, the plaintiff’s expert,
23 conducted a survey to determine confusion where the survey tested “awareness levels for
24 financial institutions.” *Id.* Yet, in the secondary meaning analysis, the court did not rely
25 on Dr. Lindgren’s survey. Instead, on secondary meaning, the district court concluded
26 “Jefferson National Bank” acquired secondary meaning in the banking and finance fields
27 as a service mark based on its \$2.5 million expenditure in sales and advertising as well as
28 its five-year exclusive use of the words “Jefferson” with “Bank”. *Id.* at *7.

1 The Court concludes that Dr. Amir’s use of Dr. Lindgren’s confusion survey
2 questions did not test for secondary meaning and CEFCU has not explained how the
3 questions posed to the respondents could elicit secondary meaning. Moreover, the Court
4 also questions the reliability of the questions that were further modified by input from
5 CEFCU’s counsel, who is not a survey expert.

6 Next, SDCCU contends that Dr. Amir’s survey failed to test for secondary
7 meaning by asking the wrong questions.

8 In the survey, respondents were asked the following questions after being shown
9 the tagline, NOT A BANK. BETTER.

10 Q64 Please indicate whether this slogan is one you have, or have not, ever
11 seen or heard used by a financial institution in the greater Peoria area? . . .

12 Q66 If you know or have an opinion, what financial institution uses this
13 slogan? (please be as specific as possible)

14 (Trial Ex. EE-30.) Based on the answers to these questions, Dr. Amir testified that the
15 results show that consumer awareness of CEFCU and its tagline NOT A BANK.
16 BETTER. is very high in the greater Peoria area. (Dkt. No. 348, Dr. Amir Test. at
17 227:14-19.) He stated that over 70% recognize the tagline as being used by a financial
18 institution in the greater Peoria area and about 50% identify it as CEFCU. (*Id.* at 227:20-
19 24.)

20 “In order to track the accepted definition of secondary meaning . . . a proper
21 question should seek to determine whether or not a claimed trademark or trade dress is
22 associated with plaintiff’s product without asking respondents to give plaintiff’s name.”
23 Vincent N. Palladino, *Surveying Secondary Meaning*, 84 Trademark Rep. 155, 162–67
24 (1994). “Without endorsing any specific language, the question could be: “Do you
25 associate [claimed trademark] with [product identification] of one, or more than one,
26 company?” *Id.* at 165.

27 In *Straumann Co. v. Lifecore Biomedical Inc.*, 278 F. Supp. 2d 130, 138 (D. Mass
28 2003), the district court concluded that the survey question “What company do you think

1 puts out these products? If you do not know, please feel free to say so” was flawed to
2 establish secondary meaning because it *presumed* the existence of a key element of
3 secondary meaning, that is, associating the design with a single source. *Id.* at 138. This
4 question already suggests to the respondents that the “products *did* come from a single
5 manufacturer.” *Id.* (emphasis in original); *see also Shell Trademark Mgmt. B.V. v.*
6 *Warren Unilube, Inc.*, 765 F. Supp. 2d 884, 893 (S.D. Tex. 2011) (giving less weight to
7 survey because question, “If you have an opinion, what is the brand of motor oil product
8 in the picture I showed you?” is misleading and a better question would be “what is the
9 brand or brands . . .” or “what company or companies puts out this product?”); *I.P. Lund*
10 *Trading ApS v. Kohler Co.*, 118 F. Supp. 2d 92, 107 n. 24 (D. Mass. 2000) (survey
11 questions asking “Do you carry this line?” and “Do you know who makes this line of
12 faucets?” were misleading because it suggests that the “faux customer is asking about a
13 product made by a single source.” and not a reliable measure of consumer association);
14 *but see Essie Cosmetics, Ltd. v. Dae Do Int’l, Ltd.*, 808 F. Supp. 952, 960 (E.D.N.Y.
15 1992) (“Who do you believe puts out this product?” was not misleading in survey to
16 show secondary meaning); *McDonald’s Corp. v. McBagel’s Inc.*, 649 F. Supp. 1268, 1277
17 (S.D.N.Y. 1986) (“Though you may or may not have seen or heard of this restaurant, who
18 do you believe sponsors or promotes McBagels?” and “What products or services, if any,
19 do you believe are sponsored or promoted by the same concern that sponsors or promotes
20 McBagel’s?” were leading but “did not fatally infect the survey.”).

21 Dr. Itamar Simonson¹⁵ and Dr. Stephen Nowlis,¹⁶ SDCCU’s rebuttal experts, also
22 testified that the questions used in Dr. Amir’s survey did not test for distinctiveness or
23

24
25 ¹⁵ Dr. Itamar is a Professor Emeritus at Stanford University and has taught doctoral courses about
26 consumer research, decision making and survey methods. (Dkt. No. 349, Dr. Simonson Test. at 47:18-
27 48:21, Trial Ex. 173.) He has designed hundreds of surveys for litigation related to secondary meaning,
28 likelihood of confusion as well as other topics and written thousands of articles in his economic work
and has qualified as an expert on market surveys. (*Id.*)

¹⁶ Dr. Nowlis is a Professor of Marketing at Washington University in St. Louis, Missouri and teaches
marketing management, brand management and consumer behavior. (Dkt. No. 349, Dr. Nowlis Test. at

1 secondary meaning and merely allowed the respondents to guess.¹⁷ (Dkt. No. 349, Dr.
2 Simonson Test. at 343:1-11; Dkt. No. 349, Dr. Nowlis Test. at 396:25-397:24.) Brand
3 awareness is very different from secondary meaning which asks do you associate the
4 tagline with one or more than one company. (*Id.* at 396:25-397:24.) Dr. Simonson
5 testified that there are specific survey questions that have been accepted to assess
6 secondary meaning and other questions to assess awareness. (*Id.* at 344:5-16.) But Dr.
7 Amir’s questions were designed for confusion and not secondary meaning or awareness.
8 (*Id.*) He should have asked “Do you associate this tagline with one company or more
9 than one company?” (*Id.* at 345:11-21.)

10 Here, Dr. Amir’s Q. 64 and Q. 66 are not model secondary meaning questions
11 accepted by survey experts but cases have held that such questions may be acceptable or
12 given some weight to show secondary meaning. *Essie Cosmetics, Ltd.*, 808 F. Supp. at
13 960; *McDonald's Corp.*, 649 F. Supp. at 1277. Given the deficiencies identified, the
14 Court will accept but give less weight to the survey results because Dr. Amir’s survey
15 questions did not directly test for secondary meaning.

16
17
18 389:25-391:16; Trial Ex. 171.) He has designed and run over 1000 surveys, including about 100
19 surveys for litigation and has been qualified as an expert in market surveys. (Dkt. No. 349, Dr. Nowlis
20 Test. at 391:17-392:5.)

21 ¹⁷ At trial, CEFCU repeatedly objected to the testimonies of Dr. Simonson and Dr. Nowlis as not being
22 disclosed in their expert reports. (*See generally* Dkt. No. 349, Trial Trans.) At the conclusion of trial,
23 the Court granted CEFCU leave to file a post-trial motion to exclude certain portions of Dr. Simonson
24 and Dr. Nowlis’ testimonies based on objections that were *not* raised at trial. (*Id.* at 430:4-440:11.)
25 CEFCU filed a post-trial motion to exclude portions of Dr. Simonson and Dr. Nowlis’ testimonies but it
26 raises the same arguments it raised at trial. (Dkt. No. 344.) CEFCU argues that their testimonies were
27 not disclosed in their expert reports in violation of Rule 37. (*Id.*) SDCCU filed a response contending
28 that Dr. Simonson and Dr. Nowlis testified to the deficiencies in Dr. Amir’s survey methodology which
are contained in their expert reports. (Dkt. No. 346.) Because CEFCU raises the same objections as it
did at trial, the Court relies on its ruling at trial. At trial, the Court overruled CEFCU’s numerous
objections to the testimonies of Dr. Simonson and Dr. Nowlis and explained that it provided Dr. Amir
latitude to testify about secondary meaning even though he was tasked with conducting a survey on
likelihood of confusion; therefore, because Dr. Nowlis and Dr. Simonson, as rebuttal experts, were
tasked with rebutting Dr Amir’s testimony, they could also be given latitude to rebut Dr. Amir’s
secondary meaning survey evidence and opinions. (Dkt. No. 349, Trial Trans. at 394:19-95:17; 440:2-
8.) Thus, the Court DENIES CEFCU’s post-trial motion to exclude.

1 Next, SDCCU asserts that Dr. Amir’s survey is flawed because he did not use a
2 proper control since his controls did not share any characteristics with the mark at issue;
3 for example, none included the words BANK or BETTER. (Dkt. No. 347 at 18-19.)

4 “The general principle for choosing an appropriate control is easily stated: It
5 should share as many characteristics with the experimental stimulus as possible, with the
6 key exception of the characteristic whose influence is being assessed.” McCarthy,
7 McCarthy on Trademarks and Unfair Competition § 32:187 (quoting S.S. Diamond,
8 Control Foundations: Rationales and Approaches in Trademark and Deceptive
9 Advertising Surveys 210 (ABA, Eds. Diamond & Swann 2012)). In addressing the
10 admissibility of a secondary meaning survey, one district court stated that “the control
11 bottle could have been more similar to the ROTELLA bottle to obtain a more accurate
12 measure of confusion” and was “troubled that the control chosen seems to share virtually
13 no features with the ROTELLA bottle besides the basic fact that they are motor-oil
14 bottles.” *Shell Trademark Mgmt. B.V. v. Warren Unilube, Inc.*, 765 F. Supp. 2d 884, 894
15 (S.D. Tex. 2011). Therefore, the court noted the control used was slightly problematic
16 but not enough to justify exclusion of the evidence. *Id.*

17 Dr. Amir explained he used four criteria to select the controls 1) it had to be a
18 tagline, 2) it had to be a credible slogan that could be used by a financial institutional, 3)
19 the control slogan must not actually be used by a financial institution in the greater Peoria
20 area, and 4) must not share any of the same words as the mark in order to avoid any
21 mental association with the senior mark or CEFCU. (Dkt. No. 348, Dr. Amir Test at
22 256:1-22.) Therefore, he selected “Your Money Works Here” and “The Future is Yours
23 to Save” as controls. (Dkt. No. 348, Dr. Amir Test. at 255:9-14.) The Future is Yours to
24 Save is a non-existent tagline. (*Id.* at 251:9-13.) Dr. Amir did not provide any support
25 on the selection of his controls.

26 Dr. Amir’s selection of the controls is not supported and is in contravention to
27 caselaw and treatises. Moreover, experts in the field who testified at trial also rejected
28 Dr. Amir’s use of his controls. Both Dr. Simonson and Dr. Nowlis, relying on Shari

1 Diamond’s treatise,¹⁸ testified that a proper control should “share as many characteristics
2 with the experimental stimulus as possible with the key exception of the characteristic
3 whose influence is being assess.” (Dkt. No. 349, Dr. Simonson Test. at 349:4-21; *see*
4 *also* Dkt. No. 349, Dr. Nowlis Test. at 399:21-400:4.) Dr. Nowlis testified that when he
5 conducted a rebuttal survey on likelihood of confusion on this case, he selected “Better
6 than a Bank” as his control explaining it was a perfect one because it followed the general
7 rule that the control be similar as possible to the test stimulus but does not infringe. (Dkt.
8 No. 349, Dr. Nowlis Test. at 404:24-405:7.) Thus, both Dr. Nowlis and Dr. Simonson,
9 experts on market surveys, testified that Dr. Amir’s controls were completely inadequate
10 because they do not meet the criteria by failing to even use “bank” or “better” in his
11 controls. (*Id.* at 406:2-12.) Therefore, caselaw, treatises and survey experts do not
12 support Dr. Amir’s use of control.

13 Further, SDCCU raises other issues that further reduce the value and reliability of
14 Dr. Amir’s survey results. For example, Dr. Amir did not exclude any CEFCU members
15 or employees from the survey. (Dkt. No. 348, Dr. Amir Test. at 254:7-12.) In fact, 365
16 of the 1073 survey respondents were CEFCU members. (*Id.* at 254:13-15.) Therefore,
17 34% of the respondents were already familiar with the tagline which most likely skewed
18 the percentage of awareness. Next, SDCCU avers that Dr. Amir did not change the order
19 of his questions to avoid order effect. (Dkt. No. 348, Dr. Amir Test. at 253:6- 254:6.) He
20 testified that he purposely did not change the order of the questions to make the results
21 more conservative. (*Id.* at 254:3-6.) Yet, Dr. Simonson, relying on Dr. Shari Diamond’s
22 treatise in the Reference Manual on Scientific Evidence on question ordering, testified
23 that Dr. Amir’s failure to change the order of the questions caused an order effect by
24 asking the same question in the same order which increased the tendency to guess. (Dkt.
25
26
27

28 ¹⁸ Reference Guide on Survey Research in the Reference Manual on Scientific Evidence.

1 No. 349, Dr. Simonson Test. at 334:10-19; 335:1-19.) Survey questions should be
2 rotated to avoid order effect. (*Id.*)

3 After consideration of the issues that plague Dr. Amir's survey, the Court assigns
4 little or minimal weight on it for purposes of secondary meaning. Because the evidence
5 to support secondary meaning is limited to Dr. Amir's survey which has been given little
6 weight and nonuse of the tagline by competitors, the Court concludes that CEFCU has
7 not provided evidence to establish secondary meaning in the tagline, NOT A BANK.
8 BETTER. where consumers or potential consumers in the greater Peoria area associate
9 the tagline with CEFCU.

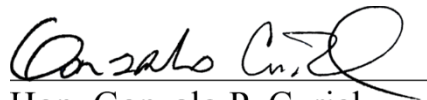
10 Therefore, because CEFCU has not established a valid and protectable interest in
11 the tagline, NOT A BANK. BETTER. and, additionally, has not demonstrated its tagline
12 is inherently distinctive or acquired secondary meaning, the Court finds in favor of
13 SDCCU on the fourth declaratory judgment claim seeking invalidity of NOT A BANK.
14 BETTER.

15 Conclusion

16 Based on the above, judgment is entered in favor of Plaintiff SDCCU and against
17 Defendant CEFCU on the declaratory judgment of invalidity of NOT A BANK.
18 BETTER. The Clerk of Court shall enter judgment accordingly.

19 IT IS SO ORDERED.

20 Dated: May 25, 2021

21 
22 Hon. Gonzalo P. Curiel
23 United States District Judge
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