

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

ADIDAS AMERICA, INC., a Delaware
corporation,

Civil No. CV-08-91-ST

Plaintiff and Counterclaim
Defendant,

AMENDED FINDINGS AND
RECOMMENDATION

v.

MICHAEL D. CALMESE, a resident of
Arizona,

Defendant and Counterclaimant.

STEWART, Magistrate Judge:

Plaintiff, Adidas America, Inc. (“adidas”), filed this action on January 18, 2008, against Michael Calmese (“Calmese”), the owner of United States Trademark Registration No. 2,202,454 for the mark PROVE IT!. The dispute centers on adidas’s use of the phrase “prove it” on adidas-branded t-shirts that allegedly infringe on Calmese’s PROVE IT! mark.

adidas alleges three causes of action against Calmese: (1) declaratory judgment of non-infringement of a registered trademark; (2) declaratory judgment of non-false designation of origin; and (3) cancellation of trademark registration under 15 USC §1119. As counterclaims

1 - AMENDED FINDINGS AND RECOMMENDATION

against adidas, Calmese alleges: (1) trademark infringement under 15 USC § 1114; and (2) violation of Oregon law concerning unlawful trade practices under ORS Chapter 646.

adidas has now filed a Motion for Summary Judgment (docket #42) on each of its causes of action, against both of Calmese's counterclaims, and on its affirmative defense of fair use. After Calmese filed a response supported by eight declarations, adidas filed a Motion to Strike every declaration submitted by Calmese¹ and seeking sanctions against Calmese (docket #73). This court has denied that motion, with the exception of striking paragraph 7 of Calmese's initial declaration.

For the reasons that follow, adidas's Motion for Summary Judgment should be granted in part and denied in part.

LEGAL STANDARDS

FRCP 56(c) authorizes summary judgment if "no genuine issue" exists regarding any material fact and "the moving party is entitled to judgment as a matter of law." The moving party must show an absence of an issue of material fact. *Celotex Corp. v. Catrett*, 477 US 317, 323 (1986); *Fairbank v. Wunderman Cato Johnson*, 212 F3d 528, 531 (9th Cir 2000). Once the moving party does so, the nonmoving party must "set forth, by affidavit or as otherwise provided in Rule 56, specific facts showing that there is a genuine issue for trial." *Horphag Research Ltd. v. Garcia*, 475 F3d 1029, 1035 (9th Cir 2007) (internal quotation marks and citations omitted). The court must "not weigh the evidence or determine the truth of the matter," but must instead "only determine whether there is a genuine issue for trial." *Evanston Ins. Co. v. OEA, Inc.*, 566

¹ Calmese submitted three declarations relevant to the pending motion: (1) Declaration of Michael Calmese in Opposition to Motion for Summary Judgment (docket #63), cited as "Calmese Decl.;" (2) Supplemental Declaration of Michael Calmese in Opposition to Motion for Summary Judgment (docket #84), cited as "Calmese Supp. Opposition Decl.;" and (3) Declaration of Michael Calmese in Opposition to Supplemental Motion for Summary Judgment (docket #92), cited as "Calmese Opposition Decl."

F3d 915, 919 (9th Cir 2009), citing *Balint v. Carson City, Nev.*, 180 F3d 1047, 1054 (9th Cir 1999).

The substantive law governing a claim or defense determines whether a fact is material. *T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass’n*, 809 F2d 626, 630 (9th Cir 1987). A “‘scintilla of evidence,’ or evidence that is ‘merely colorable’ or ‘not significantly probative,’” does not present a genuine issue of material fact. *United Steelworkers of Am. v. Phelps Dodge Corp.*, 865 F2d 1539, 1542 (9th Cir), *cert denied*, 493 US 809 (1989) (emphasis in original) (citation omitted). The court must “view the facts in the light most favorable to the non-moving party and draw reasonable inferences in favor of that party.” *Scheuring v. Traylor Bros., Inc.*, 476 F3d 781, 784 (9th Cir 2007), citing *Anderson v. Liberty Lobby, Inc.*, 477 US 242, 255 (1986).

UNDISPUTED FACTS

I. Additional Evidence Submitted by Calmese

As a threshold issue, this court must determine whether it can consider certain evidence submitted by Calmese. After a hearing on adidas’s motions and with leave of court, adidas filed a Supplemental Memorandum (docket #88) regarding two discrete issues: (1) whether discovery should be reopened by Calmese; and (2) whether Calmese made material misstatements at oral argument. In response, Calmese filed his Supplemental Opposition (docket #91), along with his additional declaration (docket #92) which attached exhibits and two new third-party declarations (dockets #93 & #94) supporting his use of cloth tags prior to the filing of this action. Calmese failed to first obtain leave of court to submit this additional evidence.

As a result, adidas filed a Supplemental Reply Memorandum (docket #95) objecting to the additional evidence submitted by Calmese as going beyond the scope of adidas’s Supplemental Memorandum and not being credible. In particular, adidas complains that the

authenticity of the new photographs is dubious, that the timing of this new evidence is highly suspect, and that adidas would be prejudiced if this evidence was considered. Whether the additional evidence is credible cannot be resolved on summary judgment. Furthermore, this court is not concerned about potential prejudice to adidas when adidas elected not to take Calmese's deposition before filing its summary judgment motion. However, this court does agree with adidas that the additional evidence is not admissible because it goes well beyond the scope of the two issues addressed by adidas's Supplemental Memorandum. Therefore, this court will not consider it.

II. PROVE IT! Mark

Calmese filed the original application for the PROVE IT! mark on August 5, 1996. *See* J. Rich Decl. (docket #75), ¶ 2, Ex. A. In this application, Calmese represented to the United States Patent and Trademark Office ("PTO") that the mark was first used in commerce at least as early as November 1995 in connection with "clothing, namely, men's and women's shirts, men's and women's T-shirts, men's and women's shorts, baseball hats, men's and women's jackets, [socks,] underwear and men's and women's sweatshirts[,]" in International Class 25. *Id.*, ¶ 3, Ex. A.

On or about December 4, 1996, the PTO rejected the original application for the proposed mark, based on, among other things, a finding that it was ornamental. *Id.*, ¶ 4, Ex. B. The examining attorney for the PTO concluded that "the public would perceive the proposed mark merely as a decorative or ornamental feature of the goods and not as an indicator of the source of the goods." *Id.* In response to this action by the PTO, an attorney representing Calmese argued that the proposed mark was not merely ornamental, stating, in part:

The Trademark Board has noted that size, location, dominance and significance of the logo are all factors to be weighed in determining whether a mark is merely ornamental or incidentally ornamental when used on clothing. *In re Astro-Goods Inc.*, 223 USPQ 621 (TTAB 1984). In the present case, the mark is a small mark placed in an upper front corner of the shirt, over the breast. It is not a large mark that covers a significant portion of the front of the shirt, as an ornamental design would.

Id. ¶ 5, Ex. C.

The PTO rejected this argument and again refused registration of the PROVE IT! mark because it was merely ornamental. *Id.* ¶ 6. In its “Final Office Action” issued on or about July 10, 1997, the PTO determined that “[a]s shown, the mark appears in such a way that the public would perceive it as a decorative or ornamental feature of the goods, not as a source indicator.” *Id.*, Ex. D.

On May 18, 1998, a new attorney representing Calmese sent the PTO a letter by facsimile which included photocopies of “substitute specimens (which are cloth labels sewn in to the goods on the neckline or hemline of a clothing article other than a shirt, and on the sleeve, or tail of shirt).” *Id.* ¶ 7, Ex. E. This letter also included a Declaration from Calmese “that the substitute specimens were in use at least as early as the filing date of the application.” *Id.*

Subsequently, on November 10, 1998, the PTO registered the PROVE IT! mark, assigning it U.S. Registration No. 2,202,454. *See id.*, Ex. A.

On or about January 2, 2004, Calmese filed with the PTO a Combined Declaration of Continuing Use and Incontestability (“Combined Declaration”), stating that the PROVE IT! mark had been used continuously in connection with “[c]lothing, namely[,] men’s and women’s shirts, men’s and women’s T-shirts, men’s and women’s shorts, baseball hats, men’s and women’s jackets, underwear, and men’s and women’s sweatshirts[.]” *Id.* ¶ 9, Ex. G. With the

Combined Declaration, Calmese submitted to the PTO the same substitute specimen of use discussed above, which was date-stamped “MAY-18-1998.” *Id.*, ¶ 10, Ex. G.

III. PROVE IT!-Branded Merchandise

Calmese states that he has displayed his trademark by using cloth tags which he ordered in batches of 100 and used on different orders. Calmese Decl., ¶ 3, Ex. 1. He also states that he uses sewn-in insignias, screen-printed “tags” on in the inside collar of clothing, and hang-tags, often in combination with the other methods of display, as evidenced by various photographs of clothing with such labels or tags. *Id.*, Exs. 2-4.² However, he has not produced any such sample cloth labels or tags and instead has produced only an invoice dated August 26, 1999, for 1000 cloth labels. Calmese Decl., Ex. 1.

Calmese also states that he has dedicated much of the last 15 years of his life to promote the mark and related goods. *Id.*, ¶ 4. Since at least 1997, he has sold PROVE IT!-branded merchandise either through websites operated or controlled by him (*e.g.*, www.usaproveit.com, www.proveitsportswear.com, and www.trueelogofancollection.com) or by third-parties (www.cafepress.com or www.soccer.com). *Id.*, ¶ 4, Ex. 5; J. Rich Decl., ¶ 11. His “Business Plan” identifies examples of “potential retail distribution clients,” such as, *inter alia*, “Champs, The Sports Authority, [] Foot Locker . . . JC Penney, Sears and K-Mart.” J. Rich Decl., ¶ 11, Ex. I. Although he has submitted no evidence of any sales through these retail clients, he has sold his PROVE IT!-branded clothing at Play It Again Sports and BJ’s Market located in

² In his opposition to adidas’s Supplemental Memorandum Calmese submitted additional evidence to the same effect which this court will not consider. Calmese Opposition Decl., Exs. B, D & F.

Phoenix, Arizona. Calmese Decl., ¶¶ 4-5, Exs. 10-11. The mark also has been used in sponsorships with professional athletes and even a car racing team. *Id.*, ¶ 4, Ex. 6.

Calmese has submitted no business records of his gross sales, profits, and revenues with regard to goods sold under the PROVE IT! mark. Instead, as evidence of actual sales of such goods, he has submitted declarations from various purchasers of PROVE IT!-branded clothing, as well as a number of invoices. Anwar Decl. (docket #66), ¶¶ 1-2 (past 9 years); Jones Decl. (docket #69), ¶¶ 1-2 (orders placed and fulfilled over past 12 years); Sheppard Decl. (docket #72), ¶¶ 1-2 (orders placed and fulfilled over past 8 years); McNamer Decl. (docket #64), ¶ 11, Ex. 10.³ He also has submitted declarations from several screen-printing companies in Phoenix, Arizona, stating that they have manufactured a number of orders for Calmese of PROVE IT!-branded clothing since 1999. Alvarado Decl. (docket #65), ¶¶ 1-4 (Magenta, past 1.5 years; AAction, 2001-2005); Holmes Decl. (docket #68), ¶¶ 1-2 (AZ Marketing, 1999-2008); Rayton Decl. (docket #71), ¶¶ 1-2 (Artscraft, past 6 years).

After filing this action, adidas made several unsuccessful attempts to purchase various PROVE IT!-branded clothing items from Calmese in order to verify whether he is making trademark use of the PROVE IT! mark. These attempts were made on Calmese's websites both prior to and after the filing of this action. A. Rich Decl. (docket #45), ¶¶ 2-3 (May 25, 2007); Zuercher Decl. (docket #46), ¶¶ 4-7 (May 8, 2007; January 31, 2008); Vining Decl. (docket #47), ¶¶ 2-3 (October 3, 2008). The products ordered from Calmese's websites were never shipped. A. Rich Decl., ¶¶ 2-3, Ex. A; Zuercher Decl., ¶¶ 3-6, Exs. A & B. The products

³ In his opposition to adidas's Supplemental Memorandum Calmese submitted additional evidence to the same effect which this court will not consider. Gosa Decl. (docket #67), ¶¶ 1-2 (orders placed and fulfilled over past 10 years); Calmese Opposition Decl., Ex. A, C, & E.

ordered through third-party websites were shipped, but contained no hang-tags, product labels, packaging or other signage containing the PROVE IT! mark. *See* Zuercher Decl., ¶¶ 7-11, Exs. C & D; Vining Decl., ¶¶ 2-6, Exs. A & B. The PROVE IT!-branded t-shirt ordered through www.cafepress.com was simply a Hanes® Heavyweight t-shirt printed with the phrase “PROVE IT!” on the front. Vining Decl., ¶¶ 2-6, Ex. B.

IV. adidas T-Shirts

adidas is engaged in the business of designing, developing, manufacturing, marketing, and selling athletic and sports equipment, footwear, and apparel, all of which prominently display one or more of adidas’s internationally-recognized and federally-registered trademarks, such as the word mark “adidas” (Reg. No. 1,300,627), the Three-Stripe Mark (Reg. No. 1,815,956, etc.), and the 3-Bars Logo (Reg. No. 2,411,802). Backman Decl. (docket #50), ¶ 2. Since at least as early as 1952, adidas-branded products have been widely advertised, offered for sale, sold and distributed throughout the United States. Thus, the consuming public has come to identify adidas as the source of its athletic wear products. *Id.*

For its Spring 2007 season, adidas manufactured and sold a limited quantity of adidas-branded t-shirts bearing the phrase “PROVE IT” above an image of a basketball, football or baseball. *Id.*, ¶ 4. Each of the adidas t-shirts contained two adidas registered trademarks (mark “adidas” and 3-Bars Logo) just below the phrase “PROVE IT,” as well as inside the collar and on the hangtag. *Id.*, ¶¶ 4-5, Ex. A. adidas sold approximately 15,000 of the adidas t-shirts. *Id.*, ¶ 6. adidas first offered these t-shirts for sale in late 2006 and stopped selling them in or around October 2007, with the vast majority sold prior to March 2007. *Id.* The adidas t-shirts were offered for sale to the public at adidas’s own retail outlets, as well as at certain national sporting

goods retailers (such as Dick's Sporting Goods) and certain department stores (such as Nordstrom and Macy's). *Id.*, ¶ 7, Ex. B.

In January 2007, Calmese discovered that adidas was selling a t-shirt with the "PROVE IT" mark in large bold print across the front and on hang-tags and sales receipts. Calmese Decl., ¶ 6, Exs. 7-9. In March 2007, Calmese sent a letter advising adidas that its t-shirts infringed his rights in the "PROVE IT!" mark. Backman Decl., ¶ 8. Prior to receiving this letter, adidas did not know of Calmese or his PROVE IT! mark. *Id.* Since ceasing sale of its t-shirts in October 2007, adidas "has not made any continued use of the mark PROVE IT, and/or did not and/or does not now have a bona fide intent to use the mark PROVE IT! in commerce." J. Rich Decl., ¶ 22, Ex. R.

FINDINGS

To prevail on a trademark infringement claim under the Lanham Act, the claimant must show both that: (1) it holds a protectable mark; and (2) the alleged infringer's imitating mark is likely to cause consumer confusion, or to cause mistake, or to deceive. *See Survivor Media, Inc. v. Survivor Prods.*, 406 F3d 625, 630 (9th Cir 2005). adidas contends that Calmese cannot establish either of the two essential elements of his trademark infringement claim. First, it asserts that Calmese cannot establish that he has protectable rights in the PROVE IT! mark because he committed fraud on the PTO in procuring and maintaining the mark. Even if Calmese has protectable rights in the use of the mark, adidas contends that he cannot establish a likelihood of confusion between his mark and the adidas shirts at issue.

Assuming Calmese has protectable rights and an issue of material fact exists as to the likelihood of confusion, adidas alternatively relies on the fair use defense to obtain summary judgment against both of Calmese's counterclaims.

Finally, adidas argues that Calmese lacks standing to bring a claim under Oregon's unlawful trade practices law.

I. Fraud on the PTO

adidas contends that Calmese committed fraud on the PTO by: (1) falsely representing to the PTO that he made trademark use of the PROVE IT! mark; (2) falsely representing to the PTO that he was using the PROVE IT! mark on certain types of goods (namely, underwear); and (3) renewing and maintaining his registration for the PROVE IT! mark by improperly submitting specimens that did not actually show continuing use of the mark. As a result, it seeks summary judgment on all three of its causes of action.

A. Legal Standard

“Fraud in procuring a trademark registration occurs when an applicant for registration knowingly makes false, material representations of fact in connection with an application to register.” *Herbaceuticals, Inc. v. Xel Herbaceuticals, Inc.*, 2008 WL 618623 *4 (TTAB 2008) (granting summary judgment on the basis of fraud). Thus, if an applicant knowingly makes any false statements concerning the use of the mark on the identified goods or services, the Trademark Trial and Appeal Board (“TTAB”) will find fraud and cancel the mark. *See, e.g., Hachette Filipacchi Presse v. Elle Belle, LLC*, 85 USPQ2d 1090 (TTAB 2007) (granting summary judgment on the basis of fraud when the mark at issue had not been used in connection with all of the clothing items identified in the trademark registration); *Sinclair Oil Corp. v. Sumatra Kendrick*, 85 USPQ2d 1032 (TTAB 2007) (fraud found based on the applicant's allegation of use of its mark in connection with retail store services when, in fact, the mark had only been used on a small number of product samples); *Hurley Int'l LLC v. Volta*, 82 USPQ2d 1339 (TTAB 2007) (granting summary judgment on the basis of fraud); *Standard Knitting Ltd. v.*

Toyota Jidosha Kabushiki Kaisha, 77 USPQ2d 1917 (TTAB 2006) (finding that false statements made to the PTO regarding use of the marks on certain clothing items constitute fraud); *First Int'l Servs. Corp. v. Chuckles, Inc.*, 5 USPQ2d 1628 (TTAB 1988) (fraud found in applicant's filing of application with verified statement that the mark was in use on a range of personal care products when the applicant knew the mark was actually in use only on shampoo and hair setting lotion).

“[I]f fraud can be shown in the procurement of a registration, the registration is void in the international class or classes in which fraud based on nonuse has been committed.” *Herbaceuticals, Inc.*, 2008 WL 618623, *5, citing *General Car and Truck Leasing Sys., Inc. v. General Rent-A-Car, Inc.*, 17 USPQ2d 1398, 1401 (SD Fla 1990). Further, “proof of specific intent to commit fraud is not required, rather, fraud occurs when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false.” *General Car and Truck Leasing Sys., Inc.*, 17 USPQ2d at 1400.

B. Use in Commerce

adidas first contends that Calmese falsely represented to the PTO in May 1998 that he used PROVE IT!-branded cloth labels as early as August 5, 1996 (the filing date of the application) and also falsely represented continuous use of those labels in his 2004 Combined Declaration. To support his use, Calmese submitted a facsimile copy of a substitute specimen with his 1998 application and, to support his continuous use in 2004, submitted the same specimen as in 1998. He provided no actual samples or any other documents, such as hang-tags, product labels, or packaging, to the PTO in either 1998 or 2004 to support the use of the PROVE IT! mark to identify the source of his products. adidas argues that the May 1998 substitute specimen does not prove that a cloth label was actually sewn into or attached to any article of

clothing and, even if it did, certainly cannot prove continuous use six years later as required by 15 USC § 1058(b). According to adidas, at best it shows the mark as used by Calmese in May 1998 was merely part of an ornamental design, as opposed to a source identifier.

In response, Calmese explains that he had and used the cloth tag, a specimen of which he submitted to the PTO, both at the time of the original application and the Combined Declaration. Calmese Decl., ¶ 3. He ordered tags in batches of 100, as evidenced by a 1999 order form for 1000 cloth labels. *Id.*, Ex. 1. He also states that he has used sewn-in insignias, screen-printed “tags” on in the inside collar of clothing, and hang-tags, often in combination with the other methods of display, as evidenced by photographs of various types of clothing with such labels or tags. *Id.*, Exs. 2-4.

adidas attempts to discredit Calmese by pointing to his failure to produce any sample cloth labels or hang-tags in response to its requests for production. However, at the time adidas issued these requests, Calmese did not have the assistance of counsel, may well have misunderstood the scope of adidas’s requests, and therefore produced only documents in response. In any event, he has produced photographs of PROVE IT!-branded labels and tags in clothing and supporting declarations. adidas argues that the photographs have been produced solely for this litigation and that the declarations submitted by Calmese are suspect. However, those objections rest on the credibility of Calmese and his witnesses and cannot be resolved on summary judgment. Based on the record, a material issue of fact exists as to whether Calmese made any false statement to the PTO concerning the use of the mark in interstate commerce.

C. On Goods Offered for Sale

adidas also contends that the lengthy clothing list on Calmese’s trademark application falsely includes underwear, pointing to Calmese’s failure to present any evidence that he has

used his mark as a source identifier on any underwear. Calmese responds by contending that a tank top may be classified as underwear and that he advertises tank tops with his mark on his website. Calmese Supp. Opposition Decl., ¶ 1; McNamer Decl., Ex. 2, pp. 1-3. Whether a tank top is properly classified as “men’s and women’s T-shirts” or “underwear” on his application for the PROVE IT! mark, Calmese has submitted evidence from both purchases and printers who have ordered from or printed “underwear” for Calmese containing his mark. Calmese Supp. Opposition Decl., ¶ 1; McNamer Decl., Ex. 2, p. 4; Alvarado Decl., ¶ 2; Anwar Decl., ¶ 66; Gosa Decl. (docket #67), ¶ 1; Holmes Decl., ¶ 2; Jones Decl., ¶ 1; Rayton Decl., ¶ 2. Although the declarations from third parties do not attach any documents and some of the third parties may be Calmese’s friends or business partners, they are nonetheless admissible.

adidas may dispute the credibility and weight of Calmese’s evidence, but such issues cannot be resolved on summary judgment. Based on the record, a material issue of fact exists as to whether Calmese made any false statement to the PTO concerning the use of the mark on all of the goods listed in his application.

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II. Likelihood of Confusion

A trademark infringement claim under the Lanham Act requires a showing that the claimant holds a protectable mark and that the alleged infringer’s imitating mark is similar enough to “cause confusion, or to cause mistake, or to deceive.” *Sufvivor Media, Inc.*, 406 F3d at 630 (citation omitted). Even if Calmese does possess valid and protectable rights in the PROVE IT! mark, adidas contends that his infringement counterclaim still fails as a matter of law due to lack of evidence of consumer confusion.

A. Legal Standard

Likelihood of confusion is a mixed question of law and fact which is “predominantly factual in nature.” *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F2d 1352, 1355 (9th Cir 1985). It is considered by examining the “total effect of the defendant’s product and package on the eye and mind of an ordinary purchaser.” *First Brands Corp. v. Fred Meyer, Inc.*, 809 F2d 1378, 1384 (9th Cir 1987). As the Ninth Circuit has observed:

“It is so easy for the honest business man, who wishes to sell his goods upon their merits, to select from the entire material universe, which is before him, symbols, marks and coverings which by no possibility can cause confusion between his goods and those of competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them.”

Drop Dead Co. v. S. C. Johnson & Son, Inc., 326 F2d 87, 96 (9th Cir 1963), *cert denied*, 377 US 907 (1964), quoting *Florence Mfg. Co. v. J. C. Dowd & Co.*, 178 F 73, 75 (2nd Cir 1910).

The test for “likelihood of confusion” requires the fact-finder “to determine whether a reasonably prudent consumer in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.” *Survivor Media, Inc.*, 406 F3d at 630 (internal quotation marks omitted). Confusion must be “probable, not simply a possibility.” *Cohn v. Petsmart, Inc.*, 281 F3d 837, 842 (9th Cir 2002) (*per curiam*) (internal quotation marks omitted).

In the Ninth Circuit, neither an intent to confuse nor actual confusion are required elements of a trademark infringement claim. *See Coca-Cola Co. v. Overland, Inc.*, 692 F2d 1250, 1256 n16 (9th Cir 1982) (intent to confuse); *Brookfield Commc’ns, Inc. v. West Coast Entm’t Corp.*, 174 F3d 1036, 1050 (9th Cir 1999) (actual confusion). Instead, “[l]ikelihood of confusion will be found whenever consumers are likely to assume that a mark is associated with

another source or sponsor because of similarities between the two marks.” *Academy of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F2d 1446, 1456 (9th Cir 1991), citing *Shakey’s, Inc. v. Covalt*, 704 F2d 426, 431 (9th Cir 1983).

The Ninth Circuit considers the following eight factors (the “*Sleekcraft* factors”) in assessing whether consumer confusion is likely: “(1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) intent in selecting the allegedly infringing mark; and (8) likelihood of expansion of the product.” *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F3d 1127, 1129 (9th Cir 1998), citing *AMF, Inc. v. Sleekcraft Boats*, 599 F2d 341, 348-49 (9th Cir 1979). The test for likelihood of confusion is “pliant,” and “[s]ome factors are much more important than others.” *Jada Toys, Inc. v. Mattel, Inc.*, 518 F3d 628, 632 (9th Cir 2008) (internal quotation marks omitted). The Sixth Circuit, which employs the same *Sleekcraft* factors in assessing the likelihood of confusion, has pointed out that “[i]n some cases it may be unnecessary to undertake an extended analysis to infer confusion, *e.g.*, where there is no difference between the marks of directly competitive goods/services.” *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F2d 1100, 1107 n4 (6th Cir 1991), citing *Sleekcraft Boats*, 599 F2d at 348.

B. Analysis

Applying the law to the facts of this particular case demonstrates that adidas’s use of the phrase “prove it” in its t-shirt design does not create an issue of fact as to a likelihood of confusion with Calmese’s PROVE IT! trademark.

1. Strength of Mark

Courts analyze the conceptual and commercial strength of the mark “to determine the scope of trademark protection to which the mark is entitled.” *Survivor Media, Inc.*, 406 F3d at 631. There are five categories of marks: (1) generic; (2) descriptive; (3) suggestive; (4) fanciful; and (5) arbitrary. *Id* at 631-32. Generic terms represent the weaker end of the spectrum, whereas arbitrary and fanciful terms represent the stronger. *Id*.

The phrase “prove it” may well be a commonly used phrase, especially in sports. *See* J. Rich Decl. ¶¶ 18, 20; Exs. O & P. However, it is not a generic phrase commonly used to describe clothing and does not in any way describe the goods being sold. Instead, it requires some imagination to associate it with athletic clothing and thus qualifies as either a suggestive or arbitrary mark that falls towards the stronger end of the spectrum.

Even if a mark may be conceptually strong, it is a relatively weak mark in the marketplace if it receives “little publicity through only meager advertising and feeble sales.” J. Thomas McCarthy, 2 TRADEMARKS AND UNFAIR COMPETITION § 11:83 (4th ed. 2009). Although Calmese has produced some sporadic records of his orders and sales, he has provided no information showing his total sales over the past 15 years. At best, the record reflects only that his earnings have been modest, with sales and publicity focused primarily in the Phoenix, Arizona, area. Thus, the PROVE IT! mark, even if a suggestive mark, is a weak mark absent additional evidence of product distinctiveness, extensive advertising, public recognition, or length of business operation. *See Century 21 Real Estate Corp. v. Sandlin*, 846 F2d 1175, 1179 (9th Cir 1988) (“Marks may be strengthened by extensive advertising, length of time in business, public recognition, and uniqueness.”). Accordingly, this factor weighs in favor of adidas.

2. Relatedness of Goods

“The standard for deciding whether the parties’ goods or services are ‘related’ is whether customers are ‘likely to associate’ the two product lines.” *Survivor Media, Inc.*, 406 F3d at 633. The court also must consider whether the buying public could reasonably conclude that the products came from the same source. *Sleekcraft Boats*, 599 F2d at 348 n10. If the marks are identical and used with identical goods or services, then “likelihood of confusion would follow as a matter of course.” *Brookfield*, 174 F3d at 1056.

In this case, both Calmese and adidas sold the same goods, namely t-shirts, with the same “prove it” phrase. However, adidas argues that the buying public could not reasonably conclude that its t-shirts came from Calmese. To identify the origin and source of its t-shirts, adidas placed two adidas trademarks just below the phrase “PROVE IT:” the word mark “adidas” and adidas’s 3-Bars Logo. Backman Decl. ¶¶ 4-5, Ex. A. In addition, all of the adidas t-shirts place these same trademarks on both the inside of the shirt’s collar and on the hang tag affixed to the shirt. *Id.* Because of the prominent display of the adidas trademarks, it is unlikely that consumers who saw the adidas t-shirts were confused as to the source or origin of the products. Thus, this factor also weighs against a finding of likelihood of confusion and, thus, in favor of adidas.

3. Similarity of the Marks

“Obviously, the greater the similarity between the two marks at issue, the greater the likelihood of confusion.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F3d 1199, 1206 (9th Cir 2000). To determine the degree of similarity between two marks, courts “should analyze each mark within the context of other identifying features” to compare the marks’ sight, sound, and meaning. *Survivor Media, Inc.*, 406 F3d at 633.

Both Calmese's mark and adidas's t-shirt design display the identical two-word phrase in large capital letters in a very similar font. Thus, they are similar in sight, sound, as well as meaning.

Despite using the same two words, adidas contends that the marks are not confusingly similar. "The use of identical, even dominant, words in common does not automatically mean that two marks are similar. . . . [A] court must look to the overall impression created by the marks and not merely compare individual features." *General Mills, Inc. v. Kellogg Co.*, 824 F2d 622, 627 (8th Cir 1987).

Here the marks do differ in several respects. First, the design on adidas's t-shirts differs from the PROVE IT! mark by including the image of either a basketball, football, or baseball and not including the exclamation point. *See* Backman Decl. ¶¶ 4-5, Ex. A. However, to a casual observer, these design elements may not be so distinctive as to eliminate any likelihood of confusion. Punctuation can easily be overlooked, and the inclusion of a sports symbol would not be a significant deviation for marks used on athletic wear.

However, the second design difference is more crucial. adidas's use of the "prove it" phrase always appeared along with two distinctive and highly-recognizable adidas trademarks. The presence of a second mark or distinctive logo weighs against confusion. "[I]n certain circumstances otherwise similar marks are not likely to be confused where used in conjunction with the clearly displayed name and/or logo of the manufacturer." *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F2d 482, 487 (1st Cir 1981); *see also Norm Thompson Outfitters, Inc. v. Gen. Motors Corp.*, 448 F2d 1293, 1298 (9th Cir 1971) (likelihood of confusion mitigated where "the name of the company invariably accompanied the [trademarked] slogan"); *Walter v. Mattel, Inc.*, 210 F3d 1108, 1111 (9th Cir 2000) (different appearances of marks, when

combined with a housemark, “negates any similarity”). Since the adidas t-shirts included both the manufacturer’s name and logo as salient parts of the design indicating the origin, this factor also weighs against a likelihood of confusion and, thus, in favor of adidas.

4. Evidence of Actual Confusion

Although not determinative, “[e]vidence of actual confusion by consumers is strong evidence of likelihood of confusion.” *Survivor Media, Inc.*, 406 F3d at 633, citing *Rodeo Collection, Ltd. v. West Seventh*, 812 F2d 1215, 1219 (9th Cir 1987). The only evidence produced by Calmese of actual consumer confusion resulting from adidas’s use of the phrase “prove it” is the following interrogatory response:

One instance involves the purchase of Adidas PROVE IT t-shirts in a Dick’s Sporting Goods retail outlet. When I approached two sales representative [sic] at Dick’s Sporting Goods, I was dressed in Defendant’s PROVE IT! branded clothing, one of the two Dick’s employees stated, “you must work for ADIDAS” and I replied, no I work for PROVE IT!. Then these two Dick’s Sporting Goods employees asked, “why I [sic] are you buying your own clothes?” . . . This is only one instance of confusion and Defendant will submit an appreciable number of affidavits from a number of individuals establishing actual confusion.

J. Rich Decl., Ex. F (Response to Interrogatory No. 11).

This is insufficient evidence of actual confusion. “Attestations from persons in close association and intimate contact with [the senior user] do not reflect the views of the purchasing public.” *Walter*, 210 F3d at 1111 (internal quotation marks omitted) (finding that “evidence of actual confusion from acquaintances, friends, and family [is] insufficient”).

Calmese concedes that he has no other specific evidence of action confusion due to his limited resources to perform significant search or testing. Therefore, this factor favors adidas.

5. Similarity of Marketing Channels

If the parties use the same marketing channels, a finding of likelihood of confusion is more likely. *See Entrepreneur Media, Inc. v. Smith*, 279 F3d 1135, 1151 (9th Cir 2002).

adidas has engaged in worldwide advertising and marketing campaigns for its products, including, among other things, endorsements by professional athletes, team and league sponsorships, multiple page advertisements in national publications, and broadcast advertisements on television networks throughout the world. *See Backman Decl.* ¶ 3. Its products are sold through its own retail stores, department stores, sports specialty stores, national sporting goods retailers, and online at www.shopadidas.com. *See Backman Decl.* ¶ 7.

Although adidas has wider marketing channels due to its greater financial resources, Calmese uses many of the same channels. His sales appear to be primarily in the Phoenix, Arizona, area, but he markets his products through word-of-mouth, on websites on the Internet, in sports-related retail stores, as well as by sponsorship of professional athletes and athletic teams. *J. Rich Decl.* ¶ 11; *Calmese Decl.*, ¶¶ 5, 9, 10.

Since both adidas and Calmese direct their products to consumers of athletic wear and clothing through essentially the same channels, albeit with differing success, this factor favors Calmese.

6. Degree of Care Exercised by Consumers

Another factor weighing against confusion is the sophistication of the relevant consumers and the degree of care that will be exercised in the purchase of products. “In analyzing the degree of care that a consumer might exercise in purchasing the parties’ goods, the question is whether a reasonably prudent consumer would take the time to distinguish between the two product lines.” *Survivor Media, Inc.*, 406 F3d at 634 (internal quotation marks omitted). Where the goods are

small and inexpensive, customers are likely to exercise very little care. *Id.* In contrast, “[n]o clear standard exists for analyzing moderately priced goods, such as non-designer clothing.” *Id.*

Neither party has submitted evidence as to the degree of consumer care. Although it is arguable that consumers would take care to purchase an adidas product, as opposed to a product made by a lesser known manufacturer, this factor is neutral based on the record in this case.

7. Good Faith

This factor favors the claimant where the alleged infringer employed the mark with actual or constructive knowledge of the [claimant’s] mark. *See id.* An absence of intent to infringe is not dispositive, however, because lack of malice is not a defense to trademark infringement. *Id.*

adidas denies that it intended to capitalize on any reputation or goodwill that Calmese had built up in the PROVE IT! mark. Backman Decl., ¶ 8. It selected and placed the phrase “prove it” above a basketball, football, or baseball image solely in order to convey a challenge to athletes to “prove themselves” on the basketball court, football field, or baseball diamond, not to identify the source of the clothing item. *Id.*, ¶ 4. As further evidence of its lack of bad faith or improper intent, it points to the addition of its two trademarks (the word “adidas” and its 3-Bars logo) in order to clearly identify the source.

However, before using the phrase “prove it,” adidas apparently did not bother to perform a basic trademark search on the PTO website which would have easily disclosed Calmese’s registered trademark, or it performed such a search and decided to proceed anyway. *See McNamer Decl.*, ¶ 12, Ex. 11. Furthermore, in 1999 Calmese sought an ongoing co-sponsorship relationship with Reebok, a subsidiary of adidas. Calmese Decl., ¶ 8. Even if adidas believed that using the phrase “prove it” was fair use of a common phrase, it is arguable that it nonetheless had constructive knowledge of Calmese’s mark. Thus, this factor favors Calmese.

8. Likelihood of Expansion

In determining the likelihood of expansion, a court must determine “whether existence of the allegedly infringing mark is hindering the plaintiff’s expansion plans.” *Survivor Media, Inc.*, 406 F3d at 634. “[T]here is a need for a *strong* possibility of expansion into competing markets for this factor to weigh[] in favor of a finding of infringement.” *M2 Software, Inc. v. Madacy Entm’t*, 421 F3d 1073, 1085 (9th Cir 2005) (emphasis in original) (internal quotation marks omitted), *cert denied*, 547 US 1069 (2006).

adidas discontinued the sale of the adidas t-shirts around October 2007. Even if adidas decided to again sell these t-shirts, Calmese already is selling his products throughout the United States and has submitted no evidence that he is considering expansion into new product lines or markets. Therefore, this factor is neutral.

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9. Summary

As reflected above, an analysis of the *Sleekcraft* factors, based on the undisputed evidence in this case, does not raise a material issue of fact regarding the likelihood of confusion. Two of the factors (consumer care and likelihood of expansion) are neutral. Two factors favor Calmese, namely the use of similar marketing channels and adidas’s arguable lack of good faith in selecting its design. However, the remaining four factors favor adidas: (1) the PROVE IT! mark is a commercially weak mark; (2) consumers are not likely to conclude that the parties’ t-shirts came from the same source; (3) adidas’s design containing the phrase “prove it” is not similar to the PROVE IT! mark due to the addition of its two identifying trademarks; and (4) there is no evidence of actual confusion.

The final determination of likelihood of confusion is not simply a mathematical calculation of how many factors favor each party, but must “rest on those factors that are of the most relative importance in any particular case.” *Jada Toys, Inc.*, 518 F3d at 632-33. Here the most important factors are the ones that favor adidas. Given the parties’ respective market presence and trademark recognition, the potential for adidas to select the same design phrase as used by Calmese in order to create consumer confusion and take advantage of Calmese’s goodwill is small. Instead, adidas chose what it believed to be a common phrase in the sports world (perhaps in an effort to compete with Nike’s well-known “Just Do It” mark) as a marketing ploy, but carefully added its own identifying trademarks to clearly identify the source of its athletic products.

As Calmese correctly points out, adidas would not dare to display “Just Do It” on its clothing articles, for fear of infringing Nike’s trademark. However, Nike’s “Just Do It” mark presents quite a different issue than Calmese’s PROVE IT! mark due to its strength, potential of Nike to show actual consumer confusion, and a high degree of consumer care, as well as many of the other *Sleekcraft* factors. Calmese does not present the same competitive force in the market as Nike. Therefore, rightly or wrongly, he will have a more difficult road to prove trademark infringement by a competitor.

Since the most important *Sleekcraft* factors favor adidas, there is no issue of fact as to likelihood of confusion, and summary judgment should be granted in favor of adidas on its claim for a declaration of non-infringement.

III. Fair Use Defense

adidas also seeks summary judgment on its fair use defense, which serves as an absolute bar to each of Calmese’s counterclaims. Because summary judgment should be granted to adidas on its

non-infringement cause of action based on the absence of likelihood of confusion, this alternative argument need not be addressed.

IV. Counterclaims

Calnese alleges counterclaims for federal trademark infringement and violation of the Oregon Unlawful Trade Practices Act (“UTPA”), ORS 646.605 *et seq.*

The first counterclaim for trademark infringement fails for the reasons discussed above.

The second counterclaim for violation of Oregon’s UTPA fails because Calnese does not have standing to assert a claim under Oregon’s UTPA. It is well settled that the UTPA is strictly a consumer protection statute and does not provide a cause of action to competitors or other businesses. *See CollegeNet, Inc. v. Embark.Com, Inc.*, 230 F Supp2d 1167, 1174 (D Or 2001) (“this court has little difficulty in concluding that the UTPA provides a cause of action only for consumers”). Because Calnese does not allege that he is a consumer of any products or services of adidas, he lacks standing to bring a claim under the UTPA. *See id* at 1174-75.

RECOMMENDATION

For the reasons set forth above, adidas’s Motion for Summary Judgment (docket #42) should be GRANTED on its First Cause of Action for non-infringement of a registered trademark and against Calnese’s two counterclaims, DENIED as moot as to its affirmative defense of fair use, and DENIED as to its Second and Third Causes of Action for non-false designation of origin and cancellation of trademark registration.

SCHEDULING ORDER

Objections to the Amended Findings and Recommendation, if any, are due July 20, 2009. If no objections are filed, then the Findings and Recommendation will be referred to a district judge and go under advisement on that date.

If objections are filed, then a response is due within 10 days after being served with a copy of the objections. When the response is due or filed, whichever date is earlier, the Amended Findings and Recommendation will be referred to a district judge and go under advisement.

DATED *nunc pro tunc* to July 2, 2009.

s/ Janice M. Stewart
JANICE M. STEWART
United States Magistrate Judge