

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

TTAB

SPENCER DISTRIBUTING, L.P. and  
JERRY SPENCER, L.P.

Opposer,

RACETRAC PETROLEUM, INC.,

Applicant.

Opposition No. 01-30-2003

91155015  
In the matter of:

Application Serial No. 76/202,318  
MARK: RACETRAC and Building Design

Filed on: January 30, 2001  
Published in the Official Gazette  
on January 21, 2003

BOX TTAB  
NO FEE

Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, VA 22202-3513

**OPPOSER'S MOTION TO REJECT APPLICATION AND  
RESPONSE TO REQUEST FOR STATUS OF CIVIL ACTION**

In regard to the above-referenced matter and in response to your request for status of the civil action which occasioned the suspension of the above-referenced proceeding, please be advised that on February 3, 2003, the United States District Court for the Northern District of Texas entered a Memorandum Opinion and Order granting in part and denying in part Defendants J.J.'s Fast Stop, Inc., Gerry Red, Inc., Spencer Distributing, L.P., Jerry Spencer, L.P., and Jerry Spencer's motion for summary judgment. A true and correct copy of the February 3, 2003 Memorandum Opinion and Order is attached hereto as Exhibit "A." In the Court's February 3 order, the Court held that RaceTrac's trade dress was functional, was not inherently distinctive, and had not acquired



08-23-2005

U.S. Patent & TMOfc/TM Mail Rcpt Dt. #72

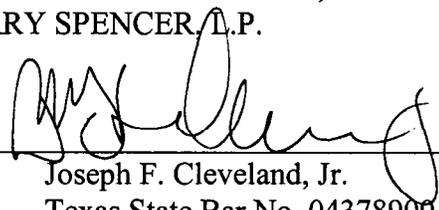
secondary meaning and, therefore, its trade dress was not entitled to trademark protection. See Exhibit "A" at 23-37. On March 26, 2003, the Court entered an order of dismissal with prejudice subject to reopening within 30 days if a settlement of the case was not consummated, a true and correct copy of which is attached hereto as Exhibit "B." Although the Court subsequently granted four extensions of time for the parties to consummate the settlement, the parties never reached a written settlement agreement. The Court subsequently dismissed the case with prejudice and the case was closed on October 27, 2004. A true and correct copy of the Court's final order is attached hereto as Exhibit "C." Therefore, because the February 3, 2003 Memorandum Opinion and Order has become final and nonappealable, it is binding upon the Trademark Trial and Appeal Board. See *Goya Foods, Inc. v. Tropicana Products, Inc.*, 846 F.2d 848, 6 U.S.P.Q.2d 1950 (2d Cir. 1988); *American Bakeries Company v. Pen-O-Gold Baking Company*, 650 F.Supp. 563, 2 U.S.P.Q.2d 1208 (D. Minn. 1986); *Toro Company v. Hardigg Industries, Inc.*, 187 U.S.P.Q. 689 (TTAB 1975), reversed on other grounds, 549 F.2d 785, 193 U.S.P.Q. 149 (CCPA 1977); *Other Tele. Co. v. Connecticut Nat'l Tele.*, 181 U.S.P.Q. 125 (TTAB 1994), *pet. denied* 181 U.S.P.Q. 779 (Comm'r 1974); *Tokaido v. Honda Assoc., Inc.*, 179 U.S.P.Q. 861 (TTAB 1973); *Whopper-Burger, Inc. v. Burger King Corp.*, 171 U.S.P.Q. 805 (TTAB 1971); *Tuvache, Inc. v. Emilio Pucci Perfumes Internat'l, Inc.*, 263 F.Supp. 104, 152 U.S.P.Q. 574 (S.D. N.Y. 1967); *Midland Internat'l Corp. v. Midland Cooperatives, Inc.*, 434 F.2d 1399, 1403 (C.C.P.A. 1970); *Midland Internat'l Corp.*, 421 F.2d 754, 758-60 (C.C.P.A. 1970); *Mother's Restaurants, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 1569-1572 (Fed. Cir. 1983); *Domino's Pizza, Inc. v. Little Caesar Enterprises, Inc.*, 7 U.S.P.Q.2d 1359 (T.T.A.B. 1988).

WHEREFORE, Opposer prays that its opposition be sustained in favor of Opposer, that the

Application serial number 76/202,318 be rejected, and that no registration be issued to the Applicant.

Respectfully submitted,

SPENCER DISTRIBUTING, L.P.  
JERRY SPENCER, L.P.

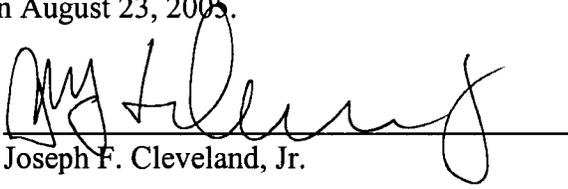
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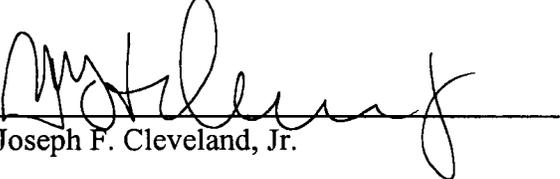
  
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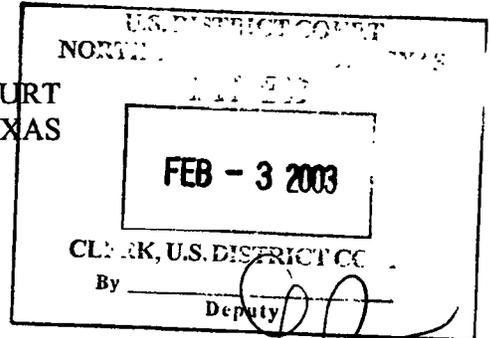
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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION



RACETRAC PETROLEUM, INC.,

Plaintiff,

v.

J.J.'S FAST STOP, INC. et al,

Defendant.

§  
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CIVIL ACTION NO.  
3:01-CV-1397-P



**MEMORANDUM OPINION AND ORDER**

Now before the Court for its consideration are:

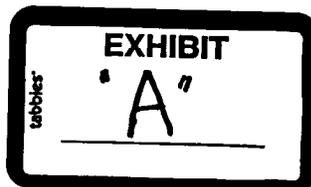
- (1) Defendants J.J.'s Fast Stop, Inc., Gerry Red, Inc., Spencer Distributing, L.P., Jerry Spencer, L.P., and Jerry Spencer's (collectively, "Defendants" or Fastrac") Motion for Summary Judgment, filed August 2, 2002;<sup>1</sup>
- (2) Defendants' Motion Requesting Oral Argument, filed August 2, 2002;<sup>2</sup>
- (3) Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D., filed August 2, 2002;<sup>3</sup>
- (4) Plaintiff RaceTrac Petroleum, Inc.'s ("Plaintiff" or "RaceTrac") Motion to Strike Expert Report of Michael O'Neil, or alternatively, Motion for Leave to Designate a Rebuttal Expert, filed August 2, 2002;<sup>4</sup>
- (5) Defendants' Motion to Strike Plaintiff's Summary Judgment Evidence, filed September

<sup>1</sup> Plaintiff RaceTrac Petroleum, Inc. filed its response brief on August 22, 2002 and Defendants filed their reply brief on September 9, 2002.

<sup>2</sup> Defendants' filed a second motion requesting oral argument on October 15, 2002.

<sup>3</sup> Plaintiff filed its response brief on August 22, 2002 and Defendants filed their reply brief on September 9, 2002.

<sup>4</sup> Defendants filed their response brief on August 22, 2002 and Plaintiff filed its reply brief on September 9, 2002.



9, 2002;<sup>5</sup>

- (6) Defendants' Motion to Exclude for Destruction of Evidence, filed September 9, 2002;<sup>6</sup>
- (7) Defendants' Motion to Strike Plaintiff's Supplemental Summary Judgment Evidence, filed October 1, 2002;<sup>7</sup>
- (8) Plaintiff's Motion for Leave to File Supplemental Authority, filed October 8, 2002;
- (9) Plaintiff RaceTrac Petroleum, Inc.'s Motion for Leave to File Sur-Reply and Motion to Strike, filed October 16, 2002;
- (10) Plaintiff's Motion for Leave to File Sur-Reply, filed November 6, 2002;<sup>8</sup> and
- (11) Defendants' Motion for Leave to File Newly Discovered Summary Judgment Evidence, filed November 12, 2002.<sup>9</sup>

For the reasons stated herein, Defendants' Motion for Summary Judgment is DENIED with respect to Plaintiff's claim of trademark infringement and is GRANTED with respect to Plaintiff's claim of trade dress infringement. Defendants' Request for Oral Argument is hereby DENIED. Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D. is hereby DENIED as premature. Plaintiff's Motion to Strike the Expert Report of Michael O'Neil, or, in the Alternative, Motion for Leave to Designate a Rebuttal Expert is hereby DENIED as premature. Defendants' Motion to Strike RaceTrac's Summary Judgment Evidence is hereby

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<sup>5</sup> RaceTrac filed its response brief on October 3, 2002 and filed a supplemental response brief (without leave of court) on October 4, 2002. Defendants filed their reply brief on October 22, 2002.

<sup>6</sup> Plaintiff filed its response brief on October 3, 2002 and Defendants filed their reply brief on October 18, 2002.

<sup>7</sup> Defendants filed their response brief on October 3, 2002.

<sup>8</sup> Defendants did not file a response brief.

<sup>9</sup> RaceTrac filed its response on November 20, 2002.

DENIED in part, DENIED as MOOT in part, and GRANTED in part. Defendants' Motion to Exclude for Destruction of Evidence is hereby DENIED as premature. Defendants' Motion to Strike Plaintiff's Supplemental Summary Judgment Evidence is hereby DENIED. Plaintiff's Motion for Leave to File Supplemental Authority is hereby GRANTED. Plaintiff's Motion for Leave to File Sur-Reply in Response to the Defendants' Summary Judgment Reply is hereby DENIED and Plaintiff's Motion to Strike is GRANTED. Plaintiff's Motion for Leave to File Sur-Reply is hereby DENIED. Defendants' Motion for Leave to File Newly Discovered Summary Judgment Evidence is hereby DENIED as MOOT.

### FACTS

Plaintiff RaceTrac owns and operates approximately 500 gasoline stations/convenience stores in 12 to 14 states, including Texas and Louisiana. (Pl.'s App. 159-60, 165.) Since at least as early as 1975, RaceTrac has used the RaceTrac trademark on its gasoline stations/convenience stores. (Pl.'s App. 161.) RaceTrac owns several certificates of federal registration issued by the United States Patent and Trademark office for the RaceTrac trademark. (Pl.'s App. 6, 150-54.)

In the mid-1980's RaceTrac began using a trade dress in connection with the RaceTrac trademark. (Pl.'s App. at 54.) Racetrac describes its trade dress as having the following characteristics:

- (1) the term "TRAC" displayed in a slanted manner on signs, canopies, and trim;
- (2) relatively large bonnets on the top of gasoline pumps that display the name "TRAC" in white letters and outlined by black on a red background;
- (3) large price signs at or near the street or highway that bear the name "TRAC" on a red background above oversize black numbers set on a yellow background;
- (4) a large brightly lit canopy that bears the name "TRAC;"

- (5) a convenience store that bears the name TRAC;
- (6) gasoline pumps positioned perpendicular to the road;
- (7) red striping on buildings, islands, pumps, and signage; and
- (8) long center islands.

(Pl.'s Resp. to Defs.' Mot. for Summ. J. at 2-3.)

Defendants own and operate a small chain of discount gasoline station/convenience stores located in Texas and Louisiana. (Defs.' App. 22-26.) From 1997 to 2002, Defendants' gas stations/convenience stores were operated as "JJ's Fastrac." (Defs.' Mot. at 3.) The name "JJ's Fastrac" was registered with the United States Patent and Trademark Office. (Defs.' App. at 7, 19-21; Pl.'s App. 6-8.)

After RaceTrac threatened to file this lawsuit, Defendants, in an effort to avert further litigation with RaceTrac, voluntarily agreed to change the name of its stores from JJ's Fastrac to JJ's Fast Stop and instructed its attorneys to abandon the "JJ's Fastrac" mark with the United States Patent and Trademark Office. (Defs.' Mot. at 8; Defs.' App. at 13-14, 32-34.) Despite Defendants' abandonment of the "JJ's Fastrac" mark, RaceTrac sued Defendants for trademark infringement, trade dress infringement, unfair competition, trademark dilution, and unjust enrichment.<sup>10</sup>

Defendants now seek summary judgment and seeking dismissal of all of Plaintiff's remaining claims.

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<sup>10</sup> RaceTrac voluntarily dismissed its claims of trademark dilution and unjust enrichment with prejudice. (Pl.'s Resp. at 2. n. 2.)

**MOTION FOR SUMMARY JUDGMENT**

**I. LEGAL STANDARD FOR SUMMARY JUDGMENT.**

Summary judgment shall be rendered when the pleadings, depositions, answers to interrogatories and admissions on file, together with affidavits, if any, show that there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Summary judgment is appropriate in any case where the critical evidence is so weak or tenuous on an essential fact that it could not support a judgment in favor of the nonmovant. *See Little v. Liquid Air Corp.*, 37 F.3d 1069, 1076 (5th Cir. 1994). All evidence and the reasonable inferences to be drawn therefrom must be viewed in the light most favorable to the party opposing the motion. *See United States v. Diebold, Inc.*, 369 U.S. 654, 655 (1962).

The moving party bears the burden of informing the district court of the basis for its belief that there is an absence of a genuine issue for trial, and of identifying those portions of the record that demonstrate such an absence. *See Celotex*, 477 U.S. at 323. Once the moving party has made an initial showing, the party opposing the motion must come forward with competent summary judgment evidence of the existence of a genuine fact issue. *See Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). The mere existence of some factual dispute will not defeat a motion for summary judgment. *See Willis v. Roche Biomedical Lab., Inc.*, 61 F.3d 313, 315 (5th Cir. 1995). Only disputes over facts that might affect the outcome of the suit under the governing law will preclude summary judgment. *See id.* Moreover, a dispute about a material fact is genuine only if the evidence is such that a reasonable jury could return a verdict for the nonmoving party. *See id.*

The Court will not, in the absence of any proof, assume that the nonmoving party could or would prove the necessary facts. *See Little*, 37 F.3d at 1075. Therefore, if the nonmoving party fails to make a showing sufficient to establish the existence of an element essential to its case, and on which he bears the burden of proof at trial, summary judgment must be granted. *See Celotex*, 477 U.S. at 322-323.

## II. TRADEMARK INFRINGEMENT.

RaceTrac alleges that Fastrac's previous use of the registered trademark "JJ's Fastrac" constitutes trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1114(1).<sup>11</sup> For a plaintiff to prevail on a trademark infringement claim, he must show (1) that he has a valid trademark<sup>12</sup> that is entitled to protection under the Lanham Act and (2) that the use of the defendant's mark infringes, or is likely to infringe, the mark of the plaintiff. *See Quantum*

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<sup>11</sup> 15 U.S.C. § 1114(1) reads in pertinent part as follows:

Any person who shall, without the consent of the registrant

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

<sup>12</sup> The term "trademark" includes "any word, name, symbol, or device, or any combination thereof" used by a person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127.

*Fitness Corp. v. Quantum Lifestyle Centers, L.L.C.*, 83 F. Supp. 2d 810, 816 (S.D. Tex. 1999).

**A. Validity of the Trademark.**

The first element - that the plaintiff has a valid trademark - is met through evidence of distinctiveness or secondary meaning. See *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 537 (5th Cir. 1998). The degree to which a mark is entitled to protection under the [Lanham] Act depends on whether the mark is classified as (a) generic, (b) descriptive, (c) suggestive, (d) arbitrary or (e) fanciful. *Pebble Beach*, 155 F.3d at 540. Because only suggestive, arbitrary, and fanciful terms are federally registrable without proof of secondary meaning, a certificate of registration for a given mark constitutes *prima facie* evidence of the validity of the mark and provides *prima facie* evidence of the registrant's exclusive right to use the mark in commerce for the services specified in the registration. See *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 10 (5th Cir. 1974); *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817. A registration becomes conclusive evidence of the registrant's exclusive right to use a mark after five consecutive years of continuous use in commerce, subject to a few enumerated defenses. *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817. The presumption of validity of the mark is rebuttable and may be overcome by demonstrating, by a preponderance of the evidence, that the mark is generic, or if descriptive, that it lacks a secondary meaning. See *March Madness Athletic Ass'n, L.L.C. v. Netfire, Inc.*, 162 F. Supp. 2d 560, 568 (N.D. Tex. 2001). "Evidence used to overcome the presumption can include uncontested generic use by competitors, generic use by the plaintiff, dictionary definitions, media usage, testimony of persons in the trade, and consumer surveys." *Id.*

**B. Trademark Infringement.**

To demonstrate that a protectable, federally registered trademark has been infringed under Section 32(1) of the Lanham Act, a plaintiff must show that a defendant used (1) any reproduction, counterfeit, copy or colorable imitation of the mark; (2) without the registrant's consent; (3) in commerce; (4) in connection with the sale, offering for sale, distribution or advertising of any goods; (5) where such use was likely to cause confusion or to cause mistake or to deceive. *See* 15 U.S.C. § 1114(1)(a); *Boston Prof'l Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1009-10 (5th Cir. 1975); *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817. The first four requirements are easily satisfied in most cases and have been satisfied here. "Likelihood of confusion' is thus the central issue in any suit for trademark infringement." *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 594 (5th Cir. 1985); *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817. Therefore, the analysis turns on whether the defendant's use of its mark creates a likelihood of confusion in the minds of potential consumers as to the source of the goods. *See Pebble Beach*, 155 F.3d at 543.

"Likelihood of confusion is synonymous with a probability of confusion, which is more than the mere possibility of confusion." *Pebble Beach*, 155 F.3d at 543. In determining whether a likelihood of confusion exists, courts consider the following non-exclusive factors: (1) the type of mark allegedly infringed (*i.e.* the "strength" or distinctiveness of the mark); (2) the similarity between the two marks; (3) the similarity of the products or services; (4) the identity of the retail outlets and purchasers; (5) the identity of the advertising media used; (6) the defendant's intent; and (7) any evidence of actual confusion. *See Pebble Beach*, 155 F.3d at 543. "No single factor is dispositive, and a finding of likelihood of confusion does not require a positive finding on a majority" of these elements. *Id.* Likelihood of confusion is a question of fact. *Id.* at 537; *Society*

*of Fin. Exam'rs v. National Ass'n of Certified Fraud Exam'rs, Inc.*, 41 F.3d 223, 225 (5th Cir. 1995); *Exxon Corp. v. Texas Motor Exch. of Houston*, 628 F.2d 500, 504 (5th Cir. 1980).

Because Plaintiff's "RaceTrac" trademark has been registered with the United States Patent and Trademark Office, it is entitled to trademark protection by virtue of its status as a registrant. *See American Heritage Life Ins. Co.*, 494 F.2d at 10; *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817; Pl.'s Resp. at 2; Pl.'s App. at 150-54. In their motion for summary judgment, Defendants do not dispute the validity of the mark; instead Defendants argue there is no genuine issue of material fact with respect to the likelihood of confusion between the "JJ's Fastrac" and "RaceTrac" marks.

#### **1. Type of Mark Allegedly Infringed.**

The first consideration in determining whether a fact issue exists as to a likelihood of confusion is to identify the type of trademark at issue. The type of trademark refers to the strength of the mark and focuses on the senior user's mark. *See Elvis Presley Enterps. v. Capece*, 141 F.3d 188, 201 (5th Cir. 1998). "The stronger the mark, the greater the protection it receives because the greater the likelihood that consumers will confuse the junior user's use with that of the senior user." *Id.*

The distinctiveness or "strength" of a mark measures its capacity to indicate the source of the goods or services with which it is used. *See* Restatement (Third) Unfair Competition § 21 cmt. i; *Quantum Fitness Corp.*, 83 F. Supp. 2d at 818-19. "The greater the distinctiveness of the mark, the greater the likelihood that prospective purchasers will associate the same or a similar designation found on other goods, services, or businesses with the prior user." Restatement

(Third) Unfair Competition § 21 cmt. i; *Exxon Corp.*, 628 F.2d at 504. Thus, “strong” marks that have a high degree of distinctiveness are entitled to more protection against the use of similar marks on a wider range of goods or services than are “weak” designations that have less distinctiveness or market recognition. *See* Restatement (Third) Unfair Competition § 21 cmt. i.

One measure of the strength of a trademark is its classification into one of five categories:

(1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. *See Pebble Beach Co.*, 155 F.3d at 540.

As a general rule, trademarks that are fanciful or arbitrary tend to be stronger than those that are suggestive, and suggestive marks tend to be stronger than those that are descriptive, geographically descriptive, or are personal names. Such classifications are not conclusive of “strength,” however, since the issue ultimately depends on the degree to which the designation is associated by prospective purchasers with a particular source. Thus, a descriptive mark through vigorous promotion can become a strong mark, and an arbitrary mark that is not well known in the market can be a weak mark.

Restatement (Third) Unfair Competition § 21, cmt. i.

“A generic mark . . . is never protectable because it connotes ‘a particular genus or class of which an individual [product] or service is but a member . . ., rather than the more individualized characteristics of a particular product.’” *Pebble Beach*, 155 F.3d at 540 (citation omitted). “A mark . . . is descriptive if it ‘identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients.’” *Id.* (quoting *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790 (5th Cir. 1983)). “[I]n many cases, a descriptive term will be an adjective such as ‘speedy,’ ‘friendly,’ ‘green,’ ‘menthol,’ or ‘reliable.’” *Union Nat’l Bank of Texas, Laredo v. Union Nat’l Bank of Texas, Austin*, 909 F.2d

839, 845 (5th Cir. 1990) (citation omitted). A descriptive mark is protectable only when it has acquired a secondary meaning in the minds of the consuming public. *See Pebble Beach*, 155 F.3d at 540.

The last three categories - suggestive, arbitrary, and fanciful - are inherently distinctive, requiring no additional showing to be protectable, "because their intrinsic nature serves to identify a particular source of a product." *Id.* A suggestive mark is one that "suggests rather than describes some particular characteristic of the goods or services to which it applies and requires the imagination in order to draw a conclusion as to the nature of goods and services." *Union Nat'l Bank*, 909 F.2d at 845 (quoting *Zatarains*, 698 F.2d at 791). Suggestive marks subtly connote something about the service of the product and enjoy only a narrow scope of protection under the trademark laws. *See Sun Banks of Fla., Inc. v. Sun Fed. Savs. and Loan Ass'n*, 651 F.2d 311, 315 (5th Cir. 1981). Even though the mark is suggestive, it still requires a mental leap from the mark to the product and thus is strong enough to warrant trademark protection without proof of secondary meaning. *See Amicus Communications, L.P. v. Hewlett-Packard Co., Inc.*, NO. CIV. A. SA-98CA1176PMA, 1999 WL 495921, at \*14 (W.D. Tex. Jun 11, 1999); *Sun Banks of Fla.*, 651 F.2d at 315 ("Although less distinctive than a fictitious, arbitrary or fanciful mark and therefore a comparatively weak mark, a suggestive mark will be protected without proof of secondary meaning.") "An oft-cited example of a suggestive term is 'Penguin' as applied to refrigerators." *Union Nat'l Bank*, 909 F.2d at 845.

Arbitrary and fanciful marks are those that are not suggestive of the products or services with which they are associated. *See id.* "An arbitrary mark has a common meaning unrelated to

the product for which it has been assigned, such as APPLE when applied to computers or IVORY as applied to soap. *See First Savs. Bank, F.S.B. v. First Bank System, Inc.*, 101 F.3d 645, 655 (10th Cir. 1996); *Union Nat'l Bank*, 909 F.2d at 845. "Fanciful" marks, by contrast, are usually "coined words, such as XEROX or KODAK" that signify nothing but the product. *See First Savs. Bank*, 101 F.3d at 655; *Union Nat'l Bank*, 909 F.2d at 845.

The mark "Racetrac," as used in this context, suggests speedy, swift retrieval of gasoline, snacks, and service. The slanted letters used in conjunction with the word further enhance the image of efficiency. The term "RaceTrac," even though spelled differently from the dictionary term "racetrack," is not a coined word and is not purely fanciful. Nor is its use arbitrary - the term "RaceTrac" is related to automobiles and driving. "RaceTrac" is a suggestive term, and consequently, it is entitled to trademark protection without a showing of secondary meaning - albeit only a narrow scope of protection.<sup>13</sup>

Third-party uses and registrations "limit the protection to be accorded plaintiff's mark outside the uses to which plaintiff has already put its mark." *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 260 (5th Cir. 1980); *Exxon Corp.*, 628 F.2d at 504; *Quantum Fitness Corp.*, 83 F. Supp. 2d at 820. "Unlike some courts, the Fifth Circuit considers evidence of third-party usage of a mark on unrelated goods and services in assessing the mark's strength in the

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<sup>13</sup> Although Plaintiff need not prove secondary meaning to receive trademark protection, secondary meaning is relevant to assessing the commercial strength of the mark. *See* Restatement (Third) Unfair Competition § 21 cmt. i. "Secondary meaning attaches to a mark when the consuming public primarily associates the term with a particular source." *Estee Lauder, Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1509 (2d Cir. 1997). Yet, Plaintiff has not shown that the term "RaceTrac" and Plaintiff's business have "become synonymous in the mind of the public." *See id.*

marketplace.” *Quantum Fitness Corp.*, 83 F. Supp. 2d at 820; see *Union Nat’l Bank*, 909 F.2d at 848 n. 24; *Sun Banks*, 651 F.2d at 315-16; *Amstar Corp.*, 615 F.2d at 259-60. While the Fifth Circuit requires a broad examination of the marketplace, it also recognizes that extensive third-party usage may weaken a mark but does not in itself eliminate a mark’s protectability in all cases. See *Quantum Fitness Corp.*, 83 F. Supp. 2d at 820 (citing *Amstar Corp.*, 615 F.2d at 259). “The greater the number of identical or more or less similar trademarks already in use on different kinds of goods, the less the likelihood of confusion.” *Exxon Corp.*, 628 F.2d at 504.

Defendants note that there are 528 pending applications and registrations containing the work “track” or other similar derivations in International Class 35 (marks relating to convenience store services) such as “Trac,” “Trak,” “Trax,” or “Tracs.” (Defs.’ Mot. at 39-40; Defs.’ App. at 58-59.) Defendants also note that “Trac” is used with other gasoline station convenience stores including Petrotrac, USASpeedTrac, and Quicktrack. (Def.’s Mot. at 40; Defs.’ App. at 736-37, 783.) This third-party use of the suffix “track” and similar derivations thereof dilute the strength of the RaceTrac mark and entitle it to a narrower range of protection. See *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 170 (5th Cir. 1986); See *Amicus Communications, L.P.*, 1999 WL 495921, at \*9. In sum, the RaceTrac mark, though not a weak mark, is not an especially strong mark either.

## **2. Similarity of the Trademarks.**

Defendants contend there is no similarity between RaceTrac’s and Fastrac’s marks. They argue that (1) the “JJ Fastrac” mark was registered nearly 20 years after RaceTrac’s mark was registered; (2) the United States Patent and Trademark Office’s registration of the “JJ’s Fastrac”

mark in light of the previously-registered "RaceTrac" mark "amounts to an administrative determination of non-infringement;"<sup>14</sup> (3) the marks are differentiated by the inclusion of "JJ's"

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<sup>14</sup> Defendants assert that the "United States Patent and Trademark Office would not have issued a registration for JJ's Fastrac if it considered it to be an infringement of the previously registered "RaceTrac" mark. Thus, they reason, the action taken by the United States Patent and Trademark Office comprises an administrative determination of non-infringement." (Defs.' Resp. at 39; Defs.' App. at 58-59.) In support of their argument, Defendants cite to 15 U.S.C. § 1052(d) which provides that the United States Patent and Trademark Office may refuse registration of a trademark when it

so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive. Provided, that if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons.

15 U.S.C. § 1052(d).

Defendants try to make the leap that because a trademark may be refused registration due to its similarity with another mark, a trademark that is registered necessarily does not infringe any other registered mark. Yet Defendants have not provided any legal authority for this position. As Plaintiff points out, using this logic, if the examining attorney's decision to register a mark was conclusive evidence of non-infringement, there would be no basis for any party to use the cancellation process insofar as it would be used to seek cancellation of a registered mark based on infringement of a prior registration. (Pl.'s Resp. at 20; Pl.'s App. at 6-7.)

Defendants also argue that there are 528 pending applications and registrations containing the word "track" or other similar derivations in International Class 35 which is the classification for marks relating to "convenience store/filling station services." (Defs.' App. at 58-59.) According to the Declaration of Michael O'Neil, two of these registrations belong to RaceTrac. (Defs.' App. at 59.) The United States Patent and Trademark Office allowed Fastrac to register its mark in Class 35. (Pl.'s App. at 6.) Defendants conclude that the fact that these 528 applications and registrations exist demonstrates that RaceTrac does not own the exclusive right to the suffix "track" and the derivations thereof. (Defs.' App. at 59.)

In contrast, Plaintiff's evidence indicates that RaceTrac had three registrations, one in Class 35 (retail convenience store services) and two in Class 37 (gasoline station services). (Defs.' App. at 6.) The evidence indicates that the RaceTrac registration in Class 35 was not issued until after the Fastrac mark was issued. (*Id.*) Therefore, at the time Fastrac sought registration of its mark in Class 35, RaceTrac's mark was not on file with the United States Patent and Trademark Office in that class. Thus, the examiner probably did not consider the RaceTrac mark when considering whether to register the Fastrac mark in Class 35. Plaintiff also notes that certain statutory advantages exist for marks that are registered, for example, registration of a mark constitutes *prima facie* evidence of the validity of the mark. (Pl.'s App. at 7); see *American Heritage Life Ins. Co.*, 494 F.2d at 10; *Quantum Fitness Corp.*, 83 F. Supp. 2d at 817. However, the law does not include in its list of advantages a presumption that registration equals a presumption or a finding of non-infringement. (Pl.'s App. at 7.)

Therefore, the Court rejects Defendants' argument that the registration of "JJ's Fastrac" when the RaceTrac mark was already registered comprises an administrative determination of non-infringement.

in an oval disc next to the word “Fastrac;” (4) the word “Fastrac” does not look like the word “RaceTrac.” (Def.’s Mot. at 39.)

The issue for determination is whether the two marks are sufficiently similar in appearance to result in confusion in the market place. “The similarity of the marks in question is determined by comparing the marks’ appearance, sound, and meaning.” *Elvis Presley Enters.*, 141 F.3d at 201. This comparison, which has been described as “really nothing more than a subjective eyeball test” requires consideration of “the overall impression created by the mark as a whole rather than simply comparing individual features of the marks.” *Exxon Corp.*, 628 F.2d at 504. “Obviously, the greater the similarity in the design of the trademarks, the greater the likelihood of confusion.” *Id.*

RaceTrac’s mark is spelled R-A-C-E-T-R-A-C and contains capitalized letters “R” and “T.” (Pl.’s App. at 154.) As used, the word is written in white block letters with a black outline on a red background. (Pl.’s App. at 154, 141.) The letters are slanted slightly to the right. (Pl.’s App. at 154, 141.)

Defendants’ mark is identified in its registration simply as “JJ’s Fastrac” with no particular stylized design. (Defs.’ App. at 21.) However, Defendants have also registered the JJ’s mark, which does contain a stylized design. The JJ’s mark contains two “J’s with the “J” on the left slightly elevated and the “s” written in superscript to the right of the “JJ.” There are two horizontal lines underlining the “JJ’s” and the entire mark is contained in a shaded round space. (Defs.’ App. at 18.)

When used, the “JJ’s” is smaller and less noticeable than the word “Fastrac,” which predominates. “[O]ne feature of a mark may be more significant than other features, and . . . it is proper to give greater force and effect to that dominant feature.” *Quantum Fitness Corp.*, 83 F. Supp. 2d 810, 823 (S.D. Tex. 1999) (quoting *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 1570 (Fed. Cir. 1983)). Here, the portion of the mark that is a round disc containing “JJ’s” is the less significant part of the mark. The predominant part of the Fastrac mark is that part of the mark that reads “Fastrac.” Like the word “RaceTrac” used in the RaceTrac mark, the word “Fastrac,” when used, is slanted slightly to the right,<sup>15</sup> uses a block print style, is displayed in white lettering with a black outline on a red background,<sup>16</sup> contains the “trac” suffix, and contains a prefix suggesting speed (e.g. “Race” and “Fast”). (Pl.’s App. at 41-42, 214-70.)<sup>17</sup> These factors ultimately make the entire “JJ’s Fastrac” mark similar to the “Racetrac” mark.

### 3. Similarity of Products.

The third factor to evaluate when determining whether there is a likelihood of confusion is the similarity between the products and the services provided by the plaintiff and the

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<sup>15</sup> Defendants contend that the only slanted letter in the Fastrac mark is the letter “F,” (Defs.’ App. at 27.) However, it appears from the photographs contained in the record that the entire word “Fastrac” is slanted slightly to the right. Perhaps the underlining of the “astrac” gives it a slanted impression. (Pl.’s App. at 214-70.) In any case, using an “eyeball test,” the Court finds that “the overall impression created by the mark” is that of a slanted image. See *Exxon Corp.*, 628 F.2d at 504.

<sup>16</sup> Defendants contend that the red shade used by Fastrac is “fire engine red” whereas the red shade used by RaceTrac is “dark red.” (Defs.’ App. at 27.) The photographs of both stores depict bright red background colors that are virtually indistinguishable from one another. (Pl.’s App. at 138-49, 214-70.)

<sup>17</sup> Spencer states that the color scheme used in the JJ’s Fastrac mark is “light tan and fire engine red.” (Defs.’ App. at 8.) However, using an “eyeball test,” the mark used on the Fastrac stations and the areas described by Spencer as “light tan” appear white. See *Exxon Corp.*, 628 F.2d at 504; Defs.’ App. at 9; Pl.’s App. at 214-70.

defendant. *See Exxon Corp.*, 628 F.2d at 505. The greater the similarity between the products and services, the greater the likelihood of confusion. It is undisputed that both Plaintiff and Defendants own gasoline station/convenience stores in Texas and Louisiana. Because the Parties' products and services are virtually identical, this factor weighs in Plaintiff's favor.

#### **4. Identity of Retail Outlets and Purchasers.**

“Dissimilarities between the retail outlets for and the predominant consumers of plaintiff's and defendant's goods lessen the possibility of confusion, mistake, or deception.” *Exxon Corp.*, 628 F.2d at 505. In the case at bar, there is a strong similarity between the predominant consumers of the Parties' goods and services and the type of retail outlets used by both Parties. Both Plaintiff and Defendants own the same type of retail outlet, gasoline station/convenience stores. Likewise, their products are purchased by drivers likely to be living or traveling through the areas where their retail outlets are located (*i.e.* Texas and Louisiana). Most of their customers are members of the car driving public who seek to purchase gasoline or other various sundries.

#### **5. Identity of Advertising Media.**

The fifth factor used in evaluating the likelihood of confusion is the similarity between the parties' advertising campaigns. “The greater the similarity in the campaigns, the greater the likelihood of confusion.” *Exxon Corp.*, 628 F.2d at 506. In the case at bar, both Plaintiff and Defendants advertise primarily through use of their signs, both of which display their own trademark above a yellow price sign containing black numbers. (Pl.'s App. at 54-55, 143, 147, 183, 207-08, 238.)

## 6. Defendants' Intent.

"A defendant's intent to deceive buyers is merely one factor to be considered in determining whether there is a likelihood of confusion." *Exxon Corp.*, 628 F.2d at 506. If, however, a plaintiff can show that a defendant adopted a mark with the intent of deriving benefit from the reputation of the plaintiff, that fact alone may be sufficient to justify the inference that there is confusing similarity. *See id.*; *Amstar Corp.*, 615 F.2d at 263. In the case at bar, the evidence on Defendants' intent is mixed.

According to Defendant Jerry Spencer ("Spencer"), Spencer chose the word "Fastrac" because he liked the sound of "trac" which had a "go-go motor sound" and a "motor fuel" sound to him and he liked the sound of Gillette's Trac II razor blades. (Pl.'s App. at 194; Defs.' App. at 6.) Spencer also owned stock in a company called "Rentrak." (Defs.' App. at 6.) When deciding what to name his gasoline station/convenience stores, Spencer considered that other businesses in the same industry used trade names with the same prefix or suffix - such as Kmart and Wal-Mart, Speedway and Raceway, and Dollar General and Family General. (Defs.' App. at 6.)

In 1996, Spencer hired the law firm of Gardere & Wynne to make sure that there would be no trademark infringement problems. (Defs.' App. at 6.) He states that his lawyers told him if he used "JJ's" in combination with "Fastrac," spelled with either a "c" or a "ck," that it would eliminate any potential confusion, though this interpretation of the legal advice he received differs slightly from that contained in the written correspondence contained in the record. (Defs.' App. at 6-7, Pl.'s App. at 271-72.)

According to a letter dated October 21, 1996, Defendants corresponded with their legal counsel concerning potential names for their gas stations/convenience stores. In a letter from Spencer to Kay Schwartz at Gardere & Wynne, Spencer listed six potential names in his order of preference: (1) Fastrac; (2) Fastrac II; (3) JJ's Fastrac; (4) Fastrak; (5) JJ's Fastrak; and (6) Fastrak II. (Pl.'s App. at 271.) Spencer acknowledged that his counsel had advised him that "Fastrac" and "Fastrac II" "will not work." (Pl.'s App. at 271.) The correspondence also suggests that Spencer knew of RaceTrac and the similarity of the Racetrac mark to his choices. Specifically, Spencer states

Number 3 would have the circular JJ's logo in front of the 'Fastrac.' Our actual trade name is JJ's Fast Stop so there is more similarity to our actual trade name than to Racetrac, if that has any relevance.

(Pl.'s App. at 271.) On October 31, 1996, Michael O'Neil ("O'Neil") of Gardere & Wynne explained in a letter to Spencer that his

opinion does not change with respect to the use of the name "Fastrac," regardless of whether you use the letter 'c' or the letter 'k' or the Roman Numeral II is added to the name.

(Pl.'s App. at 272.) O'Neil added that "if you use your registered trademark 'JJ's' in combination with Fastrack," you clearly eliminate any potential confusion." (Pl.'s App. at 272.) According to these letters, O'Neil did not explicitly advise Spencer on whether the use of JJ's in combination with "Fastrac" would present a problem. Ultimately, Spencer chose to use his registered trademark "JJ's" in combination with "Fastrac" without a "k." (Pl.'s App. at 194-95.)

The letters and testimony in the record do not conclusively establish that Spencer

intended to deceive buyers as to the origination of the product. Nor does it conclusively establish that Defendants adopted the mark with the intent of deriving a benefit from Plaintiff's reputation. However, the evidence does raise a fact issue as to Defendants' intent.

## 7. Actual Confusion.

### a) Direct Evidence.

The best evidence of likelihood of confusion is provided by evidence of actual confusion. *See Exxon Corp.*, 628 F.2d at 506; *Amstar*, 615 F.2d at 263. Plaintiff proffers evidence of actual confusion from the testimony of several RaceTrac employees. First, Steven Prewitt ("Prewitt"), a RaceTrac area supervisor, states that "Sometime after the Fastrac station on Randol Mill Road in Fort Worth, Texas opened, I received several calls from people who believed that this Randol Mill station was a RaceTrac station." (Pl.'s App. at 77.) Prewitt explained that those people were friends of his who lived in the area calling to let him know they saw the new RaceTrac station on Randol Mill Road. (Pl.'s App. at 77.) Prewitt explains that he was confused by their calls because RaceTrac did not have a station at that location. (Pl.'s App. at 77.) So he investigated it and realized the new gas station to which his friends were referring was not a Racetrac station, but a Fastrac station. (Pl.'s App. at 77.)

Tom Jarrett ("Jarrett"), another RaceTrac area supervisor, testified in his deposition that he received a customer complaint "about our store on Randol Mill Road" when he was managing the store on Berry Street. (Jarrett Dep. at 10.) Yet, as explained above, RaceTrac does not have a store on Randol Mill Road. (Pl.'s App. at 77.) Rather, the Randol Mill station is a Fastrac station. (Pl.'s App. at 77.)

Larry Duncan (“Duncan”), another RaceTrac employee, testified in his deposition that the first time he saw the Fastrac station on Randol Mill Road, he thought it was a RaceTrac station. (Duncan Dep. at 11-12, 16.) When Duncan asked the person he was riding in the car with “what store of ours is that?” the person told Duncan it was a Fastrac, not a RaceTrac. (Duncan Dep. at 16.)

Defendants assert that the testimony of Prewitt and Jarrett is inadmissible hearsay and should not be considered by the Court. (Defs.’ Reply at 23; Defs.’ Objections to RaceTrac’s Summ. J. Ev. at 1-2.) However, the Fifth Circuit has considered and rejected this argument, allowing such evidence because it is not being offered to prove the truth of the matter asserted. *See Armco, Inc. v. Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1160 (5th Cir. 1982) (“The testimony about phone calls and conversations was not being offered to show that [Plaintiff] and [Defendant] were the same business, but to show that people thought they were.”);<sup>18</sup> *Quantum Fitness Corp.*, 83 F. Supp. 2d at 829-30. Likewise, in this case, the statements are not being offered to prove the truth of the matters asserted - specifically, that there was a new RaceTrac store on Randol Mill Road, as with the Prewitt case, or that the customer had a complaint with

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<sup>18</sup> In *Armco*, one of the plaintiff’s employees testified that he received phone calls at least once a month from people trying to reach the defendant, who ran a burglar alarm company. He also testified that two acquaintances of his had asked, “When did y’all get into the burglar alarm business?” Two other employees of the plaintiff also testified that they had received one phone call each from a person trying to reach the defendant. The Fifth Circuit held that this evidence did not constitute inadmissible hearsay because it was not being offered to prove the truth of the matter asserted. “The testimony about phone calls and conversations was not being offered to show that [Plaintiff] and [Defendant] were the same business, but to show that people thought they were. [Defendant] claims that the statements were the equivalent of ‘I believe that defendant and plaintiff are one and the same or are related,’ and were offered to prove the truth of the matter asserted, namely that the declarant actually did hold such a belief. Even so, they would be admissible under the state of mind exception. Fed. R. Evid. 803(3).” *Armco*, 693 F.2d at 1160.

the store on Randol Mill Road, as with the Jarrett case. Moreover, the fact that Prewitt and Jarrett do not identify the callers by name or explain the reason given by the callers for their confusion may affect the probative value of the evidence, but does not affect its admissibility. (See Defs.' Reply at 24.)

Defendants argue that Duncan's testimony is inadmissible because he is an employee of Racetrac, not a consumer of its services. Defendants reason that because Plaintiff is required to establish a likelihood of confusion among *consumers* in the gasoline market, Duncan's testimony is irrelevant and thus, inadmissible. The Court rejects this logic.

In the "actual confusion" digit of the likelihood-of-confusion analysis, a plaintiff may bring forward evidence of confusion of customers or others as to the source of the product. *See Society of Fin. Exam'rs v. National Ass'n of Certified Fraud Exam'rs, Inc.*, 41 F.3d 223, 228 n.11 (5th Cir. 1995) (holding that the plaintiff need not prove confusion in actual consumers to establish likelihood of confusion in trademark infringement action; evidence of confusion in others permits inference of confusion in purchasers); *Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 597 (5th Cir. 1985) (error to discount evidence of actual confusion on the part of distributors and trade show visitors; confusion in customers inferred from confusion in retailers, sales clerks, distributors) (collecting cases). "Evidence of confusion in others permits the inference of confusion of purchasers." *Society of Fin. Exam'rs*, 41 F.3d at 228 n.11. Therefore, Duncan's testimony of his actual confusion is admissible as evidence that there is a likelihood of confusion among consumers.

b) Survey Evidence.

Plaintiff also offers the results of a survey as evidence of the likelihood of confusion. “Parties often introduce survey evidence in an effort to demonstrate that there is a likelihood of confusion.” *Exxon Corp.*, 628 F.2d at 506. Defendants object to the admissibility of this survey evidence for several reasons. Because the Court need not consider the survey results to rule on this summary judgment motion, the Court will reserve the issue of the admissibility of the survey evidence for pre-trial consideration and determination. The Court will hear Parties’ arguments on this issue at the pretrial conference scheduled for February 28, 2003.

In light of the analysis presented herein, the Court finds that a fact issue exists as to whether there is a likelihood of confusion between the two marks. Therefore, Defendants’ Motion for Summary Judgment is hereby DENIED with respect to Plaintiff’s claim of trademark infringement.

**III. TRADE DRESS INFRINGEMENT.**

Defendants also seek dismissal of RaceTrac’s claim that Defendants infringed on RaceTrac’s trade dress in violation of Section 43(a) of the Lanham Act. *See* 15 U.S.C. § 1125(a)(1).<sup>19</sup> “Trade dress” refers to the design or packaging of a product that serves to identify

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<sup>19</sup> Section 1125(a)(1) reads:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

the product's source. *Eppendorf-Netheler-Hinz GMBH v. Ritter GMBH*, 289 F.3d 351, 354-55 (5th Cir. 2002) (pet. filed Aug. 22, 2002). Trade dress refers to the total image, design, and appearance of a product and may include features such as size, shape, color, color combinations, texture, graphics, and sales techniques. See *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 536 (5th Cir. 1998); *Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251 F.3d 1252, 1257 (9th Cir. 2001). With trade dress, the question is whether the "combination of features creates a distinctive visual impression, identifying the source of the product." *Pebble Beach*, 155 F.3d at 536.

The purpose of trade dress protection, like trademark protection, is to "secure the owner of the [trade dress] the goodwill of his business and to protect the ability of consumers to distinguish among competing products." *Eppendorf*, 289 F.3d at 355 (quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992)).

If a product feature is functional, it cannot be protected trade dress. *Id.* Thus, unless protected by patent or copyright, functional features may be copied freely by competitors in the marketplace. *Id.*

If a trade dress is not functional, it is entitled to protection if it is distinctive or has acquired a "secondary meaning" such that the consuming public associates the trade dress with a particular source. See *Allied Marketing Group, Inc. v. CDL Marketing Group*, 878 F.2d 806, 813 (5th Cir. 1989). However, proof of secondary meaning is not required if a trade dress is

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(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

“sufficiently distinctive of itself to identify the producer,’ as when the dress consists of fanciful or arbitrarily-selected features which do not serve simply to ‘describe the product or to assist in its effective packaging.’” *See Allied Marketing Group, Inc.*, 878 F.2d at 813 (citations omitted).

If a court determines that the trade dress is protected - because it is non-functional and is either distinctive or has acquired secondary meaning, the court must then determine whether the trade dress has been infringed. *See Allied Marketing Group, Inc.*, 878 F.2d at 813. Infringement is shown by demonstrating that the substantial similarity in trade dress is likely to confuse consumers as to the source of the product. *See id.*

In this case, the features that comprise RaceTrac’s trade dress include: (1) use of the “RaceTrac” mark in slanted white letters outlined in black on a red background on the convenience store, the islands/canopies, the gas pumps (*i.e.* pump toppers or bonnets), and signs; (2) the large price sign located near the road with the “RaceTrac” mark in slanted white letters outlined in black on a red background above a price in large black letters on a bright yellow background; (3) the use of gasoline pumps positioned perpendicular to the road (*i.e.* “dive-in” pumps); (4) red striping on buildings, islands, pumps, and signage; and (5) long center islands. (*See Pl.’s App.* 139-49 147; *Pl.’s Resp.* at 2, 24-25.)

**A. Is RaceTrac’s Trade Dress Functional?**

Defendants maintain that RaceTrac’s trade dress is functional, and therefore RaceTrac is not entitled to protection under the Lanham Act. The Lanham Act expressly limits the scope of trade dress protection by providing that “the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” 15 U.S.C. §

1125(a)(3). The requirement of non-functionality “prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature.” *Eppendorf*, 289 F.3d at 355 (citation omitted). The non-functionality requirement also “serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.” *Pebble Beach*, 155 F.3d at 537 (citation omitted).

It is well-established that functional product features do not enjoy trade dress protection. When determining whether a product feature is functional, courts must assess “whether the feature is essential to the use or purpose of the product or whether it affects the cost or quality of the product.” *Eppendorf*, 289 F.3d at 356. Under this traditional definition of functionality, if a product feature “‘is the reason the device works,’ then the feature is functional.” *Id.* If the trade dress is essential to the use or purpose of the product or affects the cost or quality of the product, a finding of functionality is required regardless of whether or not the use of that trade dress is a “competitive necessity.” *Id.* If a product feature is functional under this definition, nothing more need be considered - the trade dress is not entitled to protection. *Id.*

However, even if the trade dress is considered non-functional under the traditional definition, if the case involves “aesthetic functionality,” courts may consider whether exclusive use of the feature “would put competitors at a significant, non-reputation-related disadvantage.” *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33-34 (2001); see *Eppendorf*, 289

F.3d at 356.<sup>20</sup> Aesthetic functionality involves designs that use ornamental features with the “potential to influence consumer behavior, but are neither essential nor helpful to the primary function of the product.” Mitchell M. Wong, *The Aesthetic Functionality Doctrine and the Law of Trade Dress Protection*, 83 Cornell L. Rev. 1116, 1153 (May 1998); *TrafFix*, 532 U.S. at 34. This “competitive necessity test” for functionality may be used in conjunction with the traditional definition, though it is not used as a comprehensive test. *See Eppendorf*, 289 F.3d at 356. Thus, the Court must first consider, in light of *TrafFix* and *Eppendorf*, whether Plaintiff has raised a fact issue as to the non-essential nature of its trade dress to the use or purpose of its product or that its trade dress does not affect the cost or quality of its product. *See Eppendorf*, 289 F.3d at 356.

“A collection of functional features in a product design does not necessarily make the combination of those features functional.” *Pebble Beach*, 155 F.3d at 538. In trade dress cases involving establishments, courts evaluate “the combination of visual elements that taken together may create a distinctive visual impression,” identifying the source of the product. *Clicks*, 251 F.3d at 1258-59; *see Pebble Beach*, 155 F.3d at 536.

According to the record before the Court, the dive-in pump configuration (with gasoline

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<sup>20</sup> The Court notes that the Fifth Circuit has expressly rejected the doctrine of aesthetic functionality. *See Pebble Beach*, 155 F.3d at 540 n.6; *Sno-Wizard Mfg., Inc. v. Eisenmann Prods. Co.*, 791 F.2d 423, 426 n.3 (5th Cir. 1986). However, the United States Supreme Court acknowledged the doctrine of aesthetic functionality in *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159 (1995) and in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33-34 (2001). In *TrafFix*, the Supreme Court held that the proper use of the “competitive necessity” test is in those cases involving aesthetic functionality. In *Eppendorf*, the Fifth Circuit recognized the application of the “competitive necessity” test, but did not discuss its relation to aesthetic functionality. Rather, the *Eppendorf* Court described the *TrafFix* holding as recognizing the traditional definition of functionality as the main test for functionality and the utilitarian/competitive necessity definition of functionality as “an expansion of the traditional test.” *Eppendorf*, 289 F.3d at 356.

pumps positioned perpendicular to the road) “increases the number of pumps in a given space, increases the gallons of gasoline that can be sold, and allows for easier customer access to the convenience store.” (Def.’s Mot. at 13-14; Defs.’ App. at 10-11, 48, 147.) The yellow and black price signs positioned near the road are used to draw customers to the store. The price signs are used by discount gasoline retailers like Plaintiff and Defendants to advertise the price of the gasoline and the visibility of those price signs is essential for drawing customers into the store. (Defs.’ Mot. at 4-5; Defs.’ App. at 12-13; Pl.’s App. at 54-55, 143, 183, 207-08, 238.) According to Defendants’ expert, Marc A. Green Ph.D., the large yellow price sign with black numbers makes the sign visible and conspicuous. (Defs.’ App. at 113.) The high brightness contrast between black and yellow enables drivers to see the price information at greater distances, with smaller numbers, in peripheral vision, and under poorer weather conditions. (Defs.’ App. at 16, 113.) Black-on-yellow provides high legibility and works extremely well to display the price of the gasoline. (Defs.’ App. at 113-14.) While there may be different color combinations available to retailers, there are only a few that work effectively to display the price of gasoline on outdoor price signs. The predominate colors used in the gasoline retail marketplace are black, white, red, blue, yellow, and green. (Defs.’ App. at 66-76.) According to the brochure for May’s Advertising - a gasoline price sign manufacturer - there are, at most, ten color combinations available for gasoline price signs. (Defs.’ App. at 66-76.) The fact that there are only a limited number of color combinations that work well to draw the customer’s eye cuts against a determination of non-functionality.<sup>21</sup>

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<sup>21</sup> To the extent the Parties dispute the admissibility of the “color chart” provided by RaceTrac in its Appendix at 3-4, the Court will not consider the color chart as evidence. The color chart may only be considered by

Likewise, the use of the RaceTrac mark in white lettering on a red background placed on the convenience store, the islands/canopies, the gas pumps (*i.e.* pump toppers or bonnets), and signs is functional. Because most gas station/convenience stores configurations look alike, the placement of the retailer's trademark on the gas station/convenience stores is essential to the retailer's ability to identify itself and distinguish itself from other retailers. (Defs.' App. at 783.) There are only a limited number of places a gasoline station/convenience store retailer can put its name. Further, the color combination used by Plaintiff - white block letters on a red background - attracts the eye of the customer and conveys the image of energy, heat and fire. (Defs.' App. at 114.) Again, the predominate colors used in the gasoline retail marketplace are black, white, red, blue, yellow, and green. (Defs.' App. at 66-76.) The fact that there are only a limited number of color combinations that work well to draw the customer's eye cuts against a determination of non-functionality. (Def.'s Reply at 6; Defs.' App. at 31, 47.)

Further, allowing RaceTrac exclusive rights to this arrangement of features - including the red/white color combination on its signs, bonnets, the convenience store, the islands/canopies, and the gas pumps; red striping on buildings, islands, pumps, and signage; long center islands; the yellow and black price signs; the position of the price signs near the road; and the dive-in pump configuration would put other gasoline retailers at a competitive disadvantage. The configuration of the gasoline-station features used by RaceTrac is typical and there are few available alternatives. (Defs.' App. at 783.) Because discount gasoline retailers use their signs as their primary means of advertising (Pl.'s App. at 54-55, 143, 147, 183, 207-08, 238), because

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the Court as a demonstrative aid for examining other authenticated and admissible evidence.

there are only a limited number of color combinations available that attract attention of drivers from the road, and because the dive-in pump configuration serves many functions, competitors should not be deprived of this configuration of features.

RaceTrac has failed to meet its burden of raising a fact issue as to non-functionality because it has not established that its trade dress is anything more than an ordinary arrangement of functional features - in other words, its trade dress is simply one variation selected from a limited number of ways to combine functional gasoline station/convenience store features.

**B. Protectability of RaceTrac's Claimed Trade Dress.**

Although summary judgment in favor of Defendants on the trade dress claim would be appropriate solely on the basis that RaceTrac has failed to raise a fact issue as to non-functionality, the Court believes that the other requirement for protectable trade dress - whether RaceTrac has offered sufficient evidence to create a genuine issue of material fact that its claimed trade dress is distinctive - also warrants discussion.

Defendants argue that because the design of RaceTrac's trade dress is commonplace among gas stations/convenience stores, its trade dress is generic and is not entitled to protection from infringement. (Def's.' Mot. at 23-27.) In response, RaceTrac contends that the prominent use of its mark on the building structure and signage combined with the striping, color scheme, and placement of the gas station's features makes the trade dress distinctive. RaceTrac also relies on survey evidence that indicates that some consumers specifically identified RaceTrac as having "the biggest sign," "a huge sign," "lots of pumps," "a lot of space," "low prices," "a big convenience store," and "high visibility." (Pl.'s Resp. at 29 [citing Pl.'s App. at 331, 333-34].)

RaceTrac also contends that the survey evidence revealed that “a number of licensed drivers recognized the signs, designs, color scheme, and layout of RaceTrac stations.” (Pl.’s Resp. at 29.)

Trademarks and trade dress are distinctive and protectable if they serve as indicators of source. *See Pebble Beach*, 155 F.3d at 540. Like trademarks, trade dress is classified in five categories of increasing distinctiveness: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992); *Pebble Beach*, 155 F.3d at 540. Suggestive, arbitrary, or fanciful marks or trade dress by their very nature serve to identify the source of a product and are deemed inherently distinctive and are protectable without a showing of secondary meaning. *See Pebble Beach*, 155 F.3d at 540. Generic marks or trade dress are not inherently distinctive nor can they acquire distinctiveness through secondary meaning, and therefore, generic marks are not protectable under any circumstances. *Id.* Descriptive marks or trade dress, on the other hand, while not inherently distinctive, can acquire distinctiveness through secondary meaning. *Id.* Secondary meaning requires a showing that “in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.” *Two Pesos, Inc.*, 505 U.S. 767 n.4. Distinctiveness is a question of fact. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987).

In certain trade dress cases, and as in the case here, application of the traditional spectrum of marks categories can be difficult and confusing. *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:13 (4th ed. 2002). In the seminal case, *Seabrook*

*Foods, Inc. v. Barr-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (CCPA 1977), the United States Courts of Customs and Patent Appeals, now the Federal Circuit, set forth a three-part test to gauge the inherent distinctiveness of a trade dress. Under the *Seabrook* test, one asks whether (1) the design or shape is a common, basic shape or design; (2) the design is unique or unusual in a particular field; and (3) the design was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods that consumers view as mere ornamentation. *Id.*

Professor McCarthy paraphrased the essence of the *Seabrook* test by stating:

In reality, all three questions are merely different ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicia of origin - a trademark. The issue is whether the trade dress is of such an unusual design that a buyer will immediately rely on it to differentiate the source of the product.

McCarthy, *supra*, § 8.13. Several courts have adopted the *Seabrook* test and Professor McCarthy believes it is “by far the preferable test to classify inherently distinctive trade dress in packaging and containers [as opposed to product design].” *Id.* (citing cases in the First, Second, Fourth, Seventh, Eighth, Ninth and Eleventh Circuits that have adopted the *Seabrook* analysis).

The converse of this theory is also true - “trade dress rights cannot be validly achieved in an ordinary or common place exterior or interior retail building design that is shared by many competitors.” McCarthy § 8:6.1. Such an everyday design will be considered unprotectable.

When determining whether RaceTrac’s trade dress is inherently distinctive, the Court must analyze the “overall look” of the gas station/convenience store and determine whether the

total image, design, and appearance of the structure identifies the source of the product. See *Pebble Beach*, 155 F.3d at 536. In this case, after reviewing the photographs of the RaceTrac stores, the Court concludes that the trade dress of RaceTrac is a configuration of commonplace features of a gas station/convenience store. The combination of features comprising the RaceTrac trade dress is not so unique or distinctive that it is automatically perceived by customers as an indicia of origin. RaceTrac is merely trying to claim trade dress protection for the impression created by a collection of common or functional elements of gas station/convenience store decor that is combined in basic, ordinary ways.

The evidence presented by RaceTrac that some consumers specifically identified RaceTrac's trade dress as having "the biggest sign," "a huge sign," "lots of pumps," "a lot of space," "low prices," "a big convenience store," and "high visibility" is inapposite. The characteristics the consumers associated with RaceTrac are not the elements of RaceTrac's trade dress that RaceTrac seeks to protect. Race Trac's trade dress - as set forth in its own court documents - is not comprised of the elements described by these consumers. Moreover, the elements described by the consumers are functional elements that, even combined and considered as a whole, would prevent RaceTrac from acquiring trade dress protection. (Pl.'s Resp. at 29 [citing Pl.'s App. at 331, 333-34].)<sup>22</sup>

The use of RaceTrac's mark on the structure does not automatically convert this non-distinctive trade dress into an inherently distinctive trade dress. See, e.g., *Florida Breckenridge*,

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<sup>22</sup> Plaintiff's contention that the survey evidence revealed that "a number of licensed drivers recognized the signs, designs, color scheme, and layout of RaceTracstations" is misleading. (Pl.'s Resp. at 29.) At most, the survey to which Plaintiff refers revealed that some licensed drivers identify RaceTrac's trade mark, not its trade dress, as having certain distinctive features. (Pl.'s App. at 79.)

*Inc. v. Solvay Pharmaceuticals, Inc.*, 43 U.S.P.Q.2d 1878 (S.D. Fla. 1997) (trade dress of pill with manufacturer's name stamped on it is not inherently distinctive due to extensive third-party use of other elements such as shape, color, and coating); *Hampton Inns, Inc. v. Ameritel Inns, Inc.*, No. 93-459-S-BLW, 1995 WL 762148 (D. Idaho Oct. 19, 1995) (trade dress of hotel chain is not inherently distinctive despite identification sign due to lack of distinctiveness of other features such as columns, roof color, arches, canopy). The Court must consider all elements of RaceTrac's trade dress when determining whether it is distinctive. RaceTrac has a typical design with a convenience store located adjacent to the gas pump area. The gas pumps are located beneath a canopy that is lit. The gas pumps are set-up in the dive-in format. RaceTrac uses a red and white color scheme and places a large price sign near the road with the price in large black letters on a bright yellow background. This particular combination is common and basic and is neither unique nor unusual among gas stations/convenience stores in the industry. Therefore, RaceTrac's trade dress it is not inherently distinctive.

### **C. Secondary Meaning.**

Because RaceTrac's trade dress is not inherently distinctive, RaceTrac is required to establish that its trade dress has acquired secondary meaning. *See Pebble Beach*, 155 F.3d at 540-41; *McCarthy, supra*, § 8:13. Courts consider the following factors when determining whether a trade dress has acquired secondary meaning: (1) length and manner of use of the trade dress; (2) volume of sales; (3) amount and manner of advertising; (4) nature of use of the trade dress in newspapers and magazines; (5) consumer survey evidence; and (6) defendant's intent in copying the trade dress.

### **1. Length and Manner of Use of the Trade Dress.**

According to Plaintiff, RaceTrac has used its trade dress in association with its trademark since the mid-1980s. (Pl.'s App. at 54.) The evidence indicates that RaceTrac's trade dress has consisted of a convenience store with the RaceTrac mark in white on a red background with a white-striped border underneath, a stand-alone canopy covering multiple gas pumps with the RaceTrac mark in white and a red-striped border underneath on "up to all four sides of the canopy eave." (Pl.'s App. at 54.) RaceTrac has also used large price signs in black and yellow with the RaceTrac mark displayed thereon. (Pl.'s App. at 54.)

### **2. Volume of Sales.**

Although the evidence indicates that this trade dress has been used for nearly twenty years, there is no evidence of RaceTrac's volume of sales during those years.

### **3. Amount and Manner of Advertising.**

According to the evidence, RaceTrac has engaged in some limited advertising - through the use of price signs at each store location, coupons, door hangers for new RaceTrac locations, billboards, and promotional flyers. (Pl.'s App. at 171-76.) However, "in the case of advertising, spending substantial amounts of money does not itself cause a . . . trade dress to acquire secondary meaning;" the advertisements should emphasize the source of the product through prominent use of the trade dress. *Pebble Beach*, 155 F.3d at 541 (citing Restatement (Third) Unfair Competition § 13 cmt. c (which is now cmt. e)); *Rally's, Inc. v. International Shortstop, Inc.*, 776 F. Supp. 451, 456 (E.D. Ark. 1990) (no secondary meaning where advertisements do not focus on trade dress); *See Hampton Inns*, 1995 WL 762148, at \* 27 (same). In this case,

there is no evidence that RaceTrac's advertising used or incorporated its trade dress.

#### **4. Nature of Use of the Trade Dress in Newspapers and Magazines.**

There is no evidence that RaceTrac advertises in newspapers or magazines or uses its trade dress in the advertising that it does conduct.

#### **5. Consumer Survey Evidence.**

RaceTrac relies on two types of survey evidence in support of its contention that RaceTrac's trade dress has acquired secondary meaning: first, Plaintiff relies on Dr. Block's survey in which "18.9% of roughly 367 licensed drivers living in the areas where Fastrac stations are operated made references to RaceTrac upon seeing a Fastrac sign." (Pl.'s Resp. at 32.) Dr. Block's survey was designed to show that a likelihood of confusion existed between the RaceTrac and the Fastrac marks. (Pl.'s App. at 79-121.) This evidence is of no value to Plaintiff in this situation because the survey did not test for secondary meaning and did not test participants' impressions of RaceTrac's trade dress. By Dr. Block's own admission, Dr. Block's survey never tested for secondary meaning. (Defs.' App. at 901.) Moreover, the purported outcome of the survey - that "18.9% of roughly 367 licensed drivers made references to RaceTrac upon seeing a Fastrac sign" - has nothing to do with whether the trade dress of RaceTrac has acquired secondary meaning.

RaceTrac also relies on a focus-group survey it conducted in which participants described what they knew about RaceTrac- specifically, what sets it apart from other places. (Pl.'s App. at 331.) When asked what attracts people to RaceTrac and "what's distinctively RaceTrac?" the respondents answered, *inter alia*: "they're not always on a corner," "they tend to buy cheaper

real estate,” “the stores are newer,” “they’re big,” very clean,” “very high visibility,” “never heard about them in the news,” “the price,” “quick.” (Pl.’s App. at 331.) Although Plaintiff contends that the participants associated RaceTrac with its large signs and gasoline pumps, this characterization is misleading. The participants barely mentioned any feature of RaceTrac’s trade dress in their responses. (Pl.’s App. at 331.)

**6. Intent to Copy.**

With respect to the intent-to-copy factor, Plaintiff again relies on the letter dated October 21, 1996 in which Defendants discussed with their legal counsel potential names for their gas stations/convenience stores. (Pl.’s Resp. at 32; Pl.’s App. at 271.) The Court has already analyzed this evidence and found that the correspondence between Defendants and their legal counsel is ambiguous, and may or may not prove intent to infringe. More importantly, the letter to which Plaintiff refers in support of its intent-to-infringe argument deals only with the Parties’ *marks*, not with trade dress. Therefore, the relevance of this evidence to the issue of trade dress is highly questionable.

For the reasons stated herein, the Court concludes that Plaintiff has failed to raise a fact issue as to secondary meaning associated with its trade dress. Therefore, RaceTrac’s trade is not entitled to trade dress protection and Defendants’ Motion for Summary Judgment is GRANTED with respect to trade dress.

**OTHER MATTERS**

A. Plaintiff's Motion for Leave to File a Sur-reply in Response to the Defendants' Summary Judgment Reply and Motion to Strike, filed October 16, 2002.<sup>23</sup>

In its motion for leave, Plaintiff merely challenges the legal arguments made by Defendants in their reply brief. The purpose for having a motion, response, and reply is to give the movant the final opportunity to be heard. A sur-reply is appropriate by the non-movant only when the movant raises new legal theories or attempts to present new evidence at the reply stage. In this case, Plaintiff is not challenging any alleged newly-presented legal theories raised by Defendants in their reply. Plaintiff simply wants an opportunity to continue the argument. This is not permitted and therefore, Plaintiff's motion for leave to file a sur-reply is DENIED.

Plaintiff also seeks to have the Court strike Volume Six of Defendants' appendix because it contains newly-presented evidence that was filed in conjunction with Plaintiff's reply brief. As Judge Fitzwater pointed out in *Dethrow v. Parkland Health Hosp.*, 204 F.R.D. 102, 103 (N.D. Tex. 2001), this court has declined to consider the contents of summary judgment reply appendixes on the ground that they are not permitted under this court's local civil rules. Before the 1998 summary judgment local rules amendments, it was settled that a party could not submit new evidence by way of a reply brief. *See Springs Indus., Inc. v. American Motorists Ins. Co.*, 137 F.R.D. 238, 239-40 (N.D. Tex. 1991) (Fitzwater, J.) (The purpose "of the reply brief permitted by Rule [7].1(f) is to rebut the nonmovant's response, thereby persuading the court that the movant is entitled to the relief requested by the motion. The document is to contain

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<sup>23</sup> Defendants did not file a response brief to this motion.

argument, not new supporting materials.”). “The summary judgment local rules adopted in 1998 do not permit a party to submit additional evidence with a reply brief” either. *Dethrow*, 204 F.R.D. at 103.

Local Rule 56.5(c) confirms this, providing that “[a] party whose motion or response is accompanied by an appendix must include in its brief citations to each page of the appendix that supports each assertion that the party makes concerning the summary judgment evidence.” (Local R. 56.5(c).) Local Rule 56.5(c) does not refer to a reply that is accompanied by an appendix.

Moreover, Local Rule 7.1(f), the general reply brief rule that applies to all civil motions, including summary judgment motions, does not refer to an evidentiary appendix. (Local R. 7.1(f).) And Local Rule 56.7 states that additional summary judgment evidence may only be filed with leave of court. (See Local Rule 56.7.) Accordingly, a party may not file a reply brief appendix without first obtaining leave of court.

Because the purpose of a reply brief is to rebut the nonmovant’s response, not to introduce new evidence, such leave will be granted only in limited circumstances. Because a summary judgment movant may not, as of right, file an appendix in support of his reply brief, and because Defendants have failed to provide the Court with a good reason for allowing the evidence at this stage of the summary judgment briefing, Plaintiff’s motion to strike Volume VI of Defendants’ Appendix is hereby GRANTED.

B. Defendants' Objections to RaceTrac's Summary Judgment Evidence, filed September 9, 2002.<sup>24</sup>

For the reasons stated herein, Defendants' Objections to RaceTrac's Summary Judgment Evidence is hereby DENIED in part, DENIED as MOOT in part, and GRANTED in part. Specifically, Defendants' objection to the Declaration of Steven D. Pruitt is hereby DENIED pursuant to the Fifth Circuit's reasoning in *Armco, Inc. v. Armco Burglar Alarm Co., Inc.*, 693 F.2d 1155, 1160 (5th Cir. 1982). See discussion, *supra*.

Defendants' objection to the Declaration of Mollie Buck Richard is hereby DENIED as MOOT because Plaintiff remedied the defect by filing a supplemental declaration.

Defendants' objection to Plaintiff's "color chart" is DENIED as MOOT because the Parties appear to agree that the chart may only be used as a demonstrative aid for examining other authenticated and admissible evidence and the Court will only use it as an aid.

Defendants' hearsay and authentication objections to the Consumer Licensed Driver Survey are likewise DENIED as MOOT because Plaintiff supplemented Dr. Block's report and declaration to fully authenticate the survey.

Defendants' objection to the RaceTrac Focus Group Report is hereby DENIED because Max McBrayer authenticated the report in his deposition. (App. to Resp. to Defs.' Obj. to RaceTrac's Summ. J. Ev. and Mot. to Strike at 16.)

Defendants' objection to Tyson's affidavit is hereby DENIED. As Plaintiff points out,

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<sup>24</sup> Plaintiff filed its supplemental response on October 4, 2002 (although Plaintiff did not receive leave of court to file the supplemental response, all changes made to the response were non-substantive). Defendants did not file a reply brief.

the requirements upon which Defendants rely - namely, that the affiant provide the specific factual basis supporting his conclusions and the process of reasoning that makes the affiant's conclusions viable - are imposed only on expert witnesses, not on fact witnesses like Tyson. (Pl.'s Resp. to Defs.' Obj. to RaceTrac's Summ. J. Ev. and Mot. to Strike at 8.)

With respect to Defendants' objection to the unsworn nature of the Declaration of Carl E. Block, Plaintiff has remedied the defect and the objection is DENIED as MOOT. The Court further DENIES Defendants' objection to Dr. Block's declaration based on incompetent evidence. The Court concludes that Dr. Block's sworn statement that he has personal knowledge of the facts contained in his declaration satisfies the requirement of Rule 56(e). Moreover, the statements to which Defendants object are not hearsay, because they are not statements made by someone other than the declarant.

The Court declines to rule at this time on Defendants' remaining argument concerning Dr. Block's alleged destruction of evidence. The Court will hear Parties' arguments on this issue at the pretrial conference scheduled for February 28, 2003.

C. Plaintiff RaceTrac Petroleum, Inc.'s Motion for Leave to File Supplemental Authority, filed October 8, 2002.<sup>25</sup>

On August 22, 2002 RaceTrac filed its response to Defendants' Motion for Summary Judgment and the accompanying evidence in support thereof. Defendants objected to some of Plaintiff's evidence because some of the declarations did not contain the requisite "penalty of perjury" language. Plaintiff resubmitted the declarations, but failed to seek leave of court to

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<sup>25</sup> Defendants did not file a response to this motion.

submit this supplemental evidence. Consequently, Defendants moved to strike the supplemental evidence. Now, Plaintiff files its motion for leave to file the corrected declarations. That motion is GRANTED.

In addition, Plaintiff seeks to supplement its summary judgment record with deposition excerpts of Tom Jarrett and Larry Duncan that allegedly contain evidence of actual confusion. Because these depositions were taken by Defendants (who have not objected to the motion), this does not present a situation where newly-revealed evidence will unduly prejudice Defendants. Therefore, Plaintiff's Motion for Leave to File Supplemental Authority is hereby GRANTED.

D. Defendants' Motion to Strike, filed October 1, 2002.<sup>26</sup>

Defendants move to strike Plaintiff's supplemental summary judgment evidence - specifically, the supplemental appendix filed September 19, 2002 and the Notice of Supplemental Authority, filed September 24, 2002 because Plaintiff failed to seek leave of Court for its admission. As stated *supra*, Plaintiff did move on October 8 for leave to file the two appendices containing the corrected declarations and the deposition testimony of Jarrett and Duncan. That motion was granted, and therefore Defendants' Motion to Strike that evidence is DENIED.

E. Defendants' Motion for Leave to File Newly Discovered Summary Judgment Evidence, filed November 12, 2002.

On November 12, 2002, Plaintiff sought to supplement its appendix by adding the recent

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<sup>26</sup> Plaintiff filed its response brief on October 10, 2002 and Defendants filed their reply brief on October 22, 2002.

United States Patent and Trademark Office report denying RaceTrac's application for trade dress protection. Because this evidence, if admitted, would have no effect on the Court's ultimate summary judgment ruling, Defendants' Motion is hereby DENIED as MOOT.

F. Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D., filed August 2, 2002.<sup>27</sup>

Because resolution of Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D. will not affect the outcome of this Court's ruling on Defendants' summary judgment motion, the Court declines to rule at this time on Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D. Therefore, Defendants' Motion to Exclude Expert Testimony of Carl E. Block, Ph.D. is hereby DENIED as premature. The Court will hear Parties' arguments on this issue at the pretrial conference scheduled for February 28, 2003.

G. Defendants' Motion to Exclude for Destruction of Evidence, filed September 9, 2002.<sup>28</sup>

Because resolution of Defendants' Motion to Exclude for Destruction of Evidence will not affect the outcome of this Court's ruling on Defendants' summary judgment motion, the Court declines to rule at this time on Defendants' Motion to Exclude for Destruction of Evidence. Therefore, Defendants' Motion to Exclude for Destruction of Evidence is hereby DENIED as premature. The Court will hear Parties' arguments on this issue at the pretrial conference scheduled for February 28, 2003.

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<sup>27</sup> Plaintiff filed its response brief on August 22, 2002 and Defendants filed their reply brief on September 9, 2002.

<sup>28</sup> Plaintiff filed its response on October 3, 2002 and Defendants filed their reply brief on October 18, 2002.

H. Plaintiff RaceTrac Petroleum, Inc.'s Motion for Leave to File Sur-Reply, filed November 6, 2002.<sup>29</sup>

In its motion for leave, Plaintiff seeks to file a sur-reply that challenges certain alleged “factual inaccuracies” contained in Defendants’ reply brief to their Motion to Exclude Expert Testimony of Carl E. Block, Ph.D. The purpose for having a motion, response, and reply is to give the movant the final opportunity to be heard. A sur-reply is appropriate by the non-movant only when the movant raises new legal theories or attempts to present new evidence at the reply stage. In this case, Plaintiff is not challenging any alleged newly-presented legal theories raised by Defendants in their reply. Plaintiff simply wants an opportunity to continue the argument. This is not permitted and therefore, Plaintiff’s motion for leave to file a sur-reply is DENIED.

I. Plaintiff RaceTrac Petroleum, Inc.'s Motion to Strike the Expert Report of Michael O’Neil, or, in the Alternative, Motion for Leave to Designate a Rebuttal Expert, filed August 2, 2002.<sup>30</sup>

Because resolution of Plaintiff’s Motion to Strike the Expert Report of Michael O’Neil, or, in the Alternative, Motion for Leave to Designate a Rebuttal Expert will not affect the outcome of this Court’s ruling on Defendants’ summary judgment motion, the Court declines to rule at this time on Plaintiff’s Motion to Strike the Expert Report of Michael O’Neil, or, in the Alternative, Motion for Leave to Designate a Rebuttal Expert. Therefore, Plaintiff’s Motion to Strike the Expert Report of Michael O’Neil, or, in the Alternative, Motion for Leave to Designate a Rebuttal Expert is hereby DENIED as premature. The Court will hear Parties’ arguments on

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<sup>29</sup> Defendants did not file a response brief.

<sup>30</sup> Defendants’ response brief was filed August 22, 2002. Plaintiff’s reply was filed September 9, 2002.

this issue at the pretrial conference scheduled for February 28, 2003.

J. Defendants' Request for Oral Argument, filed August 2, 2002;<sup>31</sup>

Because the Parties have presented more than sufficient argument and evidence to enable the Court to resolve the issues pending before it, the Court finds that oral argument on the same issues would be redundant and unnecessary. Defendants' request is hereby DENIED.

SO ORDERED, this 3rd day of February, 2003.

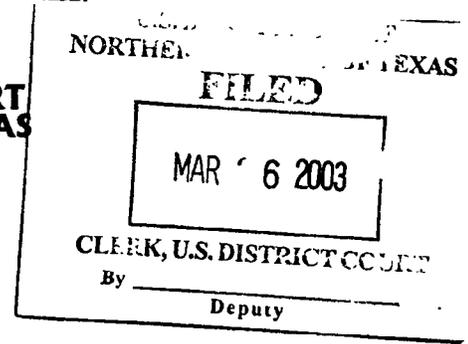


JORGE A. SOLIS  
UNITED STATES DISTRICT JUDGE

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<sup>31</sup> Defendants' filed a second motion requesting oral argument on October 15, 2002.

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**



RACETRAC PETROLEUM,  
INC.,

Plaintiff,

v.

J.J. FAST STOP, INC.,

Defendants.

CIVIL ACTION NO.

3:CV-01-1397-P

**30-DAY ORDER OF DISMISSAL**

The Court having been advised that the parties in the captioned matter have reached a settlement agreement,

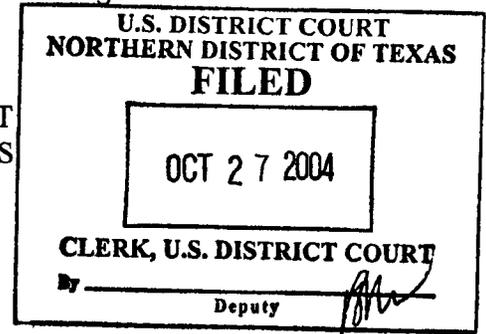
**IT IS THEREFORE ORDERED, ADJUDGED and DECREED** that all claims by all parties in this action are **DISMISSED WITH PREJUDICE**, subject to reopening within thirty (30) days if the settlement is not consummated. All parties shall retain the right to notify the Court in the event that the settlement cannot be consummated within the 30-day time limit imposed by this order and to apply for an extension of this order of dismissal to allow more time to consummate the settlement, or may apply to the court for reopening of this action should the parties not be able to finalize the settlement. If reopening of this action becomes necessary, it shall be reopened as though it had never been closed.

**IT IS SO ORDERED.**

Signed March 26, 2003.

*George A. Solis*  
\_\_\_\_\_  
JORGE A. SOLIS  
UNITED STATES DISTRICT JUDGE





IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

RACETRAC PETROLEUM, INC.,

Plaintiff,

v.

J.J.'S FAST STOP, INC., et al,

Defendants.

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CIVIL ACTION NO.  
3:01-CV-1397-P

**ORDER**

Now before the Court is Plaintiff RaceTrac Petroleum, Inc.'s Motion to Enforce Settlement Agreement and Brief in Support, filed July 23, 2004.<sup>1</sup> After reviewing the parties' arguments, the case file, and the applicable law, the Court DENIES the Motion.

On July 19, 2001, Plaintiff RaceTrac Petroleum, Inc. ("RaceTrac") sued Defendant J.J. Fast Stop, Inc. for trademark infringement, trade dress infringement, unfair competition, trademark dilution, and unjust enrichment. RaceTrac later amended its Complaint to include Defendants Gerry Red, Inc., Spencer Distributing, L.P., Jerry Spencer, L.P., and Jerry Spencer. After Racetrac's claims were narrowed through voluntary dismissal and summary judgment, *see Racetrac Petroleum, Inc. v. J.J.'s Fast Stop, Inc.*, No. Civ.A. 3:01-CV-1397, 2003 WL 251318, at \*1-2 n.10 (N.D. Tex. Feb. 3, 2003), the parties advised the Court that a settlement had been reached. As a result, the Court dismissed this action with prejudice on March 26, 2003 and gave the parties thirty days to consummate the settlement. At the parties' request, the Court subsequently granted four extensions of time for the parties to consummate the settlement. The

<sup>1</sup> Defendants J.J. Fast Stop, Inc., Gerry Red, Inc., Spencer Distributing, L.P., Jerry Spencer, L.P., and Jerry Spencer filed their Response on August 11, 2004. Plaintiff filed its Reply on August 30, 2004.



final settlement deadline was August 23, 2003. Although the parties never reached a written agreement, Plaintiff now moves the Court to enforce the settlement agreement.

Defendants argue that the Court now lacks jurisdiction to enforce any settlement agreement reached in this action. The Court agrees. In *Kokkonen v. Guardian Life Insurance Co.*, the United States Supreme Court held that federal courts may only exercise jurisdiction to enforce a settlement agreement in particular circumstances. 511 U.S. 375, 381 (1994). Specifically, federal courts may exercise ancillary jurisdiction to enforce a settlement if (1) the court incorporated the terms of the settlement agreement in the dismissal order or (2) the court retained jurisdiction over the settlement agreement by separate provision. *Id.* Otherwise, federal courts may only exercise jurisdiction to enforce a settlement if some independent basis exists for jurisdiction. *Id.* at 382.

In this case, the Court's Order of Dismissal did not incorporate the terms of the settlement agreement. Rather, the Court merely expressed awareness of the settlement agreement as its Order of March 26, 2003 stated:

The Court having been advised that the parties in the captioned matter have reached settlement, **IT IS THEREFORE ORDERED, ADJUDGED and DECREED** that all claims by all parties in this action are **DISMISSED WITH PREJUDICE**, subject to reopening within thirty (30) days if the settlement is not consummated. All parties shall retain the right to notify the Court in the event that settlement cannot be consummated within the 30-day time limit imposed by this order and to apply for an extension of this order of dismissal to allow more time to consummate the settlement, or may apply to the court for reopening of this action should the parties not be able to finalize the settlement. If reopening of this action becomes necessary, it shall be reopened as though it had never been closed.

(Order of March 26, 2003.)

Plaintiff argues that the Court may nonetheless enforce a settlement agreement in this case because the Court retained jurisdiction. In fact, the Court did retain jurisdiction for a

specified time by stating that the case was “subject to reopening within thirty (30) days if the settlement [was] not consummated.” *Id.* Further, when the parties made requests for extensions of the settlement deadline within the thirty days the Court provided, the Court was able to provide the extensions requested. Ultimately, the Court extended the settlement deadline, and thus retained jurisdiction, until August 23, 2003, almost five months after the Order of Dismissal. During this time, Plaintiff could have requested that the Court enforce the settlement, or Plaintiff could have moved the Court for further extensions. Instead, Plaintiff waited until July 23, 2004, eleven months after the expiration of the Court’s jurisdiction, to request the Court enforce the settlement. Thus, the Court’s retention of jurisdiction is of no help to Plaintiff.

Plaintiff further argues that the Court may enforce the settlement because an independent basis for federal jurisdiction exists. Plaintiff asserts that because the lawsuit settled was based on claims arising under the Lanham Act, which is federal law, the Court has federal-question jurisdiction to enforce the parties’ settlement. In support of this assertion, Plaintiff cites an earlier decision of this Court, *Barrier Free Lifts, Inc. v. Barrier Free Lift Sys., Inc.*, No. Civ.A. 3:97-CV-0215, 1997 WL 711449, at \*1 n.1 (N.D. Tex. Nov. 12, 1997). In that case, the Court decided a motion to enforce the settlement agreement while the Court had federal-question jurisdiction over the lawsuit because the plaintiff had alleged Lanham Act violations. *Id.* *Barrier Free Lifts* is distinguishable from the current case, however, because in *Barrier Free Lifts* the Court had not issued a dismissal order when it addressed the motion to enforce the settlement agreement. *See id.* In the present case, the Court issued an Order of Dismissal pursuant to which the Court’s jurisdiction eventually expired. Thus, the Court must now specifically address whether it has jurisdiction to decide Plaintiff’s Motion to Enforce Settlement

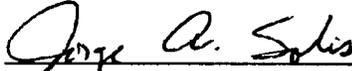
Agreement. In contrast, *Barrier Free Lifts* was still pending when the Court decided that motion, and there was no jurisdictional issue before Court with respect to the motion; all statements made in *Barrier Free Lifts* regarding jurisdiction applied to the underlying lawsuit. *See id.*

Moreover, the Fifth Circuit has held that once a case has been dismissed with prejudice, and the Court has neither incorporated the settlement into the dismissal order or retained jurisdiction, "an action to enforce the settlement agreement requires federal jurisdiction independent of the action that was settled." *Langley v. State Jackson Univ.*, 14 F.3d 1070, 1074 (5th Cir. 1994); *see also Hospitality House, Inc. v. Gilbert*, 298 F.3d 424, 431 n. 9 (5th Cir. 2002). Plaintiff's action to enforce the settlement agreement is essentially an action for breach of contract, a matter governed by state law. Therefore, the Court rejects Plaintiff's argument that its underlying allegations of the Lanham Act violations give the Court jurisdiction.

Accordingly, the Court DENIES Plaintiff's Motion to Enforce Settlement Agreement.

**It is so ordered.**

Signed this 27<sup>th</sup> day of October 2004.

  
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JORGE A. SOLIS  
UNITED STATES DISTRICT JUDGE