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UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA  
RENO, NEVADA

KERZNER INTERNATIONAL LIMITED, and )  
KERZNER INTERNATIONAL RESORTS, )  
INC., )  
Plaintiffs, )  
vs. )  
MONARCH CASINO & RESORT, INC., and )  
GOLDEN ROAD MOTOR INN, INC., )  
Defendants. )  
MONARCH CASINO & RESORT, INC., and )  
GOLDEN ROAD MOTOR INN, INC., )  
Counterclaimants, )  
vs. )  
KERZNER INTERNATIONAL LIMITED, and )  
KERZNER INTERNATIONAL RESORTS, )  
INC., )  
Counterdefendants. )

3:06-CV-232-ECR-RAM

Order

This case is a trademark infringement action relating to the "Atlantis" mark used by Plaintiffs/Counterdefendants Kerzner International Limited and Kerzner International Resorts, Inc. ("Kerzner") at a casino resort located on Paradise Island in The Bahamas, and by Defendants/Counterclaimants Monarch Casino & Resort, Inc. and Golden Road Motor Inn, Inc. ("Monarch") at a casino resort in Reno, Nevada. On November 12, 2009, we held a hearing regarding

1 the many motions that are pending in this case. In a separate  
2 order, we ruled on several of those motions. We now rule on the  
3 remaining motions, which include four motions for partial summary  
4 judgment filed by Monarch (## 278, 280, 316, 322) and a motion for  
5 partial summary judgment filed by Kerzner (#325), as well as five  
6 evidentiary motions (## 340, 345, 364, 376, 395).

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### I. Background

9 The Atlantis mark was first registered for lodging services by  
10 Atlantis Lodge, Inc. ("Lodge") on October 11, 1994 (U.S.  
11 Registration No. 1,857,994). Lodge has used the Atlantis mark for  
12 lodging services in North Carolina since June 6, 1963. The present  
13 case has its roots in the circumstance that Lodge separately  
14 licensed the Atlantis mark to both Kerzner and Monarch.<sup>1</sup>

15 Monarch has been offering lodging services in Reno, Nevada  
16 since 1972 and casino services since 1986. Monarch began using the  
17 Atlantis mark in connection with restaurant, bar, lounge, and  
18 nightclub services – but not lodging or casino services – in 1992.  
19 On February 3, 1996, Monarch entered into a license agreement with  
20 Lodge for use of the Atlantis mark. The agreement entitled Monarch  
21 to use the Atlantis mark in connection with lodging services  
22 provided at Monarch's Reno casino resort, which had previously  
23 operated under the "Clarion" mark, and granted Monarch exclusive use  
24 of the Atlantis mark for lodging services in all of Nevada, as well

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26 <sup>1</sup> In this order, we will generally use the terms "Kerzner" and  
27 "Monarch" to refer interchangeably to the parties collectively, as  
28 well as their respective predecessors-in-interest or subsidiaries,  
except where the distinctions are specifically relevant.

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1 as the right to advertise those services. In April 1996, Monarch's  
2 entire Reno facility began operating under the Atlantis mark,  
3 adopting the name "Atlantis Casino Resort." In July 1997, Monarch  
4 obtained a Nevada state trademark registration for the mark  
5 "Atlantis Casino Resort" for casino services, which it has since  
6 renewed several times. Monarch did not at any time, however, seek  
7 federal registration of the Atlantis mark for casino services.

8 On October 13, 1994, Kerzner entered into a license agreement  
9 with Lodge for use of the Atlantis mark at its casino resort in The  
10 Bahamas and in advertising in the United States. The facility had  
11 previously operated as the "Paradise Island Resort and Casino."  
12 Kerzner adopted the Atlantis mark in 1994: the advertising campaign  
13 for the grand reopening of Kerzner's casino resort under its new  
14 name, "Atlantis, Paradise Island," began in October 1994, and the  
15 reopening actually occurred in December 1994.

16 On July 29, 1996, Kerzner entered into an assignment and  
17 license agreement with Lodge. Under this agreement, Kerzner  
18 acquired the registered Atlantis mark for lodging services from  
19 Lodge and licensed the mark back to Lodge for use in North Carolina.  
20 The license agreement between Monarch and Lodge was attached as an  
21 exhibit to the Lodge/Kerzner assignment agreement, and Lodge's  
22 representations of its right to assign an interest in the Atlantis  
23 mark were made subject to Monarch's exclusive license to use the  
24 mark for lodging services in Nevada.

25 In February 1997, Kerzner applied for federal registration of  
26 the Atlantis mark for, among other things, casino services by filing  
27 an "intent to use" application with the United States Patent and  
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1 Trademark Office ("USPTO"). Registration No. 2,810,825 ("825  
2 Registration") was issued to Kerzner on February 3, 2004, after  
3 Kerzner filed a Statement of Use in September 2003, claiming a first  
4 use date of October 1994.

5 While the parties were simply operating their respective  
6 businesses in The Bahamas and in Reno, their uses of the Atlantis  
7 mark did not lead to dispute. Indeed, Kerzner has no quarrel with  
8 Monarch's continued use of the Atlantis mark at its Reno casino  
9 resort. The parties' respective plans for expansion, however, have  
10 collided in Las Vegas. Each alleges that the other has taken at  
11 least some steps towards creation of a casino resort in Las Vegas  
12 under the Atlantis mark – either by the party itself or by licensing  
13 the mark to a third party – in violation of their respective  
14 trademark rights.

15 Kerzner initiated the present lawsuit by filing its Complaint  
16 (#1) on January 27, 2006. Kerzner filed an Amended Complaint (#5)  
17 on February 14, 2006. Kerzner's Amended Complaint asserts six  
18 claims for relief: (1) Declaratory Judgment Pursuant to Section  
19 32(1) of the Lanham Act (trademark infringement); (2) Declaratory  
20 Judgment Pursuant to Section 43(A) of the Lanham Act (likelihood of  
21 confusion, mistake, or deception); (Declaratory Judgment Pursuant to  
22 Section 43(C) of the Lanham Act (dilution of a famous mark); (4)  
23 Declaratory Judgment Pursuant to Common Law Trademark Infringement  
24 and Unfair Competition; (5) Dilution Pursuant to Nevada Law (Nev.  
25 Rev. Stat. § 600.435); and (6) Deceptive Trade Practices Pursuant to  
26 Nevada Law (Nev. Rev. Stat. §§ 41.600 and 598.0915). Kerzner no  
27 longer presses its third, fifth, and sixth claims, however, and our  
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1 Minute Order (#425) granted Monarch summary judgment on those  
2 claims.

3 Monarch's Amended Answer and Counterclaims (#56) was filed on  
4 December 28, 2006. Monarch denied each of Kerzner's claims for  
5 relief, asserted various defenses, and also asserted eight  
6 counterclaims for relief<sup>2</sup>: (1) Cancellation of the Fraudulently  
7 Obtained '825 Registration; (2) Breach of License Agreement; (3)  
8 Indemnification Under the License Agreement; (4) Declaratory Relief  
9 Pursuant to Claim for Trademark Infringement; (5) Declaratory Relief  
10 that Counterclaimants Have Developed Valid Common Law Rights in an  
11 ATLANTIS Mark for Casino Services; (6) Declaratory Relief that  
12 Counterclaimants Own A Valid Nevada State Trademark for Casino  
13 Services under N.R.S. § 600.050 et seq.; (7) Declaratory Relief  
14 Pursuant to Claim for Trademark Infringement Under N.R.S. § 600.050  
15 et seq.; and (8) Declaratory Relief Pursuant to Claim for Deceptive  
16 Trade Practices. Six of the eight counterclaims remain in the case;  
17 Kerzner's motion (#69) to dismiss Monarch's second and third  
18 counterclaims was granted by the Court. (See Mins. of June 29,  
19 2007, Hr'g (#121).)

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## **II. Evidentiary Motions**

22 Now pending are five evidentiary motions, seeking to have  
23 certain evidence stricken from the record. We will address each of  
24 the motions separately.

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26 <sup>2</sup> Monarch sought leave to file a second amended answer and  
27 counterclaims to add ninth and tenth counterclaims, but we denied  
28 Monarch leave to do so. (See Mins. of June 29, 2007, Hr'g (#121).)

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1        A. Kerzner's Motion Re. Jeffrey M. Samuels (#340)

2        Kerzner has filed a motion entitled "Plaintiffs' Motion in  
3 Limine to Exclude the Opinions and Testimony of Defendants'  
4 Purported Expert Jeffrey M. Samuels" (#340). Monarch opposed (#354)  
5 the motion; no reply was filed. See Local Rule 16-3(b) (replies to  
6 motions in limine permitted only with leave of the court).

7        Mr. Samuels is currently a professor of law at University of  
8 Akron School of Law and is a former head of trademark operations at  
9 the United States Patent and Trademark Office. Monarch proffers his  
10 expert testimony to "inform the jury on the intricacies of PTO  
11 procedures as they relate to the issuance and validity" of Kerzner's  
12 federal registration of the Atlantis mark. (D.'s Opp. at 2 (#354).)  
13 These issues, Monarch argues, would be relevant if the Court does  
14 not grant Monarch's motions for summary judgment seeking  
15 cancellation of Kerzner's '825 Registration of the Atlantis mark:  
16 "Such testimony will help the jury understand potential reasons why  
17 the normal presumptive validity of a federally registered trademark  
18 might not apply in this case." (Id. at 9.)

19        For reasons that will be explained below, we will not only  
20 deny Monarch's motions for summary judgment regarding cancellation  
21 of Kerzner's mark, but will grant summary judgment in Kerzner's  
22 favor on that issue. Thus, at trial Monarch likely will want to  
23 explain to the jury why the existence of a valid federal  
24 registration does not necessarily mean that Kerzner wins this case,  
25 and perhaps it would be helpful to the jury to have an expert  
26 familiar with USPTO procedures as a witness to do so.

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1           Nevertheless, most of the opinions that Monarch suggests Dr.  
2 Samuels could offer to the jury relate to matters that will be  
3 resolved on summary judgment, and will not be at issue in the trial.  
4 (See D.'s Opp. at 5-6 (#354) (arguing that Dr. Samuel's testimony  
5 would "help the trier of fact determine if the KIRI Registration is  
6 valid and whether KIRI engaged in any improper conduct before the  
7 PTO.") Moreover, as Kerzner notes, much of Dr. Samuel's expert  
8 report reads like a legal brief, rather than an expert opinion. The  
9 legal effect – or lack thereof, on some issues – of a federal  
10 trademark registration can and should be explained to the jury. But  
11 this can be accomplished by means of appropriate jury instructions.  
12 It is the role of the Court, not an expert witness, to inform the  
13 jury of the law applicable to the case. At best, Dr. Samuel's  
14 testimony would be repetitious of those jury instructions, and at  
15 worst would confusingly conflict with them. See United States v.  
16 Hicks, 103 F.3d 837, 847 (9th Cir. 1996) (upholding exclusion of  
17 expert on eyewitness identifications because its substance was  
18 covered in cross-examination and jury instructions).

19           In short, Dr. Samuels' opinions are largely irrelevant to  
20 matters that will be at issue at trial. FED. R. EVID. 401. To the  
21 extent his opinions may have some probative value, it appears that  
22 his testimony would be repetitive of matters the Court will be  
23 explaining in the jury instructions or likely would be more  
24 confusing than helpful to the jury. FED. R. EVID. 403. Kerzner's  
25 motion (#340) will therefore be granted, and Dr. Samuel's expert  
26 report and testimony will be excluded from evidence at trial.

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1           B. Monarch's Motion Re. Jacob Jacoby (#345)

2           Monarch has filed a motion entitled "Defendants' Motion to  
3 Exclude Expert Report and Testimony of Jacob Jacoby" (#345).  
4 Kerzner has opposed (#360) the motion, and Monarch has replied  
5 (#387).

6           Jacoby is the expert proffered by Kerzner regarding whether use  
7 of the Atlantis mark by Monarch in Las Vegas in connection with  
8 casino services would likely lead to consumer confusion with  
9 Kerzner's casino resort in The Bahamas. (See P.'s Opp. at 3 (#360);  
10 see also Jacoby Report, D.'s Motion (#345) Ex. 7.) This issue is  
11 relevant to whether use of the Atlantis mark by Monarch in Las Vegas  
12 would be actionable under the Lanham Act as "likely to cause  
13 confusion, or to cause mistake, or to deceive as to the affiliation,  
14 connection or association of such person with another person, or to  
15 the origin, sponsorship or approval of his or her goods or services,  
16 or commercial activities by another person." 15 U.S.C. §  
17 1125(a)(1)A).

18           Monarch does not challenge Dr. Jacoby's qualifications to serve  
19 as an expert, except by noting that his opinions have been excluded  
20 on occasion in other courts, which is irrelevant. Nor is there any  
21 basis to challenge his qualifications – as Kerzner correctly states  
22 in its opposition, Dr. Jacoby is a "highly qualified and well-  
23 recognized expert in consumer confusion and survey evidence." (P.'s  
24 Opp. at 2 (#360); see also D.'s Motion (#345) Ex. 7, parts 3-4 (Dr.  
25 Jacoby's CV).)

26           Instead of attacking Dr. Jacoby's qualifications generally,  
27 Monarch argues that the specific survey that Dr. Jacoby conducted in  
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1 this case used methodology that was fatally flawed. Monarch argues  
2 that the Jacoby survey blurs the distinction between hotel and  
3 casino services, and fails to take into account the circumstance  
4 that Monarch is licensed to use the Atlantis mark anywhere in  
5 Nevada, including Las Vegas, in connection with lodging services.  
6 As such, Monarch argues, Jacoby's survey is irrelevant to the narrow  
7 question before the Court, namely, whether Monarch or Kerzner has  
8 trademark rights in the Atlantis mark for casino services rendered  
9 in Las Vegas. Only a survey narrowly addressing the question of  
10 whether consumers would be confused by a casino using the Atlantis  
11 mark, Monarch argues, would be relevant to the present case.

12 Monarch's arguments relating to the separation of consumer  
13 confusion regarding hotel services from confusion regarding casino  
14 services are without merit. As Monarch notes elsewhere, a casino in  
15 Las Vegas would have to be part of a facility offering at least 200  
16 hotel rooms, in addition to a gaming area. See NEV. REV. STAT. §§  
17 463.1605, 463.01865. Thus, a survey that analyzes consumer  
18 confusion in the context of such a facility, rather than a stand-  
19 alone casino, would on its face provide information more  
20 representative of real-world circumstances. See Trouble v. Wet  
21 Seal, 179 F. Supp. 2d 291, 308 (S.D.N.Y. 2001) (cited in D.'s Motion  
22 at 11 (#345) for the proposition that "[a] survey must duplicate to  
23 the extent possible the actual conditions in which a consumer will  
24 encounter the two marks that are allegedly confusing."). Thus, this  
25 particular objection to Dr. Jacoby's methodology is without merit.

26 Monarch's also contends that Dr. Jacoby's methodology in  
27 conducting his surveys is suspect in various other respects. We

1 need not elaborate these objections in detail, but will simply note  
2 that they do not provide an appropriate basis for excluding Dr.  
3 Jacoby's testimony. The Ninth Circuit has held that, in the context  
4 of consumer confusion surveys, "as long as they are conducted  
5 according to accepted principles, survey evidence should ordinarily  
6 be found sufficiently reliable under Daubert." Southland Sod Farms  
7 v. Stover Seed Co., 108 F.3d 1134, 1143 n.8 (9th Cir. 1997) (quoting  
8 E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1292 (9th  
9 Cir. 1992). There is no indication that Dr. Jacoby's methodology is  
10 so suspect as to warrant exclusion under that standard. Moreover,  
11 "[t]echnical unreliability goes to the weight accorded a survey, not  
12 its admissibility." Id. at 1143 (quoting E. & J. Gallo Winery, 967  
13 F.2d at 1292).

14 Monarch also objects that Dr. Jacoby's surveys are irrelevant  
15 because they measure consumer confusion only as of 2007. This point  
16 is well taken: as we have explained elsewhere, Dr. Jacoby's surveys  
17 are not probative of whether Kerzner's mark qualified for the famous  
18 mark exception as of April 1996, when Atlantis adopted the mark in  
19 Reno. Dr. Jacoby's analysis is relevant, however, to the question  
20 of whether injunctive relief may be appropriate going forward,  
21 should Kerzner prevail at trial. As such, Dr. Jacoby's survey  
22 evidence should not be excluded from evidence on the basis of  
23 relevance.

24 Thus, Monarch's Motion (#345) to exclude Dr. Jacoby's report  
25 and testimony will be denied.

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1           C. Monarch's Motion Re. Hall & Partners Report (#364)

2           Monarch has filed a motion entitled "Defendants' Motion in  
3 Limine to Exclude Report of Purported and Undisclosed Expert Hall &  
4 Partners" (#364). Kerzner has opposed (#391) the motion (#364), and  
5 Monarch has replied (#414).

6           As an initial matter, we note that replies are allowed on  
7 motions in limine only with leave of the court. Local Rule 16-3(b).  
8 Monarch did not seek leave of the Court to file its Reply (#414);  
9 that document, therefore, would normally not be considered.  
10 Monarch's motion, however, though styled as a motion in limine, is  
11 more properly a motion to strike, in that it primarily aims to  
12 strike a particular piece of evidence submitted in support of  
13 Kerzner's motion for summary judgment, though it also ranges into  
14 broader ground in the course of argument. As such, it may be that  
15 Local Rule 16-3 does not apply here. In any case, enforcement of  
16 Local Rule 16-3(b) in this instance would not make a difference in  
17 our disposition of the motion.

18           The report at issue is a consumer survey report prepared for  
19 Kerzner in 2003 by Hall & Partners as a part of the normal course of  
20 business, measuring the market penetration of the Atlantis brand in  
21 the United States. Hall & Partners apparently performed many such  
22 surveys for Kerzner over the years, but only this one is in our  
23 record. It is also mentioned briefly in Kerzner's motion for  
24 partial summary judgment (#325) and noted by Dr. Jacoby in his  
25 expert report as corroboration of his own survey results.

26           We need not decide whether the Hall & Partners report is an  
27 expert report, as Monarch contends or, as Kerzner argues, simply

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1 factual evidence, admissible under an exception to the hearsay rule  
2 or on some other basis. We have not found it necessary to rely on  
3 the Hall & Partners report in the record with regard to the various  
4 motions for partial summary judgment now pending. As such,  
5 Monarch's motion (#364) is moot. The admissibility of any Hall &  
6 Partners reports proffered for admission into evidence at trial will  
7 be considered at a later date, along with any other evidence.

8 D. Monarch's Motion to Strike Certain Exhibits (#376)

9 Monarch has filed a motion entitled "Defendants' Motion to  
10 Strike a Number of Plaintiffs [sic] Exhibits to Plaintiffs' Motion  
11 for Partial Summary Judgment (Document No. 325) as Unauthenticated  
12 or Otherwise Inadmissible" (#376). More precisely, Monarch objects  
13 to twenty eight of Kerzner's exhibits - seventeen other objections  
14 asserted in the motion (#376) are withdrawn in the reply (#413).  
15 Kerzner has opposed (#407) the motion (#376).

16 The Ninth Circuit has "repeatedly held that 'documents which  
17 have not had a proper foundation laid to authenticate them cannot  
18 support a motion for summary judgment.'" Beyene v. Coleman Sec.  
19 Servs. Inc., 854 F.2d 1179, 1182 (9th Cir. 1988) (quoting Canada v.  
20 Blain's Helicopters, Inc., 831 F.2d 920, 925 (9th Cir. 1987).  
21 "Whether the authentication requirement should be applied to bar  
22 evidence when its authenticity is not actually disputed is, however,  
23 questionable." Burch v. Regents of the Univ. of Cal., 433 F. Supp.  
24 2d 1110, 1120 (E.D. Cal. 2006); see also Fenje v. Feld, 301 F. Supp.  
25 2d 781, 789 (N.D. Ill. 2003) ("Even if a party fails to authenticate  
26 a document properly or to lay a proper foundation, the opposing  
27 party is not acting in good faith in raising such an objection if

1 the party nevertheless knows that the document is authentic.")  
2 (quoted in Burch).

3 In any case, however, the Court's ruling on Kerzner's motion  
4 for partial summary judgment (#325) does not turn on any of the  
5 pieces of evidence to which Monarch here objects. We will not,  
6 therefore, address Monarch's objections in detail, because for the  
7 moment they are moot. Monarch may raise its objections again, if  
8 appropriate, if and when the evidence is proffered for admission  
9 into evidence at trial.

10 E. Kerzner's Motion Re. Affidavit of Laraine Burrell (#395)

11 Kerzner has filed a motion entitled "Motion to Strike Affidavit  
12 of Laraine M. I. Burrell (#395). Monarch opposed (#416) the motion  
13 (#395), and Kerzner replied (#417).

14 Kerzner argues that the affidavit of Laraine M. I. Burrell  
15 (#369), submitted by Monarch in support of its opposition (#365) to  
16 Kerzner's motion for partial summary judgment (#325), should be  
17 stricken. Ms. Burrell is one of the attorneys representing Monarch  
18 in the present case. Her affidavit (#369) purports to establish  
19 that the business activities at Kerzner's Florida offices do not  
20 include casino services. Her knowledge comes from a visit she and a  
21 paralegal, Sara Whitehead, made to those offices during discovery in  
22 this case in March 2007. Monarch has proposed to substitute the  
23 affidavit of Ms. Whitehead in place of Ms. Burrell's, if necessary.

24 We need not address all the issues raised in Kerzner's motion.  
25 The Burrell affidavit, as well as the substantively identical  
26 Whitehead affidavit are simply irrelevant to any disputed issue now  
27 before the Court. Ms. Burrell avers that during her visit to

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1 Kerzner's Florida offices she "did not see any evidence of what  
2 would ordinarily be considered casino services such as slot  
3 machines, or gaming tables." But no party has claimed that Kerzner  
4 is running slot machines or gaming tables in Florida, or anywhere  
5 else in the United States. Rather, the "casino services" that  
6 Kerzner claims to offer in the United States under the Atlantis mark  
7 are activities it claims are "integral" to the operation of  
8 Kerzner's brick and mortar casino in The Bahamas. (See, e.g.,  
9 Kerzner's MPSJ at 19-21 (#325).) We have addressed the merits of  
10 Kerzner's arguments in this regard elsewhere. With respect to  
11 Kerzner's motion to strike (#395), it is here sufficient to note  
12 that Ms. Burrell's affidavit has no relevance to any of the various  
13 motions for partial summary judgment filed in this case, including  
14 Kerzner's (#325). Because striking the affidavit would make no  
15 difference to the disposition of any matter now before the Court,  
16 Kerzner's motion (#395) is moot.

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18 **III. Motions for Partial Summary Judgment**

19 Now pending are several motions for partial summary judgment,  
20 including four filed by Monarch (## 278, 280, 316, 322) and one  
21 filed by Kerzner (#325) We will address each of the motions  
22 separately.

23 **A. Summary Judgment Standard**

24 Summary judgment allows courts to avoid unnecessary trials  
25 where no material factual dispute exists. N.W. Motorcycle Ass'n v.  
26 U.S. Dep't of Agric., 18 F.3d 1468, 1471 (9th Cir. 1994). The court  
27 must view the evidence and the inferences arising therefrom in the

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1 light most favorable to the nonmoving party, Bagdadi v. Nazar, 84  
2 F.3d 1194, 1197 (9th Cir. 1996), and should award summary judgment  
3 where no genuine issues of material fact remain in dispute and the  
4 moving party is entitled to judgment as a matter of law. FED. R.  
5 Civ. P. 56(c). Judgment as a matter of law is appropriate where  
6 there is no legally sufficient evidentiary basis for a reasonable  
7 jury to find for the nonmoving party. FED. R. CIV. P. 50(a). Where  
8 reasonable minds could differ on the material facts at issue,  
9 however, summary judgment should not be granted. Warren v. City of  
10 Carlsbad, 58 F.3d 439, 441 (9th Cir. 1995), cert. denied, 116 S.Ct.  
11 1261 (1996).

12 The moving party bears the burden of informing the court of the  
13 basis for its motion, together with evidence demonstrating the  
14 absence of any genuine issue of material fact. Celotex Corp. v.  
15 Catrett, 477 U.S. 317, 323 (1986). Once the moving party has met  
16 its burden, the party opposing the motion may not rest upon mere  
17 allegations or denials in the pleadings, but must set forth specific  
18 facts showing that there exists a genuine issue for trial. Anderson  
19 v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). Although the  
20 parties may submit evidence in an inadmissible form – namely,  
21 depositions, admissions, interrogatory answers, and affidavits –  
22 only evidence which might be admissible at trial may be considered  
23 by a trial court in ruling on a motion for summary judgment. FED.  
24 R. Civ. P. 56(c); Beyene v. Coleman Sec. Servs., Inc., 854 F.2d  
25 1179, 1181 (9th Cir. 1988).

26 In deciding whether to grant summary judgment, a court must  
27 take three necessary steps: (1) it must determine whether a fact is  
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1 material; (2) it must determine whether there exists a genuine issue  
2 for the trier of fact, as determined by the documents submitted to  
3 the court; and (3) it must consider that evidence in light of the  
4 appropriate standard of proof. Anderson, 477 U.S. at 248. Summary  
5 judgment is not proper if material factual issues exist for trial.  
6 B.C. v. Plumas Unified Sch. Dist., 192 F.3d 1260, 1264 (9th Cir.  
7 1999). "As to materiality, only disputes over facts that might  
8 affect the outcome of the suit under the governing law will properly  
9 preclude the entry of summary judgment." Anderson, 477 U.S. at 248.  
10 Disputes over irrelevant or unnecessary facts should not be  
11 considered. Id. Where there is a complete failure of proof on an  
12 essential element of the nonmoving party's case, all other facts  
13 become immaterial, and the moving party is entitled to judgment as a  
14 matter of law. Celotex, 477 U.S. at 323. Summary judgment is not a  
15 disfavored procedural shortcut, but rather an integral part of the  
16 federal rules as a whole. Id.

17 B. Monarch's Motion Re. '825 Registration and Injunction (#278)

18 Monarch has filed a motion entitled  
19 "Defendant/Counterclaimants' Motion for Partial Summary Judgment  
20 that Plaintiffs Cannot Assert their Federal Trademark Registration  
21 No. 2,810,825 for Atlantis to Enjoin Defendant/Counterclaimant's use  
22 of the Atlantis Mark for Casino Services" (#278). Kerzner opposed  
23 (#346) the motion (#278), and Monarch replied (#372).

24 Monarch's motion (#278) seeks partial summary judgment on three  
25 issues: (1) that "Monarch commenced use [of] the ATLANTIS mark in  
26 U.S. commerce for casino services prior to Kerzner's filing of its  
27 federal application for Registration Number 2,810,825"; (2) that

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1 "Monarch's use of the ATLANTIS mark in commerce for casino services  
2 has been continuing and uninterrupted from April [1996] to the  
3 present"; and (3) that "Registration Number 2,810,825 cannot be used  
4 to enjoin Monarch from continuing to use and exploit its common law  
5 rights in and to the Atlantis mark." (D.'s Motion at 10-11 (#278).)

6 The first two issues are undisputed. Kerzner does not question  
7 that Monarch commenced use of the Atlantis mark in 1996, prior to  
8 Kerzner's 1997 intent to use application. Kerzner also does not  
9 challenge Monarch's assertion that its use of the Atlantis mark at  
10 its Reno facility has been "continuing and uninterrupted." Kerzner  
11 does dispute the third issue, regarding whether the '825  
12 Registration can "be used to enjoin Monarch." But this is, it  
13 seems, primarily an example of heated agreement rather than a  
14 genuine dispute, as will be explained below.

15 When a party has federally registered a trademark, the party is  
16 entitled to a presumptive first use date equivalent to the filing  
17 date of its registration application. See, e.g., Brookfield  
18 Commc'ns v. W. Coast Entm't Corp., 174 F.3d 1036, 1051 n.13 (9th  
19 Cir. 1999). The constructive date of first use is the date that the  
20 registration application was filed, even if the application was made  
21 on an intent to use basis:

22 Under 15 U.S.C. §§ 1051(b), 1051(d), and 1057(c), as long as  
23 an applicant's mark is eventually granted registration on  
24 the principal register, and as long as the applicant does,  
25 in fact, use the mark in commerce within a set period of  
time thereafter, the filing of an intent to use application  
constitutes constructive use of the mark, conferring a right  
of priority, nationwide in effect.

26 CreAgri, Inc. v. USANA Health Scis., Inc., 474 F.3d 626, 629 (9th  
27 Cir. 2008) (internal quotation marks omitted)

28

1           The facts of this case are somewhat unusual, in that Kerzner  
2 first applied for federal trademark registration on an intent to use  
3 basis, but then later received the '825 Registration based on  
4 claimed actual use as of a date well before the filing of its  
5 initial intent to use application. Kerzner's intent to use  
6 application was filed in February 1997, but its 2003 Statement of  
7 Use, resulting in the 2004 issuance of the '825 Registration,  
8 claimed actual use as of October 1994. Thus, Kerzner has two  
9 potential sources of trademark rights. First, Kerzner may have  
10 common law trademark rights dating from the date of first actual use  
11 – allegedly, October 1994, though that is a disputed issue of  
12 material fact to be resolved at trial. Second, Kerzner may claim  
13 federal statutory trademark rights under 15 U.S.C. § 1057(c) –  
14 constructive use, conferring a right of priority, nationwide in  
15 effect – as of the date of its application for federal registration  
16 in February 1997.

17           Monarch's motion (#278) asks the Court to grant summary  
18 judgment on the issue of whether the '825 Registration could  
19 "justify enjoining Monarch from continuing to use and exploit its  
20 common law, and state registration rights in the ATLANTIS mark for  
21 casino services in Nevada." (D.'s Mot. at 10 (#278).) In other  
22 words, Monarch is asking the Court to rule that Kerzner's federal  
23 statutory rights under 15 U.S.C. 1057 could not give Kerzner  
24 priority of use over Monarch. Because Monarch began to use the  
25 Atlantis mark for casino services in April 1996<sup>3</sup>, and Kerzner did

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26  
27           <sup>3</sup> We have elsewhere rejected Monarch's arguments that its  
28 priority of use date is any earlier than April 1996.

1 not apply for federal registration until February 1997, Monarch's  
2 position is correct. Kerzner does not, apparently, disagree –  
3 Kerzner does, however, insist that it still has priority of use  
4 based on actual use, giving rise to common law rights. (See P.'s  
5 Opp. at 58-59 (#346) (describing Monarch's rights as "at best, those  
6 of an intermediate junior user . . . whose first use is  
7 chronologically intermediate between the senior user's first use and  
8 the senior user's federal registration".) The issue of when, if  
9 ever, Kerzner established use in the United States under the Grupo  
10 Gigante famous marks exception is a matter we have discussed  
11 elsewhere, and which will be resolved at trial.

12 Thus, Monarch is entitled to partial summary judgment on the  
13 following basis: (1) Monarch commenced use of the Atlantis mark for  
14 casino services prior to Kerzner's application for federal trademark  
15 registration that eventually resulted in the issuance of the '825  
16 Registration; (2) Monarch's use of the Atlantis mark in commerce for  
17 casino services has been continuing and uninterrupted from April  
18 1996 to the present; and (3) Kerzner's constructive use of the  
19 Atlantis mark under 15 U.S.C. § 1057(c), conferring a right of  
20 priority, nationwide in effect, dates to the filing of its intent to  
21 use application in February 1997. The third of these issues,  
22 however, has no bearing on what rights in the Atlantis mark, if any,  
23 Kerzner may have acquired through actual use of the mark prior to  
24 February 1997.

25 C. Monarch's Motion Re. Laches (#280)

26 Monarch has filed a motion entitled  
27 "Defendant/Counterclaimants' Motion for Summary Judgment on the  
28

1 Defense of Laches" (#280). Kerzner has opposed (#346) the motion  
2 (#280), and Monarch has replied (#374).

3 It is well established that laches is a valid defense to Lanham  
4 Act claims for both monetary damages and injunctive relief. Miller  
5 v. Glenn Miller Prods, Inc., 454 F.3d 975, 997 (9th Cir. 2006).  
6 This defense "embodies the principle that a plaintiff cannot sit on  
7 the knowledge that another company is using its trademark, and then  
8 later come forward and seek to enforce its rights." Internet  
9 Specialties W., Inc. v. Milon-DiGiorgio Enters., Inc., 559 F.3d 985,  
10 989-90 (9th Cir. 2009). To prevail, a defendant must prove both (1)  
11 an unreasonable delay by plaintiff in bringing suit, and (2)  
12 prejudice to the defendant. Id. at 990 (citing Jarrow Formulas,  
13 Inc. v. Nutrition Now, Inc., 304 F.3d 829, 838 (9th Cir. 2002);  
14 Tillamook Country Smoker, Inc. v. Tillamook County Creamery Ass'n,  
15 465 F.3d 1102, 1108 (9th Cir. 2006)).

16 A laches determination is made "with reference to the  
17 limitations period for the analogous action at law." Jarrow, 304  
18 F.3d at 835. If the action was brought within the applicable  
19 statute of limitations period, there is a presumption against  
20 laches. See Internet Specialties, 559 F.3d at 990. If, however,  
21 the suit is filed outside of the analogous limitations period, there  
22 is a presumption that laches bars the plaintiff's claim. Id. The  
23 Lanham Act contains no explicit statute of limitation, so courts  
24 "borrow" the analogous state time period. Here, the appropriate  
25 limit is the four-year statute of limitations in Nev. Rev. Stat. §  
26 11.190(2) for actions involving deceptive trade practices in  
27 violation of Nev. Rev. Stat. §§ 598.0903-598.0999. Both the Lanham  
28

1 Act and Nevada's deceptive trade practices statute are designed to  
2 prevent consumer confusion and deception in the marketplace through  
3 false or deceptive use of another's mark or product. See NEV. REV.  
4 STAT. § 598.0915 (defining "deceptive trade practice"); but see Reno  
5 Air Racing Ass'n, Inc. v. McCord, 452 F.3d 1126, 1139 (9th Cir.  
6 2006) (applying three-year statute of limitations from Nev. Rev.  
7 Stat. § 11.190(3) for fraud or mistake because the parties had  
8 agreed that was the relevant limitations period).

9       The limitations period for laches starts when the plaintiff  
10 knew or should have known about its potential cause of action.  
11 Internet Specialties, 559 F.3d at 990 (citing Tillamook, 465 F.3d at  
12 1108, and Jarrow, 304 F.3d at 838); see also Nat. Cable Television  
13 Ass'n, Inc. v. Am. Cinema Editors, Inc., 937 F.2d 1572, 1581 (Fed.  
14 Cir. 1991) ("Logically, laches begins to run from the time action  
15 could be taken against the acquisition by another of a set of rights  
16 to which objection is later made."). Thus, in a trademark  
17 infringement case, the question is when the plaintiff knew or should  
18 have known about the likelihood of confusion between its mark and  
19 the defendant's mark. See Internet Specialties, 559 F.3d at 990.

20       The parties here agree that Monarch's use of the Atlantis mark  
21 in Reno has caused no likelihood of confusion with Kerzner's use of  
22 the mark in The Bahamas. Rather, a likelihood of confusion only  
23 potentially arises with use of the mark in Las Vegas – the idea is  
24 that Las Vegas is part of a more international casino resort market  
25 than Reno is, and thus use of the Atlantis mark at a casino resort  
26 in Las Vegas would be likely to cause confusion in a way that the  
27 simultaneous existence of a Reno Atlantis and a Bahamas Atlantis

28

1 does not. The question here, then, is when Kerzner knew or should  
2 have known of Monarch's use or intent to use the Atlantis mark in  
3 connection with casino services in Las Vegas. This issue is hotly  
4 contested by the parties.

5 Kerzner argues that it first learned that there was an imminent  
6 possibility that Monarch would begin using the Atlantis mark in  
7 connection with casino services in Las Vegas (or would sell its own  
8 alleged rights to do so to a third party) in Fall 2005, when a  
9 representative of Monarch contacted Kerzner about that possibility  
10 in an attempt to avert a dispute such as the present case. (See  
11 P.'s Opp. at 61 (#346).) The present lawsuit was filed on January  
12 27, 2006, after no settlement was reached – a short time, well  
13 within the applicable four-year limit.

14 Monarch, however, argues that Kerzner knew or should have known  
15 about a likelihood of confusion much sooner. Kerzner was aware of  
16 Monarch's use of the Atlantis mark no later than July 1996, when  
17 Lodge assigned the Atlantis mark for lodging services to Kerzner,  
18 subject to the license agreement with Monarch. Monarch was  
19 identified as "Casino" throughout that agreement, so there should  
20 have been no confusion that the Atlantis mark would be used in  
21 connection with casino services, in addition to lodging services.  
22 Further, there are telephone logs that may indicate Kerzner already  
23 knew of Monarch's intent to use of the mark in February 1996. (See  
24 D.'s Mot. at 6-7 (#280).) Kerzner also was aware of Monarch's  
25 Nevada state registration of the Atlantis mark for casino services;  
26 Kerzner was informed of it by means of a letter from its outside  
27 counsel to its general counsel. (See id. at 8-9.) There were

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1 apparently some conversations between the parties over the years  
2 regarding Monarch's expansion of its Reno facilities, which Monarch  
3 argues should have tipped off Kerzner that Monarch intended to grow  
4 its operations around the Atlantis mark to the extent permitted  
5 under its license agreement with Lodge and its Nevada state  
6 registration of the Atlantis mark for casino services, including  
7 expansion to Las Vegas. (See id. at 10.)

8 Kerzner has the better side of this dispute. Kerzner did not  
9 act unreasonably in refraining from immediately seeking declaratory  
10 relief as to the parties' respective rights in Las Vegas in the  
11 absence of information, or at least strong indications, that Monarch  
12 was planning to expand its use of the Atlantis mark to Las Vegas in  
13 the relatively near future. Taking reasonable inferences in  
14 Kerzner's favor, as we must in regard to this motion, Kerzner was  
15 not aware of any such intentions on the part of Monarch until  
16 Monarch contacted Kerzner in Fall 2005.<sup>4</sup> "It has often been held  
17 that a trademark owner who protests upon a change in an infringer's  
18 use of the mark will not be barred from relief as to the new use  
19 because of its silence in the face of the earlier, less harmful  
20 action." Great Basin Brewing Co. v. Healdsburg Brewing Co., 44  
21 U.S.P.Q.2d 1751, 1757 (D. Nev. 1997) (citing Nat. Cable Television  
22 Ass'n, 937 F.2d 1572, 1581-82 (Fed. Cir. 1991); Sun Microsystems,  
23 Inc. v. SunRiver Corp., 36 U.S.P.Q.2d 1266, 1271 (N.D. Cal. 1995);

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24  
25 <sup>4</sup> Indeed, Monarch has repeatedly denied that it has ever had any  
26 such plans: Monarch claims that it performed some investigation of  
27 possibilities, but these preliminary investigations never ripened into  
28 concrete plans. (See, e.g., Aff. of John Farahi ¶¶ 8-12 (#303).) As  
such, Monarch in one breath argues that Kerzner delayed too long to  
bring suit, and in the next implies that the suit is not yet ripe.

1 see also Grupo Gigante, 391 F.3d 1088, 1103 (9th Cir. 2004)  
2 (discussing doctrine of progressive encroachment). Moreover, the  
3 parties agree that Monarch's use of the mark in Reno is not even de  
4 minimis infringement, but non-infringing altogether.

5 Further, Kerzner did not, it seems, even believe that it had  
6 rights in the Atlantis mark in the United States until 2003 – hence,  
7 the intent to use application and extensions thereof it filed with  
8 the USPTO. The Fourth Circuit's opinion in International Bancorp,  
9 LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco,  
10 329 F.3d 359 (4th Cir. 2003), was filed in May 2003. Though we have  
11 rejected the reasoning of International Bancorp, it was reasonable  
12 for Kerzner for the believe for the first time in 2003 that it might  
13 have had an appropriate basis for claiming use of the Atlantis mark  
14 in the United States, and thus potentially to have a cause of action  
15 against Monarch. Kerzner's filing of the present lawsuit less than  
16 three years after International Bancorp is, of course, within the  
17 four-year limitations period. Moreover, Grupo Gigante SA DE CV v.  
18 Dallo & Co., Inc., 391 F.3d 1088 (9th Cir. 2004), the case that may,  
19 as we have discussed elsewhere, entitle Kerzner to rights under the  
20 famous mark exception, was filed in December 2004, only slightly  
21 over a year before this case was filed.

22 It appears, therefore, that Kerzner brought suit within the  
23 applicable four-year limitations period, whether the appropriate  
24 date to start the clock is the publication of Grupo Gigante, the  
25 publication of International Bancorp, or the 2005 contact between  
26 Monarch and Kerzner regarding the matters that eventually gave rise  
27  
28



1 to this suit, after negotiations failed.<sup>5</sup> A presumption against  
2 laches, therefore, applies. Having reached that intermediate  
3 conclusion, however, we must still decide whether laches bars the  
4 claim, taking into account while doing so the applicable  
5 presumption.

6 In the trademark context, the Ninth Circuit has adopted a six-  
7 factor test for determining whether laches bars a plaintiff's claim:  
8 "1) the strength and value of trademark rights asserted; 2)  
9 plaintiff's diligence in enforcing mark; 3) harm to senior user if  
10 relief denied; 4) good faith ignorance by junior user; 5)  
11 competition between senior and junior users; and 6) extent of harm  
12 suffered by junior user because of senior user's delay." E-Systems,  
13 Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983) (quoting  
14 Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena, 293 F. Supp. 892,  
15 917 (S.D.N.Y. 1968), aff'd and modified, 433 F.2d 686, 703-704 (2d  
16 Cir. 1970)). Here, our analysis is complicated somewhat in that it  
17 is not entirely clear who is the senior user and who is the junior  
18 user in this case - that remains to be determined by the finder of  
19 fact. Generally, however, laches is a defense asserted by junior  
20 users of a mark, so it seems appropriate to treat Monarch as the  
21 "junior user" and Kerzner as the "senior user" for purposes of this  
22 analysis only.

23

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24 <sup>5</sup> It must be noted, however, that Penta Hotels dates to 1988.  
25 See Penta Hotels Ltd. v. Penta Tours, 9 U.S.P.Q.2d 1081, 1094 (D.  
26 Conn. Sep. 30, 1988). To the extent that Kerzner relies on that case  
27 as a basis - however meritless - for its cause of action against  
28 Monarch, Kerzner should have claimed use, not intent to use, in its  
1997 application for registration of the Atlantis mark, and it should  
have brought suit against Monarch almost a decade before it did.

28

1           Several of the E-Systems factors weigh strongly against a  
2 finding that laches bars Kerzner's claims. Regarding the first E-  
3 Systems factor, the strength and value of the mark, the Atlantis  
4 mark is arbitrary, and thus is relatively strong. See Grupo  
5 Gigante, 391 F.3d at 1102. There is also no question of the mark's  
6 significant value to both parties. Further, regarding the second  
7 factor, as discussed above, Kerzner was reasonably diligent in  
8 taking action to protect its mark, Monarch's arguments to the  
9 contrary notwithstanding. Similarly, the sixth factor, relating to  
10 harm to the junior user, must be deemed to weigh against laches.  
11 Assuming Kerzner is determined to have senior rights in the mark,  
12 Monarch would have been better off if this conflict came to a head  
13 in 1996, so that Monarch could have built its business around a  
14 different mark. But this harm would not be a result of Kerzner's  
15 unreasonable delay in filing suit – as discussed above, taking  
16 reasonable inferences in Kerzner's favor, Kerzner had no basis for  
17 objecting to Monarch's use of the mark in 1996, but only in 2003 at  
18 the earliest, and perhaps as late as 2005. The record reveals no  
19 additional harm to Monarch from the delay, if it may be considered  
20 such, from 2003 to 2006.

21           Several other factors, however, are either neutral or weigh in  
22 favor of applying laches. It is impossible to tell at this stage  
23 whether the senior user would be harmed if relief is denied: if  
24 Kerzner is not entitled to trademark protections under the Grupo  
25 Gigante famous marks exception, there would be no harm to Kerzner  
26 for which it could be entitled to relief if relief were denied. If  
27 Kerzner's use of the Atlantis mark falls into the famous mark

1 exception, however, there would be such harm. As such, the third E-  
2 Systems factor must be deemed neutral at this stage. The fifth E-  
3 Systems factor, relating to competition between the senior and  
4 junior users, is also neutral. At the moment, any competition  
5 between Monarch and Kerzner is hypothetical, arising out of a casino  
6 in Las Vegas that does not yet exist. The parties agree that their  
7 existing facilities do not compete.

8       The fourth E-Systems factor, good faith ignorance of the junior  
9 user, weighs somewhat in favor of applying laches. Although Monarch  
10 was probably aware of the existence of Kerzner's Atlantis in the  
11 Bahamas in 1996, Monarch adopted the Atlantis mark in the belief  
12 that Kerzner had no rights in the mark in the United States – at  
13 least, there is no evidence to the contrary. Moreover, it does not  
14 appear that Monarch copied Kerzner in adopting the mark; rather  
15 Monarch was expanding its own use of the mark from its restaurant  
16 and bar to its entire facility. These circumstances do not quite  
17 amount to good faith ignorance of Kerzner's use of the mark on the  
18 part of Monarch, but it is not bad faith copying, either.

19       On balance, the several factors weighing strongly against  
20 laches outweigh those factors which are neutral or weigh somewhat in  
21 its favor. In conjunction with the presumption against laches  
22 applicable in the circumstances of this case, such a conclusion  
23 requires a finding that laches does not bar Kerzner's claims. As  
24 such, Monarch's motion (#280) will be denied.

25       D. Monarch's Motions Re. Fraud on the USPTO (## 316, 322)

26       Monarch has filed two motions for partial summary judgment that  
27 deal with much the same issue, alleged fraud on the USPTO. They are

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1 framed differently, however, and deal with different underlying  
2 facts. The two motions are "Defendants/Counterclaimants' Motion for  
3 Summary Judgment on the Issue that Kerzner's Federal Registration of  
4 an Atlantis Mark for Casino Services be Cancelled for Fraud on the  
5 USPTO" (#316) and "Defendants/Counterclaimants' Motion for Summary  
6 Judgment on their First Counterclaim for Relief, Cancellation of  
7 Kerzner's Federal Registration of an Atlantis Mark for Casino  
8 Services for Fraud on the USPTO" (#322). Kerzner has opposed (#346)  
9 the motions, and Monarch has replied (## 398, 401).

10 The first of these motions (#316) is framed as relating to an  
11 "issue," while the second (#322) is framed as relating to Monarch's  
12 first counterclaim. Also, the factual basis underlying the two  
13 motions is different: the first (#316) focuses on the ownership  
14 structure of the various Kerzner entities, while the second deals  
15 with Kerzner's alleged failure to disclose to the USPTO Monarch's  
16 use of the Atlantis mark. We will first discuss the law relating to  
17 claims for cancellation of trademark registrations on the basis of  
18 fraud, and then we will rule on each of the two motions.

19 1. Cancellation of Trademark Registration Standard

20 The Federal Circuit has recently clarified the law to be  
21 applied to claims for cancellation of trademark registrations on the  
22 basis of fraud on the USPTO. Rather than reinvent the wheel, we  
23 will quote at some length the Federal Circuit's discussion:

24 A third party may petition to cancel a registered  
25 trademark on the ground that the "registration was obtained  
26 fraudulently." 15 U.S.C. § 1064(3). "Fraud in procuring a  
27 trademark registration or renewal occurs when an applicant  
28 knowingly makes false, material representations of fact in  
29 connection with his application." Torres v. Cantine  
Torresella S.r.l., 808 F.2d 46, 48 (Fed. Cir. 1986). A

1 party seeking cancellation of a trademark registration for  
2 fraudulent procurement bears a heavy burden of proof. W.D.  
3 Byron & Sons, Inc. v. Stein Bros. Mfg. Co., 377 F.2d 1001,  
4 1004 (1967). Indeed, "the very nature of the charge of  
5 fraud requires that it be proven 'to the hilt' with clear  
and convincing evidence. There is no room for speculation,  
inference or surmise and, obviously, any doubt must be  
resolved against the charging party." Smith Int'l, Inc. v.  
Olin Corp., 209 U.S.P.Q. 1033, 1044 (T.T.A.B. 1981).

6 In re Bose Corp., 580 F.3d 1240, 1243 (Fed. Cir. 2009).

7 In In re Bose, the Federal Circuit clarified that a trademark  
8 applicant commits fraud in procuring a registration only when it  
9 knows that material representations of fact in its declaration are  
10 false or misleading: "should know" is not enough. Id. at 1244-45  
11 (rejecting the "knows or should know" standard articulated in  
12 Medinol v. Neuro Vasx, Inc., 67 U.S.P.Q.2d 1205, 1209 (T.T.A.B.  
13 2003).

14 Most of a user's substantive trademark rights derive from use  
15 of the mark, not registration of the mark. See id. at 1247. "There  
16 does not exist in trademark cases the fundamental reason for being  
17 on the alert to find fraud on the Patent Office which exists in  
18 patent cases" because "the acquisition of the right to exclude  
19 others from the use of a trademark results from the fact of use and  
20 the common law, independently of registration in the Patent Office."  
21 Morehouse Mfg. Corp. v. J. Strickland & Co., 407 F.2d 881, 888  
22 (C.C.P.A. 1969). For that reason, "[a]ssertions of 'fraud' should  
23 be dealt with realistically, comprehending . . . that trademark  
24 rights, unlike patent rights, continue notwithstanding cancellation  
25 of those additional rights which the Patent Office is empowered by  
26 statute to grant." Id.

1 The heightened pleading standard of Federal Rule of Civil  
2 Procedure 9(b) applies to claims seeking cancellation of a  
3 registration on the basis of fraud. See Hana Fin., Inc. v. Hana  
4 Bank, 500 F. Supp. 2d 1228, 1233 (C.D. Cal. 2007) (applying Rule  
5 9(b) standard to pleading of alleged fraud in procurement of a  
6 trademark registration).

7 2. Monarch's First Motion Re. Fraud on the USPTO (#316)

8 Monarch's first motion regarding alleged fraud on the USPTO  
9 (#316) is premised on the circumstance that Kerzner International  
10 Resorts, Inc. ("KIRI"), the entity that filed for and was issued the  
11 '825 Registration, is not the same Kerzner entity that operates  
12 Kerzner's casino resort in The Bahamas. That facility is operated  
13 by an entity called Paradise Enterprises Limited ("PEL"), which,  
14 like KIRI, is a subsidiary of Kerzner International Limited ("KIL").  
15 Monarch's argument is that if any of the Kerzner entities had  
16 trademark rights in the Atlantis mark, it is PEL, and not KIRI,  
17 because KIRI never used the mark in connection with casino services.  
18 Therefore, Monarch argues, the '825 Registration should be cancelled  
19 as fraudulent, since KIRI did not disclose to the USPTO that the  
20 mark was being used by a related entity, not by KIRI itself.

21 The arguments raised in the present motion, based on the  
22 institutional division of labor among the Kerzner entities, were not  
23 properly pleaded in Monarch's Amended Answer and Counterclaims (#56)  
24 — arguably, they were alluded to, but they were not alleged with the  
25 specificity required by Rule 9(b). Nor has Monarch filed any motion  
26 for leave to amend. The addition of new issues during the pendency  
27 of a summary judgment motion can be treated as a motion for leave to  
28

1 amend the complaint. Kaplan v. Rose, 49 F.3d 1363, 1370 (9th Cir.  
2 1994) (citing Roberts v. Az. Bd. of Regents, 661 F.2d 796, 798 n.1  
3 (9th Cir. 1981)). Four factors are relevant to the determination of  
4 a motion for leave to amend: "bad faith, undue delay, prejudice to  
5 the opposing party, and the futility of the amendment." Id. There  
6 is a strong policy in favor of allowing amendment. See Fed. R. Civ.  
7 P. 15(2) ("The court should freely give leave when justice so  
8 requires.")

9       Here, however, it does not appear that justice requires Monarch  
10 to be allowed to amend its pleadings to add this issue to the case;  
11 quite the opposite. This action has been pending for nearly four  
12 years, and the present motion is apparently the first time the issue  
13 has been raised. The deadlines for amendment of pleadings, for  
14 conducting discovery, and for the filing of dispositive motions have  
15 all long since passed. As such, there would be significant  
16 prejudice to Kerzner by the addition of the issue at this late date.  
17 Monarch has suggested that it only learned of the basis for its  
18 arguments in the present motion in January 2008, when Kerzner  
19 produced the Bahamian gaming licenses for its facility in the  
20 Bahamas. This argument strains credulity: it seems likely that  
21 Monarch knew more than enough about the corporate relationships of  
22 the Kerzner entities to raise the issue of which of them is properly  
23 considered the owner of the Atlantis mark long before January 2008.  
24 In any case, however, even in January 2008, Monarch filed no motion  
25 for leave to amend its pleadings – instead, it delayed until July  
26 2009, when it filed its motions for summary judgment, to raise the  
27 issue. As such, because of both prejudice to Kerzner and Monarch's

1 undue delay, we decline to treat Monarch's raising of new arguments  
2 in the present motion for summary judgment as a motion for leave to  
3 amend.

4 Our decision here is based on the procedural matters just  
5 discussed. It is worth noting, however, that Monarch's arguments  
6 also fail on the merits. There is no basis for concluding as a  
7 matter of law that Kerzner knew that its statements to the USPTO  
8 about KIRI using the mark were false. Taking inferences in  
9 Kerzner's favor, when Kerzner filed its Statement of Use with the  
10 USPTO, Kerzner was operating under a good faith belief that KIRI's  
11 activities using the mark counted as use under either Penta Hotels  
12 or International Bancorp. Even though we have rejected Kerzner's  
13 arguments under those cases, Kerzner would have had to know that we  
14 would do so for its representations to the USPTO to constitute fraud  
15 under the standard articulated in In re Bose.

16 In addition, there is at least some evidence that KIRI controls  
17 PEL's use of the Atlantis mark. It is the longstanding practice of  
18 the USPTO to accept applications by parties claiming ownership of  
19 marks "through use by controlled licensees, whether the control over  
20 the nature and quality of the goods and services rendered under the  
21 mark results from a corporate relationship or from a contract."  
22 Pneutek, Inc. v. Scherr, 211 U.S.P.Q. 824, 833 (T.T.A.B. 1981). At  
23 least in one unpublished case, the Trademark Trial and Appeal Board  
24 has found that "neither use of the mark solely by an applicant's  
25 licensee nor applicant's failure to indicate such use, affects  
26 applicant's ownership rights herein." Sports Auth. Mich., Inc. v.  
27 Kalle, 2002 TTAB LEXIS 252, at \*9 (T.T.A.B. Mar. 29, 2002).

28



1 In short, Monarch's motion (#316) will be denied on the basis  
2 that the issues contained therein were not pleaded with specificity  
3 as required by Rule 9(b) and no motion for leave to amend was filed  
4 in a timely manner. We decline to treat the addition of these new  
5 issues in Monarch's motion (#316) as a motion for leave to amend  
6 because of the undue delay on the part of Monarch, as well as the  
7 prejudice to Kerzner that would ensue if we were to do otherwise.

8 3. Monarch's Second Motion Re. Fraud on the USPTO (#322)

9 Monarch argues in its second motion (#322) for cancellation of  
10 the '825 Registration that Kerzner's application for registration  
11 was fraudulent in several respects. First, Monarch asserts that  
12 Kerzner knew when it filed its application that Monarch was already  
13 operating its casino in Reno under that same mark. As such, Monarch  
14 argues, Kerzner was obligated to disclose this circumstance to the  
15 USPTO, and because it did not do so, the '825 Registration should be  
16 cancelled for fraud. Second, Monarch argues that Kerzner  
17 fraudulently claimed that it provided casino services in the United  
18 States, when in fact it has never done so. Finally, Monarch makes  
19 much of the circumstance that Kerzner filed its Statement of Use  
20 with the USPTO on the last possible day before the expiration of the  
21 last allowable extension of its 1997 intent to use application.  
22 Monarch notes that Kerzner admits that no material facts had changed  
23 regarding use of the mark, but whereas Kerzner had previously denied  
24 any actual use, it suddenly claimed use of the mark dating back to  
25 October 1994. Monarch argues that these circumstances indicate that  
26 Kerzner filed its statement of use because it was seeking to avoid

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1 abandonment of the mark, rather than because it actually had used  
2 the mark.

3 Monarch's first argument, relating to failure to disclose to  
4 the USPTO Monarch's operation of a casino in Reno under the Atlantis  
5 mark, focuses on a written statement made by Howard Karawan, then  
6 Senior Vice President of KIRI, in support of Kerzner's initial  
7 intent to use application:

8 [T]o the best of my knowledge and belief, no other  
9 person, firm, corporation or association has the right to  
10 use the above-identified mark in commerce, either in  
11 identical form thereof or in such near resemblance thereto  
12 as to be likely, when applied in connection with the  
13 goods/services of such other person, firm, corporation or  
14 association to cause confusion, or to cause mistake, or to  
15 deceive . . . .

16 (Application for Service Mark Registration, Feb. 14, 1997 (#328-18  
17 at 8).)

18 It must first be noted that Kerzner's arguments in opposition  
19 are not entirely valid. Mr. Karawan's statement only disclaims  
20 knowledge of use by one who "has the right to use" the Atlantis  
21 mark. Kerzner now argues that Mr. Karawan's statement was true  
22 because only Kerzner, not Monarch, has the right to use the Atlantis  
23 mark in commerce. This argument, however, ignores the circumstance  
24 that from 1997 to 2003, Kerzner apparently did not believe that it  
25 had used the mark in the United States beginning in 1994 -  
26 otherwise, the application for trademark registration would have  
27 been filed on the basis of actual use, rather than intent to use.  
28 As such, this argument by Kerzner depends on an anachronism, and is  
rejected.

1           Nevertheless, Monarch's argument that Kerzner knew that Mr.  
2 Karawan's statement on its behalf was false fails because, as the  
3 parties have agreed, Monarch's use of the Atlantis mark in Reno  
4 causes no likelihood of confusion with Kerzner's use of the mark in  
5 The Bahamas. There is no clear and convincing evidence in the  
6 record that Kerzner believed otherwise in 1997, when the statement  
7 quoted above was made. As such, the statement was true: even if Mr.  
8 Karawan knew of Monarch's operations in Reno, it does not follow  
9 that he knew of a party using the Atlantis mark in such a way as  
10 would cause consumer confusion. Thus, Monarch has not demonstrated  
11 fraud on the USPTO under the standard articulated in In re Bose.

12           Monarch's second argument is based on the circumstance that  
13 Kerzner has never provided casino services under the Atlantis mark  
14 within the United States, either before or after obtaining the '825  
15 Registration. Monarch argues on this basis that Kerzner's 2003  
16 Statement of Use was false, and that Kerzner knew it was making  
17 false representations to the USPTO.<sup>6</sup> We disagree.

18           Monarch's argument depends on the notion that Kerzner's use of  
19 the Atlantis mark in The Bahamas could not give rise to trademark  
20 rights within the United States. But Kerzner had reasonable grounds  
21 for claiming use in commerce under the Lanham Act in 2003 –  
22 Kerzner's arguments based on Penta Hotels and International Bancorp

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25           <sup>6</sup> Monarch also raises again the arguments based on the  
26 institutional division of labor between the various Kerzner entities.  
27 Those arguments are again rejected on the same basis as discussed  
28 above in relation to Monarch's first motion regarding fraud on the  
USPTO (#316).

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1 are facially plausible, though we have elsewhere rejected them.<sup>7</sup> At  
2 most, the evidence in the record requires the conclusion that  
3 Kerzner's representations to the USPTO may have been based on  
4 mistaken understandings of trademark law – in other words, the  
5 statements may have been false, and perhaps Kerzner even should have  
6 known they were false. But there is no clear and convincing  
7 evidence that Kerzner knew that the statements were false. Under  
8 the high standard articulated in In re Bose, that is not enough.

9 Monarch's third argument, based on the filing date of Kerzner's  
10 2003 statement of use, essentially consists of the following  
11 syllogism: (1) Kerzner's Statement of Use was filed on the last  
12 possible day; (2) Kerzner admits that no material facts had changed  
13 between the time of Kerzner's previous intent to use application and  
14 extensions thereof, and its final claim of actual use dating back to  
15 October 1994; so therefore (3) Kerzner filed its Statement of Use  
16 not because it believed it had actually used the mark, but only to  
17 avoid abandonment of the intent to use application.

18 Monarch's argument fails because the conclusion in (3) does not  
19 necessarily follow from the two premises. The date on which the  
20 Statement of Use was filed is simply irrelevant to the question of  
21 whether Kerzner knew the contents of that statement were false. At  
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23 <sup>7</sup> The circumstance that Penta Hotels predates the initial intent  
24 to use application is less relevant in this inquiry than it was in the  
25 laches context, mentioned above, because the standards are different.  
26 Laches examines whether there was an unreasonable delay in filing  
27 suit, whereas the fraud inquiry examines the state of mind of the  
28 speaker of the alleged misrepresentation at the time the statement was  
made. Kerzner did not waive the opportunity to later reevaluate old  
precedent and claim actual use to the USPTO, just because the initial  
application was brought on an intent to use basis.

1 best, it is grounds for speculation or inference as to Kerzner's  
2 motives, which is not enough to support cancellation of Kerzner's  
3 registration on the basis of fraud under In re Bose. Moreover,  
4 though the material facts had not changed between 1997 and 2003, the  
5 legal framework that provides meaning to those facts had changed.  
6 International Bancorp gave Kerzner a new basis for claiming actual  
7 use of the mark, though its casino was located abroad. Grupo  
8 Gigante would not be published for another year, but it would later  
9 provide a second basis for such a claim. Kerzner's attorneys may  
10 even have reexamined the legal precedent in light of the upcoming  
11 expiration of the intent to use application, and come to the  
12 conclusion that Penta Hotels provided a legitimate basis for  
13 claiming actual use – though we have rejected that argument  
14 elsewhere, it is not entirely implausible or frivolous.

15 Thus, Kerzner may well have believed its representations to the  
16 USPTO were true, even if they should turn out in the course of this  
17 litigation to have been false. There is no clear and convincing  
18 evidence in the record that is sufficient to support the contrary  
19 conclusion. As such, Monarch's motion (#322) will be denied.

20 E. Kerzner's Motion for Partial Summary Judgment (#325)

21 Kerzner's motion (#325) for partial summary judgment seeks  
22 entry of summary judgment in Kerzner's favor on Kerzner's remaining  
23 claims for declaratory judgment, brought pursuant to Lanham Act  
24 Sections 32(1) and 43(a), as well as the common law of trademark and  
25 unfair competition. Kerzner also seeks summary judgment on certain  
26 of Monarch's counterclaims: Monarch's first counterclaim for  
27 cancellation of the '825 Registration on the basis of fraud;

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1 Monarch's fourth counterclaim for trademark infringement; Monarch's  
2 fifth counterclaim for "declaratory relief that counterclaimants  
3 have developed common law rights in an Atlantis mark for Casino  
4 Services"; Monarch's sixth counterclaim for "declaratory relief that  
5 counterclaimants own a valid Nevada State Trademark for Casino  
6 Services under N.R.S. § 600.050 et seq"; and Monarch's seventh  
7 counterclaim for "declaratory relief pursuant to claim for trademark  
8 infringement under NRS § 600.050 et seq." Kerzner further requests  
9 that the Court enter a permanent injunction enjoining Monarch from  
10 using the Atlantis mark in connection with a casino in Las Vegas,  
11 among other things.

12 As discussed above, there is no clear and convincing evidence  
13 in the record that Kerzner knew that its representations to the  
14 USPTO in its 2003 Statement of Use were false. For the same reasons  
15 discussed in relation to Monarch's motions (##316, 322) addressing  
16 that issue, Kerzner is entitled to summary judgment on Monarch's  
17 first counterclaim.

18 There remains a genuine issue of material fact regarding when,  
19 if ever, Kerzner's mark acquired a sufficient level of consumer  
20 recognition in the Las Vegas market so as to fall under the Grupo  
21 Gigante famous marks exception. The resolution of that issue is  
22 necessary before judgment as a matter of law could be appropriate on  
23 any of the parties' claims or counterclaims for trademark  
24 infringement or for declaratory judgment about the parties' own  
25 rights in the Atlantis mark. As such, Kerzner's motion will be  
26 denied with regard to Kerzner's claims and Monarch's fourth, fifth,  
27 and seventh counterclaims.

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1 We have already granted in part and denied in part Monarch's  
2 motion (#278) for summary judgment regarding Monarch's state  
3 registration of the Atlantis mark. Monarch's state registration is  
4 valid and enforceable as a matter of Nevada law. That state  
5 registration does not, however, necessarily entitle Monarch to use  
6 the Atlantis mark throughout Nevada, because Kerzner may have  
7 federal rights that would preempt those state rights. Kerzner's  
8 motion, therefore, regarding Monarch's sixth counterclaim for  
9 declaratory relief that Monarch owns a valid Nevada state trademark  
10 for casino services, will be granted in part and denied in part on  
11 the same basis.

12 Because Kerzner is not, for the most part, entitled to summary  
13 judgment on the issues raised in its motion (#325), including most  
14 importantly the parties claims and counterclaims for infringement,  
15 issuance of the permanent injunction that Kerzner requests would be  
16 inappropriate.

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**IV. Conclusion**

19 Several of the pending evidentiary motions are moot because the  
20 evidence to which one of the parties has objected makes no  
21 difference in the disposition of the pending motions for summary  
22 judgment. Thus, the Hall & Partners report, Ms. Burrell's  
23 affidavit, and the various pieces of evidence to which Monarch  
24 objected in its motion (#376) to strike certain exhibits were not  
25 considered, and the motions to exclude them are moot. Further, Dr.  
26 Samuel's testimony will be excluded from trial, because it is for  
27 the most part irrelevant and cumulative of the instructions the

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1 Court will give to the jury; to the extent his opinions may have  
2 some probative value, it would likely be more confusing than  
3 helpful. Dr. Jacoby's expert opinion will not be excluded, because  
4 it is relevant to matters at issue in the case and his methodology,  
5 though it may be subject to effective cross examination, was not so  
6 flawed as to warrant exclusion from evidence.

7       Regarding the pending motions for summary judgment, Monarch's  
8 state registration of the Atlantis mark is valid and enforceable as  
9 a matter of state law. This circumstance, however, does not mean  
10 that Monarch automatically has exclusive rights in the mark within  
11 Nevada, under federal law. Further, Kerzner's claims are not barred  
12 by laches, nor is there any clear and convincing evidence in the  
13 record of fraud on the USPTO that would justify cancellation of the  
14 '825 registration. There remains a genuine issue of material fact  
15 as to when, if ever, Kerzner's use of the Atlantis mark qualified  
16 for trademark protections under the famous mark exception. Thus,  
17 summary judgment on the parties' claims and counterclaims relating  
18 to trademark infringement and their respective rights in the  
19 Atlantis mark would not be appropriate.

20

21       **IT IS, THEREFORE, HEREBY ORDERED** that Kerzner's "Motion in  
22 Limine to Exclude the Opinions and Testimony of Defendants'  
23 Purported Expert Jeffrey M. Samuels" (#340) is **GRANTED**.

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25       **IT IS FURTHER ORDERED** that Monarch's "Motion to Exclude Expert  
26 Report and Testimony of Jacob Jacoby" (#345) is **DENIED**.

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1           **IT IS FURTHER ORDERED** that Monarch's "Motion in Limine to  
2 Exclude Report of Purported and Undisclosed Expert Hall & Partners"  
3 (#364) is **DENIED** as moot.

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5           **IT IS FURTHER ORDERED** that Monarch's "Motion to Strike a Number  
6 of Plaintiffs [sic] Exhibits to Plaintiffs' Motion for Partial  
7 Summary Judgment (#376) is **DENIED** as moot.

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9           **IT IS FURTHER ORDERED** that Kerzner's "Motion to Strike  
10 Affidavit of Laraine M. I. Burrell" (#395) is **DENIED** as moot.

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12           **IT IS FURTHER ORDERED** that Monarch's "Motion for Partial  
13 Summary Judgment that Plaintiffs Cannot Assert their Federal  
14 Trademark Registration No. 2,810,825 for Atlantis to Enjoin  
15 Defendant/Counterclaimant's use of the Atlantis Mark for Casino  
16 Services" (#278) is **GRANTED IN PART and DENIED IN PART** on the  
17 following basis:

18           (1) Monarch commenced use of the Atlantis mark for casino  
19 services prior to Kerzner's application for federal trademark  
20 registration that eventually resulted in the issuance of the  
21 '825 Registration;

22           (2) Monarch's use of the Atlantis mark in commerce for casino  
23 services has been continuing and uninterrupted from April 1996  
24 to the present;

25           (3) Kerzner's constructive use of the Atlantis mark under 15  
26 U.S.C. § 1057(c), conferring a right of priority, nationwide in  
27

1 effect, dates to the filing of its intent to use application in  
2 February 1997; and

3 (4) the Court's ruling in (3) has no bearing on what rights in  
4 the Atlantis mark, if any, Kerzner may have acquired though  
5 actual use of the mark prior to February 1997.

6  
7 **IT IS FURTHER ORDERED** that Monarch's "Motion for Summary  
8 Judgment on the Defense of Laches" (#280) is **DENIED**.

9  
10 **IT IS FURTHER ORDERED** that Monarch's "Motion for Summary  
11 Judgment on the Issue that Kerzner's Federal Registration of an  
12 Atlantis Mark for Casino Services be Cancelled for Fraud on the  
13 USPTO" (#316) is **DENIED**.

14  
15 **IT IS FURTHER ORDERED** that Monarch's "Motion for Summary  
16 Judgment on their First Counterclaim for Relief, Cancellation of  
17 Kerzner's Federal Registration of an Atlantis Mark for Casino  
18 Services for Fraud on the USPTO" (#322) is **DENIED**.

19  
20 **IT IS FURTHER ORDERED** that Kerzner's "Motion for Partial  
21 Summary Judgment" (#325) is **GRANTED IN PART and DENIED IN PART** on  
22 the following basis:

23 (1) The motion is granted with respect to Monarch's first  
24 counterclaim for cancellation of the '825 Registration on the  
25 basis of fraud.

26 (2) The motion is denied with respect to Kerzner's claims and  
27 Monarch's fourth, fifth, and seventh counterclaims.

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(3) The motion is granted in part and denied in part with respect to Monarch's sixth counterclaim, on the same basis as discussed above with regard to Monarch's motion (#278) regarding Monarch's state registration of the Atlantis mark.  
(4) Kerzner's request for a permanent injunction is denied.

DATED: December 14, 2009.

  
UNITED STATES DISTRICT JUDGE