

EXHIBIT 17

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The Honorable James L. Robart

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SOARING HELMET CORPORATION, a
Washington corporation,

Plaintiff,

v.

NANAL, INC., d/b/a LEATHERUP.COM, a
Nevada corporation,

Defendant.

No. C09-789-JLR

DEFENDANT NANAL, INC.'S MOTION
FOR SUMMARY JUDGMENT

NOTE ON MOTION CALENDAR:
November 26, 2010

1 defendant's deception.” *Healthport Corp. v. Tanita Corp. of Am.*, 563 F. Supp. 2d 1169, 1181
 2 (D. Or. 2008) (quoting *Harper House*, 889 F.2d at 209-10), *aff'd*, 2009 WL 1285235 (Fed. Cir.
 3 2009); *see also Porous Media Corp. v. Pall Corp.*, 110 F.3d 1329, 1334 (8th Cir. 1997) (“[I]n
 4 cases where there is no comparative advertising involved, the plaintiff must shoulder the full
 5 burden of proof of both cause in fact and injury.”); *William H. Morris Co. v. Group W, Inc.*, 66
 6 F.3d 255, 257 (9th Cir. 1995) (to recover lost profits, a plaintiff “cannot establish causation
 7 unless it can show that the false statement . . . caused the damage by influencing [customers] to
 8 forego purchasing”); *Nat’l Prods., Inc. v. Gamber-Johnson LLC*, 699 F. Supp. 2d 1232, 1241
 9 (W.D. Wash. 2010) (presumption of injury limited to cases of direct comparative advertising).

10 But here, Plaintiff’s “evidence” of purported injury consists only of Plaintiff’s allegation
 11 regarding the Michigan retailer and Plaintiff’s own general statements that it believes it was
 12 injured. As to the latter, any such assertions are not evidence of injury. *See In re Century 21-*
 13 *Re/Max Real Estate Adver. Claims Litig.*, 882 F. Supp. 915, 925 (C.D. Cal. 1994) (“[A] claim for
 14 damages based on a plaintiff’s opinion that it was injured provides no proof of injury.”). And as
 15 to the former, as discussed above, Plaintiff’s allegation of the statement of the Michigan retailer
 16 is ambiguous at best and therefore is not probative evidence establishing actual injury to Plaintiff
 17 (*see supra* at p. 14). *See Nat’l Prods., Inc. v. Gamber-Johnson LLC*, No. C08-0049JLR, 2010
 18 WL 3230921, at *3 (W.D. Wash. Aug. 13, 2010) (“The court should ensure that the damage
 19 award is based on actual evidence of injury from the deceptive advertising.”); *Societe Civile*
 20 *Succession Richard Guino v. Beseder Inc.*, No. CV 03-1310-PHX-MHM, 2007 WL 3238703, at
 21 *4 (D. Ariz. Oct. 31, 2007) (noting that although recent Ninth Circuit authority suggests that
 22 damages may be evaluated under the “totality of the circumstances,” “evidence of some damage
 23 or harm to a Lanham Act plaintiff is still required to justify such an award”).

24 Moreover, even if Plaintiff were to seek only injunctive relief, although “a competitor
 25 need not prove injury when suing to enjoin conduct that violates section 43(a),” *Harper House*,
 26 889 F.2d at 210, the statute does demand “proof providing a reasonable basis for the belief that
 27 the plaintiff is likely to be damaged as a result of the false advertising,” *Johnson & Johnson v.*
 28

1 *Carter-Wallace, Inc.*, 631 F.2d 186, 190 (2d Cir. 1980). But it is undisputed that Defendant
2 voluntarily changed its Google AdWords campaign to delete any reference to the word “Vega”
3 after receiving Plaintiff’s cease and desist letter and Plaintiff offers no evidence to suggest that
4 Defendant will re-commence use. (Lay Decl. ¶ 7, Exh. 6 (p. 61), ¶ 13, Exh. 12 (p. 189).)

5 **C. Plaintiff Has No Evidence to Support a Monetary Recovery or Injunctive**
6 **Relief for Trademark Infringement or False Designation of Origin.**

7 Even assuming Plaintiff could establish a violation of its rights under either Section 35 or
8 Section 43(a) of the Lanham Act, summary judgment is appropriate on Plaintiff’s claim for
9 damages as the result of a lack of proof. Nor can Plaintiff justify an injunction directed toward
10 conduct that Plaintiff admits stopped long ago.

11 Section 1117 of the Lanham Act provides the measure of damages in a civil action:

12 When a violation of any right of the registrant of a mark registered in the Patent
13 and Trademark Office, a violation under section 1125(a) . . . of this title . . . shall
14 have been established in any civil action arising under this chapter, the plaintiff
15 shall be entitled, subject to the provisions of sections 1111 and 1114 of this title,
16 and *subject to the principles of equity*, to recover (1) defendant’s profits, (2) any
17 damages sustained by the plaintiff, and (3) the costs of the action.

18 15 U.S.C. § 1117(a) (emphasis added).

19 An award of damages under the Lanham Act is not a matter of right: “The equitable
20 limitation upon the granting of monetary awards under the Lanham Act . . . would seem to make
21 it clear that such a remedy should not be granted as a matter of right.” *Maier Brewing Co. v.*
22 *Fleischmann Distilling Corp.*, 390 F.2d 117, 120 (9th Cir. 1968); *see also Intel Corp. v. Terabyte*
23 *Int’l, Inc.*, 6 F.3d 614, 620 (9th Cir. 1993) (awards are never automatic and may be limited by
24 equitable considerations); *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1404 (9th Cir. 1993)
25 (“[A] determination of damages in a trademark infringement action, including an accounting, is
26 to be pursued in light of equitable considerations.”). Thus, “[w]hen fashioning a remedy in a
27 given case, the court must rely ‘not merely on the legal conclusion of liability, but [must] also
28 . . . consider the nature of the infringing actions, including the intent with which they were
motivated and the actuality, if any, of their adverse effects upon the aggrieved party.’” *Lindy*
Pen, 982 F.2d at 1405 (quoting *Bandag, Inc. v. Al Bolser’s Tire Stores, Inc.*, 750 F.2d 903, 918

1 *Lindy Pen*, 14 U.S.P.Q.2d at 1530 (“[W]here there is no intent to capitalize on the trade name of
2 another, an accounting of profits is not warranted.”). “Willfulness and bad faith ‘require a
3 connection between a defendant’s awareness of its competitors and its actions at those
4 competitors’ expense.’” *Lindy Pen*, 982 F.2d at 1406 (quoting *ALPO Petfoods, Inc. v. Ralston*
5 *Purina Co.*, 913 F.2d 958, 966 (D.C. Cir. 1990)). But “[i]nfringement is not willful if the
6 defendant ‘might have reasonably thought that its proposed usage was not barred by the
7 statute.’” *Blockbuster Videos, Inc. v. City of Tempe*, 141 F.3d 1295, 1300 (9th Cir. 1998)
8 (quoting *Int’l Olympic Comm. v. San Francisco Arts & Athletics*, 781 F.2d 733, 738-39 (9th Cir.
9 1986), *aff’d*, 483 U.S. 522 (1987)). Similarly, the Ninth Circuit has cited to the Sixth Circuit’s
10 statement “that a knowing use in the belief that there is no confusion is not bad faith.” *Lindy*
11 *Pen*, 982 F.2d at 1406 (citing *Nalpac, Ltd. v. Corning Glass Works*, 784 F.2d 752, 755 (6th Cir.
12 1986)).

13 Plaintiff has alleged that there was willful infringement because “[s]ince at least from
14 April 2009 to the present, Defendant has had actual knowledge of Soaring Helmet’s superior
15 trademark rights” but purportedly engaged in “continued infringement.” (Lay Decl. ¶ 9, Exh. 8
16 (p. 129).) But the undisputed facts—including Plaintiff’s own admissions—do not support such
17 an allegation. (Lay Decl. ¶ 7, Exh. 6 (p. 61), ¶ 13, Exh. 12 (p. 189).) To the contrary, as
18 described above, the facts reflect that Defendant acted in good faith to respond to Plaintiff’s
19 professed concerns even before Plaintiff elected to pursue litigation. (*See supra* p. 3.) Far from
20 being evidence of willful infringement, such undisputed facts demonstrate Defendant’s good
21 faith attempts to resolve Plaintiff’s claim. And again, Plaintiff’s allegations regarding damages
22 do not even reference the Xelement jacket, much less offer any evidence supporting a claim that
23 there was willful infringement. Such a complete absence of evidence cannot support a claim for
24 Defendant’s profits based on an allegation of willful infringement.

25 Any claim for injunctive relief also lacks an evidentiary or equitable basis in light of the
26 acknowledged fact that Defendant stopped any alleged unlawful conduct as described in
27 Plaintiff’s Second Amended Complaint with respect to both Google AdWords and the Xelement
28

1 jacket. (*See supra* pp. 3-4.) With no demonstrable threat of irreparable harm in the future,
2 equity does not support granting injunctive relief to Plaintiff. *See Quechan Tribe of Indians v.*
3 *Rowe*, 531 F.2d 408, 410 (9th Cir. 1976) (“The prime prerequisite for injunctive relief is the
4 threat of irreparable future harm.”); *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350,
5 352 (9th Cir. 1969) (finding no error in trial court’s refusal to issue an injunction where there
6 was “little or no evidence in the record casting doubt on [the] good faith abandonment of this
7 infringement, or indicating that it will be resumed”).

8 In the face of this evidentiary vacuum, Defendant is entitled to summary judgment on
9 Plaintiff’s claim for damages and/or injunctive relief under the Lanham Act.

10 **D. Plaintiff’s Failure of Proof As to Its Lanham Act Claims Likewise Dooms Its**
11 **Washington Consumer Protection Act Claim.**

12 To establish a private action under Washington’s Consumer Protection Act, RCW
13 19.86.010 *et seq.* (“CPA”), Plaintiff must prove five elements: “(1) an unfair or deceptive act or
14 practice; (2) occurring in trade or practice; (3) affecting the public interest; (4) injuring the
15 plaintiff’s business or property; and (5) a causal link between the unfair or deceptive acts and the
16 injury suffered by plaintiff.” *Nguyen v. Doak Homes, Inc.*, 140 Wn. App. 726, 733 (2007). As
17 Plaintiff has acknowledged in its discovery responses (*see* Lay Decl. ¶ 9, Exh. 8 (pp. 130, 133,
18 135, 137-38)), “[a]bsent unusual or unforeseen circumstances, the analysis of a CPA claim will
19 follow that of the trademark infringement and unfair competition claims: it will turn on the
20 likelihood of consumer confusion regarding a protectable mark.” *Lahoti v. Vericheck, Inc.*, 708
21 F. Supp. 2d 1150, 1168 (W.D. Wash. 2010). *See also eAcceleration Corp. v. Trend Micro, Inc.*,
22 408 F. Supp. 2d 1110, 1114 (W.D. Wash. 2006). Thus, as with Plaintiff’s trademark
23 infringement and false designation of origin/unfair competition claims under the Lanham Act,
24 Plaintiff’s claim for violation of Washington’s CPA cannot withstand summary judgment.

25 **E. Plaintiff’s Tortious Interference With Prospective Economic Advantage**
26 **Claim Suffers From a Fatal Lack of Proof.**

27 In Washington, to prove intentional interference with a business expectancy, Plaintiff
28 must establish: (1) the existence of a valid contractual relationship or business expectancy; (2)