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

Proceeding	91184978
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

McNEIL-PPC, INC.,)	
)	
Opposer,)	Opposition No. 91184978
)	Serial No. 76/682,070
v.)	
)	
WALGREEN CO.,)	
)	
Applicant.)	
)	

**APPLICANT’S RESPONSE TO OPPOSER’S STATEMENT
OF OBJECTIONS TO APPLICANT’S EVIDENCE
AND
APPLICANT’S STATEMENT OF OBJECTIONS TO OPPOSER’S EVIDENCE**

Applicant Walgreen Co. (“Walgreens”) herein responds to Opposer’s Statement of Objections to Applicant’s Evidence. Moreover, Applicant herein brings its own objections to certain evidence sought to be introduced in these proceedings by Opposer McNeil-PPC, Inc. (“McNeil”).

I. Applicant’s Response to Opposer’s Statement of Objections to Applicant’s Evidence

A. Dr. Simonson’s Survey and Testimony Are Admissible

McNeil’s Statement of Objections to Applicant’s Evidence seeks to exclude the testimony and expert report of Dr. Alex Simonson (“Dr. Simonson”) submitted by Walgreens. This objection is not well-founded and should be rejected.

The admissibility of evidence in oppositions is governed by the Federal Rules of Evidence and Federal Rules of Civil Procedure. TBMP § 707.01. “‘Relevant evidence’ means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more or less probable than it would be without the evidence.” Fed.

R. Evid. 401. Generally, “[a]ll relevant evidence is admissible, . . . [and] [e]vidence which is not relevant is not admissible.” Fed. R. Evid. 402.

Federal Rule of Evidence 702 has been held to present the following test for admitting expert testimony: (1) is the expert qualified and the testimony reliable; and (2) is the evidence relevant and helpful to the trier of fact. *See U.S. v. Jones*, 107 F.3d 1147, 1156 (6th Cir. 1997) (attached as Exhibit A); *see also Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 27 U.S.P.Q. 1200 (1993).

1. Dr. Simonson is Highly Qualified and his Survey and Testimony Stand Unrebutted by Anyone in the Field

Dr. Simonson conducted a consumer survey intended to gauge whether there is a likelihood of confusion as between WAL-ZYR and ZYRTEC. Without a doubt, Dr. Simonson is highly qualified for such an endeavor.¹ Significantly, nowhere in its Objections does McNeil challenge Dr. Simonson’s qualifications or experience in the field.²

McNeil certainly had the resources to have hired its own survey expert at the outset of this case, but it did not. If McNeil believed Dr. Simonson’s survey was faulty, McNeil could have retained a professional to either (1) conduct a survey not containing the alleged flaws; or (2)

¹ Dr. Simonson holds a Ph.D. in marketing, *with distinction*, from Columbia Business School (1994); a J.D. from New York University School of Law (1987); and an A.B., *magna cum laude*, from Columbia College, Columbia University (1984). He is an Associate Professor of Marketing at Seton Hall University, Stillman School of Business. He has been professionally active in trademark survey research since as early as 1990, and he has personally designed and implemented numerous likelihood of confusion surveys for TTAB proceedings and federal court cases. Further details of his qualifications appear in Appendix A of his “Report of a Survey to Determine the Likelihood of Confusion, If Any, Between WAL-ZYR Allergy Medications and ZYRTEC” (the “Report”).

² Indeed, similar attempts to exclude surveys conducted by Dr. Simonson have failed. *See, e.g., Safe Auto Ins. Co. v. State Auto. Mut. Ins. Co.*, No. 2:07-cv-1121, 2009 WL 3150328, at *3-4 (S.D. Ohio Sept. 30, 2009) (attached as Exhibit B); *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, Nos. 5:02-571 and 5:04-84, 2007 WL 7083655, at *14-16 (E.D. Ky. May 12, 2007) (attached as Exhibit C).

critique Dr. Simonson's survey and report.³ McNeil did neither of those things. As such, Dr. Simonson's testimony stands un rebutted by anyone qualified or educated in the field.

2. Dr. Simonson's Survey and Testimony are Reliable and Relevant/Probative

Instead of relying on a market researcher, and with no empirical evidence of its own, McNeil assembled a laundry list of ten (10) different arguments to support its request for exclusion of Dr. Simonson's survey. Arguing the "Report is flawed in numerous respects" (Objections p. 2), McNeil could not point to one fatal flaw in the survey, but rather argued everything it could think of with the hope that something would stick.⁴ In doing so, it ignored the well-settled principle that any deficiencies in a survey generally go to its weight, not its admissibility. *See, e.g., Wendt v. Host Int'l, Inc.*, 44 U.S.P.Q.2d 1189, 1194 (9th Cir. 1997); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 2 U.S.P.Q.2d 1677, 1681 (2d Cir. 1987); *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 217 U.S.P.Q.1097, 1100-01 (9th Cir. 1982). Significantly, moreover, McNeil's arguments are not supported by cases or even market research guidelines. That is not surprising since, as explained below, Dr. Simonson's survey is well-supported by precedent.

(a) The Survey Universe Was Proper

McNeil argues that Dr. Simonson's universe was improper due to a "mismatch" between certain demographic data for the respondents vs. the actual purchasers of the goods. More specifically, McNeil stated "the typical" over-the-counter allergy medicine purchaser is a woman

³ Walgreens served Dr. Simonson's report on July 7, 2009 and it was received by McNeil the next day. The parties agreed that, if desired, McNeil could have an additional 30 days to disclose a rebuttal expert. In emails between counsel dated July 29 and 30, 2009, it was agreed to move this rebuttal deadline until 20 days after the deposition of Dr. Simonson, or to October 21, 2009. Thus, McNeil had 105 days after it received Dr. Simonson's report and 20 days after it deposed Dr. Simonson to produce a rebuttal report.

⁴ McNeil's list includes the following: (1) improper universe; (2) inappropriate control; (3) survey did not test for all types of confusion at issue; (4) improper administration; (5) potentially improper testing locations; (6) confusing compound questions; (7) open-ended questions with no clear instructions for follow-up; (8) inadequate evidence of survey certification; (9) discrepancies in survey verification; and (10) inaccurate analysis of survey results.

in her mid-forties with children under age 18. (Objections p. 2.) However, McNeil cites no real data to support this conclusion. McNeil cited to a report prepared by Pfizer for the purpose of helping develop shopper programs and the like to motivate shoppers to buy over-the-counter ZYRTEC. (Hooda Dep. 135:19-22.)

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Even if the Board accepts McNeil's unsupported assertion that the "typical" shopper is a woman in her mid-forties with children under 18, McNeil's objection to the Dr. Simonson survey on the basis that only about 15% of the survey respondents were women in the age range of 35-49 is unfounded. (Objections p. 2.) McNeil argues, in effect, that because of this so-called "mismatch" Dr. Simonson's universe was "overinclusive" (*i.e.*, it included people outside the group that should have been surveyed). McNeil cites case law for the general proposition that a

⁵ Interestingly, McNeil's supposed "typical" shopper is also belied by McNeil's other evidence in this matter.

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skewed universe results in a skewed conclusion. (Objections p. 3.) But it cites no authority to support the argument that a discrepancy between demographics of actual purchaser data *vs.* the pool of respondents skews a survey (let alone requires its exclusion).

In fact, as the Report explains, the universe defined for the study included adult males and females, 18 years of age or older, who purchased in the past six months, or were likely to purchase in the next six months, an over-the-counter allergy relief medication.⁶ As Dr. Simonson testified, for most disposable goods or frequently purchased products, six months past or six months future is a very common time frame to use when defining a universe. (Joint Stipulation Regarding Trial Testimony, May 10, 2011, Ex. C 31:4-8 (designating portions of Dr. Simonson’s discovery deposition into the record; hereafter referred to as “Simonson Dep. Ex. ___ [page]:[line]”). That is especially the case with respect to allergy medicine, since the screening will capture those who suffer from fall, winter, or spring allergies. *Id.* Indeed, using a universe such as the one Dr. Simonson used is commonplace. *See, e.g., Anheuser-Busch, Inc. v. Mambo Seafood #1, Inc.*, No. 91160250, 2008 WL 4674603, at *7 (T.T.A.B. Sept. 22, 2008) *available at* <http://ttabvue.uspto.gov/ttabvue/v?pno=91160250&pty=OPP&eno=68> (relevant universe was “those individuals who had purchased beer within the preceding 30 days or who were likely to purchase beer within the following 30 days”); *Gateway Inc. v. Companion Products Inc.*, 68 U.S.P.Q.2d 1407, 1418 n.2 (D.S.D. 2003) (relevant universe was individuals who had purchased personal computer accessories in the past 12 months or who intended to buy personal computer accessories in the next 12 months). Further, the survey used “screening quotas”—a well-accepted method of sampling—based on data from the U.S. Census Bureau. (Report p. 6.) As

⁶ Screening questions excluded certain potential respondents due to potential bias, such as people who are employed in the marketing research field, doctors, pharmacists, and the like, as is more fully explained in the Report pp. 4-5.

such, the survey was not skewed toward any particular age group or gender, but rather based on reliable data to obtain a representative mix of respondents.

In any event, whether a survey universe is “overinclusive” or “underinclusive” is a factor that generally goes to the survey’s weight, not admissibility. *See* Shari Seidman Diamond, *Reference Guide on Survey Research*, in REFERENCE MANUAL ON SCIENTIFIC EVIDENCE 242 (Fed. Judicial Center 2000), *available at* [http://www.fjc.gov/public/pdf.nsf/lookup/sciman00.pdf/\\$file/sciman00.pdf](http://www.fjc.gov/public/pdf.nsf/lookup/sciman00.pdf/$file/sciman00.pdf) (“An overinclusive universe generally presents less of a problem . . . than an underinclusive universe.”); 6 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:162 (2010) (“The selection of an inappropriate universe generally affects the weight of the resulting survey data, not its admissibility.”); *Fort James Corp. v. Kimberly Clark Tissue Co.*, 1999 WL 966144, at *19, n. 6 (N.D. Ill. Oct. 8, 1999) (attached as Exhibit D) (concluding that when compared to a survey with an underinclusive universe, an overbroad survey presents less of a problem); *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 31 U.S.P.Q.2d 1865, 1875 (S.D.N.Y. 1994) (although universe was “somewhat overbroad,” “such imperfections . . . are not fatal, but are factored into the weight that should be given to the evidence.”).

(b) “WAL-ZEE” Was an Appropriate Control

Citing no authority or market research guidelines, McNeil criticizes Dr. Simonson’s selection of “WAL-ZEE” as a control.

The purpose of a control has been likened to putting a criminal suspect in a line-up of others. Dr. Simonson testified that in selecting a control, he tries to “pick something that’s reasonably close to the test [mark], but absent the alleged infringing elements.” (Simonson Dep. Ex. A 40:21-23.)

McNeil argues that “WAL-ZEE” was inappropriate because it “emphasizes ‘Z’”, and therefore “could itself be a source of confusion....” (Objections p. 3.) But McNeil does not go so far as to allege that the control “WAL-ZEE” would infringe on the mark “ZYRTEC,” simply because “WAL-ZEE” contains the letter “Z.” Likewise, no where does McNeil suggest that any mark containing a “Z” and six letters would necessarily infringe on “ZYRTEC.”⁷

Here, without the letter “Z”, the control would have failed in its essential purpose: namely, to ascertain the noise level. *See, e.g., 24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, LLC*, 447 F. Supp. 2d 266, 280 (S.D.N.Y. 2006), *aff’d*, 247 Fed. Appx. 232 (2d Cir. 2007) (attached as Exhibit E) (court criticized the control mark LIFETIME FITNESS in a survey seeking to evaluate the likelihood of confusion between 24 HOUR FITNESS and 24/FITNESS, commenting that a mark such as THE 24 HOUR GYM would have detected those who thought there was a connection due to the gym being open 24 hours regardless of the similarity level of the conflicting marks).

In the circumstances, “WAL-ZEE” performed exactly as a control should—it determined the level of noise, or guessing to “ZYRTEC” from the letter “Z” alone—putting aside (for the test cell) the question of likelihood of confusion from the inclusion of “ZYR” at the end of “WAL-ZYR.”

(c) *The Survey Questions Were Probative of the Issues and Not Confusing*

McNeil criticizes the survey questions on two grounds, namely: (1) they did not test for all types of confusion at issue in this proceeding (Objections pp. 3-4), and (2) they were compound and therefore confusing (Objections pp. 6-7).

⁷ Notably, McNeil does not identify any alternative controls it believes would have functioned better than “WAL-ZEE”.

First, McNeil cites no authority for its proposition that every survey must test for every type of confusion imaginable. McNeil did not allege any special or unique type of confusion here. Instead, its Notice of Opposition generally stated that WAL-ZYR “is likely to cause confusion, cause mistake or deceive consumers, and cause them to believe that the goods offered under Applicant’s WAL-ZYR mark emanate from, or are sponsored by, manufactured by, endorsed by or otherwise connected with Opposer, in violation of Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d).” (Not. of Opp. p. 4, ¶ 25.)

Second, Dr. Simonson’s survey employed the widely accepted *Ever-Ready* methodology.⁸ (Report p. 2.) *See Anheuser-Busch, Inc. v. Mambo Seafood #1, Inc.*, No. 91160250, 2008 WL 4674603, at *9 (T.T.A.B. Sept. 22, 2008) *available at* <http://ttabvue.uspto.gov/ttabvue/v?pno=91160250&pty=OPP&eno=68> (characterizing the *Ever-Ready* format as “often approved” and finding the survey reliable and probative); *Starbucks U.S. Brands, LLC et al. v. Ruben*, 78 U.S.P.Q.2d 1741, 1753 (T.T.A.B. 2006) (survey that followed *Ever-Ready* was reliable and of probative value).

Dr. Simonson’s report states that it sought to determine confusion as to source, affiliation, and authorization/permission. (Report p. 2.) This is reflected in the questions asked of respondents. (Report App. B.) Thus, the questions in the survey were probative of the issues at hand. *See Starbucks U.S. Brands, LLC et al. v. Ruben*, 78 U.S.P.Q.2d 1741, 1753 (T.T.A.B. 2006) (noting that leading commentator McCarthy suggests, and courts have found, that affiliation and connection questions—such as those used in the *Ever-Ready* format—are appropriate in light of the specific language of the Lanham Act).

⁸ The survey offered in the seminal case of *Union Carbide Corp. v Ever-Ready, Inc.*, 188 U.S.P.Q. 623 (7th Cir. 1976) tested for confusion between different products, namely, batteries and flashlight bulbs. Since then, the underlying *Ever-Ready* format (showing respondents the defendant's or applicant's mark as the stimulus in the test cell) has been adopted for use in surveys evaluating confusion between goods of the same type, such as in this case. *See, e.g., NFL v. Wichita Falls Sportswear, Inc.*, 215 U.S.P.Q. 175 (W.D. Wash. 1982).

Dr. Simonson also followed TTAB precedent in implementing the *Ever-Ready* format, such as the use of stimuli consisting of plain cards containing only the Applicant's mark (for the test cell) and the control mark (for the control cell), each appearing above the product category (here, "Allergy medications"). (Report App. F.) *See, e.g., Anheuser-Busch, Inc.*, 2008 WL 4674603 at *8; *Miles Laboratories Inc. v. Naturally Vitamin Supplements Inc.*, 1 U.S.P.Q.2d 1445, 1459-60 (T.T.A.B. 1986). Dr. Simonson's survey methodology is judicially accepted by courts as well as the TTAB and should be deemed probative of the issues presented here.

The survey questions employed by Dr. Simonson followed established precedent and are not confusing. Citing no authority or market research guidelines, McNeil argues that Dr. Simonson's use of phrases such as "makes or puts out," "products or brands," and "affiliated with or authorized by" renders the questions and answers ambiguous. (Objections p. 6.) But these same phrases have been judicially accepted repeatedly. Asking what individual, company, or organization "makes or puts out" a product has even been called "standard methodology" in trademark surveys. *U.S. Polo Ass'n Inc. v. PRL USA Holdings Inc.*, No. 09 Civ. 9476, __ U.S.P.Q.2d __, 2011 WL 1842980 at *15 (S.D.N.Y. May 13, 2011) (attached as Exhibit F); *see also Gateway Inc. v. Companion Products Inc.*, 68 U.S.P.Q.2d 1407, 1418 (D.S.D. 2003) (finding the following question (among others) "not slanted or leading": "Based on what you just saw, do you or do you not have a belief as to who or what company or companies *makes or puts out* the product in the picture I just showed you?") (emphasis added). Likewise, in *Anheuser-Busch, Inc.*, 2008 WL 4674603 at *8-9, the TTAB found a survey reliable and probative on the issue of likelihood of confusion where questions included the following, among others: "Do you believe that the company that *makes or puts out* the beer shown on this card *makes or puts out* any other *products or brands*?" and "If you have an opinion, do you believe

that the beer shown on this card is or is not *made or put out* with the *approval or sponsorship* of any other company or brand” (emphasis added in each). These questions are similar to those in Dr. Simonson’s survey. (Report App. B.)

(d) The Survey Was Properly Administered and Interviewers Were Instructed to Probe When Appropriate

In support of its claim of improper administration, McNeil points to *one single interview sheet* that indicated one interviewer may have improperly recorded, for one respondent, whether that person fell in the test cell or control cell. (Objections p. 5.) Dr. Simonson testified that the survey employed certain stop-gap measures to prevent such an occurrence; although somehow “one got through,” “[t]here’s no indication to suggest it’s more than one.” (Simonson Dep., Exs. A & C 109:2-111:25.) Certainly even if one such error did occur—out of 404 completed surveys—it would go to the survey’s weight and not admissibility.⁹

Citing no authority or market research guidelines, McNeil argues that interviewers were not properly instructed relative to probing. (Objections pp. 5, 7.) However, Dr. Simonson testified that generally in his studies, interviewers in their discretion are advised to probe for clarity or ambiguity, or to probe when an answer was not clear to them. (Simonson Dep., Ex. A 69:2-70:16.) While McNeil argues the instructions to interviewers were not clear on this point (Objections p. 7), the written interviewer instructions speak for themselves and show the opposite. (Report App. C.) Indeed, the instructions (p. 2) relative to “Open-Ended Questions” clearly state: “...**YOU SHOULD BE SURE TO PROBE IF A THOUGHT IS NOT CLEAR OR COULD BE INTERPRETED DIFFERENT WAYS.**” (capitalization, underlining, and bold in original), followed by another whole section entitled “**Probing**” which states essentially the same. (Report App. C, p. 2.)

⁹ As the TTAB has stated, “[C]ourts and this Board have long recognized that there is no such thing as a perfect survey....” *Anheuser-Busch, Inc.*, 2008 WL 4674603 at *9.

Dr. Simonson's survey was conducted by impartial interviewers and responses were recorded verbatim. McNeil has not pointed to any pattern of errors nor has it identified any serious questions as to the survey's inherent reliability. Its argument that the survey's administration was suspect should be rejected.

(e) The Survey was Conducted in Acceptable Testing Locations

The survey was conducted in twelve enclosed regional malls with large anchor stores like Nordstrom or Sears. (Simonson Dep., Ex. A 112:7-22). McNeil hypothesizes that if the malls housed Walgreens stores, the universe of respondents could have been improperly skewed due to the inclusion of loyal Walgreens customers or others "overly familiar with Walgreens' house brand products." (Objections p. 6.) This argument is based on pure conjecture.

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(f) The Survey Was Properly Certified and Verified

Citing no cases or market research guidelines, McNeil argues that there is inadequate evidence of survey certification, and that the survey was not properly verified.

Certification pages are completed with respondents' contact information during the interview process, and then signed by the respondents. The respondents' personal information was redacted on the certification pages produced by Dr. Simonson. McNeil theorizes that such redaction must have been done to hide problems with the certification process. However, it does not point to any evidence suggesting any problem with certifications. Moreover, survey research guidelines recommend that researchers such as Dr. Simonson maintain the anonymity of

respondents. *See* 6 MCCARTHY § 32:183 (2010) (citing Diamond, *supra* at 271-72; Code of Ethics of the Marketing Research Association R. 3; Council of American Survey Research Organization, Code of Standards for Survey Research, Parts I.A.1. and I.A.3.e. (Feb. 1984); among other survey guideline authorities/sources).

McNeil also complains that only 67% of the respondents were recontacted for the purpose of validation. As Dr. Simonson testified, however, a 67% validation rate is quite high. (Simonson Dep., Ex. A 33:21-34:3.) Indeed, “[t]he standard procedure for validation of in-person interviews is to telephone a random sample of about 10% to 15% of the respondents,” although in surveys for litigation, validating at least 50% of interviews “increases the trustworthiness of the survey results.” Diamond, *supra* at 267 and cases cited therein.

McNeil argues that Dr. Simonson testified there were “systematic problems in the survey” because two (2) respondents denied during the validation process that they qualified for the study. (Objections p. 8, n. 4.) McNeil complains that Dr. Simonson inappropriately attempted to change his testimony on this point on an errata sheet. However, a review of Dr. Simonson’s testimony in context makes it clear to any reader that Dr. Simonson either simply misspoke or that the stenographer mistook his testimony.¹⁰ (Simonson Dep., Ex. A 34:2-20.)

¹⁰ While a deponent is generally not permitted to make material changes to testimony through an errata sheet, here Dr. Simonson’s testimony was simply missing the word “not.” It is commonplace for stenographers to miss a single word, including a word such as “not”. It is abundantly clear from the surrounding testimony that Dr. Simonson meant “not systematic problems.” While the surrounding testimony was not designated as part of the trial record, given the nature and tone of McNeil’s arguments on this point, in all fairness the Board should be permitted to consider the context of the statement at issue. Therefore, it is attached hereto as Exhibit G. Regarding McNeil’s argument that the errata sheet was not provided in a timely manner, McNeil’s attorney Laura Popp-Rosenberg consented to an extension of such production while the proceedings were suspended. Such consent was given during a telephone conversation with Walgreens’ attorney Caroline Stevens. McNeil never expressed any objection to the errata sheet based on timeliness prior to its trial Objections. Moreover, Walgreens agreed to McNeil’s own request for an extension to provide its own witness’s errata sheet to Walgreens. Regardless of whether the Board will consider the errata sheet, as Dr. Simonson testified, a 67% validation rate is quite high and there is no basis to suggest the survey was not properly validated.

Moreover, it has been recognized in the field of market research that a few discrepancies in validation do not affect the reliability of the interview process: “Some attempts to reach the respondent will be unsuccessful, and occasionally a respondent will deny that the interview took place even though it did. Because the information checked is limited to whether the interview took place and whether the respondent was qualified, this validation procedure does not determine whether the initial interview as a whole was conducted properly.” REFERENCE MANUAL ON SCIENTIFIC RESEARCH 267. As stated in the Report, p. 10, the two respondents who failed to validate were removed from the data set. McNeil’s argument on this point is not supported by law or authorities in the field and it should be rejected.

(g) Dr. Simonson’s Analysis of the Survey Data Was Reliable and is Unrebutted by Any Qualified Market Researcher

McNeil complains that Dr. Simonson’s analysis of the survey data was questionable and flawed. For example, McNeil characterizes Dr. Simonson’s coding of the data as “shoddy” because he manually counted the number of confused respondents vs. not confused respondents. (Objections p. 9.) McNeil fails to fully explain why the method employed by Dr. Simonson is “shoddy”—it seems to argue that simply because the method is hand-counted, it must be unreliable and unverifiable. However, McNeil does not point out that when Dr. Simonson repeated his hand-counting method, he counted “the same exact number of respondents.” (Simonson Dep., Ex. A 95:25-96:3.) Dr. Simonson is a respected expert who personally tabulated the results, and McNeil fails to articulate why this is “shoddy” work.

McNeil then points to two (2) respondents—Nos. 26908 and 91044—that McNeil believes should have been counted as having been confused, but were not. (Objections pp. 10-11.) But even if Dr. Simonson had coded those two persons as confused, the confusion rate would have only risen to 4.5% from 3 or 3.5%—remaining far less than the probative threshold

for confusion. Moreover, Dr. Simonson is a highly qualified and experienced survey researcher, (Report App. A), and he coded each respondent using his own best judgment. When he repeated his initial analysis, he counted the same exact number of respondents. (Simonson Dep., Ex. A 95:17-96:3.) No one in the field has rebutted his analysis. Here, again, McNeil's arguments fail.

3. Dr. Simonson's Survey is Reliable and Probative and Should be Admitted into Evidence

In sum, Dr. Simonson's survey and testimony should be deemed admissible. Dr. Simonson's qualifications are not in doubt. His survey followed the well-accepted *Ever-Ready* methodology for TTAB cases. The survey employed an appropriate control to gauge for noise. The questions in the survey were not confusing, and the phrases used therein appear in questions that have been accepted in other cases. The survey was administered according to reliable standards typically used in the field of market research. The interviewer instructions were clear and the responses recorded verbatim. The validation rate was high. The responses were analyzed and categorized according to Dr. Simonson's best judgment. Even if there are any perceived problems with the survey, they should go to its weight, not its admissibility. The survey provided by Dr. Simonson is supported by precedent, reliable, and probative of the issues in this case. It should not be excluded.

B. Exhibits 19, 23-25 to Robert Tompkins' Testimony Are Admissible

McNeil is attempting to exclude Exhibits 19, 23-25 from the record. However, these Exhibits are properly authenticated and identified and should be allowed.

Exhibit 19 is a grouping of selected pages from many Walgreens "Roto" advertisements through the years. (Deposition of Robert Tompkins, 73:1-3, 73:20-24, 74:1-4, Mar. 28, 2011.) McNeil argues these documents were not properly authenticated because Mr. Tompkins said he "believe[d]" they were true and correct copies, rather than simply saying they were. (Opp. Stmt.

Obj. p. 11; Tompkins Dep. 74:1-4.) These documents were properly authenticated. Mr. Tompkins is stating his understanding, or his belief, that the documents are a true and correct collection of copies of Roto advertisements over the years. This meets the requirements of the Rules. *See* Fed. R. Evid. 803(6). Moreover, this is an objection regarding the authentication of an exhibit, which is waived if not raised during the deposition. *See* TBMP § 707.03(c); *Rocket Trademarks Pty Ltd. v. Phard S.p.A.*, 98 U.S.P.Q.2d 1066, 1070 (T.T.A.B. 2011). As counsel for McNeil did not object to the submission of this Exhibit during the testimony deposition of Mr. Tompkins, this objection is waived.

Exhibits 23-25 are collections of customer comments from Walgreens' files. McNeil objects to these exhibits and its related testimony, essentially on the basis that Mr. Tompkins did not search the customer comments database himself. (Opp. Stmt. Obj. p. 11-12.) However, Mr. Tompkins, in his position as Divisional Vice President and General Merchandise Manager of Health and Wellness, recognized the reports on sight and could identify them. (Tompkins Dep. 85:13-16, 87:5-7, 88:21-24.) He stated his belief that the record appeared true and correct and unedited. (Tompkins Dep. 86:14-18 ("Q: And is Exhibit 23 true and correct copies of ... these types of reports about product quality...? A: That's correct."); Tompkins Dep. 88:6-8, 89:4-8.) Even if he did not perform the searches themselves, he can attest that these records are true and correct copies of customer comments. *See* Fed. R. Evid. 803(6). Walgreens also suggests McNeil's issue is more akin to a procedural issue – relating to the authentication of the documents – rather than a substantive one and thus has been waived by not having been made at the time of the testimony deposition. *See* TBMP § 707.03(c); *Rocket Trademarks Pty Ltd. v. Phard S.p.A.*, 98 U.S.P.Q.2d 1066, 1070 (T.T.A.B. 2011).

II. Applicant's Statement of Objections to Opposer's Evidence

A. The Declaration of Giselle Woo and Exhibits Thereto Should Be Stricken

Walgreens seeks to exclude the Declaration of Giselle Woo ("Woo Declaration") and Exhibits thereto. The Woo Declaration merely attempts to authenticate the documents attached in the Exhibits thereto, declaring that Ms. Woo searched on Westlaw for various terms and time periods. The Woo Declaration Exhibits ("Woo Exhibits") are the search result lists from those searches. The Woo Exhibits are no more than search result lists, offering just the information on the publication and a short clip of the reference to the searched terms. There is no context for the references listed, and no way to identify if this is a paid advertisement, a news entry, or something different. To assist the Board in understanding the nature of the hit results, and by way of example, see the following references:

Exhibit	Bates No.	Reference No.	Reference appears to be:
102	McNeil 002408	682	Paid advertisement for closed captioning
102	McNeil 002700	1683	Hoover's database record for UCB S.A.
102	McNeil 003131	3331	Paid advertisement for commercial that aired during morning programming
103	McNeil 004012	6414	Reference in news report to expiring patents on medications including Zyrtec, and Ambien
103	McNeil 004474	8235	News report of an individual charged with possessing various drugs with an intent to distribute, including Zyrtec, OxyContin, and hydrocodone
104	McNeil 005761	108	News article discussing a new Mississippi law requiring a prescription for certain cold medication, including Zyrtec D, Aleve D, Claritin D, and others
104	McNeil 005941	535	Paid advertisement for commercial that aired during evening programming

Walgreens submits that the references contained in the Woo Exhibits are of no probative use to the Board in making its determinations, as the references are "sound bites" taken out of context and have a varying impact on the general public and its knowledge or recognition of the

ZYRTEC mark. *See In re Bayer Aktiengesellschaft*, 82 U.S.P.Q.2d 1828, 1833 (Fed. Cir. 2007) (“Search engine results—which provide little context to discern how a term is actually used on the webpage that can be accessed through the search result link—may be insufficient to determine the nature of the use of a term or the relevance of the search results”); *Gen. Motors Corp. v. Aristide & Co.*, 87 U.S.P.Q.2d 1179, 1183 (T.T.A.B. 2008). Moreover, the references in Exhibits 103 and 104, being of overlapping time periods with the references in Exhibit 102, would seem to be duplicative and not useful to the Board.

B. Certain Hooda Testimony and Exhibits, as Well as Woo Exhibits 103-105, Should be Stricken

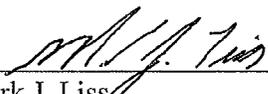
Walgreens seeks to exclude certain portions of Rohonish Hooda’s testimonial deposition and certain exhibits attempted to be entered into evidence through Mr. Hooda’s deposition. Specifically, Walgreens objects to Exhibits 38, 39, 40, 41, 50, 63, 64, 65, 66, 72, 73, 80, and 86 on the basis that the production of the documents contained in those exhibits occurred after the discovery period closed. As the Exhibits should be excluded, the testimony relating to those Exhibits, specifically Hooda Dep. 95:9-96:8, 106:2-11, 106:24-108:25, 115:20-118:9, 123:20-124:16; 133:21-134:16, and 141:4-7, should be stricken. Walgreens also seeks to exclude Woo Exhibits 103-105, in addition to the reasons listed above, on the basis that the production of the documents contained in those exhibits occurred after the discovery period closed. *See, e.g., Mana Prods. Inc. v. Black Onyx, Inc.*, Opposition No. 112190, 2001 WL 930583 (T.T.A.B. 2001) (the Board excluded documents not produced during the discovery period, and stated “A party which fails to produce documents or information in response to its opponent’s proper discovery requests will be precluded from introducing or relying on such documents or information at trial” and “In view of applicant’s failure to produce the documents at issue during

discovery, applicant is not entitled to rely on those documents at trial.”) (decision attached as Exhibit H).

Walgreens previously filed a motion to preclude McNeil from using these documents at trial, a motion that was fully briefed and decided by the Board on May 6, 2011. Walgreens acknowledges the decision by the Board, and does not wish to reiterate all of its reasons here and thus incorporates its prior arguments by reference. Walgreens renews its objections here for purposes of preserving its arguments for appellate review if necessary.

Respectfully submitted,

Date: August 29, 2011



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the attached APPLICANT'S RESPONSE TO OPPOSER'S STATEMENT OF OBJECTIONS TO APPLICANT'S EVIDENCE AND APPLICANT'S STATEMENT OF OBJECTIONS TO OPPOSER'S EVIDENCE was served on August 29, 2011, via first class mail and email to the following:

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Michelle L. Calkins

CERTIFICATE OF ELECTRONIC FILING

I hereby certify that a copy of the attached APPLICANT'S RESPONSE TO OPPOSER'S STATEMENT OF OBJECTIONS TO APPLICANT'S EVIDENCE AND APPLICANT'S STATEMENT OF OBJECTIONS TO OPPOSER'S EVIDENCE was electronically filed with the Trademark Trial and Appeal Board's "Electronic System for Trademark Trials and Appeals ("ESTTA") on the date shown below:

Dated: August 29, 2011


Michelle L. Calkins

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(Cite as: 107 F.3d 1147)



United States Court of Appeals,
Sixth Circuit.
UNITED STATES of America, Plaintiff–Appellee,
v.
Kathleen Kremser JONES, Defendant–Appellant.

No. 95–6096.
Argued May 24, 1996.
Decided March 3, 1997.

Defendant was convicted, in the United States District Court for the Eastern District of Tennessee, [Leon Jordan](#), J., of numerous crimes involving credit card fraud. Defendant appealed. The Court of Appeals, [Moore](#), Circuit Judge, held that: (1) card allegedly written by defendant to her daughter was properly authenticated; (2) handwriting expert's testimony was admissible to show that signatures on various documents were defendant's; but (3) time served by defendant in home detention was not “sentence of imprisonment” for which subsequent sentence could be enhanced.

Affirmed in part, vacated in part, reversed in part, and remanded.

[Krupansky](#), Circuit Judge, filed opinion concurring in part and dissenting in part.

West Headnotes

[1] Criminal Law 110 **736**

[110](#) Criminal Law
[110XX](#) Trial
[110XX\(F\)](#) Province of Court and Jury in General
[110k733](#) Questions of Law or of Fact
[110k736](#) k. Preliminary or introductory questions of fact. [Most Cited Cases](#)
(Formerly 110k736(1))

Whether document has been properly authenticated is preliminary determination to be made by district court. [Fed.Rules Evid.Rule 901](#) note, 28 U.S.C.A.

[2] Criminal Law 110 **1153.21**

[110](#) Criminal Law
[110XXIV](#) Review
[110XXIV\(N\)](#) Discretion of Lower Court
[110k1153](#) Reception and Admissibility of Evidence
[110k1153.21](#) k. Evidence dependent on preliminary proofs. [Most Cited Cases](#)
(Formerly 110k1153(6))

Court of Appeals affirms district court's ruling regarding authenticity of document offered in evidence unless district court abused its discretion. [Fed.Rules Evid.Rule 901, 28 U.S.C.A.](#)

[3] Criminal Law 110 **736**

[110](#) Criminal Law
[110XX](#) Trial
[110XX\(F\)](#) Province of Court and Jury in General
[110k733](#) Questions of Law or of Fact
[110k736](#) k. Preliminary or introductory questions of fact. [Most Cited Cases](#)
(Formerly 110k736(1))

District court's decision to admit card allegedly written by defendant as evidence of defendant's signature did not prevent defendant from challenging its genuineness before jury. [Fed.Rules Evid.Rule 901, 28 U.S.C.A.](#)

[4] Criminal Law 110 **404.85**

[110](#) Criminal Law
[110XVII](#) Evidence
[110XVII\(K\)](#) Demonstrative Evidence
[110k404.35](#) Particular Objects
[110k404.85](#) k. Writings submitted for comparison. [Most Cited Cases](#)

Card allegedly written by defendant to her daughter was properly authenticated, where father of daughter's husband testified that card contained references to defendant's daughter and granddaughter that no one else could have written. [Fed.Rules Evid.Rule 901\(b\)\(4\), 28 U.S.C.A.](#)

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(Cite as: 107 F.3d 1147)

[5] Criminal Law 110  **1153.12(3)**

[110](#) Criminal Law
[110XXIV](#) Review
[110XXIV\(N\)](#) Discretion of Lower Court
[110k1153](#) Reception and Admissibility of Evidence

[110k1153.12](#) Opinion Evidence
[110k1153.12\(3\)](#) k. Admissibility.

[Most Cited Cases](#)

(Formerly 110k1153(1))

District court abuses its discretion if it incorrectly decides legal issue during course of hearing on admissibility of expert testimony. [Fed.Rules Evid.Rule 702, 28 U.S.C.A.](#)

[6] Criminal Law 110  **1153.12(3)**

[110](#) Criminal Law
[110XXIV](#) Review
[110XXIV\(N\)](#) Discretion of Lower Court
[110k1153](#) Reception and Admissibility of Evidence

[110k1153.12](#) Opinion Evidence
[110k1153.12\(3\)](#) k. Admissibility.

[Most Cited Cases](#)

(Formerly 110k1153(1))

Defendant's challenges to admission of expert testimony would be reviewed for abuse of discretion. [Fed.Rules Evid.Rule 702, 28 U.S.C.A.](#)

[7] Criminal Law 110  **469**

[110](#) Criminal Law
[110XVII](#) Evidence
[110XVII\(R\)](#) Opinion Evidence
[110k468](#) Subjects of Expert Testimony
[110k469](#) k. In general. [Most Cited Cases](#)

District court has duty to decide not only whether expert evidence is relevant but also whether it is reliable. [Fed.Rules Evid.Rule 702, 28 U.S.C.A.](#)

[8] Criminal Law 110  **478(2)**

[110](#) Criminal Law
[110XVII](#) Evidence
[110XVII\(R\)](#) Opinion Evidence
[110k477](#) Competency of Experts
[110k478](#) Knowledge, Experience, and Skill
[110k478\(2\)](#) k. Handwriting. [Most Cited Cases](#)

Criminal Law 110  **486(8)**

[110](#) Criminal Law
[110XVII](#) Evidence
[110XVII\(R\)](#) Opinion Evidence
[110k482](#) Examination of Experts
[110k486](#) Basis of Opinion
[110k486\(8\)](#) k. Identification of persons, things, or substances. [Most Cited Cases](#)

Handwriting expert's testimony was admissible to show that signatures on various documents were defendant's, where expert had years of experience in field of handwriting analysis and gave detailed testimony of procedures used. [28 U.S.C.A. § 1731; Fed.Rules Evid.Rule 702, 28 U.S.C.A.](#)

[9] Criminal Law 110  **1139**

[110](#) Criminal Law
[110XXIV](#) Review
[110XXIV\(L\)](#) Scope of Review in General
[110XXIV\(L\)13](#) Review De Novo
[110k1139](#) k. In general. [Most Cited Cases](#)

Court of Appeals reviews district court's interpretation of provision of Sentencing Guidelines de novo. [U.S.S.G. § 1B1.1](#) et seq., 18 U.S.C.A.

[10] Sentencing and Punishment 350H  **791**

[350H](#) Sentencing and Punishment
[350HIV](#) Sentencing Guidelines
[350HIV\(E\)](#) Prior or Subsequent Misconduct
[350Hk788](#) Disposition
[350Hk791](#) k. Sentence of imprisonment. [Most Cited Cases](#)
(Formerly 110k1245(1))

Time served by defendant in home detention was

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not “sentence of imprisonment” for which subsequent sentence could be enhanced. [U.S.S.G. §§ 4A1.1\(a\), 4A1.2\(b\)\(1\)](#), 18 U.S.C.A.

*1148 [J. Edgar Schmutzer](#), Asst. U.S. Attorney (argued and briefed), Knoxville, TN, for plaintiff-appellee.

[Elizabeth B. Ford](#), Asst. Federal Public Defender (briefed), [Leah J. Prewitt](#) (argued), Knoxville, TN, for defendant-appellant.

Before: [KRUPANSKY](#), [DAUGHTREY](#), and [MOORE](#), Circuit Judges.

[MOORE](#), J., delivered the opinion of the court, in which [DAUGHTREY](#), J., joined. [KRUPANSKY](#), J. (pp. 1165–71), delivered a separate opinion concurring in part and dissenting in part.

[MOORE](#), Circuit Judge.

Appellant Kathleen Jones appeals her numerous criminal convictions, all of which stemmed from her involvement in credit card *2 fraud. In addition, she also appeals her sentence*1149 imposed by the district court. She contends that the district court erred in two of its evidentiary rulings relating to documents that purportedly contained her signature, and that it erred by enhancing her sentence based on time she spent in home detention. We conclude that the district court did not err in its evidentiary rulings, and thus affirm her convictions in all respects, but we reverse the enhancement of her sentence based on her time spent in home detention and remand for resentencing.

I. BACKGROUND

Appellant Kathleen Jones stole a credit card application from the mailbox of her son-in-law's aunt and uncle, fraudulently applied for the credit card under their names, and made twenty charges on the credit card between July 8, 1991, and July 21, 1991, for ATM withdrawals and hotel visits. The total amount charged on the credit card was \$3,748.08. J.A. at 110. Jones was convicted of one count of mail fraud, in violation of [18 U.S.C. § 1341](#); two counts of using a fictitious or false name in order to carry on a scheme to defraud by mail, in violation of [18 U.S.C. § 1342](#); one count of using an unauthorized access device, in violation of [18 U.S.C. § 1029\(a\)\(2\)](#); one count of possessing stolen mail, in violation of [18 U.S.C. § 1708](#); and one count of obstruction of cor-

respondence, in violation of [18 U.S.C. § 1702](#). J.A. at 30–31.

One of the government's primary arguments at trial was that Jones's signature was on: (1) the credit card application; (2) a post-office box registration form for the post-office box to which the card was sent; and (3) two Howard Johnson's motel registration forms, which contained the fraudulently procured Visa number at issue. To prove that these items contained Jones's signature, Grant Sperry, a forensic document analyst for the United States Postal Service, testified as an expert witness for the government. He compared the three signatures at issue with documents purportedly written by Jones and concluded that her signature was on all of the documents. The parties *3 stipulated to the admissibility of two of the writings used by Sperry, Government Exhibit 11, known business writings of defendant, and Government Exhibit 12, handwriting exemplars obtained by postal inspectors. The defendant, however, refused to stipulate to the admissibility of a third document used by Sperry, a card allegedly sent by Jones to Bruce Cronin, whose son is married to Jones's daughter. The card was admitted into evidence through Cronin, who testified that while he was not familiar with Jones's signature, he knew the card was sent by Jones based on its content.

Appellant contends that the district court erred in admitting the card because Cronin, a lay witness, was not familiar with her signature. She also asserts that Sperry's expert testimony was inadmissible under [Daubert v. Merrell Dow Pharm., Inc.](#), 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993), because it was not sufficiently reliable. In addition to appealing her convictions on the various charges, appellant contends that the district court miscalculated her criminal history score under the United States Sentencing Guidelines by counting as a prior “sentence of imprisonment” a sentence she served in home detention pursuant to Tennessee's Community Alternatives to Prison Program (“CAPP”). We first address the district court's evidentiary rulings.

II. AUTHENTICATION THROUGH LAY WITNESS TESTIMONY

[1][2] Appellant asserts that the district court erred by allowing into evidence the card allegedly written by Jones to Cronin because it had not been properly authenticated. According to her, because

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Cronin was a non-expert who was unfamiliar with Jones's handwriting, he could not testify regarding the genuineness of the card. Whether a document has been properly authenticated is a preliminary determination to be made by the district court. See *United States v. Carriger*, 592 F.2d 312, 316 (6th Cir.1979); *Fed.R.Evid. 901(a)* advisory committee's note. In reviewing a ruling by the district court regarding the authenticity of a document, we will affirm that ruling *4 unless the district court abused its discretion. *United States v. Maldonado-Rivera*, 922 F.2d 934, 957 (2d Cir.1990), cert. denied, *1150501 U.S. 1211, 111 S.Ct. 2811, 115 L.Ed.2d 984 (1991), and cert. denied, 501 U.S. 1233, 111 S.Ct. 2858, 115 L.Ed.2d 1025, 1026 (1991).

[3][4] Under *Federal Rule of Evidence 901(a)*, “[t]he requirement of authentication or identification as a condition precedent to admissibility is satisfied by evidence sufficient to support a finding that the matter in question is what its proponent claims.” *Rule 901(b)* in turn lists the following examples of authentication or identification conforming with the requirements of this rule:

(2) **Nonexpert opinion on handwriting.** Non-expert opinion as to the genuineness of handwriting, based upon familiarity not acquired for purposes of the litigation.

....

(4) **Distinctive characteristics and the like.** Appearance, contents, substance, internal patterns, or other distinctive characteristics, taken in conjunction with circumstances.

It is clear that *Rule 901(b)(2)* does not apply, because Cronin himself admitted that he was not familiar with Jones's handwriting. J.A. at 162. Appellee argues, however, and we are convinced, that *Rule 901(b)(4)* applies. “[A] document ... may be shown to have emanated from a particular person by virtue of its disclosing knowledge of facts known peculiarly to him....” *Fed.R.Evid. 901(b)(4)* advisory committee's note. In *Maldonado-Rivera*, the Second Circuit stated:

In accordance with *Rule 901(b)(4)*, “the contents of a writing may be used to aid in determining the identity of the declarant,” *United States v. Wilson*, 532 F.2d 641, 644 (8th Cir.), cert. denied, 429 U.S.

846, 97 S.Ct. 128, 50 L.Ed.2d 117 (1976), if, for example, the writing “deal[s] with a matter sufficiently obscure or particularly within the knowledge of the persons *5 corresponding so that the contents of the [writing] were not a matter of common knowledge[.]” 5 J. Weinstein & M. Berger, *Weinstein's Evidence*, ¶ 901(b)(4)[01], at 901–49 (1990).

922 F.2d at 957. See also *United States v. Newton*, 891 F.2d 944, 947 (1st Cir.1989) (concluding that a document which contained statements “from which it could be inferred that [the defendant] authored the document” was properly authenticated). In the present case, Cronin expressed the opinion that the card was written by Jones because the card was signed “Kathie Jones” and because the card contained references to Cronin's daughter-in-law and granddaughter that no one else could have written. J.A. at 160–61. In light of this testimony, we conclude that the district court did not abuse its discretion by finding that the card allegedly written by Jones to Cronin met the authentication requirements in *Rule 901*.^{FN1}

FN1. The decision by the district court to admit this evidence did not, of course, prevent appellant from challenging its genuineness before the jury. See 5 JACK B. WEINSTEIN ET AL., *WEINSTEIN'S EVIDENCE* ¶ 901(a) [01], at 901–19 (1996) (“The [authentication] rule requires only that the court admit evidence if sufficient proof has been introduced so that a reasonable juror could find in favor of authenticity or identification. The rest is up to the jury.”) (footnotes omitted).

III. ADMISSIBILITY OF EXPERT TESTIMONY

A. Standard of Review

Appellant contends the district court erred by allowing into evidence testimony from the government's expert witness, Grant Sperry, a forensic document analyst. She argues that because handwriting analysis has never been validated as credible scientific or technical knowledge, the district court abused its discretion in determining that the evidence was sufficiently reliable. In particular, she states, “[c]learly Mr. Sperry is not an ‘expert’ in handwriting analysis, and this type of ‘analysis’ is not a *6 credible scientific or technical knowledge.” Appellant's Br. at 21.

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[Federal Rule of Evidence 702](#) provides the requirements for admissibility of expert testimony:

If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise.

This circuit has traditionally reviewed a district court's ruling regarding the admissibility*1151 of expert testimony under [Rule 702](#) for abuse of discretion. See, e.g., [American & Foreign Ins. Co. v. General Elec. Co.](#), 45 F.3d 135, 137, 139 (6th Cir.1995); [United States v. Bonds](#), 12 F.3d 540, 554 (6th Cir.1993); [United States v. Montgomery](#), 980 F.2d 388, 391 (6th Cir.1992); [United States v. Pearce](#), 912 F.2d 159, 163 (6th Cir.1990), cert. denied, 498 U.S. 1093, 111 S.Ct. 978, 112 L.Ed.2d 1063 (1991); [McGowan v. Cooper Indus., Inc.](#), 863 F.2d 1266, 1271 (6th Cir.1988); [Hanson v. Parkside Surgery Ctr.](#), 872 F.2d 745, 750 (6th Cir.), cert. denied, 493 U.S. 944, 110 S.Ct. 349, 107 L.Ed.2d 337 (1989); [Mannino v. International Mfg. Co.](#), 650 F.2d 846, 849 (6th Cir.1981); see also [Salem v. United States Lines Co.](#), 370 U.S. 31, 35, 82 S.Ct. 1119, 1122, 8 L.Ed.2d 313 (1962) (“[T]he trial judge has broad discretion in the matter of the admission or exclusion of expert evidence, and his action is to be sustained unless manifestly erroneous.”). Both parties in this case assumed that the abuse-of-discretion standard applied.

In [Cook v. American S.S. Co.](#), 53 F.3d 733, 738 (6th Cir.1995), however, the court stated that this traditional standard was “an oversimplification” and “often incorrect.” It continued:

Appellate review of trial court rulings on the admissibility of expert opinion testimony under [Fed.R.Evid. 702](#), depending on the assignment of error, may involve as many as three separate standards of review. The trial court's preliminary fact-finding under *7 Rule 104(a) is reviewed for clear error. These facts include, but are not limited to, whether the witness's “knowledge, skill, experience, training, or education,” [Fed.R.Evid. 702](#), are such as to qualify him or her to testify as an expert at all, and it may include a determination of

the tests or experiments that the proffered expert conducted, if any. The court's determination whether the opinion the expert wishes to offer is properly the subject of “scientific, technical, or other specialized knowledge” is a question of law we review de novo. An example of that sort of legal determination by the trial court is detailed in the Supreme Court's opinion in [Daubert](#), 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469, in which the Court explained that part of a trial court's “gate-keeping” function under [rule 702](#) when, for example, scientific opinion testimony is offered, is the determination whether “the reasoning or methodology underlying the testimony is scientifically valid.” *Id.* at 592–93, 113 S.Ct. at 2796. A comparable duty is imposed upon the trial court when the subject of the proposed opinion testimony is not “scientific” knowledge, but “technical, or other specialized knowledge.” Finally, the trial court's determination whether the proffered expert opinion “will assist the trier of fact to understand the evidence or to determine a fact in issue,” [Fed.R.Evid. 702](#), is a relevancy determination and therefore one we review for abuse of discretion.

Id.

Aside from the merits of this novel three-part standard of review, we have serious concerns that the court in *Cook* created a conflict in this circuit on the proper standard for appellate review of district court decisions regarding the admissibility of expert testimony under [Rule 702](#).^{FN2} It is *8 unclear to us on what the court in *Cook* based its conclusion that we are to apply a three-part standard of review, because the court cited no authority for this standard. Indeed, we have found no cases in other circuits or cases prior to *Cook* in this circuit that relied on such an approach. It appears to us that the abuse-of-discretion standard, which had been continually employed in this circuit prior to *Cook*, should have been binding on the court in *Cook*. See [United States v. Edge](#), 989 F.2d 871, 876 (6th Cir.1993) (“[A] panel [of the *1152 Sixth Circuit] cannot overrule another panel's published decision on the same issue....”). However, to the extent that the court in *Cook* was correct that the abuse-of-discretion standard is “incomplete” and “often incorrect” then these cases potentially can be reconciled. We now attempt that task.

^{FN2}. The author of this opinion must con-

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fess that, without noting the conflicting precedent, she cited the *Cook* standard of review in a recent case. See [United States v. Thomas](#), 74 F.3d 676, 681–82 (6th Cir.) (Moore, J.), cert. denied, 517 U.S. 1162, 116 S.Ct. 1558, 134 L.Ed.2d 659 (1996). That case, however, only dealt with whether the expert testimony at issue assisted the trier of fact, a determination involving the traditional abuse-of-discretion standard, even under *Cook*'s test. *Id.* at 682. We have also found two other published opinions citing the *Cook* standard. See [Smelser v. Norfolk S. Ry.](#), 105 F.3d 299, 302 (6th Cir.1997); [CMI-Trading, Inc. v. Quantum Air, Inc.](#), 98 F.3d 887, 890 (6th Cir.1996).

Our most serious concern with *Cook* is the court's statement, without citation, that de novo review applies to a "[district] court's determination whether the opinion the expert wishes to offer is properly the subject of 'scientific, technical, or other specialized knowledge[.]'" 53 F.3d at 738. While the court does provide an example from *Daubert* of this type of legal determination, there is, unfortunately, nothing in *Daubert* indicating that the Supreme Court was changing or articulating the standard of review, much less that it was classifying a district court's determinations on whether proffered testimony is the subject of "scientific, technical, or other specialized knowledge" as a "legal determination." In *Daubert*, the Court explicitly stated, "the trial judge must determine at the outset, pursuant to Rule 104(a), whether the expert is proposing to testify to (1) scientific knowledge that (2) will *9 assist the trier of fact to understand or determine a fact in issue." 509 U.S. at 592, 113 S.Ct. at 2796 (footnote omitted). Under the *Cook* court's own reasoning, because *Daubert* shows that the determination whether proffered expert testimony consists of "scientific knowledge" is a preliminary determination made by the district court under Rule 104(a),^{FN3} it should be given deference, not de novo review.

[FN3](#). Rule 104(a) provides:

(a) Questions of admissibility generally. Preliminary questions concerning the qualification of a person to be a witness, the existence of a privilege, or the admissibility of evidence shall be determined by the

court, subject to the provisions of subdivision (b). In making its determination it is not bound by the rules of evidence except those with respect to privileges.

[Fed.R.Evid. 104\(a\)](#).

The de novo standard articulated in *Cook* is also questionable in light of [American & Foreign Ins. Co. v. General Elec. Co.](#), 45 F.3d 135 (6th Cir.1995), and [United States v. Bonds](#), 12 F.3d 540 (6th Cir.1993). In *American & Foreign Ins. Co.*, decided two years after *Daubert* and just three months before *Cook*, the court, similar to the *Cook* court, analyzed *Daubert*'s impact on the reliability of expert testimony under [Rule 702](#). Unlike *Cook*, however, the court in *American & Foreign Ins. Co.* articulated the standard of review of a district court's decision to admit or exclude expert testimony under [Rule 702](#) as follows: "A trial court 'has broad discretion in the matter of the admission or exclusion of expert evidence, and [the court's] action is to be sustained unless manifestly erroneous.'" *Id.* at 137 (quoting [Salem v. United States Lines Co.](#), 370 U.S. 31, 35, 82 S.Ct. 1119, 1122, 8 L.Ed.2d 313 (1962)) (alteration in *American & Foreign Ins. Co.*). In *Bonds*, a case involving the reliability of DNA evidence under [Rule 702](#), the defendant-appellant asked the court of appeals to consider a report by the National Research Committee of the National Academy of Sciences that questioned the FBI's method of declaring *10 DNA matches. The report was issued almost two years after the admissibility hearing before the magistrate judge and was not considered at the trial level. The court refused to consider the report for purposes of the appeal:

[I]f we were to look at new scientific data available to us but not available to the district court that made the admissibility determination, we would not be confining ourselves to reviewing the district court's admissibility ruling, but would be making a *de novo* determination based on post-conviction developments or articles. This is not the function of an appellate court.

Id. at 553 (emphasis in original). The court then stated that the district court's decision to admit the DNA evidence under [Rule 702](#) is reviewed for abuse of discretion. *Id.* at 554. Finding no abuse, the court concluded that the DNA evidence was properly ad-

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mitted under [Rule 702](#). *Id.* at 566.

Most of our sister circuits also have applied the traditional abuse-of-discretion review in post-*Daubert* cases involving [Rule 702](#). See *1153 [Lust v. Merrell Dow Pharm., Inc.](#), 89 F.3d 594, 597–98 (9th Cir.1996) (stating that the district court did not abuse its discretion in concluding that, under *Daubert*, the methodology underlying the proffered expert witness's testimony was not scientific) ^{FN4}; [McCulloch v. H.B. Fuller Co.](#), 61 F.3d 1038, 1042 (2d Cir.1995) (“The decision to admit expert testimony is left to the broad discretion of the trial judge and will be overturned only when manifestly erroneous.”); [Government of Virgin Islands v. Sanes](#), 57 F.3d 338, 341 (3d Cir.1995) (“Whether to allow scientific or technical expert testimony ... is within the discretion of the district court *11 and is reviewed only for abuse.”); [Benedi v. McNeil–P.P.C., Inc.](#), 66 F.3d 1378, 1384 (4th Cir.1995) (“*Daubert* clearly vests the district courts with discretion to determine the admissibility of expert testimony.”); [Pedraza v. Jones](#), 71 F.3d 194, 197 (5th Cir.1995) (stating that “the district court did not abuse its discretion” in concluding that the proffered expert testimony did not satisfy *Daubert*'s reliability requirements) ^{FN5}; [Pestel v. Vermeer Mfg. Co.](#), 64 F.3d 382, 384–85 (8th Cir.1995) (“The [District] Court concluded that the testimony was not scientifically valid and would not aid the jury in its fact finding. We do not find that the District Court abused its discretion in any of its analysis.”); see also [United States v. Hall](#), 93 F.3d 1337, 1342 (7th Cir.1996) (stating that, in reviewing determinations regarding the admissibility of scientific evidence, the court reviews de novo whether the district court “properly followed” the *Daubert* framework, and if the district court did so, its findings will only be overturned if they were clearly erroneous); cf. 1 STEVEN ALAN CHILDRESS & MARTHA S. DAVIS, FEDERAL STANDARDS OF REVIEW, § 4.02, at n. 12 (2d ed. Supp.1996) (“*Daubert* is not the clearest of opinions as to how the admissibility decision is made, but at least it is apparent that most of the decisionmaking is located in the trial judge, which is consistent with ... abuse of discretion review.”); G. Michael Fenner, *The Daubert Handbook: The Case, Its Essential Dilemma, and Its Progeny*, 29 CREIGHTON L.REV. 939, 1028 (1996) (“[T]he standard of review of *Daubert* testing on appeal is pretty clear. Though the words vary, the meaning is the same: almost all of the cases say the standard is broad or deferential, it is a clearly erroneous stan-

dard, it looks for manifest or clear abuse of discretion.”); Gordon J. Beggs, *Novel Expert Evidence in Federal Civil Rights Litigation*, 45 AM.U.L.REV. 1, 37 (1995) (“A district court has wide discretion in determining *12 whether to admit or exclude evidence, particularly expert testimony. An appellate court will generally accord wide latitude in the proper exercise of discretion under *Daubert* and will reverse its findings only if they are manifestly erroneous or an abuse of discretion.”) (footnotes omitted).

^{FN4}. The Ninth Circuit's statements in *Lust* are particularly interesting in light of the fact that it employed a de novo standard in its initial opinion in *Daubert* on the issue whether “a scientific technique ‘... is generally accepted as a reliable technique among the scientific community.’” [Daubert v. Merrell Dow Pharm., Inc.](#), 951 F.2d 1128, 1129 (9th Cir.1991) (citation omitted), *rev'd*, 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993).

^{FN5}. In [Dunagin v. City of Oxford](#), 718 F.2d 738, 748 n. 8 (5th Cir.1983), *cert. denied*, 467 U.S. 1259, 104 S.Ct. 3553, 3554, 82 L.Ed.2d 855 (1984), the Fifth Circuit appeared to endorse a more searching standard of review with respect to the “truths” espoused by social scientists.

[5] To the extent the court in *Cook* was concerned that application of the abuse-of-discretion standard is “often incorrect” because it renders it more difficult for an appellate court to review legal determinations made by district courts during the course of evidentiary hearings, this concern is unwarranted. If a district court incorrectly decides a legal issue during the course of a hearing on the admissibility of expert testimony, then that court has abused its discretion. See [Koon v. United States](#), 518 U.S. 81, —, 116 S.Ct. 2035, 2047, 135 L.Ed.2d 392 (1996) (“A district court by definition abuses its discretion when it makes an error of law.”); [Cooter & Gell v. Hartmarx Corp.](#), 496 U.S. 384, 402, 110 S.Ct. 2447, 2459, 110 L.Ed.2d 359 (1990) (“An appellate court would be justified in concluding that, in making [legal] errors, the district court abused its discretion.”*1154). ^{FN6}

^{FN6}. Incidentally, the Supreme Court's deci-

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sion in *Koon*, which adopted a unitary abuse-of-discretion standard of review for appeals from a district court's decision to depart from the sentencing ranges in the Sentencing Guidelines, [518 U.S. at — — —](#), [116 S.Ct. at 2047–48](#), overruled the three-tiered standard that we had applied in cases such as [United States v. Fletcher](#), [15 F.3d 553, 556 \(6th Cir.1994\)](#). See also [Cooter & Gell](#), [496 U.S. at 405, 110 S.Ct. at 2460](#) (rejecting a three-tiered standard of review in Rule 11 sanctions cases in favor of a unitary abuse-of-discretion standard).

Apart from the concerns we have regarding the novel de novo standard articulated in *Cook*, the court additionally complicated the analysis by creating separate standards for reviewing a district court's determinations regarding the qualifications of a particular expert and whether the proffered testimony would be helpful to the jury. The court stated that the former were reviewed for “clear error” and the latter for “abuse of discretion.” [Cook](#), [53 F.3d at 738](#). In light of statements from both the Supreme [*13](#) Court and the Sixth Circuit, however, these two standards appear to represent a difference without a distinction. See [Cooter & Gell](#), [496 U.S. at 401, 110 S.Ct. at 2458](#) (“When an appellate court reviews a district court's factual findings, the abuse-of-discretion and clearly erroneous standards are indistinguishable: A court of appeals would be justified in concluding that a district court had abused its discretion in making a factual finding only if the finding were clearly erroneous.”); [American & Foreign Ins. Co.](#), [45 F.3d at 139](#) (“[The] ‘district court abuses its discretion only when it relies on clearly erroneous findings of fact or when it improperly applies the law or uses an erroneous legal standard.’ ”) (quoting [Fleischut v. Nixon Detroit Diesel, Inc.](#), [859 F.2d 26, 30 \(6th Cir.1988\)](#)).

Although there is little precedential support for *Cook*'s three-part standard, the de novo prong has some intuitive appeal to it, at least when it is applied in a limited way.^{FN7} A de novo standard is particularly appealing with respect to the validity of various types of scientific evidence. See David L. Faigman et al., *Check Your Crystal Ball at the Courthouse Door, Please: Exploring the Past, Understanding the Present, and Worrying About the Future of Scientific Evidence*, 15 CARDOZO L.REV. 1799, 1821 (1994) (“Trial courts are no better situated [than appellate

courts] to assess the validity of scientific methods. Such determinations do not, for instance, depend on assessing the credibility of witnesses or knowledge of local conditions. Indeed, judicial assessment of validity might be better conducted through written briefs rather than oral testimony.”). A de novo standard also ensures that there are not conflicting pronouncements in a circuit regarding the validity of scientific methods. But if a de novo standard is to be applied, the distinction between general scientific principles and how those principles are applied in a particular dispute should be recognized. See *id.* [*14](#) (“Scientific methods ordinarily operate at two fact levels of the trial process. Scientific information both transcends individual disputes and is specific to particular disputes. The de novo standard should apply to scientific information that transcends a particular dispute.”) (footnotes omitted); see also Edward J. Imwinkelried, *The ‘Bases’ of Expert Testimony: The Syllogistic Structure of Scientific Testimony*, 67 N.C. L. REV. 1, 1–8 (1988) (stating that while most expert scientific testimony is presented in a syllogistic format, with general scientific principles representing the expert witness's major premise and facts to which those principles are applied representing the minor premise, most courts do not recognize the distinction).

[FN7](#). Because of the lack of precedential support for a de novo standard, we rely principally on academic literature here to discuss the merits of such a standard.

The de novo standard articulated in *Cook* loses some of its appeal when the expert testimony at issue is not scientific, but rather is based upon “technical, or other specialized knowledge.” Because the general reliability of non-scientific expert testimony does not always neatly separate itself from whether the particular expert in the case is qualified and whether the testimony will be helpful to the trier of fact, application of a de novo standard to this particular prong could be [*1155](#) difficult. Even though a subject matter in general might be a proper subject for expert testimony (e.g., testimony from an economist regarding the relevant market in an antitrust case), a layperson attempting to give expert testimony in this field, in addition to being unqualified as an expert, would not be rendering testimony based on “scientific, technical, or other specialized knowledge”; nor would this testimony “assist the trier of fact to understand [*15](#) the evidence or to determine a fact in issue.” [FN8](#)

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That a non-scientific expert's experience and *16 training bear a strong correlation to the reliability of the expert's testimony is nicely illustrated by Professor Imwinkelried, who stated:

[FN8](#). The facts in *Cook* also illustrate the difficulty in determining when to apply the de novo and deferential standards of review which that case offers. The plaintiff in *Cook*, who worked as a deckhand on a ship for the defendant, was injured when one of the ship's lines that was supporting him in the air parted. He contended that the line had parted in its normal functioning, and thus that the defendant's ship had been unseaworthy. The defendant employer countered that the plaintiff had burned the line himself with his torch. At trial, Michael Timmons, an expert in stress and failure testing, testified for the defendant that the line had parted from a "localized heat source." [53 F.3d at 739](#). On appeal, plaintiff contended that this testimony should not have been admitted. Although the court concluded that the district court did not clearly err in finding Timmons qualified as an expert in stress and failure testing, the court concluded, applying the de novo standard, that because Timmons failed to perform any tests on the line beyond merely visually analyzing it, his testimony was not based upon "scientific, technical, or other specialized knowledge" and, therefore, should have been excluded. [Id. at 738-740](#). Thus, the court did not base its holding on general principles that transcended the particular dispute, i.e., that "line testing" is not a field of expertise under [Rule 702](#). Instead, it focused on the fact that Timmons only had visually analyzed the particular line at issue, and thus had engaged in wholly inadequate testing of the line. But given the court's pronouncement of the standard of review, it is not entirely clear that the de novo standard was appropriate. Under the first prong of *Cook*'s three-part standard, the trial court's factfinding regarding "a determination of the tests or experiments that the proffered expert conducted, if any" are reviewed for "clear error." [Id. at 738](#).

We wish to emphasize that we do not

question the ultimate result in *Cook*. It certainly is a reasonable proposition that a district court clearly errs or abuses its discretion when it allows into evidence, over objection, wholly unreliable expert testimony. Our concern is that the three prongs neatly delineated in *Cook*'s pronouncement of the standard of review cannot always be neatly separated in practice.

When Justice Blackmun addressed the epistemological question in *Daubert* and endeavored to identify the process by which we come to know the truth of scientific propositions, the answer was validation by the experimental technique of Newtonian science. Experience is to nonscientific experts as experimentation is to scientists. Perhaps more than any other area of Evidence law, nonscientific expert testimony bears out Locke's position that 'all our knowledge is founded in experience....' *17 Nonscientific experts are 'experientially qualified.' Their experience largely is their expertise.

Edward J. Imwinkelried, *The Next Step After Daubert: Developing a Similarly Epistemological Approach to Ensuring the Reliability of Nonscientific Expert Testimony*, 15 CARDOZO L. REV. 2271, 2289 (1994) (citations and footnotes omitted) (alteration in original). Although experience alone does not ensure either reliability or admissibility, it plays enough of a role in the reliability analysis in the context of non-scientific experts to blur the distinctions between the three separate prongs in *Cook*.

[\[6\]](#) In the end, we must apply some standard to evaluate the district court's evidentiary decision in this case. One possible approach would be to conclude that a direct conflict between *Cook* and the prior precedent in this circuit exists and to follow the prior precedent. See [Pfeiffer v. Marion Ctr. Area Sch. Dist.](#), [917 F.2d 779, 781 \(3d Cir.1990\)](#) (stating that, because a panel is bound by prior panel precedent, to the extent that a conflict exists, the earlier case will control).^{[FN9](#)} We decline to take this draconian measure, however, because it is simply unnecessary in *1156 this case. Below we conclude that handwriting analysis is a proper field of expertise under [Rule 702](#) and that Sperry's testimony in this case was otherwise sufficiently reliable. Our conclusion with respect to handwriting analysis constituting a field of expertise

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is the same whether we apply de novo or abuse-of-discretion review. In light of this fact, we leave to future panels—perhaps those facing issues in which application of one standard of review over another is outcome determinative—the task of resolving the precise contours of *18 the de novo standard, if such a standard exists. As for the reliability of Sperry's case-specific testimony, we review appellant's challenges to the admission of this testimony under the traditional abuse-of-discretion standard.

[FN9](#). In *Pfeiffer*, the Third Circuit returned to an abuse-of-discretion standard in its review of evidentiary decisions under [Federal Rule of Evidence 402](#). A prior panel had stated that such review was “plenary” even though earlier panels in the Third Circuit and most of the other circuits had employed an abuse-of-discretion standard. [917 F.2d at 781](#).

B. The *Daubert* Decision

In *Daubert v. Merrell Dow Pharm., Inc.*, [509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 \(1993\)](#), the Supreme Court clarified the admissibility requirements for expert scientific testimony by holding that [Rule 702](#) supersedes *Frye v. United States*, [293 F. 1013, 1014 \(D.C.Cir.1923\)](#), which required that expert scientific testimony had to be “generally accepted” to be admissible. According to the Court, “a rigid ‘general acceptance’ requirement would be at odds with the ‘liberal thrust’ of the Federal Rules and their ‘general approach of relaxing the traditional barriers to ‘opinion’ testimony.’ ” [509 U.S. at 588, 113 S.Ct. at 2794](#) (citation omitted). Even with the relaxed standard in [Rule 702](#) governing expert scientific testimony, however, the Court stated that the trial judge would still serve an important gatekeeping role: “[U]nder the Rules the trial judge must ensure that any and all scientific testimony or evidence admitted is not only relevant, but reliable.” *Id.* at 589, [113 S.Ct. at 2794](#). The Court then suggested a “flexible” list of factors for a district court to consider when presented with scientific testimony to determine whether the reliability component has been met: (1) “whether a theory or technique ... can be (and has been) tested”; (2) “whether the theory or technique has been subjected to peer review and publication”; (3) “the known or potential rate of error”; and (4) “general acceptance.” *Id.* at [593–94, 113 S.Ct. at 2796–97](#). While the Court stated that its discussion

was “limited to the scientific context,” as opposed to “technical, or other specialized knowledge,” *id.* at [590 n. 8, 113 S.Ct. at 2795 n. 8](#), the dissent suggested that the Court left open this question. *Id.* at [600, 113 S.Ct. at 2800](#) (Rehnquist, C.J., concurring in part and dissenting in part).

[\[7\]](#) In analyzing *Daubert*, we have stated that “although ‘*Daubert* dealt with scientific experts, its language relative to the ‘gatekeeper’ function of federal judges is applicable *19 to all expert testimony offered under [Rule 702](#).’ ” *United States v. Thomas*, [74 F.3d 676, 681 \(6th Cir.\)](#), cert. denied, [517 U.S. 1162, 116 S.Ct. 1558, 134 L.Ed.2d 659 \(1996\)](#) (quoting *Berry v. City of Detroit*, [25 F.3d 1342, 1350 \(6th Cir.1994\)](#), cert. denied, [513 U.S. 1111, 115 S.Ct. 902, 130 L.Ed.2d 786 \(1995\)](#)). It is thus clear that a district court has the duty to decide not only whether evidence is relevant but also whether it is reliable. See *id.* But this conclusion does not come from the *Daubert* opinion itself; rather, it comes from the Federal Rules of Evidence:

That these requirements [of relevance and reliability] are embodied in [Rule 702](#) is not surprising. Unlike an ordinary witness, see [Rule 701](#), an expert is permitted wide latitude to offer opinions, including those that are not based on first-hand knowledge or observation. See [Rules 702](#) and [703](#). Presumably, this relaxation of the usual requirement of firsthand knowledge—a rule which represents “a ‘most pervasive manifestation’ of the common law insistence upon ‘the most reliable sources of information,’ ” Advisory Committee’s Notes on [Fed. Rule Evid. 602, 28 U.S.C.App., p. 755](#) (citation omitted)—is premised on an assumption that the expert’s opinion will have a reliable basis in the knowledge and experience of his discipline.

Daubert, [509 U.S. at 592, 113 S.Ct. at 2796](#). With the gatekeeping requirements imposed on district courts and the discussion in *Daubert* regarding scientific evidence in mind, we now address *Daubert*’s application to the present dispute.

*1157 C. Handwriting Analysis as Scientific Evidence

Appellant first argues that this case falls squarely within *Daubert*’s framework because handwriting analysis is purportedly “scientific” testimony. Even with this argument, however, appellant herself admits

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that “handwriting analysis was never scrutinized under *Daubert*’s predecessor, *Frye v. United States*” Appellant’s Br. at 18. She is, therefore, arguing that even though expert handwriting analysis was never considered a matter of scientific knowledge by any of the courts applying the *Frye* test over a seventy-year period, we *18 should treat it as such now and conclude that it fails the *Daubert* reliability requirements. We decline her invitation to do so.

In *Daubert*, the court stated: “The adjective ‘scientific’ implies a grounding in the methods and procedures of science.... [Science] represents a process for proposing and refining theoretical explanations about the world that are subject to further testing and refinement.” [509 U.S. at 590, 113 S.Ct. at 2795](#) (citation omitted) (emphasis in original). The court continued: “ ‘Scientific methodology today is based on generating hypotheses and testing them to see if they can be falsified; indeed, this methodology is what distinguishes science from other fields of human inquiry.’ ... [T]he statements constituting a scientific explanation must be capable of empirical test.” [Id. at 593, 113 S.Ct. at 2796](#) (citations omitted). We are quite convinced that handwriting examiners do not concentrate on “proposing and refining theoretical explanations about the world,” [Daubert](#), [509 U.S. at 590, 113 S.Ct. at 2795](#), but instead use their knowledge and experience to answer the extremely practical question of whether a signature is genuine or forged. See [United States v. Starzecpyzel](#), [880 F.Supp. 1027, 1041 \(S.D.N.Y.1995\)](#) (“[W]hile scientific principles may relate to aspects of handwriting analysis, they have little or nothing to do with the day-to-day tasks performed by [forensic document examiners].”) (emphasis in original).

Moreover, academicians and forensic document examiners alike have recognized the lack of empirical evidence in the field of handwriting analysis. See, e.g., 2 PAUL C. GIANNELLI & EDWARD J. IMWINKELRIED, *SCIENTIFIC EVIDENCE* §§ 21–2(B), at 152 (2d ed. 1993) (“[T]he [document] examiner cannot quantify the probability of a match with any degree of precision. Determining a probability would require data as to the frequency with which stylistic details recur. That data is currently unavailable.”); Paul C. Giannelli, [The Admissibility of Laboratory Reports in Criminal Trials: The Reliability of Scientific Proof](#), [49 OHIO ST. L.J. 671, 691](#) n.166 (1988) (“[I]dentification evidence is based either on

‘the general *21 experience of the criminalists or more exacting statistical studies.’ Fingerprint, firearms identification, and handwriting comparisons fall into the former category. Because they are not statistically-based, they ‘are necessarily somewhat subjective’ ” (citations omitted); Mosh Kam et al., *Proficiency of Professional Document Examiners in Writer Identification*, [39 JOURNAL OF FORENSIC SCI. 5, 7](#) (1994) (stating that there is a “lamentable lack of empirical evidence” about forensic document analysis); Roy A. Huber & A.M. Headrick, *Let’s Do It By Numbers*, [46 FORENSIC SCI. INT’L 209, 213](#) (1990) (“We are ... compelled to recognize the assignment of numbers to represent facts as a necessary ingredient of most, if not all, disciplines of science.... Until we [assign numbers in our analysis of handwriting] we must accept the fact [that] this area of our work does not meet the criteria for science.”) See also Bryan Found and Doug Rogers, *Contemporary Issues in Forensic Handwriting Examination. A Discussion of Key Issues in the Wake of the Starzecpyzel Decision*, [8 JOURNAL OF FORENSIC DOCUMENT EXAMINATION 1, 26](#) (1995) (“That the expertise of document examiners is properly characterized as ‘practical in character’ rather than scientific, we do not consider to be inaccurate or inappropriate.”) (citation omitted). We will thus analyze appellant’s objections to the expert handwriting analysis in this case under the “technical, or other specialized knowledge” component of [Rule 702](#). ^{FN10} This conclusion, however, does *1158 not answer *22 the question whether *Daubert* extends beyond scientific knowledge.

^{FN10} In deciding that handwriting analysis does not rest on “scientific” knowledge, we do not decide whether other tasks performed by forensic document examiners, such as the analysis of ink, ribbon, dye, or pencil lead; the determination of the age of a document; or the analysis of water-soaked documents are based on scientific knowledge. See generally 2 PAUL C. GIANNELLI & EDWARD J. IMWINKELRIED, *SCIENTIFIC EVIDENCE* 21–3 to 21–6 (2d ed.1993) (discussing the numerous tasks performed by forensic document examiners).

D. *Daubert*’s Application to Non–Scientific Expert Testimony

Appellant argues that the factors outlined in

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Daubert dealing with the admissibility of scientific evidence apply equally here, even though handwriting analysis, at least at the present time, is not a scientific field. She is thus asking us not only to rely on the “gatekeeping” discussion in *Daubert* but also to apply the other *Daubert* principles to “technical, or other specialized knowledge” as well. In *Berry v. City of Detroit*, we stated:

The distinction between scientific and non-scientific expert testimony is a critical one. By way of illustration, if one wanted to explain to a jury how a bumblebee is able to fly, an aeronautical engineer might be a helpful witness. Since flight principles have some universality, the expert could apply general principles to the case of the bumblebee. Conceivably, even if he had never seen a bumblebee, he still would be qualified to testify, as long as he was familiar with its component parts.

On the other hand, if one wanted to prove that bumblebees always take off into the wind, a beekeeper with no scientific training at all would be an acceptable expert witness if a proper foundation were laid for his conclusions. The foundation would not relate to his formal training, but to his firsthand observations. In other words, the beekeeper does not know any more about flight principles than the jurors, but he has seen a lot more bumblebees than they have.

[25 F.3d 1342, 1349–50 \(6th Cir.1994\)](#), cert. denied, [513 U.S. 1111, 115 S.Ct. 902, 130 L.Ed.2d 786 \(1995\)](#) (emphasis in original).

As we implicitly recognized in *Berry*, *Daubert* does not create a new framework for analyzing proffered expert testimony based upon “technical, or other specialized *23 knowledge.” *Daubert* provides a “flexible” framework to aid district courts in determining whether expert scientific testimony is reliable. If that framework were to be extended to outside the scientific realm, many types of relevant and reliable expert testimony—that derived substantially from practical experience—would be excluded. Such a result truly would turn *Daubert*, a case intended to relax the admissibility requirements for expert scientific evidence, on its head. Many of our sister circuits have given a similar reading to *Daubert*. See [United States v. 14.38 Acres of Land, More or Less Situated in Leflore County, Mississippi](#), 80 F.3d 1074, 1078

([5th Cir.1996](#)) (stating that, aside from overruling *Frye* and articulating the standards for determining the reliability of scientific expert evidence, *Daubert* “did not otherwise work a sea change over federal evidence law”); [United States v. Sinclair](#), 74 F.3d 753, 757 (7th Cir.1996) (“*Daubert* does not create a special analysis for answering questions about the admissibility of all expert testimony. Instead, it provides a method for evaluating the reliability of witnesses who claim scientific expertise.”); [Iacobelli Constr., Inc. v. County of Monroe](#), 32 F.3d 19, 25 (2d Cir.1994) (“[The district court’s] reliance on *Daubert* was misplaced. *Daubert* sought to clarify the standard for evaluating ‘scientific knowledge’ for purposes of admission under [Fed.R.Evid. 702](#).”); see also Edward J. Imwinkelried, *The Next Step After Daubert: Developing a Similarly Epistemological Approach to Ensuring the Reliability of Nonscientific Expert Testimony*, 15 CARDOZO L. REV. 2271, 2283 (1994) (“Neither the essential test enunciated in *Daubert*, nor the factors listed by the Court are applicable to nonscientific opinion. The *Daubert* test is grounded in the scientific process and directs the judge to evaluate the quality of the testing supporting the scientific conclusion.”) (footnotes omitted). Without relying on *Daubert*, we now address whether handwriting analysis constitutes “technical, or other specialized knowledge” under the Federal Rules of Evidence and whether the expert *1159 handwriting analysis offered in this case was sufficiently reliable.

*24 E. Handwriting Analysis as Non-Scientific Expert Testimony

Appellant’s first—and principal—argument is that expert handwriting analysis is not a field of expertise under [Rule 702](#). She is, therefore, asking us to do what no other court that we have found has done—hold that expert handwriting analysis is inadmissible under the Federal Rules of Evidence. The district court overruled appellant’s motion in limine on this issue. J.A. at 79–80. While few courts have directly confronted the issue whether expert handwriting analysis is inadmissible under the Rules (perhaps because there have been few frontal assaults to this type of testimony as a whole), the courts that have considered the issue have recognized handwriting analysis as a field of expertise. See [United States v. Velasquez](#), 64 F.3d 844, 851 (3d Cir.1995) (“We agree with the district court that [the] proposed testimony [with respect to handwriting analysis] concerned ‘scientific, technical or other specialized knowledge’ and was sufficiently reliable to be ad-

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missible.”); [United States v. Starzeczyel](#), 880 F.Supp. 1027, 1047 (S.D.N.Y.1995) (“The Court therefore finds sufficient indicia of reliability to sustain the admissibility of [forensic document examiner] expertise as nonscientific expert testimony.”); [Greenberg Gallery, Inc. v. Bauman](#), 817 F.Supp. 167, 172 n. 5 (D.D.C.1993) (“It can be judicially noted that handwriting, like fingerprints, are subject to established objective tests, expert opinions about which are admissible.”), *aff’d*, No. 93-7068, 1994 WL 525814 (D.C.Cir. Sept.21, 1994); *cf.* 2 PAUL C. GIANNELLI & EDWARD J. IMWINKELRIED, SCIENTIFIC EVIDENCE §§ 21-2(B), at 150 (2d ed. 1993) (“A single handwriting specimen may contain between 500 and 1,000 details, and most of the details are inconspicuous to the untrained eye.”) (footnote omitted).

In addition, the Federal Rules of Evidence themselves suggest that handwriting analysis is a field of expertise. Although the text of [Rule 702](#) does not mention any specific fields of expertise, the advisory committee notes to *25 that Rule indicate that a wide array of expert testimony is contemplated by the Rule:

The rule is broadly phrased. The fields of knowledge which may be drawn upon are not limited merely to the “scientific” and “technical” but extend to all “specialized” knowledge. Similarly, the expert is viewed, not in a narrow sense, but as a person qualified by “knowledge, skill, experience, training, or education.” Thus within the scope of the rule are not only experts in the strictest sense of the word, e.g., physicians, physicists, and architects, but also the large group sometimes called “skilled” witnesses, such as bankers or landowners testifying to land values.

[Fed.R.Evid. 702](#) advisory committee's note. As the discussion below indicates, Sperry's expertise is largely a product of his “knowledge, skill, experience, training, [and] education.” Moreover, [Federal Rule of Evidence 901\(b\)\(3\)](#) provides for authentication of a document by “[c]omparison by ... expert witnesses with specimens which have been authenticated.” ^{FN11} Although authentication under [Rule 901](#) does not ensure admissibility, *see* 5 JACK B. WEINSTEIN ET AL., WEINSTEIN'S EVIDENCE ¶ 901(a)[02], at 901-28 (1996) (“A document is not admissible simply because it has been authenticated.

For example, if offered to prove the truth of assertions made in it, the document will need to meet hearsay requirements.”) (footnote omitted), if we were to hold that handwriting analysis is not a field of expertise under the Federal Rules of Evidence, there would be no place for expert witnesses to compare writing on one document with that on another in order to authenticate a document. In other words, *26 appellant's suggested approach would render [Rule 901\(b\)\(3\)](#) meaningless. We refuse to adopt that interpretive approach. *See* [Lake Cumberland Trust, Inc. v. U.S. EPA](#), 954 F.2d 1218, 1222 (6th Cir.1992) (“[W]e must *1160 interpret statutes as a whole, giving effect to each word and making every effort not to interpret a provision in a manner that renders other provisions of the same statute inconsistent, meaningless or superfluous.”). In short, expert handwriting analysis is a field of expertise under the Federal Rules of Evidence. ^{FN12} This decision, however, does not guarantee the reliability or admissibility of this type of testimony in a particular case. Because this is non-scientific expert testimony, its reliability largely depends on the facts of each case.

^{FN11}. It is also interesting to note a seldom cited federal statute dealing with the admissibility of handwriting testimony. [28 U.S.C. § 1731](#) provides: “The admitted or proved handwriting of any person shall be admissible, for purposes of comparison, to determine genuineness of other handwriting attributed to such person.” The approach taken by [§ 1731](#) is similar to that taken by [Federal Rule of Evidence 901\(b\)\(3\)](#). *See* [Fed.R.Evid. 901\(b\)\(3\)](#) advisory committee's note.

^{FN12}. As previously mentioned, the district court's ruling on this issue can be affirmed under either the de novo or abuse of discretion standard.

The facts in this case provide an ideal illustration as to why an expert's qualifications and the reliability of his testimony do not always separate into a clear dichotomy. Sperry is employed by the United States Postal Inspection Service Forensic Laboratory in Memphis as a forensic document analyst. To train for his job, he completed a two year in-residence course in questioned documents with the United States Army Criminal Investigation Laboratory, completed both the FBI and U.S. Secret Service courses in ques-

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tioned documents, and received additional training at the CIA training laboratory, the Bureau of Printing and Engraving, the Rochester Institute of Technology, the Royal Canadian Mounted Police Laboratory, the Georgia Bureau of Investigation Laboratory, and the Immigration and Naturalization Service headquarters. Trial Tr. at 121–22. His primary job responsibilities consist of “the examination and comparison of questioned handwriting and known handwriting and machine produced documents for the purpose of identifying or eliminating a particular person or machine as the source of that question or product[,] whether it be writing or machine product entries.” J.A. at *27 153. He estimated that, throughout his employment, he had conducted “well over a million comparative examinations.” J.A. at 154. In addition, he has published numerous articles in the field and testified approximately 240 times in various courts. J.A. at 155. To put it bluntly, the federal government pays him to analyze documents, the precise task he was called upon to do in the district court. See *Imwinkelried*, 15 CARDOZO L.REV. at 2292–93 (stating that the reliability of non-scientific expert testimony increases with the more experiences an expert has had and the similarity of those experiences to the expert's testimony). Indeed, handwriting examiners themselves have recognized the importance of experience:

As with any opinion expressed on the outcome of human movements, there is a fundamental requirement to be familiar with the normal range and variation of movement outcomes in the population from which routine examination material is drawn. For handwriting examiners, this experience comes mainly from the exposure we have to handwriting throughout the course of our life, the majority of which normally would occur before specializing in forensic handwriting examination. Forensic training serves to focus our approach to the comparison process according to the method. It should not be seen to be isolated from the real basis on which our opinions are formed which is a general exposure to the population of writing images, coupled with a knowledge of the limitations of the technique and the relationship between neural representations, artifacts of movement, complexity of images, and what can reasonably be said regarding authorship of entries based on these elements.

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DOCUMENT EXAMINATION at 26.

[8] As for Sperry's specific testimony in this case, he outlined the procedure that he uses when comparing a questioned signature with a known one. J.A. at 141–142. He then focused on enlargements of the signatures at issue *28 in this case and described to the jury, in some detail, how he reached his ultimate conclusions. Trial Tr. at 147–160. His testimony enabled the jury to observe firsthand the parts of the various signatures on which he focused. See *Starzecpyzel*, 880 F.Supp. at 1044 (“ [T]he ability of jurors to perform the crucial visual comparisons relied upon by handwriting experts cuts against the danger *1161 of undue prejudice from the mystique attached to “experts” ’ ”) (citation omitted).

Given Sperry's various training experiences, his job responsibilities, his years of practical experience, and the detailed nature of his testimony in this case, we hold that the district court did not abuse its discretion by admitting his testimony. But we wish to emphasize that just because the threshold for admissibility under [Rule 702](#) has been crossed, a party is not prevented from challenging the reliability of the admitted evidence. See *Daubert*, 509 U.S. at 596, 113 S.Ct. at 2798 (“Vigorous cross-examination, presentation of contrary evidence, and careful instruction on the burden of proof are the traditional and appropriate means of attacking shaky but admissible evidence.”); *United States v. Velasquez*, 64 F.3d 844, 852 (3d Cir.1995) (concluding that the district court erred by refusing to allow defendant's expert document examiner to testify in response to the government's document examiner). In this case, however, appellant does not contend that the district court prevented her from challenging the reliability of Sperry's testimony. Simply put, no abuse of discretion occurred.

IV. JONES'S CRIMINAL HISTORY CATEGORY UNDER [U.S.S.G. § 4A1.1](#)

[9] Jones argues that the district court erred by enhancing her sentence based on a prior sentence that she served in the Community Alternatives to Prison Program (“CAPP”), a program under Tennessee law that allowed Jones to receive home detention in lieu of prison time. The district court assigned three criminal history points for this sentence pursuant to [U.S.S.G. § 4A1.1\(a\)](#), because, in the district court's view, her time spent in home detention *29 constituted a sentence of imprisonment. J.A. at 172–73.

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Because Jones received a total of thirteen criminal history points, her criminal history category was VI. J.A. at 54. This criminal history category coupled with her offense level of nine produced a guidelines range of twenty-one to twenty-seven months of imprisonment. See [U.S.S.G. Ch. 5, Pt. A](#). The district court in this case sentenced Jones to the maximum twenty-seven months. J.A. at 39. If the three criminal history points for Jones's previous sentence of home detention were assigned in error, Jones would have received only one point for the CAPP term under [§ 4A1.1\(c\)](#), which directs the court to add one point for “each prior sentence not counted in [\[§ 4A1.1\(a\) and \(b\)\]](#).” If only one point had been assigned for her CAPP term, her criminal history points would have totaled eleven, which would have placed her in criminal history category V, which in turn would have produced a sentencing range of eighteen to twenty-four months of imprisonment. We review a district court's interpretation of a provision of the Guidelines de novo. [United States v. Barton](#), 100 F.3d 43, 44 (6th Cir.1996); [United States v. Sanders](#), 95 F.3d 449, 454 (6th Cir.1996); [United States v. Rasco](#), 963 F.2d 132, 134 (6th Cir.), cert. denied, 506 U.S. 883, 113 S.Ct. 238, 121 L.Ed.2d 173 (1992).^{FN13}

^{FN13}. Of course, under [Koon v. United States](#), 518 U.S. 81, —, 116 S.Ct. 2035, 2048, 135 L.Ed.2d 392 (1996), we review a district court's decision to depart from the sentencing ranges in the Guidelines for abuse of discretion, and any legal errors made by the district court are by definition an abuse of discretion. See *supra* Part III.A.

[10] The issue we decide is whether the sentence Jones served in home detention constitutes “a sentence of imprisonment” under [U.S.S.G. § 4A1.1\(a\)](#). [Section 4A1.2\(b\)\(1\)](#) defines “sentence of imprisonment” as a “sentence of incarceration.” One of the application notes to this section states that “[t]o qualify as a sentence of imprisonment, the defendant must have actually served a period of imprisonment on such sentence....” [U.S.S.G. § 4A1.2](#) commentary, applic. note 2. The Guidelines, however, do not further define “sentence of imprisonment,” nor do they *30 explicitly indicate whether time spent in home detention constitutes such a sentence under [§ 4A1.1\(a\)](#).^{FN14}

^{FN14}. The dissent states that “[t]he majori-

ty's reliance upon Application Note 2 of the Commentary to [U.S.S.G. § 4A1.2](#), as purportedly supporting the characterization of Jones's January 1994 forgery sentence as a non-‘imprisonment’ sentence, was misconceived.” Dissenting Op. at 1167 n. 5. As our discussion above shows, however, Application Note 2 does not answer the question whether time spent in home detention constitutes a “sentence of imprisonment,” and we do not rely on it to support our ultimate conclusion.

*1162 The government's primary argument is that our resolution of this issue is controlled by our decision in *United States v. Rasco*, in which “we address[ed] the narrow issue of whether detention in a halfway house or community treatment center upon revocation of a defendant's parole constitutes a sentence of incarceration within the meaning of [section 4A1.2\(e\)\(1\) of the federal sentencing guidelines](#).” 963 F.2d at 133. In *Rasco*, the defendant had previously served a sentence in a halfway house because of a parole violation. Under [§ 4A1.2\(k\)\(1\)](#), any term of imprisonment imposed upon revocation of parole is to be added to any term of imprisonment already imposed for that underlying offense for purposes of computing criminal history points. In analyzing whether time served in a halfway house upon the revocation of parole is a “sentence of imprisonment” the court decided not to focus “exclusively on the place of the defendant's detention,” but to adopt a “functional approach” that “focuses on the reason for the defendant's detention.” *Id.* at 135 (emphasis in original). The court explained:

Were we to focus solely on the place of detention, [\[§ 4A1.2\(k\)\]](#) would offer no more guidance than the other provisions of Chapter Four, because it likewise fails to address whether detention in a halfway house upon parole revocation is a “term of imprisonment.” We believe, however, that [section 4A1.2\(k\)](#) expresses the Commission's view that a sentence imposed upon revocation of parole, regardless of whether the *31 sentence is served in prison, a halfway house, or a community treatment center, be added to the original term of imprisonment, requiring the sentencing court to count them as a single sentence for purposes of criminal history scoring.... Given the many forms that a parole revocation sentence may take, we are confident

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that the purpose of this section is best served by requiring the sentencing court to focus upon the fact that the sentence was imposed because of the defendant's violation of his parole, rather than on the place where the sentence was served.

Id. at 135–36. It then recognized that:

[T]his interpretation arguably conflicts with the background commentary to [section 4A1.1](#). [Section 4A1.1](#) distinguishes between sentences of imprisonment exceeding one year and one month (subsection (a)), sentences of imprisonment of at least sixty days (subsection (b)), and all other sentences (subsection (c)). The background commentary explains that “[s]ubdivisions (a), (b), and (c) of [§ 4A1.1](#) distinguish confinement sentences longer than one year and one month, shorter confinement sentences of at least sixty days, and all other sentences, such as confinement sentences of less than sixty days, probation, fines, and residency in a halfway house.” [U.S.S.G. § 4A1.1](#), comment. (backg'd). This commentary seems to equate confinement sentences with sentences of imprisonment and distinguish both from residency in a halfway house. We do not read this commentary, however, as categorically excluding detention in a halfway house from the definition of a “sentence of incarceration” for purposes of computing the applicable time period under [section 4A1.2\(e\)](#), nor do we read it as excluding halfway house placement from the definition of a “sentence of imprisonment” under [section 4A1.2\(k\)](#). Such an interpretation would elevate the importance of a defendant's place of detention over the reason for which the detention was imposed, thereby frustrating the position of [*32section 4A1.2\(k\)](#), that a sentence imposed upon revocation of parole be added to the original sentence regardless of where the sentence is served. To the extent that the commentary to [section 4A1.1](#) conflicts with the mandates of [section 4A1.2\(k\)](#), we conclude that [section 4A1.2\(k\)](#) controls.

Id. at 136–37.

Appellee argues that, according to *Rasco*, we should focus on the reason for Jones's participation in CAPP, rather than on the [*1163](#) conditions imposed by her sentence. According to the government, Jones was placed in CAPP because of Tennessee's policy of attempting “to reserve ‘secure confinement facilities for violent felony offenders.’ ” Appellee's Br. at 28

(quoting [T.C.A. § 40–36–103\(1\)](#)). Appellee goes on to argue that the State of Tennessee treated the time Jones spent in home detention as a “sentence of imprisonment.” The government is thus apparently asking us to rely on state law in our interpretation of the United States Sentencing Guidelines. *Rasco* does not stand for such a proposition, and we decline the government's request to apply it in that way. *Rasco*'s focus on the reason why the sentence at issue in that case was imposed—a violation of parole—not only is consistent with that court's interpretation of [§ 4A1.2\(k\)](#), but also does not force a federal court interpreting the Guidelines to ascertain how various states define a “sentence of imprisonment.” [FN15](#)

[FN15](#). The dissent suggests that “the panel majority's analysis confused the state's reason for Jones's sentence of imprisonment (which is the pertinent *Rasco* inquiry) with the reason for the state's assignment of Jones to a particular place for the service of her sentence (which is irrelevant under *Rasco*).” Dissenting Op. at 1169. This statement is misleading for numerous reasons. First, by stating that we “confused the state's reason for Jones's sentence of imprisonment,” the dissent implies that we agree that Jones actually served a sentence of imprisonment. Whether such a sentence was served, however, is the issue that must be decided. Moreover, were we to conclude that Jones served a sentence of imprisonment, there would be no need under the Guidelines to ascertain the reason for her sentence. Additionally, even if we were to focus on the reason for her sentence (her state-law felony conviction), we would still be no closer to resolving whether her time spent in home detention constituted a sentence of imprisonment. That is, Jones was punished because she broke Tennessee law; this fact, however, sheds no light on whether the punishment actually imposed constituted a sentence of imprisonment. It is therefore apparent that the dissent's interpretation of *Rasco* does not strengthen the government's position in the least.

[*34](#) To extend *Rasco* to stand for the proposition that we turn to state law to define terms in the Sentencing Guidelines would be a clear misapplication of

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the law. See *Dickerson v. New Banner Inst., Inc.*, 460 U.S. 103, 119, 103 S.Ct. 986, 995, 74 L.Ed.2d 845 (1983) (“[I]n the absence of a plain indication to the contrary, ... it is to be assumed when Congress enacts a statute that it does not intend to make its application dependent on state law.”) (quoting *NLRB v. Natural Gas Util. Dist.*, 402 U.S. 600, 603, 91 S.Ct. 1746, 1748, 29 L.Ed.2d 206 (1971), in turn quoting *NLRB v. Randolph Elec. Membership Corp.*, 343 F.2d 60, 62–63 (4th Cir.1965)). Indeed, we have explicitly applied the Supreme Court's pronouncements in *Dickerson* to federal sentencing issues. See *United States v. Kirby*, 893 F.2d 867, 868 (6th Cir.1990) (“Federal law, not Kentucky law, controls sentencing disposition in the event of convictions for federal offenses.”) (citing *Dickerson*, 460 U.S. at 111–12, 103 S.Ct. at 991–92; *Flippins v. United States*, 808 F.2d 16, 19 (6th Cir.1987)).

Additionally, the adoption of appellee's argument would contravene one of the very purposes of the sentencing guidelines—uniformity. See *U.S.S.G. Ch. 1, Pt. A*. (“Congress sought reasonable uniformity in sentencing by narrowing the wide disparity in sentences imposed for similar criminal offenses committed by similar offenders.”). As the Seventh Circuit stated in *United States v. Phipps*, 68 F.3d 159 (7th Cir.1995):

[Looking to state law to define terms in the Sentencing Guidelines] would lead to divergent aggregate sanctions depending on which state the crime occurred *35 in, undermining the most basic purpose of the Sentencing Reform Act of 1984 and the Guidelines themselves. The meaning of “imprisonment” therefore is a question of federal law, one depending on what states *do* rather than on the labels they attach to their sanctions.

Id. at 161 (emphasis in original). See also *United States v. Stewart*, 49 F.3d 121, 123 n. 3 (4th Cir.1995) (“A federal court construing the federal Sentencing Guidelines need not turn to state law. Rather we should try to ascertain a sound interpretation of the Guidelines and its goals.”). We therefore turn to the Sentencing Guidelines themselves to determine whether home detention constitutes*1164 a “sentence of imprisonment” under § 4A1.1.^{FN16}

^{FN16} Were we to look outside the Sentencing Guidelines to determine whether a sen-

tence of home detention is a term of imprisonment, we would be guided by the Supreme Court's recent decision in *Reno v. Koray*, 515 U.S. 50, —, 115 S.Ct. 2021, 2029, 132 L.Ed.2d 46 (1995), which held that “the time respondent spent at the Volunteers of America community treatment center while ‘released’ on bail pursuant to the Bail Reform Act of 1984 was not ‘official detention’ within the meaning of 18 U.S.C. § 3585(b).” We decline appellant's request to rely on *Koray*, however, not only because of the language difference between “official detention” and “sentence of imprisonment,” but also because the two terms emanate from two different statutes. See *United States v. Phipps*, 68 F.3d 159, 161–62 (7th Cir.1995). With the Guidelines' cautionary instructions regarding different definitions in different sections of the Guidelines in mind, see *U.S.S.G. § 1B1.1* commentary, applic. note 2, we prefer to confine our inquiry to the Guidelines themselves and not to venture out on a sojourn throughout the United States Code.

As an initial matter, we note that this is an entirely different issue than that faced by the court in *Rasco*. As the lengthy quotation above from *Rasco* indicates, the court in that case made it clear that its decision rested on its interpretation of § 4A1.2(k), namely that “a sentence imposed upon a revocation of parole be added to the original sentence regardless of where that sentence is served.” 963 F.2d at 137. Because of its interpretation of § 4A1.2(k), it did not rely on background commentary in *36 a different section, which it found to be at odds with § 4A1.2(k). In the present dispute, however, we are not called upon to interpret § 4A1.2(k), but instead we must interpret the very section to which the conflicting background commentary discussed in *Rasco* applies. Moreover, unlike the court in *Rasco*, we are focusing on the Guidelines' treatment of “home detention.”^{FN17}

^{FN17} Although home detention presumably can take many forms, the government does not contend that Jones's sentence, while labeled home detention, actually should have been classified as some other type of punishment. Because of this fact, it is unnecessary for us to delve into the specific re-

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quirements imposed on Jones by her sentence of home detention.

Our starting point is [§ 4A1.1](#) itself. Subsections (a) and (b) distinguish between sentences of imprisonment exceeding one year and one month and sentences of imprisonment of at least sixty days that do not reach the thirteen-month threshold. Sentences falling in the former category are assigned three criminal history points and those in the latter two points. Subsection (c) does not mention “sentence of imprisonment” but instead states that the sentencing court is to add one point “for each prior sentence not counted in (a) or (b). . . .” Thus, the Guidelines explicitly recognize a distinction between a “sentence of imprisonment” and a “prior sentence.” The background commentary to this section sheds light on this distinction: “Subdivisions (a), (b), and (c) of [§ 4A1.1](#) distinguish *confinement* sentences longer than one year and one month, shorter *confinement* sentences of at least sixty days, and *all other sentences*, such as confinement sentences of less than sixty days, probation, fines, and residency in a halfway house.” [U.S.S.G. § 4A1.1](#) commentary, background (emphasis added). While home detention is not mentioned in this commentary, we are confident that, given its uniform treatment throughout the Guidelines, as discussed below, it would be classified in the “all other sentences” category. Because there is no conflict between this background commentary and the *37 section to which it applies, we are not faced with the conflict presented in *Rasco*, and we thus find this commentary highly useful in our analysis.

As we turn to other sections in the Guidelines, we recognize that “definitions [of terms in other sections of the Guidelines] are not designed for general applicability; therefore, their applicability to sections other than those expressly referenced must be determined on a case by case basis.” [U.S.S.G. § 1B1.1](#) commentary, applic. note 2. In our view, because home detention is not mentioned in the section at issue in this case, and because the other sections give a uniform treatment to the distinction between incarceration and home detention, this is an appropriate case for us to review the Guidelines’ treatment of home detention in other sections. Because our mission in this case is to interpret the Sentencing Guidelines, were we unable to consult other sections of the *1165 Guidelines, we would be left to construct a definition on our own. It is unnecessary for us to do

so in this case, however, because of the consistent treatment given to “home detention” throughout the Guidelines.

Other sections in the Guidelines explicitly recognize a distinction between incarceration and home detention. Section 5F1.2 provides that “[h]ome detention may be imposed as a condition of probation or supervised release, but only as a substitute for imprisonment.” As we have stated before, “[t]his [section] makes clear that home detention is not equivalent to imprisonment for the purposes of initial incarceration.” [United States v. Harris](#), Nos. 91–2421 to 91–2423, 1992 WL 393582, at * 2 (6th Cir. Dec. 31, 1992). Additionally, § 7B1.3(d) states that when revocation of probation or supervised release is ordered, “any such unserved period of community confinement, home detention, or intermittent confinement may be converted to an equivalent period of imprisonment.” If home detention under this section can be “converted” into a period of imprisonment, the two most definitely are not the same. Another relevant section is 5B1.4(b)(20), which recommends conditions of probation *38 and supervised release. It provides: “Home detention may be imposed as a condition of probation or supervised release, but only as a substitute for imprisonment.” Given the Sentencing Guidelines’ uniform treatment of home detention, it is, therefore, apparent that under the Sentencing Guidelines, time spent in home detention does not constitute a “sentence of imprisonment.” See [United States v. Phipps](#), 68 F.3d 159, 162 (7th Cir.1995) (“‘Home detention’ differs from ‘imprisonment’ throughout the Guidelines’ schema. It is not ‘imprisonment’ but is a ‘substitute for imprisonment.’”) (quoting [U.S.S.G. § 5B1.4\(b\)\(20\)](#)). In light of the fact that the Guidelines consistently recognize the distinction between home detention and imprisonment and in light of our reading of [§ 4A1.1](#) and its background commentary, we hold that the district court erred by treating Jones’s time spent in home detention under CAPP as a “sentence of imprisonment” under [§ 4A1.1\(a\)](#) of the Sentencing Guidelines.^{FN18}

^{FN18}. After stating that our decision gives a “windfall award” to Jones, the dissent then asserts that “[t]he majority has unjustifiably ignored Guidelines-mandated prison time from the defendant’s instant 1995 sentence by characterizing her prior prison sentence for forgery as a sentence which did not con-

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stitute 'imprisonment' merely because, as a matter of grace and leniency by the state, that sentence was being served under conditions less onerous than those of a state prison." Dissenting Op. at 1170–71. While it is intuitive that time spent in home detention is less onerous than time spent in prison, our conclusion in this case does not depend on whether the punishment Jones received was more or less onerous than prison time. Numerous situations could be imagined in which a heavy fine could be more severe than time spent in prison; yet, it hardly could be argued that even a crippling monetary sanction qualifies as a sentence of imprisonment. Cf. *Phipps*, 68 F.3d at 161 ("If one state decided that financial sanctions are sufficient for property crimes, no one would suppose that this produced a subtraction under § 5G1.3(b) on the ground that a heavy fine can be as severe as a period in the pocky. So too with other sanctions."). For better or worse, the Sentencing Commission chose to use prison time as a proxy for the severity of past offenses. Although this proxy may benefit the government in some cases and criminal defendants in others, our task is not to assess which party receives a "windfall" in each particular case; instead, we must interpret the Federal Sentencing Guidelines as we would any other statute. That is precisely what we do in the present dispute.

*39 V. CONCLUSION

We **AFFIRM** the district court's evidentiary rulings and therefore **AFFIRM** Jones's convictions. We **REVERSE** the district court's determination that the time Jones spent in home detention constituted a "sentence of imprisonment." Because the district court's error resulted in Jones being assigned incorrectly to a higher criminal history category, we **VACATE** her sentence and **REMAND** for further proceedings consistent with this opinion.

*40 **KRUPANSKY**, Circuit Judge, concurring in part and dissenting in part.

I agree with the panel majority's conclusions that the district court did not abuse its discretion by finding that a card allegedly written by the defendant was authentic and hence admissible as a handwriting ex-

emplar, and by admitting expert handwriting identification testimony from a forensic document *1166 examiner. Accordingly, I join parts I, II, and III of the majority opinion, and **CONCUR** in the affirmation of the defendant's June 1995 conviction.

However, the panel majority's conclusion that Jones's January 1994 Tennessee court sentence to four years' incarceration for forgery ^{FN1} did not constitute a "prior sentence of imprisonment" under [U.S.S.G. § 4A1.1\(a\)](#) because state authorities permitted Jones to serve that sentence in residential confinement under the Tennessee Community Alternatives to Prison Program (CAPP), was legally erroneous under [U.S.S.G. § 4A1.1](#) and *United States v. Rasco*, 963 F.2d 132 (6th Cir.), cert. denied, 506 U.S. 883, 113 S.Ct. 238, 121 L.Ed.2d 173 (1992). Accordingly, because I would affirm the lower court's sentence imposed against Jones, I **DISSENT** from part IV of the majority opinion.

^{FN1}. On January 21, 1994, in case no. 65060, the Criminal Court of Knox County, Tennessee, convicted Jones of forgery ([T.C.A. 39–14–114](#)) committed on April 11, 1991, and sentenced her to four years in the custody of the Tennessee Department of Corrections, but referred her to the Tennessee Community Alternatives to Prison Program ("CAPP"), a state correctional program designed to provide alternative punitive environments for non-violent offenders in lieu of captivity in a "secure confinement facilit[y]." [T.C.A. § 40–36–103\(1\)](#). See J.A. at 53, 60, & 66.

A federal jury convicted defendant Kathleen Kremser Jones on June 21, 1995 on each of the six counts of a superseding indictment ^{FN2} stemming from her fraudulent *41 procurement of a Visa credit card issued in another person's name, and her use of that card to incur approximately \$3,748.08 in illegitimate motel charges and automatic teller machine cash advances between July 8 and July 21, 1991. On August 4, 1995, the district court sentenced Jones to serve 27 months in federal prison, to be followed by three years of supervised release. The trial court had determined a 21 to 27 month sentencing range, which was the product of an offense level of nine matched with a criminal history category of VI. The sentencing court further ordered restitution of \$3,748.08 and

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(Emphasis added). Additionally, [section 4A1.2\(b\)\(2\)](#) mandates that

[i]f part of a sentence of imprisonment was suspended, ‘sentence of imprisonment’ refers only to the portion that was not suspended.

(Emphasis added).

Thus, Note 2 to [section 4A1.2](#) merely pronounces that *sentences entirely suspended or stayed* shall be credited for only one criminal history point irrespective of the length of such a sentence, and that *suspended portions of sentences* shall not be counted towards calculating the length of a sentence of imprisonment. Obviously, suspended incarceration time *will not be served anywhere*, and hence is not counted as prison sentence time. However, note 2 does *not* support the proposition, erroneously embraced by the panel majority, that actual *service* of a prison sentence in confinement conditions other than physical presence in a penal institution automatically renders such sentence something less than a “sentence of imprisonment.”

*44 Under [U.S.S.G. § 4A1.2](#), “criminal history points are based on the *sentence pronounced*, not the length of time actually served,” *id.*, commentary note 2 (emphasis added), as long as *some* of that time is actually served. Beyond contradiction, Jones was sentenced to serve four years of “incarceration” or “imprisonment” in January 1994, and had served part of that sentence (in home detention) by the time of her August 1995 sentencing in the case *sub judice*. The irrelevance of the *place* of that physical detention was established beyond dispute by this circuit’s controlling decision in [United States v. Rasco](#), 963 F.2d 132 (6th Cir.), *cert. denied*, 506 U.S. 883, 113 S.Ct. 238, 121 L.Ed.2d 173 (1992), which ruled that detention in a halfway house or a community treatment center upon revocation of parole constituted the equivalent of “incarceration” or “imprisonment” under the criminal history provisions (Chapter Four) of the Guidelines:

*45 The guidelines do not expressly address

whether residency in a halfway house or community treatment center constitutes imprisonment for purposes of Chapter Four. While [section 4A1.2\(b\)\(1\)](#) explains that “[t]he term ‘sentence of imprisonment’ means a sentence of incarceration,” *id.* [§ 4A1.2\(b\)\(1\)](#), the guidelines neither define “incarceration” nor state whether detention in a halfway house or community treatment center constitutes “incarceration” for purposes of computing a defendant’s criminal history score. Rather than presuming the guidelines’ silence on this point to have been merely an oversight in drafting, we prefer to view this apparent lacuna in the guidelines as indicative of the Sentencing Commission’s intent that the sentencing court adopt a functional approach to resolving this issue, one that focuses on the *reason* for the defendant’s detention, rather than an approach focusing exclusively on the *place* of the defendant’s detention.

Id. at 135 (emphasis in the original; note omitted).

The *Rasco* court further ruled:

We believe ... that [section 4A1.2\(k\)](#) ^{FN6} expresses the Commission’s view that a sentence*1168 imposed upon revocation of parole, regardless of whether the sentence is served in prison, a halfway house, or a community treatment center, be added to the original term of imprisonment, requiring the sentencing court *46 to count them as a single sentence for purposes of criminal history scoring. Thus, [section 4A1.2\(k\)](#) precludes a court from treating a sentence imposed upon revocation of parole as a distinct sentence deserving separate counting under [section 4A1.1\(a\)](#), (b), or (c). Given the many forms that a parole revocation may take, we are confident that the purpose of this section is best served by requiring the sentencing court to focus upon the fact that the sentence was imposed because of the defendant’s violation of his parole, rather than on the place where the sentence was served.

FN6. [U.S.S.G. § 4A1.2\(k\)\(1\)](#), which controls, in the criminal history tabulation process, the role of a “prior sentence” which had been imposed as a result of a revocation of parole, commands:

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In the case of a prior revocation of probation, parole, supervised release, special parole, or mandatory release, add the original term of imprisonment to any term of imprisonment imposed upon revocation. The resulting total is used to compute the criminal history points for [§ 4A1.1\(a\), \(b\), or \(c\)](#), as applicable.

Id. at 135–36.

The panel majority's effort to distinguish *Rasco* from the instant cause is less than persuasive. First, the panel majority has attempted to limit *Rasco* only to encompass cases in which the defendant had incurred a *prior revocation of parole*. The panel majority misconceives *Rasco* to rule that time served in a halfway house or community treatment center should be considered time served in “imprisonment” only where the defendant had already served time in prison for a prior offense, and then subsequently incurred additional confinement in a halfway house, community treatment center, or similar environment because he violated his parole or supervised release conditions on that offense.

Contrary to the panel majority's analysis, however, the absence of a parole violation in the instant appeal is entirely insignificant. The salient applicable principle mandated by *Rasco* was that time to be served in a halfway house constituted part of a “sentence of imprisonment” under Chapter Four, Part A (Criminal History Category) of the Guidelines, because the *place* of “imprisonment” was unimportant; rather, the *reason* for the defendant's confinement was deemed to control the characterization of such detention time as either the equivalent of time in prison or punishment distinct from time in prison. In *Rasco*, the defendant served time in a halfway house *47 because he violated his parole conditions, which would justify his imprisonment; thus, the halfway house term was added to his previous sentence of imprisonment to calculate the criminal history points attributable to his underlying prior offense. See [Rasco, 963 F.2d at 137](#). Similarly, a Tennessee court condemned Jones to four years in the state penitentiary because she had committed a felony which warranted a severe penalty; the ultimate place of service of that court-imposed captivity is irrelevant.

The panel majority, however, failed to focus

upon the reason for Jones's detention by the state, but instead addressed the reason for her assignment to home detention. The panel majority resolved that it could not determine Tennessee's specific reason for consigning Jones to home confinement instead of the state reformatory without consulting Tennessee law, which articulated a public policy favoring reservation of prison space for violent felons. [T.C.A. § 40–36–103\(1\)](#). Because the panel majority posited that the meaning of terms used in the Sentencing Guidelines should be exacted with reference to federal law rather than state law, it declined to consult Tennessee law for purposes of delineating instances wherein “home confinement” equals a “sentence of imprisonment.” Accordingly, the panel majority in effect concluded that because it could not discover the state's particular motive for placing Jones in home confinement instead of prison, it must assume that the state authorities had intended to punish her by means short of imprisonment.

This analysis derogates against *Rasco*. The *Rasco* court expressly posited that *the reason for the defendant's sentence* controlled the characterization of that sentence as one of imprisonment or as something else, *rather than the place where the sentence would be served*. [Rasco, 963 F.2d at 135–36](#). *1169 However, the panel majority's analysis confused the state's reason for Jones's sentence of imprisonment (which is the pertinent *Rasco* inquiry) with the reason for the state's assignment of Jones to a particular place for the service of her sentence (which is irrelevant under *Rasco*). Because the state's reason for assigning *48 Jones to home confinement was immaterial, no reference to any state law policy to discover the reason for her detention in this particular place was necessary.^{FN7}

^{FN7}. Indeed, the case *sub judice* presents a *more* compelling instance than *Rasco* for counting the term at issue as a sentence of imprisonment. The Background Commentary to [U.S.S.G. § 4A1.1](#) recites in part:

Subdivisions (a), (b), and (c) of [§ 4A1.1](#) distinguish *confinement sentences* longer than one year and one month, shorter confinement sentences of at least sixty days, and *all other sentences, such as* confinement sentences of less than sixty days, probation, fines, and *residency in a half-*

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way house.

(Emphasis added).

The *Rasco* court resolved:

This commentary seems to equate confinement sentences with sentences of imprisonment and distinguish both from residency in a halfway house. We do not read this commentary, however, as categorically excluding detention in a halfway house from the definition of a “sentence of incarceration” for purposes of computing the applicable time period under [section 4A1.2\(e\)](#), nor do we read it as excluding halfway house placement from the definition of a “sentence of imprisonment” under [section 4A1.2\(k\)](#). Such an interpretation would elevate the importance of a defendant’s place of detention over the reason for which the detention was imposed, thereby frustrating the position of [section 4A1.2\(k\)](#), that a sentence imposed upon revocation of parole be added to the original sentence regardless of where that sentence is served. To the extent that the commentary to [section 4A1.1](#) conflicts with the mandates of [section 4A1.2\(k\)](#), we conclude that [section 4A1.2\(k\)](#) controls.

963 F.2d at 137 (emphasis added).

By contrast, [U.S.S.G. § 4A1.1](#), commentary (backg’d) does not even arguably support the characterization of Jones’s home confinement for forgery as something less than a “confinement sentence” (or “sentence of imprisonment”). Although the Commissioners therein expressly distinguished “residency in a halfway house” from a “confinement sentence,” they did *not* distinguish “home detention” from a “confinement sentence.” The Sentencing Commission’s silence can only be interpreted to reflect an intent *not* to exclude “home detention” from the general category of “confinement sentences.” This conclusion is bolstered by consideration of the *more restrictive na-*

ture of home detention as compared to halfway house residency, which renders home confinement more akin to institutional incarceration. Whereas halfway house residency is a form of “community confinement” wherein the resident enjoys considerable freedom to engage in a variety of activities outside of the halfway house during “non-residential hours,” [U.S.S.G. § 5F1.1](#) & commentary (n. 1 & 2), a person under home detention is subject to “*confinement and supervision that restricts the defendant to his place of residence continuously, except for authorized absences*, enforced by all means of surveillance by the probation office. When an order of home detention is imposed, *the defendant is required to be in his place of residence at all times except for approved absences* for gainful employment, community service, religious services, medical care, educational or training programs, and such other times as may be specifically authorized.” [U.S.S.G. § 5F1.2](#), commentary (n. 1) (emphasis added). Indeed, the basic concept of a “halfway house” is a restrictive, supervisory, rehabilitative environment which is “halfway” between penal confinement and release into the general community. Moreover, the Guidelines permit a sentencing court to impose halfway house residency as a condition of probation or supervised release in *any* case, [U.S.S.G. § 5F1.1](#) & commentary (n. 1), whereas a district court may impose home detention as a condition of probation or supervised release “*only as a substitute for imprisonment.*” [U.S.S.G. § 5F1.2](#) (emphasis added). Therefore, home confinement is more similar to imprisonment (or a “confinement sentence”) than is halfway house placement. Thus, if time served in a halfway house constitutes “imprisonment” time under *Rasco*, *a fortiori*, time served in home detention must also constitute imprisonment time.

*50 The panel majority’s invocations of Guidelines sections which purportedly differentiate “home detention” from “imprisonment” in contexts other than criminal history *51 computations were again misconceived. ^{FN8} Chapter *1170 5, Part F (“Sentenc-

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ing Options”) dictates that

[FN8](#). Definitions and concepts adopted for purposes of specific chapters, parts, or sections of the Guidelines do not necessarily control in other chapters, parts, or sections of the Guidelines, if diverse considerations inform their meaning in various contexts. For example, note 1 of the Commentary to [U.S.S.G. § 1B1.1](#) promulgates definitions of various terms “that are used frequently in the guidelines and are of general applicability (except to the extent expressly modified in respect to a particular guideline or policy statement).” Note 2 then postulates:

Definitions of terms also may appear in other sections. Such definitions are not designed for general applicability; therefore, their applicability to sections other than those expressly referenced must be determined on a case by case basis.

See [Rasco, 963 F.2d at 137](#).

Home detention may be imposed as a condition of probation or supervised release, but only as a substitute for imprisonment.

[U.S.S.G. § 5F1.2](#).

Chapter 5, Part B (“Probation”) contains a similar proviso:

Home detention may be imposed as a condition of probation or supervised release, but only as a substitute for imprisonment. See [§ 5F1.2](#) (Home Detention).

[U.S.S.G. § 5B1.4\(b\)\(20\)](#) (Policy Statement).

Additionally, Chapter 7, Part B (“Probation and Supervised Release Violations”) directs that:

Any restitution, fine, community confinement, home detention, or intermittent confinement previously imposed in connection with the sentence for which revocation is ordered that remains unpaid or unserved *52 at the time of revocation shall be ordered to be paid or served in addition to the sanction determined under § 7B1.4 (Term of Imprisonment), and any such unserved period of community confinement, home detention, or intermittent confinement may be converted to an equivalent period of imprisonment.

[U.S.S.G. § 7B1.3\(d\)](#) (Policy Statement).

These sections of the Guidelines merely authorize district courts to impose home detention as a condition of probation or supervised release where the court could have instead imposed a prison sentence, and empower the district courts to convert an unserved term of home confinement to a term of imprisonment as punishment for violation of the conditions of parole or supervised release. That the Guidelines distinguish between “home confinement” and “imprisonment” in these contexts does not mean that home confinement categorically may not be equated with imprisonment *for purposes of determining the defendant's criminal history category*. To the contrary, the Guidelines sections quoted above reflect the interrelationship and substitutability of institutional imprisonment and home confinement, which bolsters the conclusion that, where a defendant has been sentenced to time in a penitentiary but has been permitted to serve that time in alternate environs, that sentence should nonetheless be construed as a sentence of imprisonment under the criminal history assessment sections of the Guidelines.

This federal public policy militates against the panel majority's windfall award of a reduced sentence to Jones for her 1995 conviction simply because the State of Tennessee had magnanimously permitted Jones to discharge her 1994 custodial penalty for forgery in the comparatively pleasant surroundings of her own home, rather than in the penitentiary to which she had been rightfully condemned. The majority has unjustifiably ignored Guidelines-mandated prison time from the defendant's instant 1995 sentence by characterizing her prior prison sentence for forgery as a sentence which did not constitute “imprisonment” merely *53 because, as a matter of grace and leniency by the state, that sentence was being served under conditions less onerous than those of a state prison.

Jones was ordered imprisoned by the Tennessee court for four years because she had pleaded guilty to a serious forgery charge. The ultimate conditions of that confinement are irrelevant to the fundamental

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policy which partially anchors the criminal history sections of the Guidelines, namely that sentencing should in part reflect the *seriousness* of the defendant's prior crime(s). The seriousness of such a previous crime is evidenced by the *duration*, not the *place*, of the prior punitive confinement sentence. See [U.S.S.G. § 4A1.1](#), comment. (backg'd); [Rasco, 963 F.2d at 135](#). The varying motivations which state criminal justice systems may have for assigning certain recipients of incarceration sentences to home detention rather than to a state-run house of corrections are immaterial to the characterization of such a convict's underlying prison sentence as one of "imprisonment" for purposes of tallying his or her criminal history points.

Accordingly, the majority's reversal of the lower court's addition of three criminal history points to the appellant's sentencing calculation for her 1994 state court four year sentence for forgery constitutes legal error. Because I would affirm the sentence imposed *1171 by the trial court, I **DISSENT** from part IV of the majority opinion, from the vacation of Jones's sentence, and from the remand of this case for resentencing. However, I **CONCUR** in the affirmation of Jones's conviction and join parts I, II, and III of the majority opinion.

C.A.6 (Tenn.),1997.

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Only the Westlaw citation is currently available.

United States District Court,
 S.D. Ohio,
 Eastern Division.
 SAFE AUTO INSURANCE COMPANY, Plaintiff
 and Counter Defendant,
 v.
 STATE AUTOMOBILE MUTUAL INSURANCE
 COMPANY, Defendant and Counter Claimant.

No. 2:07-cv-1121.
 Sept. 30, 2009.

West KeySummaryEvidence 157  268

[157 Evidence](#)

[157VIII Declarations](#)

[157VIII\(A\)](#) Nature, Form, and Incidents in
 General

[157k268](#) k. Statements Showing Physical
 or Mental Condition; State of Mind. [Most Cited Cases](#)

Federal Civil Procedure 170A  2545

[170A Federal Civil Procedure](#)

[170AXVII Judgment](#)

[170AXVII\(C\) Summary Judgment](#)

[170AXVII\(C\)3 Proceedings](#)

[170Ak2542 Evidence](#)

[170Ak2545](#) k. Admissibility. [Most](#)

[Cited Cases](#)

Statements that second insurer had received misdirected phone calls and payments intended for first insurer and that an e-mail was sent inadvertently to second insurer regarding audit scheduled to be conducted upon first insurer were not hearsay and thus could be considered when deciding second insurer's motion for summary judgment in first insurer's declaratory judgment action asserting that first insurer had not infringed any of second insurer's trademarks. Statements were based on first-hand knowledge of second insurer's employees and were not being offered to prove the truth of the matter asserted, but merely to establish the original declarants' state of mind, which was confusion. [Fed.Rules Evid.Rule 803, 28 U.S.C.A.](#); [Rules Civ.Proc., Rule 56](#).

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OPINION AND ORDER

[EDMUND A. SARGUS, JR.](#), District Judge.

*1 This matter is before the Court for consideration of Plaintiffs Motion for Summary Judgment on Count I of the Complaint and Counts I-IV of Defendant's Counterclaims (Document 40), Plaintiff's Motion for Summary Judgment on Defendant's Counterclaims for a Monetary Award (Document 41), Defendant's Motion for Summary Judgment (Document 43), and Plaintiff's Motion to Strike the Report of Dr. Alexander Simonson and Hearsay Evidence (Document 57). For the reasons that follow, the Court **DENIES** Plaintiff's Motion to Strike (Document 57); **DENIES** the parties' motions for summary judgment on Plaintiff's Counts I and II and Defendants' Counterclaims I-IV (Documents 40 and 43), and **DENIES** without prejudice Plaintiff's Motion for Summary Judgment on Defendant's Monetary Counterclaims (Document 41).

I. Background

State Auto is a full-service insurer that distributes its products through independent agents and offers a wide array of personal and commercial insurance products. (Compl. ¶ 10; Answer ¶ 10.) State Auto sells its insurance products through independent insurance agents rather than selling directly to consumers. According to State Auto, it has used a stylized "SA" logo (the "State Auto Logo") continuously since at least as early as 1981. (Answer ¶ 23.) State Auto asserts that it has a valid and subsisting Ohio service mark registration for the State Auto Logo, Ohio Registration No. SM4219, for insurance and financial services. (Answer ¶ 22.)

Safe Auto asserts that it is a "consumer-direct personal auto insurer operating in numerous states," and "specializes in selling motor vehicle liability insurance policies tailored to satisfy the mandated coverage requirements of the various state financial responsibility laws for drivers." (Compl. ¶ 6.) Safe Auto alleges that its sole channel of distribution is in-

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bound sales calls which are generated by marketing directly to the public and are serviced by Safe Auto's in-house staff. (*Id.*) According to Safe Auto, it developed a stylized "SA" logo (different from the State Auto Logo) and variations (collectively, the "Safe Auto Logo") in the fall of 2006. (Compl. ¶ 8.)

Safe Auto states that it filed applications on November 3, 2006 with the United States Patent and Trademark Office ("PTO") to register the Safe Auto Logo. (Compl. ¶ 9.) On December 5, 2006, State Auto filed an application with the PTO to register the State Auto Logo. (Compl. ¶ 11; Answer ¶ 11.) The PTO published the applications for the Safe Auto Logo on June 5 and June 26, 2007, and published the application for the State Auto Logo on June 26, 2007. (Compl. ¶ 13; Answer ¶ 13.)

On or about October 3, 2007, State Auto filed a Notice of Opposition with the Trademark Trial and Appeal Board of the PTO seeking to preclude registration of the Safe Auto Logo and alleging that Safe Auto's use of the Safe Auto Logo "is likely to cause confusion, or to cause mistake, or to deceive, particularly as to the source or origin of the services with which [Safe Auto] intends to use its mark." (Compl. ¶ 14; Answer ¶ 14.)

*2 Plaintiff filed this lawsuit on October 26, 2007. Plaintiff seeks declaratory judgment declaring, for Count I, that "Safe Auto has not infringed any trademark, service mark and/or other proprietary rights of State Auto"; and for Count II, that "State Auto has abandoned any trademark, service mark and/or other proprietary rights that it possessed in the logo, if any" and that "State Auto has no enforceable trademark, service mark and/or other proprietary rights in that logo." (Compl. ¶ 620.) Defendant filed four counterclaims: Counterclaim I for common law trademark infringement, Counterclaim II for false designation of origin under the Lanham Act, Counterclaim III for deceptive trade practices under Ohio law, and Counterclaim IV for Ohio trademark infringement. (Answer ¶ 4067.)

Plaintiff has moved for summary judgment on Count I and on Defendant's counterclaims; Defendant has moved for summary judgment on Counts I and II and on its counterclaims. Plaintiff has also filed a motion to strike the consumer survey report of Defendant's expert as well as certain alleged hearsay.

II. Plaintiff's Motion to Strike

In its motion to strike, Plaintiff moves the Court to strike or exclude from consideration Exhibit 26 to Defendant's Motion for Summary Judgment, hereinafter referred to the "Simonson Survey" or the "Survey," as well as the alleged facts set forth in paragraphs 1-6, 50-53, 56, and 60 of the Statement of Undisputed Facts in State Auto's Motion for Summary Judgment on the ground that it is hearsay. (Mot. Strike 1.)

A. Simonson Survey

Plaintiff moves the Court to strike or exclude from consideration the Simonson Survey on the grounds that "the survey is so flawed and lacks reliability as to be irrelevant and/or that any probative value is outweighed by the prejudice it will cause." (Mot. Strike 1.) To be admissible, a survey should generally satisfy the following requirements:

- (1) the "universe" was properly defined,
- (2) a representative sample of that universe was selected,
- (3) the questions to be asked of interviewees were framed in a clear, precise and non-leading manner,
- (4) sound interview procedures were followed by competent interviewers who had no knowledge of the litigation or the purpose for which the survey was conducted,
- (5) the data gathered was accurately reported,
- (6) the data was analyzed in accordance with accepted statistical principles, and
- (7) objectivity of the process was assured.

Leelanau Wine Cellars, Ltd. v. Black & Red, Inc., 452 F.Supp.2d 772, 778 (W.D.Mich.2006), aff'd, 502 F.3d 504 (6th Cir.2007) (quoting *Consumers Union of United States, Inc. v. New Regina Corp.*, 664 F.Supp. 753, 769 n. 19 (S.D.N.Y.1987)).

"Because almost all surveys are subject to some sort of criticism, courts generally hold that flaws in survey methodology go to the evidentiary weight of the survey rather than its admissibility." *Leelanau, 452 F.Supp.2d at 778* (citing *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477 (5th Cir.2004); *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156; *Adjusters Int'l, Inc. v. Pub. Adjusters Int'l Inc.*, No. 92-CV-1426, 1996 U.S. Dist. Lexis 12604, at *11 (N.D.N.Y. Aug. 27, 1996)). "There are limits, however. The court need not and should not respond reflexively to every criticism by saying it

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merely ‘goes to the weight’ of the survey rather than to its admissibility. If the flaws in the proposed survey are too great, the court may find that the probative value of the survey is substantially outweighed by the prejudice, waste of time, and confusion it will cause at trial.” [Leelanau, 452 F.Supp.2d at 778-79](#) (quoting [Simon Prop. Group L.P. v. MySimon, Inc., 104 F.Supp.2d 1033, 1039 \(S.D.Ind.2000\)](#); [Vista Food Exchange, Inc. v. Vistar Corp., No. 03-cv-5203, 2005 U.S. Dist. Lexis 42541, 2005 WL 2371958, at *7 \(E.D.N.Y. Sept.27, 2005\)](#)).

*3 Plaintiff alleges that the Simonson Survey suffers from the following flaws: (i) the Simonson Survey’s “combined Eveready-type approach and Squirt-type approach” (Survey 1) is an untested and unaccepted methodology (Mot. Strike 4-8), (ii) the Simonson Survey failed to sample the relevant universe (Mot. Strike 8-11), (iii) the Simonson Survey was improperly leading (Mot. Strike 8-9, 11-14), (iv) the Simonson Survey failed to replicate marketplace conditions (Mot. Strike 8-9, 14-15), and (v) the Simonson Survey used an improper control (Mot. Strike 8-9, 15-17). Plaintiff contends that, “[a]lthough no one flaw in the **Alex Simonson** Report may in and of itself mandate exclusion of that report, the combination of flaws renders that report unreliable and irrelevant.” (Mot. Strike 17.)

(i) *Combined Eveready and Squirt Approach.* Plaintiff asserts that the Simonson Survey’s methodology is untested, unaccepted, and unreliable. The Survey’s methodology combined elements of both an *Eveready*-type approach and a *Squirt*-type approach, two approaches that have received court approval. See [Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366 \(7th Cir.1976\)](#); [Squirt Co. v. Seven-Up Co., No. 78-375, 1979 U.S. Dist. Lexis 9986 \(E.D.Mo.1979\)](#). Although the Court is “suspicious of methodologies created for the purpose of litigation,” [Mike’s Train House, Inc. v. Lionel, L.L.C., 472 F.3d 398, 408 \(6th Cir.2006\)](#), the Court finds that Plaintiff has not shown the Simonson Survey’s methodology to be so unreliable that it should be excluded.

(ii) *Sampling the appropriate universe.* To conduct the Simonson Survey, Simonson selected respondents from the universe of “adult males and females 18 years of age and older who are likely to consider purchasing or renewing insurance for a motor vehicle within the next year and ... will them-

selves be primarily in charge of choosing the insurance carrier.” (Survey 3.) Plaintiff contends that this universe is overbroad because it includes potential customers who would not consider purchasing car insurance directly from the car insurance provider. (Mot. Strike 10.)

Plaintiff compares the Simonson Survey’s defined universe to the universe found overly broad in *Leelanau*. In *Leelanau*, the proper universe consisted of potential purchasers of the defendant’s wine, which was sold primarily through the defendant’s tasting rooms and website. The court found that the survey’s defined universe of potential wine purchasers was overbroad where it included those who purchase wine only at grocery or discount retail stores and who did not intend to visit or were unaware of the defendant’s tasting rooms or even of wineries in the region. [Leelanau, 452 F.Supp.2d at 782](#).

While this case may be somewhat analogous to *Leelanau*, the Court finds that the defined universe does not call for the Simonson Survey to be excluded, particularly due to the subjective nature of Plaintiff’s suggested restriction and the fact that the appropriate universe definition is an issue debated by the experts in this case. (See Simonson Decl. Ex. 2 at 7 (Doc. 60-6) (opining that “[t]he universe of the Safe Auto Survey was artificially constrained to those who would ‘purchase auto insurance directly from a company without using a broker or an agency’ ”).)

*4 (iii) *Allegedly leading questions.* Plaintiff alleges that the Simonson Survey contains leading questions, primarily due to the use of State Auto’s name in the questions. The Court finds that the Simonson Survey’s questions did not necessarily suggest a particular answer, and to the extent that the questions may have been leading, the survey’s weaknesses will be considered by the factfinder and will go to the weight of the Simonson Survey.

(iv) *Alleged failure to replicate marketplace.* Plaintiff contends that the Simonson Survey did not replicate marketplace conditions when it showed respondents only the Safe Auto Logo over the wording “SafeAuto Insurance.” As Defendant points out, however, Safe Auto uses that logo configuration in its advertising, frequently in the absence of any other company-specific information or images. Although it is possible that the Simonson Survey could have bet-

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ter replicated marketplace conditions, the Simonson Survey does shed light on whether the Safe Auto Logo independently contributes to likelihood of confusion.

(v) *Allegedly improper control.* Plaintiff asserts that the Simonson Survey used an improper control. Dr. Simonson used the Sentry Insurance “Captain John Parker” logo, which pictures Captain John Parker holding a rifle. (Survey App. G.) Plaintiff contends, and the Court agrees, that the Sentry logo has no similarity to either the Safe Auto Logo or the State Auto Logo, except that it is from an insurance company. However, as Defendant points out, the Simonson Survey’s control could plausibly emanate from State Auto and did not contain allegedly infringing elements from the test stimulus. While the control may not be ideal, the Court finds that it is sufficient.

While Plaintiff points out several potential methodological errors in the Simonson Survey, the Court “may choose to limit the importance it accords the study in its likelihood of confusion analysis.” [Leelanau](#), 502 F.3d at 518-19. The Court finds that the probative value of the survey is not substantially outweighed by the prejudice, waste of time, and confusion it may cause at trial, and therefore will not exclude it. Plaintiff’s motion to strike is therefore **DENIED** as to the Simonson Survey.

B. Alleged Hearsay

Plaintiff moved the Court to strike or exclude from consideration the statements in paragraphs 1-6, 50-53, 56, and 60 of the Statement of Undisputed Facts in State Auto’s Motion for Summary Judgment on the ground that it is hearsay. (Mot. Strike 1.)

Paragraphs 1-6 set forth the history of State Auto as supported by pages of that company’s website, authenticated by David DeLong, Manager of Agency Services at State Auto. Safe Auto suggests that Mr. DeLong cannot truthfully verify that he has personal knowledge that the statements on the website are true and correct because some of the events described in those statements took place before Mr. DeLong worked for State Auto. However, “[p]ersonal knowledge ... does not require contemporaneous knowledge,” and “the mere fact that the affiant was not in the employ of a company at the time of specific events does not ipso facto mean that the affiant lacks the personal knowledge required to attest to facts that

predate his or her tenure at the company.” [Wilton Indus. v. United States](#), 493 F.Supp.2d 1294, 1298 (Ct. Int’l Trade 2007) (citing 11 Moore’s Federal Practice § 56.14[1][c]). Mr. DeLong has averred that he has personal knowledge of the statements, and the Court finds that the statements are admissible.

*5 Paragraphs 50-53, 56, and 60 assert that (a) State Auto has received misdirected phone calls and payments intended for Safe Auto, (b) an email was sent inadvertently to State Auto regarding an audit scheduled to be conducted upon Safe Auto, and (c) “water-cooler” type conversations occur confusing the companies. Citing non-controlling law, Safe Auto contends that such testimony is hearsay (or double-hearsay) as it seeks to offer the statements of alleged callers and/or statements from State Auto employees other than the deponents. State Auto counters that the statements are based on the declarants’ first-hand knowledge and are not being offered to prove the truth of the matter asserted, but are merely statements made to establish the original declarants’ state of mind (confusion). The Court agrees with State Auto and finds that these statements are admissible. See [Fed.R.Evid. 803](#); [Leelanau](#), 452 F.Supp.2d at 786 (holding that such statements are admissible as non-hearsay or under [Rule 803\(3\)](#)); [Barrios v. Am. Thermal Instruments, Inc.](#), 712 F.Supp. 611, 618 n. 6 (S.D.Oh.1988).

III. Motions for Summary Judgment on Plaintiff’s Count I and II and Defendants’ Counterclaims I-IV

A. Summary Judgment Standard

Both parties have moved for summary judgment under [Civil Procedure Rule 56](#). Summary judgment “should be rendered if the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law.” [Fed.R.Civ.P. 56\(c\)](#). “In considering a motion for summary judgment, the district court must construe the evidence and draw all reasonable inferences in favor of the nonmoving party.” [Revis v. Meldrum](#), 489 F.3d 273, 279 (6th Cir.2007) (citing [Matsushita Elec. Indus. Co. v. Zenith Radio Corp.](#), 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986)). “The central issue is ‘whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one

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party must prevail as a matter of law.’ ” *Id.*, 489 F.3d at 279-80 (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251-52, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986)). See also *WSM, Inc. v. Tenn. Sales Co.*, 709 F.2d 1084, 1086 (6th Cir.1983) (holding that the same summary judgment standard applies to cases of trademark infringement).

B. Enforceable Trademark

State Auto seeks summary judgment on Safe Auto's Count II, regarding whether State Auto has an enforceable trademark, service mark, or other proprietary rights in the State Auto Logo; and whether State Auto has abandoned any such rights.

The Lanham Act protects trademarks even if they are not federally registered. ^{FN1} *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 760-61 (6th Cir.2005). “Suggestive, arbitrary, and fanciful marks are inherently distinctive and are protectable so long as the putative owner has actually used the mark.” *Id.*, 399 F.3d at 761 (citing *Two Pesos v. Taco Cabana*, 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992); *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1054-55 (6th Cir.1999)). As discussed below, the Court finds, and Safe Auto does not dispute, that the State Auto Logo is arbitrary or fanciful. The parties also do not dispute that State Auto has actually used the State Auto Logo; in fact, the record is replete with examples of such use.

^{FN1}. State Auto asserts that it obtained federal registration for the State Auto Logo but subsequently lost it due to a clerical oversight. (Def.'s Mot. 11.)

*6 In Count II of its complaint, Safe Auto contends that State Auto abandoned its logo by failing to exercise adequate control over its use by third parties. Although State Auto moved for summary judgment on this count, neither party has briefed the issue of whether State Auto abandoned the State Auto Logo; therefore, the Court will not now decide whether State Auto has abandoned the State Auto Logo. The Court therefore **DENIES** State Auto's motion for summary judgment on Plaintiff's Count II.

C. Law of Trademark Infringement

The Court will now consider the parties' motions for summary judgment on Plaintiff's Count I: Safe Auto's request for declaratory judgment on the ques-

tion of whether Safe Auto has infringed any trademark, service mark, or other proprietary rights of State Auto. This question of infringement effectively mirrors State Auto's counterclaims for common law trademark infringement, false designation of origin under the Lanham Act, deceptive trade practices under Ohio law, and Ohio trademark infringement. Plaintiff's Count I and all four of Defendant's counterclaims turn primarily on whether a likelihood of confusion exists. 15 U.S.C. § 1125(a)(1)(a) (providing a civil action for false designation of origin where such false designation is likely to cause confusion); *Audi AG v. D'Amato*, 469 F.3d 534, 542 (6th Cir.2006); *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 626 (6th Cir.2002) (“the same analysis applies to claims under Ohio's statutory and common law of unfair competition and the Lanham Act”) (citing *Leventhal & Assocs., Inc. v. Thomson Cent. Ohio*, 128 Ohio App.3d 188, 714 N.E.2d 418, 423 (Ohio Ct.App.1998); *Barrios v. American Thermal Instruments, Inc.*, 712 F.Supp. 611, 613-14 (S.D. Ohio 1988)); *Reed Elsevier, Inc. v. TheLaw.net Corp.*, 269 F.Supp.2d 942, 950-951 (S.D. Ohio 2003) (holding that “[t]rademark claims brought under Ohio Rev.Code 1329.65 or the common law of Ohio are generally analyzed under the same framework.... The key inquiry is whether there is a likelihood for confusion”; deceptive trade practice claims under Ohio Rev.Code § 4165.02 also turn on “whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties”) (citing *Daddy's Junky Music Stores v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 288 (6th Cir.1997); *Coca-Cola Co. v. Procter & Gamble Co.*, 822 F.2d 28, 29 (6th Cir.1987); *Rock and Roll Hall of Fame and Museum Inc. v. Gentile Productions*, 934 F.Supp. 868, 872 (N.D. Ohio 1996), *vacated on other grounds*, 134 F.3d 749 (6th Cir.1998)); see also *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 791 (9th Cir.1981) (noting that state law governs an allegation of common law trademark infringement because there is no such federal common law) (citing *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 915 (9th Cir.1980)).

*7 To determine whether there is a likelihood of confusion, the Court considers the following factors (the “Frisch's factors”): “(1) strength of plaintiff's mark; (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing of channels used; (6) degree of purchaser care;

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(7) defendant's intent in selecting the mark; and (8) likelihood of expansion in selecting the mark.” *Audi AG v. D ‘Amato*, 469 F.3d 534, 542-43 (6th Cir.2006) (citing *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186-90 (6th Cir.1988); *Frisch’s Restaurants v. Elby’s Big Boy*, 670 F.2d 642, 648 (6th Cir.1982)). These factors “imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful.” *Wynn Oil*, 839 F.2d at 1186. “Not all of these factors will be relevant in every case, and in the course of applying them, ‘the ultimate question remains whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way.’ ” *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 630 (6th Cir.2002) (citing *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991)).

“The determination of whether a likelihood of confusion exists is a mixed question of fact and law.” *Therma-Scan*, 295 F.3d at 630 (citing *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 624 (6th Cir.1998)). While any dispute about the evidence pertaining to the *Frisch’s* factors presents a factual issue, the “determination of whether a given set of foundational facts establishes a likelihood of confusion is a legal conclusion.” *Therma-Scan*, 295 F.3d at 630 (citing *Data Concepts*, 150 F.3d at 624; *Homeowners*, 931 F.2d at 1107).

To resist summary judgment on the issue of likelihood of confusion, “a nonmoving party must establish ... that there are genuine factual disputes concerning those of the *Frisch’s* factors which may be material in the context of the specific case.” *Homeowners*, 931 F.2d at 1107. “In examining the record to determine whether a genuine issue of material fact exists, a court must review all evidence in the light most favorable to the nonmoving party.” *Id.*, 931 F.2d at 1107 (citing *Liberty Lobby*, 477 U.S. at 255).

D. Analysis of the Frisch’s Factors

The Court must determine whether there is a genuine question of material fact concerning those *Frisch’s* factors which may be material in the context of this case.

(1) Strength of plaintiff’s mark

“This factor focuses on the distinctiveness of a

mark and its recognition among the public.” *Therma-Scan*, 295 F.3d at 631 (citing *Homeowners*, 931 F.2d at 1107; *Daddy’s Junky Music Stores*, 109 F.3d at 280). “Generally, the strength of a mark is the result of its unique nature, its owner’s intensive advertising efforts, or both.” *Id.*, 295 F.3d at 631 (citing *Daddy’s Junky Music Stores*, 109 F.3d at 280). “A trademark’s distinctiveness and resulting strength also [depend] partly upon which of four categories it occupies: ‘generic, descriptive, suggestive, and fanciful or arbitrary.’ ” *Id.*, 295 F.3d at 631 (citing *Daddy’s Junky Music Stores*, 109 F.3d at 280).

*8 “[A]n arbitrary mark has a significance recognized in everyday life, but the thing it normally signifies is unrelated to the product or service to which the mark is attached, such as CAMEL cigarettes or APPLE computers.” *Daddy’s Junky Music Stores*, 109 F.3d at 280-81 (internal quotation marks and citations omitted). A fanciful or arbitrary mark represents the far extreme on “a spectrum of increasing strength” among the categories; however, “[e]ven an arbitrary trademark is not a strong mark ... if it does not achieve broad public recognition across product lines.” *Therma-Scan*, 295 F.3d at 631 (quoting *Daddy’s Junky Music Stores*, 109 F.3d at 280-81; *Homeowners*, 931 F.2d at 1107).

The Court agrees with State Auto, and Safe Auto does not dispute (Pl. Mem. Contra 20), that the State Auto Logo is arbitrary or fanciful because the combination of the letters “S” and “A” have no recognized meaning in everyday speech, nor do they have any inherent connection with the sale of insurance services. See *Daddy’s Junky Music Stores*, 109 F.3d at 281.

State Auto also asserts that its logo enjoys broad public recognition, citing its advertising activities and the initial recognition rate in the Simonson Survey. State Auto presented evidence that it spent over \$8 million on advertising between 2001 and 2007 and that it uses the State Auto Logo in various media including the State Auto website, billboards, television, newspapers, magazines, and sporting event sponsorships in 33 states. (Def. Mot. Exs. 8; Ex. 4, Harper Dep. 31.) The Sixth Circuit has noted that “evidence of advertising budgets ... has an attenuated link to actual market recognition.” *Homeowners*, 931 F.2d at 1108.

State Auto also points out that the Simonson

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Survey showed that the company *name*, “State Auto,” enjoys an initial recognition rate of approximately 50% out of 407 survey respondents in eight cities in Pennsylvania, Ohio, Kentucky, Indiana. (Simonson Survey at 4, 8, 9.) The Simonson Survey did not, however, measure public recognition of the State Auto *Logo*, but rather provided a measure only of name recognition. (Simonson Survey; Simonson Dep. 7.)

Representatives of State Auto have acknowledged that State Auto's name recognition has been weaker than desired. Robert Restrepo, State Auto's Chairman, Chief Executive Officer, and President, testified as follows:

I interviewed the top 50 people in the company, ... had road shows where I visited all of our regional operations, had telephone calls and separate meetings with a wide array of agents that I represented. And in the process of conducting those interviews and discussions one of the areas of frustration that I heard from a variety of folks ... was our lack of name recognition.

(Restrepo Dep. 13.) When asked about his perception of the recognition of the State Auto brand at the time that he joined State Auto, he replied:

I felt that within the industry it was very well known, very well respected. And by “the industry” I mean companies doing business in the Midwest in our space, property and casualty, and companies wanting to do business. We were also very well recognized by independent agents and the independent agency associations as being a very well-respected regional company.

*9 ...

But the frustration was that it wasn't as well known or was very-had a very poor name recognition outside of the industry, both the agents as well as the companies.

[Question] So your perception at the time that you joined of the recognition of the State Auto brand to the end consumer was that it was not very well known at that point?

[Answer] That's correct.

(Restrepo Dep. 15-16.) Consistent with Mr. Restrepo's testimony, the Sixth Circuit has found that “the fact that [the plaintiff] deals strictly with real estate brokers suggests that any recognition that [the plaintiff's] marks have may be limited to the narrow universe of real estate brokers and salespeople who purchase specialized commercial products from [the plaintiff].” [Homeowners, 931 F.2d at 1108](#). The same analysis that the Sixth Circuit applied to real estate brokers also applies to insurance agents.

The Court finds that there is no genuine question of material fact as to the strength of the State Auto Logo. While State Auto has presented evidence of public recognition of its name, it has presented no non-attenuated evidence of broad public recognition of its logo; therefore, the Court finds that the State Auto Logo is relatively weak.

(2) *Relatedness of the goods*

The relatedness inquiry does not require direct competition, but rather focuses on whether the goods or services are marketed and consumed in a manner that is conducive to consumer confusion.

In *Homeowners*, the plaintiff offered marketing services for commission-based real estate brokers, and the defendant was a non-commission (flat fee) real estate broker. [Homeowners, 931 F.2d at 1108](#). The district court found that both parties operated in the area of real estate brokerage and that the defendant directly competed with the plaintiff's customers. [Id., 931 F.2d at 1108](#). The Sixth Circuit found that, while the district court's findings were “literally true,” “the relatedness inquiry is not so superficial as the District Court's [findings] impl[y].” The Court first noted that there are three general categories of cases with respect to relatedness of the goods: (1) cases with “direct competition of services, in which case confusion is likely if the marks are sufficiently similar”; (2) cases in which “services are somewhat related but not competitive, so that likelihood of confusion may or may not result depending on other factors”; and (3) cases in which “services are totally unrelated, in which case confusion is unlikely.” [Id., 931 F.2d at 1108](#) (citing [AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 \(9th Cir.1979\)](#)). The Court suggested that the *Homeowners* case may have fit the second description, finding that:

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The companies operate at different levels in the broad real estate industry and sell to two completely distinct sets of buyers. While Homeowners and Specialists are not competitors, neither can it be said that their services are totally unrelated since both companies participate in the real estate industry. However, services are “related” not because they coexist in the same broad industry, but are “related” if *the services are marketed and consumed such that buyers are likely to believe that the services, similarly marked, come from the same source, or are somehow connected with or sponsored by a common company.*

*10 [Homeowners, 931 F.2d at 1109](#) (emphasis added).

To the extent that Safe Auto and State Auto compete with each other—consumers may choose to purchase car insurance directly or through an agent—the Court finds that the parties fit the first description, as direct competitors. To the extent that the parties do not compete with each other due to different channels and target markets, the Court finds that the parties generally fit the second description, as suggested by the Sixth Circuit in *Homeowners*. The relevant question is whether “the services are marketed and consumed such that buyers are likely to believe that the services, similarly marked, come from the same source, or are somehow connected with or sponsored by a common company.” [Homeowners, 931 F.2d at 1109](#). Assuming that the services were similarly marked, the Court finds that the services are marketed and consumed such that buyers would be likely to believe that they are somehow connected. The services are therefore related.

(3) Similarity of the marks

“Similarity of marks is a factor of considerable weight.” [Daddy’s Junky Music Stores, 109 F.3d at 283](#) (citing [Champions Golf Club v. Champions Golf Club, 78 F.3d 1111, 1119 \(6th Cir.1996\)](#)). “When analyzing similarity, courts should examine the pronunciation, appearance, and verbal translation of conflicting marks.” *Id.*, [109 F.3d at 283](#) (citing [Wynn Oil, 839 F.2d at 1188](#)). The Court should not, however, conduct “a simple side-by-side comparison of the trademarks in question”; rather, “the relevant inquiry is whether a particular trademark, when viewed alone, would lead to uncertainty about the goods or services that it identifies.” *Id.*, [109 F.3d at 283](#);

[Therma-Scan, 295 F.3d at 633](#). Therefore, “courts must view marks in their entirety and focus on their overall impressions, not individual features.” [Therma-Scan, 295 F.3d at 633](#) (citing [Homeowners, 931 F.2d at 1109](#); quoting [Daddy’s Junky Music Stores, 109 F.3d at 283](#)).

Focusing on the overall impression of the Safe Auto Logo and the State Auto Logo, the Court is inclined to find that they are only slightly similar. Both marks incorporate the letters “S” and “A,” and have no other imagery, except that Safe Auto asserts that the negative space in its logo is in the shape of a rear-view mirror. While the Safe Auto Logo clearly constitutes a separate “S” and “A,” those two letters overlap in the State Auto Logo. In fact, in the absence of the company name, one could reasonably believe that State Auto’s logo consisted of only a stylized “A,” or even fail to recognize any letters at all in the State Auto Logo. While the Court is inclined to believe that the marks are dissimilar, it finds that a reasonable factfinder could conclude that the Safe Auto Logo, when viewed alone, could lead to uncertainty about the services that it identifies. There is therefore a genuine question of material fact concerning the similarity of the marks.

(4) Evidence of actual confusion

*11 “Evidence of actual confusion is undoubtedly the best evidence of likelihood of confusion.” [Daddy’s Junky Music Stores, 109 F.3d at 283](#) (citing [Wynn Oil, 839 F.2d at 1188](#)). State Auto has presented evidence of actual confusion both before and after the introduction of the Safe Auto Logo; however, it has not presented any evidence suggesting that such confusion is a result of the Safe Auto Logo rather than the parties’ very similar names. Safe Auto, on the other hand, has presented a survey concluding that “there is 0% likelihood of confusion between Safe Auto and State Auto due to the use of the initials “SA” in the [Safe Auto Logo].” (McCullough Report 3 (Doc. 33-1).) State Auto’s expert, Dr. Simonson, presents several criticisms of the survey and opines that the “the actual percentage of those confused [in the McCullough survey] was 31% and we cannot determine what percentage of these was indeed not due to the SA logo.” (Simonson Decl. Ex. 2 at 28 (Doc. 60-6).) Because neither party has introduced non-expert evidence of actual confusion attributed to the Safe Auto Logo, the only evidence of such confusion is that presented by competing experts.

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“[W]ithout more evidence to support either [party's] position, the conflicting opinions of the experts [indicate] that questions of fact remain.” *Tex. Gas Transmission, LLC v. Butler County Bd. of Comm'rs*, No. 1:06-cv-440, 2007 U.S. Dist. Lexis 91297, *18 (S.D. Oh. Dec. 12, 2007).

(5) Marketing channels used

For this factor, courts conduct an “analysis of the parties' predominant customers” and consider the parties' respective marketing channels to determine “how and to whom the respective goods or services of the parties are sold,” as “[t]here is less likelihood of confusion where the goods are sold through different avenues.” *Therma-Scan*, 295 F.3d at 636; *Leelanau*, 502 F.3d at 519 (quoting *Gen. Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 357 (6th Cir.2006)).

Safe Auto markets and sells directly to consumers. State Auto markets to independent agents and consumers but sells only through independent agents. According to State Auto's filings with the Securities and Exchange Commission, it considers independent insurance agents to be its primary customers. (See State Auto 2004 Annual Report at 4 (Doc. 40-11) (“Because independent insurance agents significantly influence which insurance company their customers select, management views the Company's independent insurance agents as its primary customers.”).) Moreover, Safe Auto contends that the parties cater to very different types of customers, with Safe Auto selling insurance primarily to “economically challenged” customers and relatively high-risk drivers.

On the other hand, both parties engage in marketing activities directed toward the general population of car insurance purchasers. Moreover, State Auto offers a state-minimum “nonstandard” type of car insurance similar to that offered by Safe Auto, presumably serving customers similar to those of Safe Auto (and presumably competing directly with Safe Auto),

*12 While there is some overlap in the parties' marketing channels, the Court finds that they are significantly different.

(6) Degree of purchaser care

In assessing the likelihood of confusion to the public, courts generally use the standard of the typi-

cal buyer exercising ordinary caution. *Homeowners*, 931 F.2d at 1111. “However, when a buyer has expertise or is otherwise more sophisticated with respect to the purchase of the services at issue, a higher standard is proper,” although purchaser expertise “does not necessarily preclude a finding that confusion is likely.” *Id.*, 931 F.2d at 1111. “Similarly, when services are expensive or unusual, the buyer can be expected to exercise greater care in her purchases. When services are sold to such buyers, other things being equal, there is less likelihood of confusion.” *Id.*, 931 F.2d at 1111.

To the extent that State Auto's decision-making customers are independent insurance agents, analogous to the “sophisticated commercial buyers who are purchasing business services or services for resale in the course of their business” in *Homeowners*, the likelihood of confusion is lower. See *Homeowners*, 931 F.2d at 1111. To the extent that end consumers make the decision to purchase State Auto insurance, that company's customers are not sophisticated. Because car insurance is an expensive purchase, however, such customers are likely to exercise greater care in their purchases, decreasing the likelihood of confusion. See *id.*, 931 F.2d at 1111.

(7) Defendant's intent in selecting the mark

Safe Auto asserts that it created its logo in good faith, explaining that “the people at Safe Auto involved with the selection of the Safe Auto logo did not know [State Auto] even had a logo.” (Pl.'s Mot. 37.) State Auto counters that “the Chairman and President of Safe Auto have known of State Auto since the early 1980s, in part because they both drove past State Auto's corporate headquarters regularly.” (Def.'s Mot. 19.) The only other evidence that State Auto presents to suggest that Safe Auto had knowledge of the State Auto Logo is Safe Auto's failure to consult a trademark attorney or conduct a clearance search before adopting the Safe Auto Logo, a failure which State Auto contends is “indicative of an intent to remain willfully ignorant” of the State Auto Logo. (Diamond Dep. 39 (Doc. 43-15); Def.'s Mem. Contra Pl.'s Mot. Monetary Counterclaims 7.) The Court finds that State Auto has presented insufficient evidence to create a genuine question of material fact as to Safe Auto's intent.

(8) Likelihood of expansion

Safe Auto admits that it has considered expand-

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ing its insurance offerings to higher levels of liability coverage and to non-automobile applications such as insurance for motorcycle owners and apartment renters, but asserts that “it has not decided anything yet.” (Capalino Dep. 149-50; Diamond Dep. 16; Pl.’s Mot. 38.) Although Safe Auto downplays the likelihood of expansion, the Court finds that the company likely plans such expansion.

*13 In conclusion, having considered each of the *Frisch’s* factors, the Court finds the following: (1) the State Auto Logo is relatively weak, a factor weighing in favor of Safe Auto; (2) the services are related, a factor weighing in favor of State Auto; (3) there is a genuine question of material fact concerning the similarity of the marks, “a factor of considerable weight”; (4) there is a genuine question of material fact as to whether actual confusion has occurred; (5) while the parties’ marketing channels overlap to an extent, they are significantly different, a factor weighing in favor of Safe Auto; (6) State Auto’s customers are either highly sophisticated, or they are likely to exercise greater than ordinary care in their purchases, a factor weighing in favor of Safe Auto; (7) there is no direct evidence of Safe Auto’s intent to create a logo similar to the State Auto Logo, a factor weighing in favor of Safe Auto; and (8) Safe Auto likely plans expansion into higher levels of liability coverage and non-automobile applications, a factor weighing in favor of State Auto. While several of the factors point in opposing directions, the Court finds there is a genuine question of material fact concerning at least one significantly material factor: similarity of the marks. Because likelihood of confusion is crucial to Plaintiff’s Count I and Defendants’ counterclaims, both parties’ motions for summary judgment on Plaintiff’s Counts I and II and Defendant’s Counterclaims I-IV must be **DENIED**.

IV. Motion for Summary Judgment on Defendant’s Monetary Counterclaim

Plaintiff has moved for summary judgment on Defendant’s request for “all damages suffered and/or recoverable as a result of Plaintiff’s acts.” (Pl.’s Mot. 1; Answer 8.) Because the Court has denied both parties’ motions for summary judgment, the Court finds that the issue of damages is not ripe for decision. The Court therefore **DENIES** without prejudice Plaintiff’s motion as to Defendant’s monetary counterclaims.

V. Conclusion

For the reasons discussed above, the Court **DENIES** Plaintiff’s Motion to Strike (Document 57); **DENIES** the parties’ motions for summary judgment on Plaintiff’s Counts I and II and Defendants’ Counterclaims I-IV (Documents 40 and 43), and **DENIES** without prejudice Plaintiff’s Motion for Summary Judgment on Defendant’s Monetary Counterclaims (Document 41).

IT IS SO ORDERED.

S.D. Ohio, 2009.
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Not Reported in F.Supp.2d, 2007 WL 7083655 (E.D.Ky.)
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Only the Westlaw citation is currently available.

This decision was reviewed by West editorial staff and not assigned editorial enhancements.

United States District Court,
E.D. Kentucky,
Central Division, Lexington.
STATIC CONTROL COMPONENTS, INC., Plain-
tiff/Counterclaim Defendant,
v.
LEXMARK INTERNATIONAL, INC., Defen-
dant/Counterclaim Plaintiff,
v.
Ner Data Products, Inc., et al., Counterclaim Defen-
dants.

Civil Action Nos. 5:02-571, 5:04-84.
May 12, 2007.

Named Expert: Eric Gaier, Paul K. Meyer, Dr. Garth L. Wilkes, Dr. Charles Reinholtz, J. Michael Thesz, Esq., Bruce Nauman, Larry Evans, Dr. [Alexander J. Simonson](#), A.B., J.D., Ph.D., William O. Kerr, Dr. Richard Germain, Ph.D., Dr. Gregory Vistnes, John Bone
[Ann M. Brose](#), [John R. Fuisz](#), [Melise R. Blakeslee](#), [Stefan M. Meisner](#), [William H. Barrett](#), McDermott, Will & Emery, LLP, for Defendant/Counterclaim Plaintiff.

[Seth D. Greenstein](#), Constantine Cannon, PC, Washington, DC, [Matthew F. Weil](#), McDermott, Will & Emery, Irvine, CA, [Mickey T. Webster](#), Wyatt, Tarrant & Combs LLP, Lexington, KY, [Steven L. Snyder](#), [W. Craig Robertson, III](#), [William H. Hollander](#), Wyatt, Tarrant & Combs, LLP, Louisville, KY, for Plaintiff/Counterclaim Defendant.

ORDER

[GREGORY F. VAN TATENHOVE](#), District Judge.

*1 This matter is before the Court on twelve expert-related motions *in limine* filed by the parties. [R 702, 704, 705, 707, 722, 773, 775, 806, 829, 835, 836, & 842]. All motions have been fully briefed and are now ripe for review. *See* L.R. 7.1(c). Accordingly, and for the reasons set forth in this Order, the Motions at Record Nos. 702, 704, 705, 707, 722, 773,

775, 806, 829, 835, 836, & 842 will be denied.

I.

BACKGROUND

For the sake of judicial economy, this Court will not delve into the facts of the instant action for the purposes of this Opinion. All facts set forth in this Court's previous orders are incorporated fully herein. Turning to the Motions before the Court, the Court will first set out the relevant standards for the admission of expert testimony and opinions. Then, the Court will examine each of the expert-related evidentiary motions *in limine*.

II.

DISCUSSION

A. APPLICABLE STANDARDS FOR EXPERT OPINIONS AND TESTIMONY

This Court is charged with determining all preliminary questions of admissibility. *See* [Fed.R.Evid. 104\(a\)](#). As a threshold matter, "evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more or less probable than it would be without the evidence" is relevant. [Fed.R.Evid. 401](#). Generally, "[a]ll relevant evidence is admissible, ... [and e]vidence which is not relevant is not admissible." [Fed.R.Evid. 402](#).

While the admissibility of evidence can be generally determined by its relevance, the nature of expert testimony and its potential impact on the trier of fact requires that it be given a particularized deliberation. The Federal Rules of Evidence set forth the guidelines by which the admissibility of expert testimony should be analyzed:

If scientific, technical or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

[Fed.R.Evid. 702](#). Essentially, [Fed.R.Evid. 702](#)

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sets forth a two part test for admitting expert testimony: (1) is the expert qualified and the testimony reliable; and (2) is the evidence relevant and helpful to the trier of fact. *See also U.S. v. Jones*, 107 F.3d 1147, 1156 (6th Cir.1997). While the case law interpreting this Rule contains a number of principles, the decision regarding expert testimony admissibility ultimately lies in a fact-intensive analysis that is particular to each circumstance and subject to the discretion of the trial court. *See Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 149-151, 119 S.Ct. 1167, 143 L.Ed.2d 238 (1999). The burden of establishing reliability, however, rests with the proponent of the testimony. *See Nelson v. Tenn. Gas Pipeline Co.*, 243 F.3d 244, 251 (6th Cir.2001).

*2 First, this Court must determine whether the testimony meets the first prong of the analysis-reliability. Since the U.S. Supreme Court's decision in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993), a district court's primary role is one of "gatekeeper" and that role requires it to "determine whether the principles and methodology underlying the testimony itself are valid'..." *Pride v. BIC Corp.*, 218 F.3d 566, 577 (6th Cir.2000) (quoting *United States v. Bonds*, 12 F.3d 540, 556 (6th Cir.1993)). In making this determination, the Court can consider the following four factors: (1) the testable nature of the hypotheses; (2) whether the methodology has been subject to peer review; (3) rate of error associated with the methodology; and (4) whether the methodology is generally accepted in the field.^{FN1} *Daubert*, 509 U.S. at 593-594. It is important to note that these factors do not constitute the definitive checklist and district courts have flexibility, particularly in non-scientific, specialized testimony. *See Kumho Tire Co.*, 526 U.S. at 149-151; *see also First Tenn. Bank Nat. Ass'n v. Berreto*, 268 F.3d 319, 334 (6th Cir.2001). In determining whether a particular methodology is reliable, this Court is not required to "admit opinion evidence that is connected to existing data only by the *ipse dixit* of the expert." *See Kumho Tire Co.*, 526 U.S. at 158. Further, this Court can only determine whether the principles and methodology underlying the testimony itself are valid and may not question an otherwise valid methodology. *Daubert*, 509 U.S. at 596; *see also U.S. v. Bonds*, 12 F.3d 540, 556 (6th Cir.1993). The weight of witness testimony is a question usually reserved exclusively for the trier of fact.

^{FN1} After the U.S. Supreme Court decision in *Daubert*, the "general acceptance" test established in *Frye v. United States*, 293 F. 1013 (D.C.Cir.1923), was rejected as the determinative factor in the admissibility of expert testimony. In *Daubert*, the high Court held that the *Frye* test was superseded by *Federal Rule of Evidence 702*. *Daubert*, 509 U.S. at 588-589. Post-*Daubert*, general acceptance is merely one of several factors to be considered. *See id.* at 594.

Next, this Court must determine whether the testimony meets the second prong of the analysis-relevance. To be relevant in this context, the testimony must be helpful to the jury in understanding the evidence or determining a fact in issue. *Daubert*, 509 U.S. at 591. This analysis has been described as one of "fit." *See id.* To be an appropriate "fit," the expert testimony must be "sufficiently tied to the facts of the case that it will aid the jury in resolving the issues at hand or understanding the evidence presented." *Id.*

After completing *Rule 702's* two-prong analysis, this Court must determine whether any other evidentiary rules bar admission of the expert's opinion. For example, the evidence might be excluded under *Federal Rule of Evidence 403*, which states: "Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of the cumulative evidence." There also might be hearsay concerns with the proffered evidence.

This Court must also determine if the evidence is admissible pursuant to the Federal Rules of Civil Procedure's expert restrictions. First, *Federal Rule of Civil Procedure 26* governs the expert's report and the information which must be disclosed. Then, *Federal Rule of Civil Procedure 37* addresses the sanctions that may be levied for a party's failure to properly comply with expert discovery procedures.

*3 Initially, if a party has retained or employed an individual that it intends to call as an expert at the trial of a matter, *Federal Rule of Civil Procedure 26* mandates that the initial pretrial expert disclosure consist of a written report signed and prepared by the

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expert. See [Fed.R.Civ.P. 26\(a\)\(2\)\(B\)](#). In addition, the Rule sets out specific requirements for the contents of the written report:

(1) complete statement of all opinions to be expressed and the basis and reasons therefor; (2) the data or other information considered in forming the opinions; (3) any exhibits to be used as a summary of or support for the opinions; (4) qualifications of the witness including a list of all publications authored by the witness within the preceding ten years; (5) the compensation to be paid for the study and testimony; and (6) a listing of other cases in which the witness has testified as an expert at trial or by deposition within the preceding four years.

Id. The report is intended to reflect the testimony that the expert will give at trial. By requiring parties to provide this information early in the pretrial proceedings, parties can effectively prepare for trial while at the same time avoid incurring the expense of costly and uninformed expert depositions. See e.g., [Sharpe v. United States](#), 203 F.R.D. 452 (E.D.Va.2005) (discussing the Advisory Committee Notes surrounding the intent of the amendment of [Rule 26](#) to require particularity in expert reports). Where there is an “absence of meaningful analysis or reasoning,” expert testimony must be excluded. See [Brainard v. Ame. Skandia Life Assur. Corp.](#), 432 F.3d 655, 664 (6th Cir.2005) (citations omitted); see [Smith v. Baptist Healthcare Sys., Inc.](#), 23 Fed. Appx. 499, 501 (6th Cir.2001) (excluding proposed expert testimony where [Rule 26](#) report did not contain sufficient reasoning to support opinions). The [Rule 26](#) report must “outline a line of reasoning arising from a logical foundation” because “[a]n expert who supplies nothing but a bottom line supplies nothing of value to the judicial process.” See [Brainard](#), 432 F.3d at 664 (quoting [Mid-State Fertilizer Co. v. Exch. Nat'l Bank](#), 877 F.2d 1333, 1339 (7th Cir.1989)).

In addition to establishing specific requirements for the information contained in the expert report, the sanctions for non-compliance are equally precise. [Federal Rule of Civil Procedure 37](#) provides, in relevant part:

A party that without substantial justification fails to disclose information required by [Rule 26\(a\)](#) or [26\(e\)\(1\)](#) or to amend a prior response to discovery as required by [Rule 26\(e\)\(2\)](#), is not, unless such

failure is harmless, permitted to use as evidence at a trial, hearing, or on a motion any witness or information not so disclosed. In addition to or in lieu of this sanction, the court, on motion and after affording an opportunity to be heard, may impose other appropriate sanctions. In addition to requiring payment of reasonable expenses, including attorney's fees, caused by the failure, these sanctions may include any of the actions authorized under [Rule 37\(b\)\(2\)\(A\), \(B\), and \(C\)](#) and may include informing the jury of the failure to make the disclosure.

*4 [Fed.R.Civ.P. 37\(c\)\(1\)](#) (emphasis added). Those courts considering the implication of [Rule 37](#) on the [Rule 26](#) expert requirements consistently hold that exclusion is an appropriate remedy well within the Court's discretion. See, e.g., [Sommer v. Davis](#), 317 F.3d 686, 692 (6th Cir.2003) (noting that failure to disclose expert or tender report under [Rule 26](#) within time allotted results in exclusion under [Rule 37](#)); [King v. Ford Motor Co.](#), 209 F.3d 886, 900-901 (6th Cir.2000) (stating that information not contained in the [Rule 26](#) report will not be admissible at trial pursuant to [Rule 37](#)). The Rule contains an exception when the tendering party makes a showing of “substantial justification” and harmlessness in the non-compliance. [Fed.R.Civ.P. 37\(c\)\(1\)](#). Courts construing this exception note that the omission or non-compliance must be harmless which means an “honest mistake on the part of a party coupled with sufficient knowledge on the part of the other party.” [Sommer](#), 317 F.3d at 692 (6th Cir.2003) (citations omitted).

B. MOTIONS ADDRESSING EXPERT OPINIONS AND TESTIMONY

1. Opinions of Eric Gaier on Non-Subject Cartridges [R. 702]

Pursuant to Fed.R.Evid. 702, SCC seeks to exclude the expert testimony of rebuttal expert Eric Gaier (“Gaier”) on “non-subject cartridges.” [R. 702]. SCC defines “non-subject cartridges” as those “compatible with **Lexmark** printers for which **Lexmark** does not offer Prebate-labeled cartridges.” [*Id.*]. Specifically, SCC challenges Gaier's testimony as unreliable and biased because “Gaier nor **Lexmark** is able or willing to identify *who* selected the data that Gaier analyzed or *how* it was selected.” [*Id.*]. The crux of SCC's argument is two-fold: (1) that, during his de-

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position testimony, Gaier was unable to recall the exact source (e.g., who at **Lexmark** provided it and what particular models were addressed) of the data upon which he relied to complete his report; and (2) that Gaier only considered 4 of the 19 applicable non-subject cartridges. [*Id.*; R. 786]. Further, SCC complains that **Lexmark** failed to produce the underlying data when requested to do so as part of the discovery process. [*Id.*].

In response, **Lexmark** contends that all data upon which Gaier relied in conducting his analysis and completing his report has been provided to SCC. [R. 732]. Further, **Lexmark** contends that the data relied upon by Gaier was not a sample, but rather the entirety of **Lexmark's** sales data on both subject and non-subject cartridges, and identifies the models for which non-subject cartridge sales data was provided. [*Id.*]. According to **Lexmark**, Gaier utilized the sales data it provided to him regarding non-subject cartridges for which it had a remanufacturing program, and that Gaier applied that data to the entirety of the Cap Ventures sales data for all of **Lexmark's** cartridge sales. [*Id.*].

While its true that some courts exclude expert testimony if the data set is an unrepresentative sample, it is not clear to the Court that the data relied upon by Gaier is necessarily biased to justify exclusion. For example, in the case cited most often by SCC, the Court held that:

*5 Most statistical analyses pertinent to judicial proceedings, and certainly those dealing with economic and antitrust issues, are not based on randomized controlled experiments. Rather they are observational studies grounded in *real world data*. Consequently, they cannot be held to the same rigid standards of scientific precision. Nevertheless, the reliability of any analysis depends upon an unbiased selection of sample data.

U.S. Info. Sys., Inc. v. Int'l Broth. of Elec. Workers Local Union No. 3, AFL-CIO, 313 F.Supp.2d 213, *233 (S.D.N.Y.,2004) (internal citations omitted) (emphasis added). In this case, the expert's testimony was excluded because the "sample data" was chosen by the plaintiff's lawyers and related specifically to their damages claims. The sample was based on "a sample of the universe of telecommunications projects chosen by means of the discovery process.

And, as discussed above, that process was systematically biased to select projects with the very price differential that Dr. Dunbar's [the expert's] analysis was designed to test for." *Id.* at 234. These are very different facts than those presented by Gaier's testimony and the data at issue.

First, the summary sales data provided by **Lexmark** is not a sample, but rather appears to be the entirety of that "real world data" relating to the non-subject cartridges for which **Lexmark** had a remanufacturing program. Both parties agree that Gaier considered the Cap Ventures data, and then applied the relevant summary sales data to differentiate between sales of new cartridges and those sales of remanufactured cartridges for certain programs. The testimony is intended to rebut the testimony provided by SCC's expert, Gregory Vistnes. Thus, only a portion of the data considered by Gaier is challenged by SCC. Further, the summary sales data was provided by **Lexmark** to Gaier, and SCC concedes that it too possesses all of that data. SCC challenges this portion because it doesn't know how or why the data was chosen, but that alone does not make the data biased. In his deposition, Gaier did not recollect exactly these answers, but indicated that he could review his notes and the data and provide that information; therefore, SCC's criticism on this point is somewhat overstated. Regardless, his lack of recollection during the deposition make the testimony less credible before a jury, and SCC has the opportunity to explore these issues on cross-examination and to rebut it with the testimony of its own expert. The real contention of SCC appears to be that the "results" and "conclusions" reached by Gaier are inaccurate because he didn't consider the appropriate data or all of the data which SCC believes is relevant to support its own antitrust claims. Again, these arguments go to the weight of the proposed testimony rather than its reliability. See *U.S. v. Bonds*, 12 F.3d 540, 561-563 (6th Cir.1993) ("Disputes about specific techniques used or the accuracy of the results generated go to the weight, not the admissibility of the scientific evidence.... We hold that questions about the accuracy of results are matters of weight, not admissibility."); *Viterbo v. Dow Chem. Co.*, 826 F.2d 422, 422 (5th Cir.1987) (noting that the "bases and sources" of an expert's opinion go to its weight rather than admissibility). In *Bonds*, the Sixth Circuit held that "criticisms about the specific application of the procedure used or questions about the accuracy of the test results do not render the scientific theory and methodology invalid or destroy

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their general acceptance. These questions go to the weight of the evidence, not the admissibility.” *Id.*

*6 Accordingly, the Court finds the testimony appropriately admissible under [Fed.R.Evid. 702](#), and SCC's Motion will be denied.

2. Opinions of Paul K. Meyer [R. 704]

SCC moves this Court to exclude the testimony of Paul K. Meyer (“Meyer”) pursuant to [Federal Rules of Evidence 402](#), [403](#), and [702](#). [R. 704]. **Lexmark** has proffered Meyer as a patent damages expert on the royalty base owed to **Lexmark** due to alleged infringement. In support of its Motion, SCC makes three basic arguments: (1) that Meyer's testimony relies on an invalid “enablement” theory of causation; (2) that he includes SCC microchips with “non-infringing” uses in his analysis; and (3) that he improperly relies on contributory patent infringement when **Lexmark** has “disclaimed” that theory of liability. [*Id.*]. **Lexmark** objects, and contends that Meyer, a damages expert, does not intend to testify as to causation, but rather assumed “liability” in reaching his damages calculations based solely on **Lexmark's** allegations of infringement. [R. 739]. **Lexmark** concedes, however, that Meyer considers all SCC microchips in his analysis, but notes that such evidence may change depending on the ultimate proof presented at trial and the conclusions of liability found by the trier of fact. [*Id.*]. Accordingly, **Lexmark** argues, since SCC has not challenged the methodology utilized by Meyer (other than his inclusion of all SCC microchips), his testimony is admissible. [*Id.*]. The Court agrees.

While SCC raises concerns about Meyer's assumption of liability and the “theories” of causation presented in his report, **Lexmark** proffers Meyer as a damages expert only. Therefore, Meyer will not present any testimony to the jury regarding causation. It is not unreasonable for Meyer to have assumed validity and infringement in order to assess damages in favor of **Lexmark**-he is their damages expert and **Lexmark** does claim infringement. Moreover, given the phasing of this trial, the jury will have already decided ultimate issues of validity, infringement, and inducement before Meyer takes the stand. In addition, after reviewing Meyer's proposed testimony, it is clear that Meyer does not intend to opine on infringement or validity, and specifically disclaims it:

The issues addressed in this section are based upon my understanding of **Lexmark's** patent infringement allegations.” These allegations are beyond the scope of my testimony as a damages expert; rather, counsel asked that I assume that the defendants in this matter infringe **Lexmark's** intellectual proprietary rights as alleged and that the patents-in-suit are valid.

[*Id.*; Attach. 1]. Meyer states in his deposition that he is not opining as to infringement, but that he is merely assuming it for purposes of making his damages calculations. [R. 739]. Although SCC correctly points out that Meyer uses words like “contributory” and “enable,” the Court views that as semantical rather than substantive. Further, to the extent **Lexmark** has disclaimed a theory of liability, or a theory of liability is invalid, such theories obviously will not be presented to the jury. It is this Court that determines the law which applies. *See Ames v. Dyne*, No. 95-3376, 1996 WL 662899, *1, *4, 100 F.3d 956 (6th Cir. Nov.13, 1996) (table decision) (it is the “sole province of the trial court to instruct the jury on the law and its applicability .”). In any event, Meyer's testimony regarding damages will not be presented to the jury until these issues of infringement have been decided by a trier of fact, and he will not be permitted to revisit those issues in a manner inconsistent with the jury verdict.

*7 Finally, regarding SCC's concern that Meyer includes microchips with non-infringing uses, **Lexmark** agrees that this is a disputed issue of fact to be decided by the jury, and that Meyer's damages testimony will be appropriately limited based on the determination reached by the jury. [R. 739]. In his deposition testimony, Meyer concedes that his calculations may have to be reduced depending on court rulings and/or proof presented at trial. [*Id.*]. Accordingly, this Court concludes that Meyer's testimony is both relevant and reliable under [Federal Rules of Evidence 402](#), [403](#), and [702](#), consistent with this opinion, and SCC's Motion will be denied.

3. Testimony of Goldstein and Nimmer [R. 705].

In this Motion, SCC seeks to exclude or limit certain portions of the proposed testimony of Jack C. Goldstein (“Goldstein”). [R. 705].^{FN2} **Lexmark** proffers Goldstein, an attorney, as its patent expert. The sole basis for challenging Goldstein's testimony is that he impermissibly seeks to testify as to the law,

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and that such testimony invades the province of the Court to instruct the jury on the law in any given case, and further invades the province of the jury to apply the law to the facts. [*Id.*; R. 802].^{FN3} SCC objects to specific portions of Goldstein's testimony, which will be discussed in more detail below. In response, **Lexmark** does not dispute that Goldstein testifies regarding patent law, and ultimate issues of liability, but rather argues that it is permissible in a patent case for experts to testify about such complex matters because they assist the trier of fact. [R. 747]. After careful consideration of the proposed testimony, the Court finds Goldstein's proffered testimony may overreach in some circumstances. At this time, however, the Court will deny SCC's Motion without prejudice, but reserves the right to revisit these issues during Goldstein's trial testimony.

[FN2](#). The Motion originally challenged the testimony of Raymond T. Nimmer as well, but SCC notified the Court that the objection to Nimmer's proposed testimony is now moot. [R. 1047], and the Motion, to the extent it addresses Nimmer, is denied as moot.

[FN3](#). The Court acknowledges that SCC has filed Objections to the March 1, 2007 Deposition of Goldstein. [R. 1071]. Those Objections will be addressed by separate Order.

Goldstein demonstrates an impressive history as a patent lawyer, professor, and expert. Undoubtedly, these qualifications and experience inform his testimony, but are also the portions that give this Court some pause. An expert may testify as to ultimate issues in a case, however, the expert may not offer legal conclusions which tell the jury what result to reach. See [Woods v. Lecureux](#), 110 F.3d 1215, 1220 (6th Cir.1997) (“It is, therefore, apparent that testimony offering nothing more than a legal conclusion—i.e., testimony that does little more than tell the jury what result to reach—is properly excludable under the Rules.”). While the distinction is a fine one, particularly in patent litigation, it is critical. This is because it is the “sole province of the trial court to instruct the jury on the law and its applicability.” [Ames v. Dyne](#), No. 95-3376, 1996 WL 662899, *1, *4, 100 F.3d 956 (6th Cir. Nov.13, 1996) (table decision). In affirming the exclusion of proposed expert testimony, the Sixth Circuit held:

To allow an expert, even a real expert, to testify that the statutes and regulations established certain duties, that any exceptions were inapplicable, and that the statutes were violated, would be, in effect, to allow the expert to tell the jury that the defendants were negligent. While it is true, under the Federal Rules, that an expert's opinion testimony “is not objectionable because it embraces an ultimate issue to be decided by the trier of fact,” it is also true that it continues to be the sole province of the trial court to instruct the jury on the law and its applicability.

*8 *Id.* (internal citations omitted). These fundamental tenets are not altered in patent litigation, however, **Lexmark** urges the Court to adopt the approach taken in [Donnelly Corp. v. Gentex Corp.](#), 918 F.Supp. 1126, 1137 (W.D.Mich.,1996). After careful consideration of the proffered testimony and the Donnelly opinion, the Court agrees.

In *Donnelly*, the expert planned to testify as to ultimate issues like those present here: patent validity and infringement. See *id.* In that case, the trial court did not wholesale exclude the expert testimony, but cautioned the parties that such evidence would be excluded at trial if the expert crossed the line of helping the trier of fact to usurping the role of the judge and jury:

Under [Federal Rule of Evidence 704](#), an expert witness is permitted to testify in the form [of] an opinion as to an “ultimate issue of fact.” In this case, such ultimate issues of fact include whether the claims of the '112 patent were infringed by [Gentex](#) products, whether those claims are valid, whether Donnelly meets the legal requirements to be awarded lost profit damages, and the amount of royalty which would be reasonable in this matter. Nevertheless, the experts may not testify as to what the law is since it is the Court's job to instruct the jury as to what the law is. Therefore, such experts must walk a fine line: they must give their expert opinions on ultimate issues of fact, while explaining their own understandings of the law, but without purporting to give expert opinions as to what the law is.... [Gentex's](#) briefs promise that their experts will walk this fine line and that they will not testify in a wasteful, duplicative manner. The Court will, therefore, for the meantime take [Gentex](#) at its word and not preclude from the outset such expert

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testimony. However, the Court will feel free to revisit this issue at trial if it appears later that the testimony is improper under [Federal Rules of Evidence 403, 702 and 704](#).

Id. (internal citations omitted). The Court has reviewed the challenged portions of Goldstein's expert and rebuttal reports and finds that his proffered testimony walks the "fine line" identified by the district court in *Donnelly*.

Goldstein, who is an experienced patent attorney, considers the patent application process, discusses claim construction, the law of infringement, and ultimately concludes that SCC has infringed **Lexmark's** patent rights in light of the facts and circumstances of this particular case. [R. 705, Attach. 3]. Goldstein further opines that SCC induced the infringement of other remanufacturers and that such inducement was willful, and that the advice of counsel defense is inappropriate under these facts. [*Id.*]. In his rebuttal report, for example, Goldstein counters SCC's expert, Larry Evans, by opining that **Lexmark** did not misuse its patents in various factual contexts. [*Id.*]. These are exactly the types of patent expert opinions considered by the trial court in *Donnelly*, and which the court ultimately concluded is testimony on the "ultimate issue," which is permissible under [Fed.R.Evid. 704](#), but if taken too far, could be impermissible expert testimony on the law, that which inappropriately advises the jury as to what conclusion they should reach. Nonetheless, the testimony was conditionally admitted, as this Court will do as it relates to Goldstein's proffered testimony. Accordingly, consistent with *Donnelly*, and the applicable Federal Rules of Evidence, the Court will deny SCC's motion at this time, but reserve the right to reconsider Goldstein's testimony at trial if it appears improper "expert witness" testimony.

4. Opinions of Garth L. Wilkes [R. 707].

*9 SCC moves *in limine* to exclude the expert testimony of Dr. Garth L. Wilkes ("Wilkes") for two reasons: (1) his expert testimony is conclusory and based on unfounded assertions; and (2) the basis for his expert testimony was not timely disclosed. [R. 707]. As to their first challenge, SCC contends that Wilkes' opinion that certain of **Lexmark's** patent claims read on the T420, T52X, T62X, T63X, E320/22, E321/23, and/or E220 toner cartridges is faulty because his analysis begs the question and/or is

conclusory. [*Id.*]. For example, as to the claims in the '025 patent, Wilkes concludes that the patent claim that the "charge generation is a thorough mixture" of various agents is a "thorough mixture" without explanation of how he reached this conclusion, or what tests he performed, if any, to conclude that it was a "mixture" and/or "thorough." [*Id.*]. SCC challenges his construction of several other terms relating to several other patents as well, however, the substance of the objection is the same: the alleged "absence of meaningful analysis" in this testimony. [R. 783].

Lexmark, in response, contends that the objections are premature, and that to the contrary, Wilkes performed all appropriate analysis in reaching his conclusions regarding the claims in the Chemical Patents. [R. 746]. Further, **Lexmark** contends that the bases for his conclusions is contained within his original [Rule 26](#) Report. [*Id.*]. Finally, **Lexmark** notes that the additional testing performed by Wilkes was done to rebut SCC's expert report, and that this information was both properly and timely supplemented under the Federal Rules-30 days in advance of trial. [*Id.*].

Rather than consider each individual challenge as to each individual patent claim, the Court acknowledges generally that SCC challenges the claim construction that Wilkes performs as to these various patents.^{FN4} Although SCC does not necessarily agree with the construction reached by Wilkes on certain claims, this does not render those constructions unreliable, and certainly does not render his entire testimony so. The Court considers a few of those specifically identified. As to the "thorough mixture" conclusion reached as to the '025 patent, the conclusion that silicone sealant is "pliable," Wilkes made these determination based upon his experience with the chemicals at issue. [R. 746]. With respect to the Developer Roller patents, it appears that Wilkes utilized a test (the XPS/ESCA) that has been recognized by SCC's own expert.

^{FN4}. To be clear, claim construction is a pending matter to be decided by this Court, and the parties have filed their respective briefs on these issues. To the extent this Court admits expert testimony regarding claim construction or opinions regarding the meanings of certain patent claims, such a ruling does not endorse or adopt the con-

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struction or conclusions of one expert or another. The Court will issue a final order resolving matters of claim construction which is separate and distinct from the instant Order regarding the admissibility of testimony.

This Court simply cannot conclude that the methodology or analysis is lacking, particularly given that the area of expertise at issue is claim construction on a patent. As this Court previously recognized with respect to the proffered testimony of Dr. Charles Reinholtz making similar constructions:

Dr. Reinholtz lists each element of the above claims, construes the limitation of that claim element based on his expertise—the remanufacturers do not contend that Dr. Reinholtz is not qualified as a patent expert in their Response at Record No. 648—and then concludes whether a certain cartridge satisfies that claim limitation. Contrary to the remanufacturers contention, for Dr. Reinholtz to find that a cartridge brand satisfies a particular claim limitation is not conclusory; rather, it is merely drawing a conclusion.

*10 [R. 1008]. Moreover, SCC's real challenge goes to the weight of the proposed testimony because it is clear that Wilkes utilized a reliable method in reaching his conclusions and this information was provided in his report. SCC believes a “better” method or “test” was appropriate and therefore disagrees with the construction reached by Wilkes. This is insufficient to justify exclusion. *See U.S. v. Bonds*, 12 F.3d 540, 563 (6th Cir.1993) (“Disputes about specific techniques used or the accuracy of the results generated go to the weight, not the admissibility of the scientific evidence.... We hold that questions about the accuracy of results are matters of weight, not admissibility.”). In *Bonds*, the Sixth Circuit held that “criticisms about the specific application of the procedure used or questions about the accuracy of the test results do not render the scientific theory and methodology invalid or destroy their general acceptance. These questions go to the weight of the evidence, not the admissibility.” *Id.* Accordingly, the Court finds the testimony appropriately admissible under [Fed.R.Evid. 702](#) and [Fed.R.Civ.P. 26](#).

Finally, SCC argues that the testimony should be excluded because Wilkes received information about

the “milling operation” from a **Lexmark** employee after his deposition, and that he reviewed a sealant sample the day before his deposition. [R. 707]. **Lexmark** contends that the supplemental information was provided to SCC within the requirements of [Federal Rules of Civil Procedure 26\(a\)\(3\) and \(e\)\(1\)](#). [R. 746]. Rather than dispute this fact, SCC argues that Wilkes should have been available for “further deposition.” [R. 783]. The Court can only conclude that SCC received the supplementation within the time required by the Federal Rule, and further, any failure of **Lexmark** to make Wilkes available for a second deposition does not justify exclusion under [Fed.R.Civ.P. 37](#). SCC's Motion will be denied.

5. Testimony by Charles Reinholtz [R. 722]

Pendl asks this Court to exclude the proposed expert testimony of Charles Reinholtz (“Reinholtz”) “regarding infringement of the disputed patents.” [R. 722]. Essentially Pendl challenges the Reinholtz testimony for much of the same reasons the Wilkes testimony was challenged: (1) that his expert testimony is conclusory and based on unfounded assertions that 12 **Lexmark** patents cover 25 accused toner cartridge models; and (2) that the basis and reasons for his opinions were not expressed in his expert report. [*Id.*; R. 820]. In response, **Lexmark** categorically disputes Pendl's characterization of the Reinholtz report, and provides multiple examples of the analysis conducted by Reinholtz in the interpretation of the patent claims, and further that such information (including the bases and sources for the opinions) were contained in his [Rule 26](#) report. [R. 755].

As the Court noted earlier, it has already addressed the reliability of the Reinholtz report:

*11 Dr. Reinholtz lists each element of the above claims, construes the limitation of that claim element based on his expertise—the remanufacturers do not contend that Dr. Reinholtz is not qualified as a patent expert in their Response at Record No. 648—and then concludes whether a certain cartridge satisfies that claim limitation. Contrary to the remanufacturers contention, for Dr. Reinholtz to find that a cartridge brand satisfies a particular claim limitation is not conclusory; rather, it is merely drawing a conclusion.

[R. 1008]. The Court need not revisit that finding here given that the argument essentially mirrors that

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made by the parties in the summary judgment pleadings (“the remanufacturers simply argue that Dr. Reinholtz’s opinion is conclusory and therefore, cannot be relied upon to sustain summary judgment in **Lexmark’s** favor.”). [*Id.*]. The Court disagreed and found that:

Dr. Reinholtz outlines the materials he reviewed in making his analyses. Thereafter, the Court thinks it crystal clear that Dr. Reinholtz compared his construction of claim elements with the accused cartridges to determine whether the limitation of a particular element was satisfied. In short, “[t]he report is sufficient to establish the reasoning underlying the conclusion[s].”

[*Id.*] (internal citations omitted). Despite raising arguments with respect to 12 patents rather than the 9 at issue in the earlier-decided matter, Pendl’s arguments remain the same. The challenges to Reinholtz’s testimony go to its weight, if anything, and certainly not its admissibility. See [U.S. v. Bonds, 12 F.3d 540, 563 \(6th Cir.1993\)](#) (“Disputes about specific techniques used or the accuracy of the results generated go to the weight, not the admissibility of the scientific evidence....We hold that questions about the accuracy of results are matters of weight, not admissibility.”). In fact, so long as the methodology itself appears valid and reliable, the conclusions are presumed reliable, at least for purposes of admissibility:

the *Daubert* Court has instructed the courts that they are not to be concerned with the reliability of the conclusions generated by valid methods, principles and reasoning. Rather, they are only to determine whether the principles and methodology underlying the testimony itself are valid. If the principles, methodology and reasoning are scientifically valid then it follows that the inferences, assertions and conclusions derived therefrom are scientifically valid as well. Such reliable evidence is admissible under [Rule 702](#), so long as it is relevant.

Id. at 556. Accordingly, the expert testimony of Reinholtz is admissible under [Fed.R.Evid. 702](#), and [Fed.R.Civ.P. 26](#); Pendl’s Motion to exclude the testimony is denied.

6. Testimony from J. Michael Thesz [R. 773]

Lexmark moves to exclude the proposed testimony of J. Michael Thesz, Esq. (“Thesz”) [R. 773]. In support, **Lexmark** contends that the testimony

would not be helpful to a trier of fact under [Fed.R.Evid. 702](#) because he “failed to opine on *any* issue whatsoever.” [*Id.*; R. 879]. **Lexmark** then goes on to provide a laundry list of those “legal” conclusions which Thesz does not reach as it relates to infringement, patent validity, willfulness, antitrust, and damages, just to name a few. [*Id.*]. In a joint response, SCC and Pendl identify the purpose of Thesz’s testimony as to the patenting process of the U.S. Patent and Trademark Office, as well as the prosecution of the patents at issue in this case. [R. 845]. The Court finds this testimony is admissible and helpful to the trier of fact under [Fed.R.Evid. 702](#), and **Lexmark’s** Motion is denied. Thesz is an experienced patent attorney whose qualifications to testify as to U.S.P.T.O. procedures and practices is not an issue. [*Id.*]. In a patent case, the practices and procedures of the office are a proper subject for expert testimony. See, e.g., [Pfizer Inc. v. Teva Pharmaceuticals USA, Inc., No. 04-754, 2006 WL 3041097, * 1, *3 \(D.N.J., Oct.26, 2006\)](#) (permitting expert testimony on patent office practice and procedure); [Sanitec Industries Inc. v. Micro-Waste Corp., No. H-04-3066, 2006 WL 1544529,*1, *3 \(S.D.Tex., Jun.2, 2006\)](#) (recognizing that factual or background testimony in areas in of expert’s extensive experience and expertise, such as patent office practice and procedure, is admissible and doesn’t require reasons and bases as part of [Rule 26](#) report). In fact, **Lexmark** makes no challenges to the proffered purpose of Thesz’s testimony. Accordingly, **Lexmark’s** Motion will be denied.

*12 As a cautionary note, the Court does not intend to allow duplicative and cumulative expert testimony, regardless of who proffers it. The Court anticipates that certain video will be played to the jury at the beginning of this trial regarding the patent application process and its procedures. Therefore, to the extent expert testimony appears duplicative or cumulative of either this evidence, or other expert testimony presented by a party, the Court reserves the right to revisit the issue at trial.

7. Testimony of Bruce Nauman [R. 775]

Lexmark moves this Court, *in limine*, to exclude the expert testimony of Bruce Nauman (“Nauman”) pursuant to [Fed.R.Evid. 702](#). [R. 775]. In support, **Lexmark** claims that Nauman’s determination of what constitutes “recycling” should be excluded because it relies on the wrong legal standard—the FTC

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Guidelines-as it relates to liability under the Lanham Act. [*Id.*]. **Lexmark** argues that Nauman should have looked to industry standards, rather than the FTC Guidelines, and that he is not competent to consider industry standards. [*Id.*]. MSE responds, and argues that Nauman's testimony is reliable, and that his failure to consider other sources for definitions, such as the EPA, go to the weight of his testimony and not its admissibility. The Court agrees.

First, to the extent **Lexmark** contends that FTC Guidelines are an inappropriate source, and that industry standards are definitive, this Court has determined that the FTC Guidelines *are* relevant to a Lanham Act claim. [R. 1082]. Therefore, **Lexmark's** argument fails on that ground. To the extent **Lexmark** argues that Nauman should have considered alternative sources, this challenge goes to the weight of his testimony and not its admissibility. See *U.S. v. Bonds*, 12 F.3d 540, 561-563 (6th Cir.1993) (“Disputes about specific techniques used or the accuracy of the results generated go to the weight, not the admissibility of the scientific evidence.... We hold that questions about the accuracy of results are matters of weight, not admissibility.”); *Viterbo v. Dow Chem. Co.*, 826 F.2d 422, 422 (5th Cir.1987) (noting that the “bases and sources” of an expert's opinion go to its weight rather than admissibility). Accordingly, pursuant to *Fed.R.Evid. 702*, **Lexmark's** Motion is denied.

8. Opinions of Larry Evans Relating to a Reasonable Royalty [R. 806]

In its Motion, **Lexmark** seeks to exclude the testimony of Larry Evans (“Evans”) relating to the reasonable royalty for patent damages contained in his rebuttal report. [R. 806]. **Lexmark** challenges the “reasonable royalty” opinion on three basic grounds: (1) Evans fails to base his opinions on sound factual and economic predicates because he uses the “rule of thumb” approach to begin his reasonable royalty analysis (assumes 25% royalty from net profits in negotiations); (2) Evans fails to recognize the underlying economics of the parties and the market; and (3) Evans fails to consider the business models at issue and/or inquire as to the profits of the respective remanufacturers. [*Id.*]. SCC and the counterclaim defendants respond by indicating that the “rule of thumb” approach is well-recognized by the courts, and Evans' methodology is otherwise sound and reliable as it applies his practical experience to the facts

of this case. [R. 858]. As to the use of “sound factual and economic predicates,” SCC contends that Evans considered the relevant *Georgia-Pacific* factors to calculate the reasonable royalty, and to the extent **Lexmark** disagrees with some factual assumptions made by Evans, those objections go to the weight of the proposed testimony rather than its admissibility. [*Id.*]. This Court agrees with SCC, and will deny **Lexmark's** Motion.

*13 In making its objections, **Lexmark** starts with the premise that Evans' testimony must be based on “sound factual and economic predicates.” [R. 806]. This phrase is a term of art from the *Riles v. Shell Exploration and Production Co.*, 298 F.3d 1302, 1311 (Fed.Cir.2002) opinion, in which the Federal Circuit defined a reasonable royalty as the result of a “hypothetical negotiation between the patentee and the infringer at a time before the infringement began.” To make this assessment, one must approximate “the market as it would have hypothetically developed absent infringement. This analysis, in turn, requires sound economic and factual predicates.” *Id.* While insightful, *Riles* does not set the standard for the admissibility of “reasonable royalty” expert testimony.

According to **Lexmark**, Evans opinions lack this latter *Riles* “requirement” because his deposition testimony indicates this his opinions were based upon his practical experience, and that economics was a small portion of that analysis. [R. 806]. Similarly, **Lexmark** challenges Evans' opinions because he begins with the “rule of thumb” or “25%” approach and doesn't consider the “economics” of the remanufacturers. [*Id.*]. Finally, **Lexmark** argues that Evans inappropriately assumed the market contained 50% unrestricted cartridges, and that he failed to consider the testimony of another, all of which makes his testimony speculative. [*Id.*]. Obviously, SCC makes the counter argument on each of these points, and cites to examples of Evans having relied upon his years of practical experience as a licensing expert to reach his conclusions in this case. [R. 858].

At the end of the day, however, the crux of **Lexmark's** challenges go to the weight of Evans' testimony and not its admissibility. [R. 806, 886]. While **Lexmark** does not believe the “rule of thumb” approach is the most appropriate way to calculate “reasonable royalty,” as SCC correctly notes, case

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law suggests it is one way of doing so:

In addition, the 25% rule or a close variant of it has been recognized by a number of other federal courts as a “rule of thumb” or “typical” in the licensing field. *See, e.g., Ajinomoto Co., Inc. v. Archer-Daniels-Midland Co.*, No. 95-218-SLR, 1998 WL 151411, at * 52 n. 46 (D.Del. Mar.13, 1998) (“[L]icensing rule of thumb’ dictates that only one-quarter to one-third of the benefit should go to the owner of the technology....”); *W.L. Gore & Assocs., Inc. v. International Med. Prosthetics Research Assocs., Inc.*, No. CIV 84-559 PHX CLH, 1990 WL 180490, at *23 (D.Ariz. July 9, 1990) (“As a general rule of thumb, a royalty of 25 percent of net profits is used in license negotiations.”). Other cases note, without further comment, experts’ use of variants of the 25% rule, *see, e.g., Fonar Corp. v. General Elec. Co.*, 107 F.3d 1543, 1553 (Fed.Cir.), *cert. denied*, 522 U.S. 908, 118 S.Ct. 266, 139 L.Ed.2d 192 (1997) (expert witness testified that one-quarter to one-third of anticipated profits would have constituted reasonable royalty), and a leading treatise recognizes that courts give considerable weight to an infringer’s profits based on the theory that the parties in a hypothetical licensing negotiation would set a royalty rate which would divide the economic benefits between them. 7 Donald S. Chisum, *Chisum on Patents* § 20.03[3][iv] at 20-188, 20-189 (1993 & Supp.1997). The court is persuaded that the parties to the hypothetical negotiation in this case would have used the 25% guideline for determining a base royalty rate.

*14 *Standard Mfg. Co., Inc. v. U.S.*, 42 Fed.Cl. 748, 766 (1999). Likewise, as long as Evans utilized a sound methodology, the conclusions he reaches are outside the realm of what this Court may consider for purposes of admissibility. *See U.S. v. Bonds*, 12 F.3d 540, 556 (6th Cir.1993). Here, Evans applied the rule of thumb percentage to the factors contained in *Georgia-Pacific v. U.S. Plywood Corp.*, 318 F.Supp. 1116 (S.D.N.Y.1970), as evidenced by the chart attached to his rebuttal report. [R. 806, Attach. 2]. Although **Lexmark** believes Evans failed to consider “fundamental” factors that a prudent businessman would consider in making his “hypothetical negotiation” analysis, this Court cannot conclude the methodology is unreliable, and certainly cannot do so based on whether Evans specifically used the word “eco-

nomics” in his report or deposition, as suggested by **Lexmark**. Finally, to the extent **Lexmark** disagrees with the factual assumptions made by Evans (*e.g.*, the 50% of unrestricted cartridges), or lack of factors considered by him, [*see* R. 806, 886], those are matters of credibility perfect for the subject of **Lexmark** cross-examination, or with its own expert. *See Bonds*, 12 F.3d at 561-563 (“Disputes about specific techniques used or the accuracy of the results generated go to the weight, not the admissibility of the scientific evidence.... We hold that questions about the accuracy of results are matters of weight, not admissibility.”); *Viterbo v. Dow Chem. Co.*, 826 F.2d 422, 422 (5th Cir.1987) (noting that the “bases and sources” of an expert’s opinion go to its weight rather than admissibility). Accordingly, pursuant to [Fed.R.Evid. 702](#), **Lexmark’s** Motion will be overruled.

9. Evidence of Simonson Associates, Inc. Survey [R. 829]

Lexmark challenges a survey conducted by Simonson Associates, Inc. on reliability and relevancy grounds. [R. 829]. The survey was conducted by Dr. Alexander J. Simonson. [*Id.*]. Dr. Simonson holds a Ph.D. in marketing from Columbia Business School and holds a law degree from New York University. [R. 882, ex. A]. He has been published numerous times [R. 829, ex. B], and he based his methods on both his educational background and his experience. [*Id.*]. The survey attempted to discern both whether remanufacturers were interested in features of SCC’s chips and also, if interested, what their level of interest was. [*Id.*]. When asking the respondents questions, the interviewers did not know of the purpose or sponsor for the study, and while the survey participants were paid \$40.00 for their participation, they were not informed of the compensation until the surveyor determined that the participant was qualified to take the survey, *i.e.*, involved in cartridge component purchasing decisions. [R. 882, ex. A]. The survey included a numerical scaling system of “importance” of various functions and also included the reasons for the participant’s responses. [*Id.*].

*15 In formulating the survey, Dr. Simonson used a “widely circulated” magazine subscription list as his sample population. [*Id.*]. The sample population was then randomized through a computer program, and he ultimately had 226 respondents. [*Id.*]. The response rate for the survey was much higher than the industry standard, and conversely, the refusal

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rate was much lower. [*Id.*]. After conducting the survey, 170 of the 226 respondents later validated the survey. [*Id.*]. The validation was conducted by an outside company. [*Id.*].

Lexmark makes three main challenges to the reliability of this survey: (1) the relevant universe was inadequately defined; (2) the sample was not shown to be representative; and (3) there is no assurance that the surveyors actually reached the necessary decision-makers. All three of these arguments must fail. As to the first, the relevant universe of a survey is an important factor which affects both validity and weight. See [Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.](#), 452 F.Supp.2d 772, 781 (W.D.Mich.2006) (citations omitted). The relevant universe of the **Simonson survey** is defined in both the purpose and the questions of the survey. The survey was intending to question “current (or potential future) users of SCC microchips,” [R. 829 at 11 n. 6], and it narrowed the participants to those with decision-making authority to purchase replacement microchips. [R. 882, ex. A]. It is evident, therefore, that the universe was those who could decide whether to purchase microchips for toner cartridges. This is an appropriate universe when the question presented is whether a feature of a product is important to potential purchasers. Cf. [Leelanau Wine Cellars, Ltd.](#), 452 F.Supp.2d at 782 (defining the relevant universe in a trademark suit as potential purchasers).

Additionally, the sample was drawn from a list of those persons who are involved in or informed about remanufacturing cartridges such that they would subscribe to a magazine. This universe and the subsequent sample is not unlike the list of trade organizations and lobbying groups supplied by **Lexmark**. “Magazine subscribers” and “organization members” are each lists which are narrowed by one commonality: interest. Further, the remanufacturing market is nationwide, which makes a magazine subscription list more appropriate than a regional association. In sum, this sample is sufficiently representative of a proper universe.

Neither the second or third objection should exclude the survey. As to the second objection, the Court is satisfied that, for the purposes of admissibility, completing 226 surveys when 260 surveys were attempted [R. 882 at 13] is a sufficiently representative of the larger universe of remanufacturers to sur-

vive an admissibility challenge. Additionally, the randomized computer screening of the larger list of *Recharger* subscribers is sufficient to satisfy statistical requirements. Regarding the third objection, the Court does not think that the screening questions were too leading. In fact, the screening question at issue, “How long have you been in charge of deciding what parts or components to purchase for the cartridges in order to make them functional again,” was open ended. Cf. [Leelanau Wince Cellars, Ltd.](#), 452 F. Supp 2d at 784-85 (discussing responses to leading questions).

*16 Overall, the methods used by Dr. Simonson are sufficient to satisfy the threshold *Daubert* reliability requirements. To the extent that **Lexmark** questions the value of this survey, its objections address the weight of the evidence, not its admissibility. See [Leelanau Wince Cellars, Ltd.](#), 452 F. Supp 2d at 785-86 (discussing the difference between admissibility and weight). Additionally, as this Court has explained, non-infringing uses of the microchips provide some limited relevancy for trial. [See R. 1081 at 8-9]. Therefore, this survey satisfies the relevancy requirement. Because the survey is relevant and reliable, this motion is denied.

10. Opinions of William Kerr [R. 835]

SCC seeks to exclude the expert evidence of William O. Kerr. [R. 835]. Kerr's report analyzed “one of the data sets on which Vistes [an expert proffered by SCC] relied, CAP Ventures data, and compared that data to **Lexmark's** actual volume sales data for non-subject cartridges.” [*Id.*]. SCC challenges this evidence because “**Lexmark's** counsel did not produce **Lexmark's** actual volume sales data for non-subject cartridges on which Kerr relied until February 8, 2007.” [*Id.*]. **Lexmark** has countered that it believed that it had produced this evidence, and it even represented to the Court that the evidence was produced. Magistrate Judge Todd agreed that sufficient information was produced [R. 661], and in reviewing whether sufficient information was given to SCC, this Court overruled an objection to the Magistrate Judge's order on the grounds that there seemed to be sufficient evidence to support that discovery order. [R. 978]. It was only when responding to the SCC's motion *in limine* that **Lexmark** realized that some of the data might not have been turned over. [R. 880]. **Lexmark** immediately turned over the information. [*Id.*].

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Exclusion of undisclosed information is an appropriate remedy well within the Court's discretion. *See, e.g., Sommer v. Davis*, 317 F.3d 686, 692 (6th Cir.2003) (noting that failure to disclose expert or tender report under [Rule 26](#) within time allotted results in exclusion under [Rule 37](#)); *King v. Ford Motor Co.*, 209 F.3d 886, 900-901 (6th Cir.2000) (stating that information not contained in the [Rule 26](#) report will not be admissible at trial pursuant to [Rule 37](#)). There is an exception for when the tendering party makes a showing of "substantial justification" or harmlessness in the noncompliance. [Fed.R.Civ.P. 37\(c\)\(1\)](#). Courts construing this exception note that the omission or noncompliance must be harmless which means an "honest mistake on the part of a party coupled with sufficient knowledge on the part of the other party." *Sommer*, 317 F.3d at 692 (6th Cir.2003) (citations omitted).

It is clear that **Lexmark** has shown an honest mistake. It repeatedly represented to the Court that this information was turned over, and as soon as **Lexmark** realized its mistake, it tendered the information to SCC. What is less clear is whether there was "sufficient knowledge" on the part of SCC. Here, it appears that there was sufficient knowledge by SCC so that it could meaningfully rebut the expert's opinion. SCC had a large amount of data, an expert report, and an opportunity to depose Kerr. [R. 880]. Further, SCC has now received the missing data. [*Id.*]. Therefore, there was sufficient knowledge by SCC of the report, its contents, and its source to satisfy the harmless error requirement under [Rule 37](#).

*17 The failure to provide the expert's data was an honest mistake, and SCC contained sufficient knowledge. This motion is denied.

11. Testimony of Richard Germain, Ph.D. [R. 836]

Lexmark seeks to exclude the survey evidence and testimony of Richard Germain. Dr. Germain was attempting to determine the availability of non-Prebate cartridges. [R. 836]. To do this, he used a simple Google search to choose three readily prevalent suppliers, and he also chose three large, well known suppliers (Office Depot, Office Max, and Staples). [*Id.* at 7-9]. Two of the suppliers from the Google search were, admittedly, not selected according to the methods generally used for a scientific sample. [*Id.*]. The survey attempted to determine

whether non-Prebate cartridges were readily available. Of the four cartridges used for the study, Dr. Germain's study used one cartridge that is not at issue in this action and three cartridges which are only related to the antitrust and Lanham Act claims. [*Id.* at 10-11].

Initially, without evidence regarding the number of vendors of Prebate and non-Prebate cartridges or the number of Printer models, it is difficult for this Court to determine whether this survey is reliable. However, while it is difficult to gauge an accurate answer to that question from **Lexmark's** filings, the purpose of the study is likely achieved through its unique methods. If Germain was attempting to see if one could easily find non-Prebate cartridges, it would seem that a search of large office supply stores and those stores which are old or prevalent enough to be returned on a Google search. Thus, to the extent that there may be an ultimate mathematical infirmity in this survey, **Lexmark** is capable of effectively countering the weight to be given to this survey. Also, **Lexmark** does not contest the idea that this survey's methods go to weight, and not admissibility, and instead places its argument on the prejudicial bar under [Federal Rule of Evidence 403](#). [R. 836 at 12]. This survey is not, however, prejudicial. Under facts such as this, when the experts methods and results are so easily understood, a jury will not be prejudiced through the presentation of the evidence. *See Leelanau Wine Cellars, Ltd.*, 452 F. Supp 2d at 785-86 (discussing the difference between admissibility and weight). Therefore, it is reliable enough for admission, and any questions regarding this survey's sample size or its method for attaining that sample go to weight and are, thus, a jury question.

Second, this Court must address the relevancy question presented by **Lexmark**. **Lexmark** argues that Dr. Germain's report is not connected to the facts of this action. Yet, **Lexmark** also admits that three of the four cartridges at issue in Dr. Germain's report are at issue under the antitrust and Lanham Act claims. [*Id.*]. Whether non-Prebate cartridges are available are central inquiries to these two types of claims. [R. 1040 (discussing the evidence that is relevant to the antitrust and Lanham Act claims)]. This information is relevant, and this motion is denied.

12. Testimony of Gregory Vistnes and John Bone [R. 842]

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*18 **Lexmark** attempts to exclude the testimony of Gregory Vistnes based on its reliability. [R. 842]. It seeks to exclude John Bone's testimony on the same grounds, *i.e.*, because it relies on allegedly unreliable Vistnes expert report. [*Id.*]. Initially, the Court notes that the back and forth between the parties proffered experts is suggestive of a weight, not reliability, issue best left for the jury. Further, an examination of each of Vistnes's methods reveals that his opinions, and thus also Bone's opinions, are sufficiently reliable for admission. [Fed.R.Evid. 702](#).

Turning first to the Vistnes testimony, **Lexmark** argues that Vistnes incorrectly uses certain factors and excludes certain other factors from his analysis. An examination of Vistnes's methods runs counter to **Lexmark's** argument.^{FN5} Initially, his report uses the aftermarket of **Lexmark** remanufactured cartridges to determine anticompetitive effects, and it does not distinguish between lawful anticompetitive actions, such as a patent, and unlawful ones, such as antitrust violations. While the printer market necessarily has an effect on the remanufacturing market, in certain circumstances the relevant market switches to the aftermarket. [R. 1040 (discussing the relevant antitrust market)]. As this Court also stated in its earlier order, the life-cycle pricing used by Vistnes can be a relevant factor in an aftermarket case. [*Id.*] Further, this Court has rejected the idea that a patent holder can use a lawful monopoly to overcome any and all antitrust allegations. Therefore, it would seem unnecessary for Vistnes to exclude potential lawful patent rights from his analysis when this Court has not yet determined whether any defenses invalidate those rights. [*See* R. 1008 & 1040].

[FN5](#). The Court will not delve into, point by point, the excessive number of specific objections made by **Lexmark** regarding the reliability of Vistnes's report, but will instead explain why the report is sufficiently reliable for the purposes of [Rule 702](#). As necessary, **Lexmark's** objections will be interwoven into this discussion.

When analyzing this potentially relevant market, Vistnes used the “market definition” test, which is a commonly used and supported test. [R. 899]. Whether he correctly uses this test is a matter of weight and not admissibility. *See United States v. Bonds*, 12 F.3d 540, 565-66 (6th Cir.1993). He made several compar-

isons in his analysis, such as comparing non-Prebate marked cartridge versus Prebate cartridge market share and also comparing HP versus **Lexmark** market share. *Cf. Conwood Co., L.P. v. U.S. Tobacco Co.*, 290 F.3d 768, 793 (6th Cir.2002) (endorsing an expert's comparison of two different markets in a regression analysis). Whether he used facts contested by **Lexmark** also goes to weight and not admissibility. Finally, **Lexmark's** objection that there is “better” market also addresses weight and not reliability.

The Vistnes report relies on data compiled by a third party, CAP Ventures. Through William Kerr, **Lexmark** was able to compare the results achieved by Vistnes with results that are achieved using **Lexmark's** actual sales figures. Since this data is countered in this manner, any objection to it goes to weight, not reliability. Further, Vistnes had little choice as to what data to use since it was only recently that **Lexmark** turned over its own figures. *See, supra*, § (II)(B)(10).

*19 Overall, Vistnes's report is sufficiently reliable to be admissible, even if **Lexmark** makes significant objections to the weight of his report. Next, regarding the Bone testimony, **Lexmark** argues that because it is based on Vistnes's report, it must be excluded. Having determined that Vistnes's testimony is admissible, **Lexmark's** objection to Bone's testimony must fail. This motion is denied.

III. CONCLUSION

Accordingly, for the foregoing reasons and being sufficiently advised, it is hereby **ORDERED** as follows:

1. that Motion in Limine [R. 702] is **DENIED**;
2. that Motion in Limine [R. 704] is **DENIED**;
3. that Motion in Limine [R. 705] is **DENIED** in part as moot and otherwise **DENIED**;
4. that Motion in Limine [R. 707] is **DENIED**;
5. that Motion in Limine [R. 722] is **DENIED**;
6. that Motion in Limine [R. 773] is **DENIED**;

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7. that Motion in Limine [R. 775] is **DENIED**;

8. that Motion in Limine [R. 806] is **DENIED**;

9. that Motion in Limine [R. 829] is **DENIED**;

10. that Motion in Limine [R. 835] is **DENIED**;

11. that Motion in Limine [R. 836] is **DENIED**;

12. that Motion in Limine [R. 842] is **DENIED**;
and

13. Pursuant to L.R. 7.1(f), any and all requests
for oral argument as part of the foregoing Motions
are **DENIED as moot**.

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Only the Westlaw citation is currently available.

United States District Court, N.D. Illinois.
FORT JAMES CORPORATION, Plaintiff-
Counterdefendant,

v.

KIMBERLY-CLARK TISSUE COMPANY, Defen-
dant-Counterplaintiff.

No. 98 C 7834.
Oct. 8, 1999.

MEMORANDUM OPINION

GRADY, J.

*1 Before the court are plaintiff's motion to strike defendant's first affirmative defense and plaintiff's motion to dismiss defendant's Counterclaims I and II. For the following reasons, plaintiff's motions are granted in part and denied in part. In addition, we address the parties' briefs on the relevance of proposed consumer survey evidence.

BACKGROUND

Plaintiff-counterdefendant Fort James Corporation ("Fort James"), a Virginia corporation, manufactures, distributes, and sells a variety of tissue products, including bathroom tissue. Defendant-counterplaintiff Kimberly-Clark Tissue Company ("Kimberly-Clark"), a Pennsylvania corporation, also markets and sells bathroom tissue.

Since 1993, Fort James (along with its predecessors) has marketed "quilted" bathroom tissue nationally under the label "QUILTED NORTHERN." It has also marketed the tissue to the Costco Wholesale Corporation ("Costco") under a Costco private label, "Kirkland Signature." In connection with these sales, Fort James obtained two trademarks which purport to cover the "flowers within diamonds" design that is embossed on the quilted tissue: U.S. Trademark Reg. No. 1,778,352 (depicting a single flower within a diamond) and U.S. Trademark Reg. No. 1,806,076 (depicting a pattern of diamonds within flowers appearing in alternating rows). Fort James also secured three design patents (U.S. Patent No. Des. 354,854, 401,421, and 405,269) and two copyrights (VA 558-449 and VA 666-129).

Kimberly-Clark competes with Fort James in the national bathroom tissue market. It also supplies Costco with embossed bathroom tissue for private labeling. Kimberly-Clark has recently obtained a design patent (U.S. Patent No. Des. 408,152) for its embossing design. In addition, it claims that the new design is a variation on a design it patented in 1991 (U.S. Patent No. Des. 319,349).

On December 8, 1998, Fort James filed a six-count complaint against Kimberly-Clark: Count I (federal trademark infringement), Count II (false designation of origin and unfair competition under the Lanham Act), Count III (design patent infringement), Count IV (copyright infringement), Count V (trademark infringement and unfair competition under the Illinois Deceptive Practices Act), and Count VI (Illinois common law infringement and unfair competition). Kimberly-Clark responded with six counterclaims: Counterclaim I (cancellation of trademark registration No. 1,806,076), Counterclaim II (cancellation of trademark registration No. 1,778,352), Counterclaim III (declaration of invalidity and noninfringement with respect to design patents), Counterclaim IV (false advertising based on literally false claim), Counterclaim V (false advertising based on misleading claims), Counterclaim VI (uniform deceptive practices act).

Fort James has moved to strike Kimberly-Clark's First Affirmative Defense and to dismiss Kimberly-Clark's Counterclaims I and II. The parties have also filed briefs regarding a proposed consumer survey that would purport to measure the likelihood of trademark confusion. We address the motions first and then consider the consumer survey question.

DISCUSSION

I. Motion to Strike

*2 A court may strike any affirmative defense that it deems "insufficient." Fed.R.Civ.P. 12(f). Although motions to strike are generally disfavored, we address them when "they serve to expedite, not delay." Heller Fin., Inc. v. Midwhey Powder Co., Inc., 883 F.2d 1286, 1294 (7th Cir.1989). In ruling on a motion to strike an affirmative defense, we apply the same test as we would to a motion to dismiss under Rule 12(b)(6); we will strike a defense only if it is insufficient on its face. *Id.*

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Kimberly-Clark's first affirmative defense contains a number of paragraphs, some of which address similar issues. It certainly could have been drafted with more precision. Under our system of notice pleading, however, we will not strike (or dismiss) pleadings for mere imprecision, so long as they reveal the nature of the claim. Accordingly, the paragraphs survive the liberal requirements of Rule 8(b). See [Fed. R. Civ. P. 8\(b\)](#) ("A party shall state in short and plain terms the party's defenses to each claim asserted...."). We have held that "it is axiomatic that such a [short and plain statement] must give the opposing party fair notice of what the claim is and the grounds upon which it rests." [Republic Tobacco L.P. v. North Atlantic Trading Co., No. 98 C 4011, 1999 WL 261712](#), at *11 (N.D.Ill. Apr. 9, 1999) (Grady, J.) (citing [Conley v. Gibson, 355 U.S. 41, 47 \(1957\)](#)). Here, the underlying grounds of Kimberly-Clark's first affirmative defense are clear: (1) Fort James's trademarks do not serve a trademark function; (2) Fort James's trademarks are invalid because they violate the "single source" rule; (3) Fort James's trademarks, if they ever were valid, have been abandoned; and (4) Fort James's trademark does not grant it an exclusive right to sell "quilted" bathroom tissue. Because we can divine these grounds from the pleadings, we need only determine whether, if true, they would defeat Fort James's trademark claims. We address each in turn.

A. Trademark Function

Kimberly-Clark raises the defense that Fort James's designs cannot function as trademarks, because they are merely ornamental and do not create a distinct commercial impression. See Kimberly-Clark's First Affirmative Defense, para. 76 ("Fort James' designs are used in a non-trademark, decorative manner on the surface of the bathroom tissue and are either imperceptible or barely perceptible to consumers.") In support of this allegation, Kimberly-Clark points out that several other companies sell "bathroom tissue bearing similar designs." *Id.* It further alleges that the packaging (which prominently displays a word trademark) renders the design on the tissue surface a non-factor in consumer identification of the product. *Id.*, para. 77.

The Court of Customs and Patent Appeals (the predecessor to the Federal Circuit) has listed the criteria to be used to determine whether a design is distinctive enough to warrant trademark protection:

*3 Whether [the design] was a 'common' basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.

[Seabrook Foods, Inc. v. Bar-Well Foods Ltd., 568 F.2d 1342, 1344 \(C.C.P.A.1977\)](#) (footnotes omitted). Taking Kimberly-Clark's allegations as true, Fort James's design fails to meet these criteria. Kimberly-Clark properly alleges that Fort James's tissue design is not unusual, but is rather a refinement of a commonly-used ornamentation.^{FN1} It further alleges that the designs do not create an impression distinct from the allegedly more perceptible packaging. On its face, the defense legitimately implicates the *Seabrook Foods* criteria.

^{FN1}. We note that Kimberly-Clark has already submitted several samples of the tissue paper which it alleges are similar to Fort James's design. Whether these designs do in fact render Fort James's design incapable of creating a distinct consumer impression is not a question we can address in the context of a motion to strike or dismiss.

Fort James correctly notes that *Seabrook Foods* involved a mark that contained both words and design, while the mark at issue here is wholly separate from the words on the packaging. But this is a distinction without a difference. The realities of the bathroom tissue market may be such that consumers do not take the time to identify bathroom tissue by the small, quilted designs when they are presented with much more obvious sources of identification, such as the names, colors, and logos on the packaging. In that way, *Seabrook Foods'* rationale—that one alleged mark can be rendered ineffective by the presence of a primary means of identification—applies with equal force here.

B. "Single Source" Rule

Kimberly-Clark also alleges that the "single source" rule of trademark law precludes trademark protection for Fort James's design. The Lanham Act

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defines the purpose of a trademark as the identification of a single, though perhaps unknown, source of the goods at issue. See [15 U.S.C. § 1127](#). Kimberly-Clark argues that by distributing its bathroom tissue both independently and through private labeling at Costco, Fort James has allowed its product to be identified as coming from multiple sources.

As Fort James points out, however, the practice of private labeling, when still conducted under the trademark holder's control, does not violate the single source requirement. See [Northwestern Corp. v. Gabriel Mfg. Co., Inc., No. 95 C 2004, 1996 WL 732519](#), at *7 (N.D.Ill.Dec. 18, 1996) (dismissing “single source” counterclaim). We follow the reasoning of the court in *Northwestern Corp.*, which addressed a case strikingly similar to the one at hand:

Trademark licensing is permitted under the Lanham Act so long as the licensor maintains adequate control over the nature and quality of the goods and services sold under the mark by the licensee. Here, defendants do not contend that Northwestern fails to maintain control over the quality of the goods sold under its licensed mark. On the contrary, defendants acknowledge that Northwestern itself continues to manufacture the Model 60 but “unlawfully” places the names of its largest distributors on the chute doors of the machines instead of its own name. Contrary to defendants' assertions, however, there is no necessity for the name of the licensor to appear on licensed uses of a mark owned by the licensor. Under the Lanham Act, the function of a trademark is to identify a single, albeit anonymous, source of the goods. The public need not know the name of the trademark owner so long as consumers associate the mark with a single, anonymous source. Thus, there is no requirement that a trademark be used in association with the name of the trademark owner. Licensed uses may properly contain only the licensed mark and the name of the licensee.

*4 *Id.* at *8 (citations omitted).

Kimberly-Clark fails to take issue with this black-letter law, attempting instead to distinguish between “unlawful” conduct and conduct that renders a trademark invalid. But in the context of the *Northwestern Corp.* opinion, the court used the word “unlawful” as a synonym for violating the requirements

of the Lanham Act. *Id.* at *9 (“we reject defendants' assertion that Northwestern's ‘private labeling’ or licensing ‘misrepresents the source’ of the goods and is somehow unlawful.”) Kimberly-Clark also relies on [Alexander Binzel Corp. v. Nu-Tecsys Corp., 785 F.Supp. 719 \(N.D.Ill.1992\)](#), for the proposition that private label marketing violates the single source rule. As the court in *Northwestern Corp.* noted, however, the *Alexander Binzel* court addressed unregistered trade dress claims, not alleged infringements of a registered federal trademark.

The parties do not dispute that Fort James itself controls the manufacture of the bathroom tissue that it markets as the “Kirkland Signature” private label for Costco. Accordingly, we will grant Fort James's motion to strike the “single source” portion of Kimberly-Clark's first affirmative defense.

C. Abandonment

Kimberly-Clark also pleads that Fort James has abandoned whatever trademark it may have held regarding the design imprinted on its bathroom tissue. Essentially, Kimberly-Clark alleges in this defense that widespread third-party use of similar designs, unpoliced by Fort James, has undermined consumer perception that a single source exists for the goods that bear the trademarked design.

Fort James correctly points out that a failure to police cannot alone give rise to abandonment of a trademark, but can only affect the strength of the mark. The law is clear that “a trademark owner's failure to pursue potential infringers does not in and of itself establish that the mark has lost its significance as an indicator of origin.” [Exxon Corp. v. Oxford Clothes, Inc., 109 F.3d 1070, 1080 \(5th Cir.1997\)](#) (citations omitted). Where, however, a party can show that widespread use of similar designs has resulted in a “loss of trade significance,” the defense of abandonment is made out. See *id.*

Accordingly, Kimberly-Clark's affirmative defense of abandonment survives a motion to dismiss. But we note that such a defense may be nearly impossible to prove. While the examples of potentially infringing designs pleaded by Kimberly-Clark suggest a perhaps plausible scenario of abandonment, they would not provide sufficient proof of it.^{FN2} Only where third-party infringements have caused a mark to lose *all* significance will abandonment result:

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FN2. They might, of course, provide proof that the mark had become weakened. See Sam's Wines & Liquors Inc. v. Wal-Mart Stores Inc., 32 U.S.P.Q.2d 1906, 1907-08 (N.D.Ill.1994).

Without question, distinctiveness can be lost by failing to take action against infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the "mark" as a source identification. When that occurs, the conduct of the former owner, by failing to police its mark, can be said to have caused the mark to lose its significance as a mark. However, an owner is not required to act immediately against every possibly infringing use to avoid a holding of abandonment.

*5 Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp., 680 F.2d 755, 766 (C.C.P.A.1982) (citations omitted). But the ultimate success of the defense is not our concern at this stage of the case.

D. "Quilted" Tissue

Finally, Kimberly-Clark alleges as a defense that "Fort James does not have the exclusive right to sell quilted bathroom tissue." See Kimberly-Clark's First Affirmative Defense, para. 85. Fort James correctly argues that this lawsuit involves the designs embossed on bathroom tissue, not whether bathroom tissue may be "quilted" at all. Kimberly-Clark contends that Fort James's amended complaint alleges that it has the exclusive right to manufacture and sell "quilted" tissue. See Kimberly-Clark's Opposition Brief at 5. A close reading of Fort James's amended complaint, however, makes clear that Fort James's allegations involve the design embossed upon the tissue, not its quilted nature. Accordingly, this portion of Kimberly-Clark's affirmative defense has no relevance to any of the claims at issue and will be stricken.

II. Motion to Dismiss

The purpose of a 12(b)(6) motion to dismiss is to test the sufficiency of the complaint, not to resolve the case on the merits. 5A Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 1356, at 294 (2d ed.1990). When evaluating such a motion, the court must accept as true all factual allegations in the complaint and draw all reasonable inferences in the plaintiff's favor. Hentosh v. Herman M.

Finch Univ. of Health Sciences, 167 F.3d 1170, 1173 (7th Cir.1999); Jang v. A.M. Miller & Assocs., 122 F.3d 480, 483 (7th Cir.1997). Dismissal is appropriate only if "it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations." ' Ledford v. Sullivan, 105 F.3d 354, 356 (7th Cir.1997) (quoting Hishon v. King & Spalding, 467 U.S. 69, 73 (1984)); Jones v. General Elec. Co., 87 F.3d 209, 211 (7th Cir.), cert. denied, 519 U.S. 1008 (1996).

Fort James moves to dismiss Kimberly-Clark's Counterclaims I and II (both for cancellation of trademarks) on grounds identical to those asserted in support of its motion to strike. Because we apply the same 12(b)(6) standard to these issues, we reach the same result. Insofar as the counterclaims raise the "single source" rule, they are dismissed. Fort James's motion to dismiss the counterclaims' allegations of abandonment and loss of trademark function is denied. ^{FN3}

FN3. Unlike the first affirmative defense, neither counterclaim raises the issue of whether Fort James has the exclusive right to sell quilted bathroom tissue.

Like the first affirmative defense, Kimberly-Clark's counterclaims suffer from inartful drafting. But the policies underlying Rule 8 counsel against dismissal solely for this reason, so we will not do so. Because we grant Fort James's motions to strike and dismiss in part, however, the clarity of the pleadings would be improved if Kimberly-Clark amended its first affirmative defense and Counterclaims I and II to state, in separate paragraphs, the matters that remain. Accordingly, we direct Kimberly-Clark to do so.

III. Consumer Survey Evidence

*6 At the Rule 16 Conference on July 27, 1999, Fort James presented a preliminary consumer survey that purported to measure the likelihood of product confusion among QUILTED NORTHERN consumers. Kimberly-Clark suggested that the universe of consumers used by Fort James was underinclusive. Both parties have indicated that they will likely gather additional survey evidence. In order to conserve resources and focus discovery, we agreed to take briefs on the relevant universe of such consumer surveys.

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Before reaching the merits of the question before us, we must answer Fort James's procedural objection. Fort James correctly points out that neither party has brought a motion *in limine*. Fort James argues that, because we may not issue advisory opinions, we should not address the propriety of any particular survey design. We disagree. Because conducting consumer surveys often involves a great expense of both money and effort, we believe the court should be willing to provide guidance when requested to do so. Indeed, the Seventh Circuit has explicitly approved of this practice. See *Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366, 386 (7th Cir.1976) (“In light of the cost of taking a survey, this was a commendable procedure to follow.”). Because the parties cannot agree on survey methodology, we believe it is appropriate to offer our thoughts.

Fort James would like to survey only people who identify themselves as users of its product, QUILTED NORTHERN. Indeed, it has already conducted a preliminary survey limited to this consumer universe. Kimberly-Clark suggests that only survey evidence drawn from a universe of all bathroom tissue consumers is appropriate.

We begin with an examination of the plaintiff's apparent theory of liability. See *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 740 (2d Cir.1994). Paragraph 44 of Fort James's first amended complaint states:

Kimberly-Clark's unauthorized use of a design confusingly similar to the Registered Design Marks on the same goods on which Fort James uses its trademarks has caused, and if not enjoined, will continue to cause, confusion, mistake or deception among customers of such products. The consuming public has been, and is being, led by Kimberly-Clark to believe that products manufactured by Kimberly-Clark are made by Fort James, and/or that Kimberly-Clark is affiliated with, connected with, sponsored by, approved by, or otherwise associated with Fort James.

This allegation suggests, quite clearly, that Fort James's theory of the case involves confusion among all consumers of bathroom tissue. In order to determine whether confusion exists among all such consumers, the entire bathroom tissue consumer marketplace would be the logical universe from which to

draw a sample. Other things being equal, such a survey would almost certainly be given more weight than a survey conducted of a sample drawn from a more limited universe. We do not hold at this time that survey evidence collected solely from QUILTED NORTHERN consumers will be inadmissible.^{FN4}

^{FN4}. We would be inclined to follow the court in *American Home Prods. Corp. v. Barr Labs., Inc.*, 656 F.Supp. 1058 (D.N.J.1987), *aff'd*, 834 F.2d 368 (3d Cir.1987). Refusing to bar admission of survey evidence drawn from an underinclusive universe, the court nonetheless remarked that the “proper universe to test would have included ... the full range of potential consumers for whom plaintiff and defendants would compete.” *Id.* at 1070.

*7 A survey limited to QUILTED NORTHERN users would not accurately and comprehensively address the alleged harm caused by the confusion of the non-user of QUILTED NORTHERN. These non-users remain part of the “consuming public,” to which Fort James targets its allegations.^{FN5} Accordingly, we are somewhat wary of the possibly biased response that a survey sample drawn from the more limited universe of consumers might produce.^{FN6} We predict the jury would be likely to assign it less weight than it would Kimberly-Clark's proposed survey.

^{FN5}. Fort James relies on *Libman* to dispute the relevance of surveying non-users of QUILTED NORTHERN. In *Libman*, the Seventh Circuit commented that:

It should not have been very hard for *Libman* to find some satisfied owners of its brooms and confront them with the Vining broom and see whether they thought it was the same brand of broom. Without such evidence it would be pure speculation to conclude that anyone, let alone a significant fraction of the broom-buying public, could have been misled into believing that the Vining broom and the *Libman* broom were one and the same brand.

Libman, 69 F.3d at 1364. We agree with

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the Seventh Circuit's dicta insofar as it encourages the use of survey evidence in trademark confusion cases. We believe, however, that the Court did not purport to devise a comprehensive method of obtaining survey evidence in trademark cases. In an appropriate case, we feel confident that the Seventh Circuit would note the problem of underinclusiveness.

[FN6](#). We need not determine the direction or extent of such bias to take note of it. *See* Federal Judicial Center, *Reference Manual on Scientific Evidence* 236-37 (1994) (“An overinclusive universe generally presents less of a problem in interpretation than does an underinclusive universe ... If the sample is drawn from an underinclusive universe, there is no way to know how the unrepresented members would have responded.”)

CONCLUSION

For the foregoing reasons, we grant Fort James's motion to strike the portion of Kimberly-Clark's first affirmative defense to the extent that it relies on the “single source” rule or the notion that Fort James has the exclusive right to sell quilted tissue. As to all other issues, Fort James's motion to strike is denied.

We grant Fort James's motion to dismiss the portions of Kimberly-Clark's Counterclaims I and II to the extent that they rely on the “single source” rule. As to all other issues, Fort James's motion to dismiss is denied.

Kimberly-Clark is directed to amend its first affirmative defense and Counterclaims I and II in accordance with this opinion.

Finally, we suggest that a survey of a sample drawn from the entire universe of bathroom tissue consumers would carry greater weight than a survey of a sample drawn solely from consumers of QUILTED NORTHERN. Neither of such surveys, however, would likely be found to be inadmissible on the ground of the relevant consumer universe.

A status conference is set for October 12, 1999, at 10:15 a.m.

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H

United States District Court,
S.D. New York.
24 HOUR FITNESS USA, INC., Plaintiff,
v.
24/7 TRIBECA FITNESS, LLC, et al., Defendants.

No. 03 Civ. 4069(RLE).
Aug. 7, 2006.

Background: Operator of fitness centers, based in California and doing business in Midwest and West under trademark “24 Hour Fitness,” brought infringement action against New York based operator using “24/7 Fitness” mark.

Holdings: The District Court, [Ellis](#), United States Magistrate Judge, held that:

- (1) allegedly infringed mark was presumptively distinctive;
- (2) giving consideration to relevant factors, especially geographical separation, there was insufficient likelihood of confusion between marks to support Lanham Act infringement claim;
- (3) state deceptive practices statute was not violated;
- (4) there was no dilution of trademark; and
- (5) alleged infringer had no engaged in cybersquatting.

Judgment entered for defendant.

See also, [2006 WL 1881763](#).

West Headnotes

[\[1\] Trademarks 382T](#) 1421

[382T](#) Trademarks
[382TVIII](#) Violations of Rights
[382TVIII\(A\)](#) In General
[382Tk1418](#) Practices or Conduct Prohibited in General; Elements
[382Tk1421](#) k. Infringement. [Most Cited Cases](#)

The components of a trademark infringement claim are a showing that the plaintiff owns a valid mark that merits protection, and the defendant's mark results in a

likelihood of confusion between the two marks. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[\[2\] Trademarks 382T](#) 1363

[382T](#) Trademarks
[382TVII](#) Registration
[382TVII\(C\)](#) Effect of Federal Registration
[382Tk1358](#) Particular Effects; Rights Acquired
[382Tk1363](#) k. Nature or Type of Mark; Distinctiveness and Strength. [Most Cited Cases](#)

Trademark “24 Hour Fitness,” used by fitness chain, was presumptively distinctive, by virtue of having been registered and in continuous use for five years, even though it was arguably not entitled to trademark protection due to being merely descriptive of fitness facilities that were open around the clock. Lanham Trade-mark Act, §§ 15, 33(b), [15 U.S.C.A. §§ 1065, 1115\(b\)](#).

[\[3\] Trademarks 382T](#) 1081

[382T](#) Trademarks
[382TIII](#) Similarity Between Marks; Likelihood of Confusion
[382Tk1081](#) k. Factors Considered in General. [Most Cited Cases](#)

In determining whether there is a likelihood of confusion between trademarks, for infringement purposes, courts are to consider, without limitation, (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the competitive proximity of the products, (4) actual confusion, (5) the likelihood the plaintiff will bridge the gap, entering a business area occupied by the defendant, (6) the defendant's good faith in adopting its mark, (7) the quality of the defendant's products, and (8) the sophistication of the purchasers. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[\[4\] Trademarks 382T](#) 1033

[382T](#) Trademarks
[382TII](#) Marks Protected
[382Tk1033](#) k. Levels or Categories of Distinctiveness in General; Strength of Marks in General. [Most Cited Cases](#)

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Inherent distinctiveness of trademark “24 Hour Fitness,” used in conjunction with fitness centers and allegedly infringed by competitor’s mark “24/7 Fitness,” was weakened by extensive hotel advertising, touting fitness centers open 24 hours per day. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[5] Trademarks 382T 1030

[382T](#) Trademarks

[382TIII](#) Marks Protected

[382Tk1029](#) Capacity to Distinguish or Signify; Distinctiveness

[382Tk1030](#) k. In General. [Most Cited Cases](#)

Trademark “24 Hour Fitness” was not distinctive in New York City marketplace, weakening infringement action brought by operator of fitness centers in West and Midwest, against New York operators of fitness centers under trademark “24/7 Fitness”; holder had no facilities and relatively small number of members in New York, and did no advertising. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[6] Trademarks 382T 1096

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1096](#) k. Particular Marks, Similarity or Confusion Involving. [Most Cited Cases](#)
(Formerly 382Tk1096(2))

Allegedly infringed trademark “24 Hour Fitness,” and allegedly infringing mark “24/7 Fitness,” were sufficiently similar to establish possibility of confusion as factor weighing in favor of trademark infringement finding, in suit brought by fitness chain against competitor, despite claim that phrase “24 hours,” standing alone, was reference to lifestyle, while “24/7” was reference to time. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[7] Trademarks 382T 1104

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Ser-

vices Underlying Marks

[382Tk1104](#) k. Markets and Territories; Competition. [Most Cited Cases](#)

Competitive proximity of products weighed against finding that trademark “24 Hour Fitness,” used with fitness centers in West and Midwest, was infringed by mark “24/7 Fitness,” used by centers in New York. Lanham Trade-mark Act, § 439a(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[8] Trademarks 382T 1104

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1104](#) k. Markets and Territories; Competition. [Most Cited Cases](#)

Possibility that holder of trademark “24 Hour Fitness,” used by fitness centers, might enter New York market was neutral factor, in determining whether mark was infringed by local fitness centers using mark “24/7 Fitness”; while holder, which had facilities only in West and Midwest, clearly wanted to enter New York market, there were no immediate plans to do so, and if holder did enter market, it would likely do so under shared name arrangement featuring celebrity athlete, avoiding any name confusion. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[9] Trademarks 382T 1086

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1083](#) Nature of Confusion

[382Tk1086](#) k. Actual Confusion. [Most Cited Cases](#)

Small number of incidents of actual confusion, involving customers of alleged infringer operating fitness centers under mark “24/7 Fitness” asking whether they were connected with operator of centers using allegedly infringed mark “24 Hour Fitness,” was of no particular significance in determining whether likelihood of confusion requirement for Lanham Act infringement violation was satisfied. Lanham Trade-mark Act, § 43(a)(1)(A), [15](#)

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[U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[10] Trademarks 382T 🔑1629(4)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings

[382TIX\(C\)](#) Evidence

[382Tk1620](#) Weight and Sufficiency

[382Tk1629](#) Similarity; Likelihood of Confusion

[382Tk1629\(4\)](#) k. Consumer Data and Market Research; Tests and Surveys. [Most Cited Cases](#)

Survey evidence of confusion, between fitness centers operated under allegedly infringed trademark “24 Hour Fitness” and centers operated under allegedly infringed mark “24/7 Fitness,” was inconclusive at best in determining if there was likelihood of confusion; while there was survey purportedly showing that 56% of respondents believe competing fitness centers were same, there was question whether conclusion was based on “24 hours” reference in both marks rather than full names. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[11] Trademarks 382T 🔑1437

[382T Trademarks](#)

[382TVIII](#) Violations of Rights

[382TVIII\(A\)](#) In General

[382Tk1437](#) k. Knowledge, Intent, and Motives; Bad Faith. [Most Cited Cases](#)

Operator of fitness centers, under trademark “24/7 Fitness,” did not intend to infringe trademark “24 Hour Fitness,” used by competitor; operator did not have knowledge of allegedly infringed mark at time it adopted allegedly infringing mark, mark was reasonable as descriptive of characteristic of service, and its conduct in contesting infringement claim was consistent with honest belief there was no infringement. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[12] Trademarks 382T 🔑1105

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1105](#) k. Relative Quality. [Most Cited Cases](#)

Quality of fitness provided by company operating fitness centers under allegedly infringed trademark “24 Hour Fitness,” and quality provided by competitor operating under mark “24/7 Fitness,” were not distinguishable, for purpose of determining whether there was likelihood of confusion. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[13] Trademarks 382T 🔑1112

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1112](#) k. Persons Confused; Circumstances of Sale. [Most Cited Cases](#)

Relatively low level of sophistication, on part of customers for fitness services, made sophistication neutral factor in determining whether there was likelihood of confusion between allegedly infringed mark “24 Hour Fitness,” and allegedly infringing mark “24/7 Fitness.” Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[14] Trademarks 382T 🔑1092

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1090](#) Nature of Marks

[382Tk1092](#) k. Strength or Fame of Marks; Degree of Distinctiveness. [Most Cited Cases](#)

Trademarks 382T 🔑1104

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1104](#) k. Markets and Territories; Competition. [Most Cited Cases](#)

Balance of factors favored determination that trademark “24 Hour Fitness,” used by operators of fitness centers in Midwest and West, was not infringed, under Lanham Act, by “24/7 Fitness” mark used by fitness operator

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in New York City area; allegedly infringed mark was inherently descriptive rather than strong, in market where holder was not physically present and had not advertised, and had no plans to expand to New York using allegedly infringed mark. Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#).

[15] Trademarks 382T 🔑1424

[382T](#) Trademarks

[382TVIII](#) Violations of Rights

[382TVIII\(A\)](#) In General

[382Tk1423](#) Particular Cases, Practices, or Conduct

[382Tk1424](#) k. In General. [Most Cited Cases](#)

Failure to satisfy requirements for trademark infringement action, under Lanham Act, precluded claim that use of mark “24/7 Fitness,” in connection with fitness centers, was violation of state deceptive practices statute, in suit brought by competitor who held trademark “24 Hour Fitness.” Lanham Trade-mark Act, § 43(a)(1)(A), [15 U.S.C.A. § 1125\(a\)\(1\)\(A\)](#); N.Y.McKinney's [General Business Law §§ 349, 350](#).

[16] Trademarks 382T 🔑1467

[382T](#) Trademarks

[382TVIII](#) Violations of Rights

[382TVIII\(B\)](#) Dilution

[382Tk1465](#) Creation of Unfavorable Associations; Tarnishment

[382Tk1467](#) k. Particular Cases. [Most Cited](#)

[Cases](#)

Operator of fitness center, under trademark “24/7 Fitness,” did not dilute trademark “24 Hour Fitness” used by competitor, despite claim that link to pornography site on alleged infringer's Internet website had effect of reducing selling power of competitor's facilities. Lanham Trade-mark Act, § 43(c), [15 U.S.C.A. § 1125\(c\)](#).

[17] Trademarks 382T 🔑1502

[382T](#) Trademarks

[382TVIII](#) Violations of Rights

[382TVIII\(C\)](#) Misuse of Internet Domain Names;

Cyberpiracy and Cybersquatting

[382Tk1502](#) k. Knowledge, Intent, and Motives; Bad Faith. [Most Cited Cases](#)

Operator of fitness center did not engage in cybersquatting, when it established website using trademarked name “24/7 Fitness,” after receiving claim that it was infringing mark “24 Hour Fitness”; operator added word “club” to its site name, and took site down shortly after establishing it. Lanham Trade-mark Act, § 43(d), [15 U.S.C.A. § 1125\(d\)](#).

Trademarks 382T 🔑1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

24 Hour Fitness.

Trademarks 382T 🔑1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

24/7 Fitness.

***268** [Ronald Gustav Blum](#), Manatt, Phelps & Phillips, LLP, New York City, [Kevin G. Smith](#), Sughrue Mion P.L.L.C., Washington, DC, [Matthew Hearle](#), Goldberg, Weprin & Ustin LLP, New York City, [W. Mack Webner](#), Sughrue Mion Zinn McPeak & Seas, Washington, DC, for Plaintiff.

[Matthew Hearle](#), Goldberg, Weprin & Ustin LLP, New York City, for Defendants.

OPINION & ORDER

[ELLIS](#), United States Magistrate Judge.

I. INTRODUCTION

Plaintiff, 24 Hour Fitness (“24 Hour”), brought the following claims against defendants 24/7 Tribeca Fitness, LLC (“24/7”), 24/7 Gym, LLC, Peter Williams ***269** (“Williams”), and Peter Williams Enterprises: trademark infringement under [15 U.S.C. § 1114\(a\)](#); false designation of origin and unfair competition under [15 U.S.C. § 1125\(a\)](#); trademark dilution under [15 U.S.C. § 1125\(c\)](#); cybersquatting under [15 U.S.C. § 1125\(d\)](#); injury to business reputation and dilution under [New York General Business Law § 360-1](#); making false and misleading

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statements under [New York General Business Law § 350](#); and common law trademark infringement and unfair competition. Pursuant to [28 U.S.C. § 636\(c\)](#), the parties consented to the trial of this matter before the undersigned. A bench trial was held from April 24-26, 2006, and the parties submitted post-trial briefs shortly thereafter. For the reasons discussed below, the Court finds that 24 Hour has not established a likelihood of confusion between the two marks at issue and is not entitled to relief on its claims. Judgment is therefore entered for defendants.

II. BACKGROUND

A. 24 Hour Fitness

24 Hour is a chain of physical fitness facilities based in San Ramon, California, operating under the trademark “24 Hour Fitness.” Updated Joint Pretrial Order, Stipulated Facts (“SF”) ¶ 1. The company was founded in 1983 and originally operated under the mark “24 Hour Nautilus.” *Id.* ¶ 2. 24 Hour began using “24 Hour Fitness” in August 1996. *Id.* ¶ 7. The company has expanded such that it now operates five facilities in Asia and more than three hundred and fifty 24 Hour Fitness gyms in fifteen states, two of which are east of the Mississippi River. *Id.* ¶¶ 12-13; Trial Transcript (“Tr.”) at 56; Defendants’ Exhibit (“DX”) A. There are over 2.8 million current members of 24 Hour Fitness, and the company has sold over 8 million memberships. SF ¶ 14. The closest facilities to New York are in Missouri and Tennessee. Tr. at 61. There are six thousand 24 Hour members on the East Coast, twelve hundred of whom live in New York State and six hundred in New York City. Tr. at 39. 24 Hour offers a range of fitness services, including cardio and strength training machines, free weights, locker rooms, personal trainers, racquetball, basketball, swimming, saunas, massage, and classes in yoga, aerobics, tai chi, kick-boxing, and cycling. SF ¶¶ 17-18.

24 Hour owns nineteen federally registered marks containing 24 Hour Fitness and 24 Hour, for, among other things, health clubs, clothing, backpacks, gym bags, nutrition and exercise books, physical fitness instruction, and charitable services. Plaintiff’s Exhibit (“PX”) 1-24; see SF ¶¶ 22-27 (listing 24 Hour’s trademark registrations). The mark for “24 Hour Fitness” has been in continuous use for over five consecutive years. SF ¶ 28. Upon its application for registration, the United States Patent and Trademark Office did not require a showing of secondary meaning. *Id.* ¶ 29.

24 Hour has been quite successful in recent years,

earning nearly \$1 billion in net revenues in 2003, for example. SF ¶ 31. In the past five years, the company has spent over \$40 million in print advertising, \$80 million in television advertising, and \$10 million in radio advertising. *Id.* ¶¶ 33-35. 24 Hour is a sponsor of the United States Olympic Team, has upgraded the Olympic Training Center in Lake Placid, New York, *id.* ¶¶ 36-37, and has sponsored a number of professional and collegiate sports teams. *Id.* ¶¶ 38-39. 24 Hour operates a website, has been featured on national television shows, and has accrued various celebrity endorsements. *Id.* ¶¶ 40-42. Four celebrity athletes—Magic Johnson, Shaquille O’Neal, Andre Agassi, and Lance Armstrong—have collaborated*270 with the company to establish co-branded fitness facilities. *Id.* ¶¶ 43-46. Each co-branded facility features the name of the athlete prominently displayed directly beneath the name “24 Hour Fitness.” See PX 217 (24 Hour Fitness Magic Johnson-Sport), 251 (24 Hour Fitness Agassi-Super Sport), 510 (24 Hour Fitness Shaq); Tr. at 46.

24 Hour has been involved in a large number of enforcement actions defending its mark. SF ¶¶ 47-51; Tr. at 124-25. Of note, 24 Hour obtained permanent injunctions enjoining the use of 24/7 Fitness and 24/7 Gym in North Carolina and Michigan in 2002. SF ¶ 48. Both of these were consent judgments. See, e.g., PX 274, 276; Tr. at 125-27. In fact, this is the first of 24 Hour’s enforcement actions to end with an adjudication on the merits. Tr. at 183.

B. 24/7 Fitness

24/7 Fitness Club operates two facilities in New York City, one at 105 Chambers Street, called the “Tribeca Club,” and one at 47 W. 14th Street, called the “14th Street Club.” SF ¶¶ 53, 55. The clubs began to use the term “24/7” between February and April 2001. *Id.* ¶¶ 54, 56. Defendant Peter Williams (“Williams”) owns and operates the 14th Street Club. *Id.* ¶ 59. Wahday Washington (“Washington”) and Williams together own and operate the Tribeca Club. *Id.* ¶ 60. Washington and Earl Wilson (“Wilson”) owned and operated a third club on 17th Street, *id.* ¶ 61, which no longer exists. Williams had an ownership interest in the equipment of the 17th Street Club. *Id.* ¶ 62. 24/7’s clubs offer cardio and strength training machines, free weights, classes in aerobics and yoga, and locker rooms. *Id.* ¶ 63. The company provides personal trainers on an independent contractor basis. *Id.* ¶ 64.

In July 2002, by letter, 24 Hour contacted 24/7 and asked that they terminate their use of the 24/7 Fitness name. *Id.* ¶ 71. 24 Hour sent another letter in August

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2002, *id.* ¶ 72, but 24/7 continued to use and advertise the name. The instant case was filed on June 4, 2003. 24 Hour moved for a preliminary injunction, which was denied by District Judge Laura T. Swain on August 18, 2003. [24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, LLC, 277 F.Supp.2d 356 \(S.D.N.Y.2003\)](#). The parties consented to jurisdiction before the undersigned on August 27, 2003. Both parties moved for summary judgment, which was denied on April 28, 2005. [24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, LLC, 2005 WL 991767 \(S.D.N.Y. Apr. 28, 2005\)](#). The parties proceeded to trial approximately one year later.

III. DISCUSSION

A. Claim of Trademark Infringement Under the Lanham Act

[1] The Lanham Act protects trademark owners against confusion as to “affiliation, connection, or association” in the marketplace. [15 U.S.C. § 1125\(a\)\(1\)\(A\)](#). The components of a trademark infringement claim are a showing that 1) the plaintiff owns a valid mark that merits protection, and 2) the defendant's mark results in a likelihood of confusion between the two marks. [Brennan's, Inc. v. Brennan's Rest., L.L.C., 360 F.3d 125, 129 \(2d Cir.2004\)](#).

1. Protectable Mark

[2] The protection afforded a mark depends on the degree of its distinctiveness. The five classic categories, from least distinctive to most distinctive, are labeled: 1) generic; 2) descriptive; 3) suggestive; 4) arbitrary; or 5) fanciful. [Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 \(1992\)](#).

*271 A mark is descriptive if it describes the product's features, qualities, or ingredients in ordinary language or describes the use to which the product is put. A mark is suggestive if it merely suggests the features of the product, requiring the purchaser to use imagination, thought, and perception to reach a conclusion as to the nature of the goods. An arbitrary mark applies a common word in an unfamiliar way. A fanciful mark is not a real word at all, but is invented for its use as a mark.

[Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc., 192 F.3d 337, 344 \(2d Cir.1999\)](#).

24 Hour's mark is perhaps most aptly described as descriptive, even though spokespersons for the company contend that the intended message is not simply to advertise that the facilities are open twenty-four hours a day.

CEO Mark Mastrov (“Mastrov”) testified, “Our philosophy was around lifestyle ... making our clubs very inclusive of all walks of life, ages, sizes, shapes, creeds.” Tr. at 34; *see id.* at 53-55. The company's broader message could qualify the mark as, at best, suggestive.

Regardless of the mark's classification, because it has been registered and in continuous use for over five years, 24 Hour's trademark is incontestable by operation of law under [15 U.S.C. §§ 1065](#) and [1115](#). *See Brennan's, 360 F.3d at 130*. Once a mark becomes incontestable, registration is “conclusive evidence of the validity of the registered mark and ... of the registrant's exclusive right to use the registered mark in commerce.” [15 U.S.C. § 1115\(b\)](#). Such registration also creates a presumption that 24 Hour's mark is inherently distinctive. [Lane Capital, 192 F.3d at 345](#). Were defendants to attempt to rebut the presumption of protectability afforded by 24 Hour's registration, it would be their burden to prove that the plaintiff's mark was invalid by a preponderance of the evidence. *Id.* Here, defendants have not sought to do so. However, to succeed on its claims, 24 Hour must still prove that 24/7's use of the same or similar term in a particular context causes a likelihood of confusion between the two marks. *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 117, 125 S.Ct. 542, 160 L.Ed.2d 440 (2004)*.

2. Likelihood of Confusion

[3] The Second Circuit employs a “multi-factor test,” established in [Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 \(2d Cir.1961\)](#), to evaluate the likelihood of confusion in trademark infringement cases. *See Brennan's, 360 F.3d at 130*. “This test requires analysis of several non-exclusive factors, including: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the competitive proximity of the products, (4) actual confusion, (5) the likelihood the plaintiff will bridge the gap, (6) the defendant's good faith in adopting its mark, (7) the quality of the defendant's products, and (8) the sophistication of the purchasers.” *Id.*; *see Polaroid, 287 F.2d at 495*. While no factor is dispositive, the “ultimate question” is the “likelihood of confusion as to the source of the product.” [Brennan's, 360 F.3d at 130](#) (quoting [Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 872 \(2d Cir.1986\)](#)).

a. Strength of the 24 Hour Mark

“The strength of a mark refers to its ability to identify the source of the goods ...” *Id.* This analysis has two components: 1) “inherent distinctiveness” of a mark, and 2)

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“the distinctiveness the mark has acquired in the marketplace.” *Id.* at 130-31.

***272 (1) Inherent Distinctiveness**

[4] Because 24 Hour's trademark is incontestable as a matter of law, it is presumed inherently distinctive. [Lane Capital, 192 F.3d at 345](#). Furthermore, 24 Hour demonstrated at trial that since 1996, the company has spent hundreds of millions of dollars in national advertising to promote its mark, PX 78-79, 81-82, 86, 501, which “bolsters” its strength. [Morningside Group Ltd. v. Morningside Capital Group, L.L.C., 182 F.3d 133, 139 \(2d Cir.1999\)](#); see [Lexington Mgmt. Corp. v. Lexington Capital Partners, 10 F.Supp.2d 271, 280-81 \(S.D.N.Y.1998\)](#). 24 Hour uses various forms of media for advertising and promotion and also promotes its marks through signage and sponsorship of major sporting events, including the Olympics. PX 100, 109-12, 117, 124-26, 220-23, 230-32, 458, 508, 514, 516, 519-20, 524-25, 533, 547 (Summary of 24 Hour Fitness Advertising and Promotion); Tr. at 77-78, 79-86, 97-98. The company operates a website which averages over 34,000 daily hits. Tr. at 94-95; PX 538. 24 Hour has also received unsolicited media attention, Tr. at 103-07; PX 147, 239, 546 (Summary of 24 Hour Fitness Unsolicited Press), which demonstrates its level of national recognition. See [Tri-Star Pictures, Inc. v. Unger, 14 F.Supp.2d 339, 349-50 \(S.D.N.Y.1998\)](#). 24 Hour's partnerships with nationally known athletes have generated additional media attention. Tr. at 40-41, 52, 57, 102; PX 237, 239, 242, 488. The company's sales from its clubs have amounted to over \$1 billion per year since 2004. PX 544 (Net Revenues). In addition, as noted above, 24 Hour has successfully policed its mark, which adds to its strength. See [Morningside, 182 F.3d at 139](#).

Despite this extensive promotion and the presumption of distinctiveness afforded by the mark's incontestability at law, 24 Hour faces an uphill battle in establishing that a phrase so commonly used in business is inherently distinctive. “[T]he more common the word and the more commonplace the manner of its usage in a trademark, the more difficult it is to displace the word's conventional significance so that it will be associated primarily in the public eye with the product.” [Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F.Supp. 1185, 1197 \(S.D.N.Y.1979\)](#), *aff'd*, [636 F.2d 1203 \(2d Cir.1980\)](#) (finding the strength of the plaintiff's trademark for the word “Sure” on deodorant to be “at best moderate” despite evidence of extensive revenue-generating advertising and promotion).

While the phrase “24 hour” is obviously common in all areas of commerce, and 24 Hour has not initiated litigation against the myriad of business owners currently using the term, “[t]he owner of a mark is not required to police every conceivably related use thereby needlessly reducing non-competing commercial activity and encouraging litigation in order to protect a definable area of primary importance.” [Playboy Enter., Inc. v. Chuckleberry Pub., Inc., 486 F.Supp. 414, 422-23 \(S.D.N.Y.1980\)](#); see [Scarves by Vera, Inc. v. Todo Imports Ltd., 544 F.2d 1167, 1174 \(2d Cir.1976\)](#) (“The record does not contain any evidence to support the claim that plaintiff's trademark was weakened by uses of similar marks by third parties.”). In *Playboy*, for example, the court found that the company's choice to settle with “Playgirl” and not to litigate against magazines called “Players” or “Playguy,” did not reduce its right to litigate against “Playmen.” [486 F.Supp. at 422-23](#). The court approved of the company's decision to enforce its “right to protection against use of marks with the prefix ‘play’ in areas of direct competition, the areas most crucial to maintaining its mark's commercial value.” [Id. at 423](#).

***273** In order to show third-party use in the relevant field of fitness, 24/7 pointed to various hotel websites advertising a “24 hour fitness center.” DX B, C. Extensive third-party use of a term “can dilute the strength of a mark.” [Lexington, 10 F.Supp.2d at 281](#). In particular, third-party use of a mark for similar goods is relevant to “showing a crowded field and that the mark is therefore weak.” [Nikon, Inc. v. Ikon, Corp., 1992 WL 114509, at *2 \(S.D.N.Y. May 1, 1992\)](#) (internal quotations omitted); see, e.g., [Nabisco v. Warner-Lambert Co., 32 F.Supp.2d 690, 698-99 \(S.D.N.Y.1999\)](#) (extensive third-party use and/or registration of the term “Ice” within the confections field weakened “Ice Breakers” mark); *Trs. of Columbia Univ. v. Columbia/HCA Healthcare Corp., 964 F.Supp. 733, 744-45 (S.D.N.Y.1997)* (substantial evidence of third-party use of the name Columbia in connection with a variety of businesses, including hospitals, healthcare services, and institutions weakened the mark); [Mondo, Inc. v. Sirco Int'l. Corp., 1998 WL 849401, at *6-7 \(S.D.N.Y. Dec. 7, 1998\)](#) (finding plaintiff's trademark seriously diminished by trademark search which revealed at least twenty-three existing or previously existing applications and registrations for MONDO, covering a wide variety of products and services, and sixteen existing or previously existing registrations or applications for MONDO covering clothing or leather bags of any type). *But see* [Bear U.S.A., Inc. v. Kim, 71 F.Supp.2d 237, 255 \(S.D.N.Y.1999\)](#) (finding little probative value in evidence demonstrating the existence of 225 other applications and

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registered marks for clothing including the word “bear” when only seven of those were active marks or pending applications using the word on jackets or parkas as plaintiff did).

In turn, 24 Hour demonstrated that the hotels cited by 24/7 do not use the term “24 hour fitness center” on signage or brochures, which would indicate trademark use. PX 558-59; Tr. at 190-91. “The significance of third-party trademarks depends wholly upon their usage.” *Scarves by Vera*, 544 F.2d at 1173. In *Lexington*, for example, the defendant had provided telephone directory listings showing that over 125 businesses incorporated the word “Lexington” in their name. 10 F.Supp.2d at 281-82. The court found that this initial evidence of third-party use was not competent for consideration on a motion for a preliminary injunction because it did not demonstrate that the marks listed were actually used by third-parties, well promoted, or recognized by consumers. *Id.* at 282. The court required the parties to submit supplemental evidence in the form of a trademark search report. *Id.* Ultimately, the court found that the plaintiff’s mark was not weakened by third-party usage because only seven businesses were of the same type, and the plaintiff was in the process of exercising its rights against them. *Id.*

In some cases, courts have considered third-party use evidence absent proof of actual use, but have indicated that such evidence is of limited probative value. In *Nikon*, 1992 WL 114509, at *3, in reviewing a motion for preliminary injunction, the court stated that trademark registrations, telephone book entries, advertisements, and photographs did not establish actual third-party usage. The court accepted the evidence “for the limited purpose of showing that third parties consider [the word ‘smile’] available for use in connection with both photography and non-photography related services and products.” *Id.* The court also noted that “th[e] evidence [did] not establish a crowded field of trademarks and therefore ... [was] of limited probative value in assessing the strength of Ikon’s SMILE mark.” *Id.* (internal quotations omitted). *Accord* *274 *Pan American World Airways, Inc. v. Panamerican School of Travel, Inc.*, 648 F.Supp. 1026, 1034 (S.D.N.Y.), *aff’d*, 810 F.2d 1160 (2d Cir.1986). The Court views 24/7’s evidence in the same light here. The fact that various hotels advertise a “24 hour fitness center” demonstrates that third parties consider the words available to describe fitness services as open all day. While not demonstrative of a crowded field of similar trademarks, to a certain degree, this weakens 24 Hour’s mark.

(2) Distinctiveness in the Marketplace

[5] The second aspect of the test for strength-distinctiveness in the marketplace does not assist 24 Hour in demonstrating a particularly strong mark. A party claiming trademark infringement must provide evidence of a mark’s strength in the relevant market. In *Brennan’s*, which involved a claim that a New York restaurant named “Terrance Brennan’s” infringed on a New Orleans restaurant named “Brennan’s,” the Second Circuit emphasized that the “relevant market” is key to the analysis of the strength of a trademark. 360 F.3d at 132. In that case, the “relevant market [was] the pool of actual and potential customers of Terrance Brennan’s[, the defendant], for it is those patrons whose potential confusion [was] at issue.” *Id.* The court found that Brennan’s national advertising and promotion figures did not necessarily demonstrate that “potential diners in New York City who find the word Brennan’s on a restaurant awning will have any reason to think the restaurant is connected with Brennan’s New Orleans, or even will have heard of Brennan’s New Orleans.” *Id.* (emphasis in original). In that case, the district court had made no findings related to media exposure or advertising figures specific to the New York City area. *Id.* See, e.g., *Savin Corp. v. Savin Group*, 2003 WL 22451731, at *9 (S.D.N.Y. Oct. 24, 2003) (“Even though plaintiff’s marks may be strong in the market for sophisticated business equipment and services, professional engineering services do not reasonably fall within the broadly defined market of potentially related services.”), *vacated in part on other grounds*, 391 F.3d 439 (2d Cir.2004).

Here, the relevant consumer market is also the New York City area, where 24/7 runs its gyms. 24 Hour provided ample evidence of its national advertising and promotion efforts and the resulting revenues in the areas where its facilities are located. However, “the fact that a mark has selling power in a limited geographical or commercial area does not endow it with a secondary meaning for the public generally.” *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1030 (2d Cir.1989); see *Brennan’s*, 360 F.3d at 132. 24 Hour’s Senior Vice-President of Marketing, Linnel Killus, testified that 24 Hour has done no advertising in New York, or placed any signage in New York stadiums. Tr. at 113. There are only six hundred 24 Hour Fitness members in New York City. *Id.* at 39. 24 Hour’s national advertising reaches New York, but that fact alone does not demonstrate that the company has selling power here. While 24 Hour demonstrated that its mark is relatively strong in the areas in which the company has placed its facilities, and that the company has received significant national attention, ultimately this factor weighs against a likelihood of

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confusion because there was insufficient evidence of strength in the relevant market of New York City.

b. Similarity Between the Two Marks

[6] There are two components of the similarity factor: “whether the similarity between the two marks is likely to cause *275 confusion and ... what effect the similarity has upon prospective purchasers.” *Sports Auth., Inc. v. Prime Hosp. Corp.*, 89 F.3d 955, 962 (2d Cir.1996). The “analysis focuses on the particular industry where the marks compete.” *Brennan’s*, 360 F.3d at 133. The appropriate examination requires the court to “appraise the overall impression created by ... the context in which [the marks] are found.” *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 47 (2d Cir.2000) (quoting *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 744 (2d Cir.1998)). The overall appearance is critical, and a mark must be viewed in “its complete form rather than dissect[ed] into its component parts.” *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 15 F.Supp.2d 389, 395 (S.D.N.Y.1998). The Second Circuit has recently ruled that a side-by-side comparison of the two marks at issue in an infringement case is inappropriate, and instead, that the marks should be “viewed sequentially in the context of the marketplace.” *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 117 (2d Cir.2006) (citing *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*, 426 F.3d 532 (2d Cir.2005)). Looking at the two marks side-by-side can be useful in comparing designs, only so long as the focus remains on the ultimate issue of likelihood of confusion. *Id.* at 117.

Here, the two companies obviously share the use of the number “24” and the word “Fitness.” 24 Hour’s trademark registrations stipulate that no claim is made to the latter word alone. Tr. at 172-73. At the same time, 24 Hour cannot possibly claim sole rights to either “24” or “hour” or even “24 Hour.” The mark at issue is “24 Hour Fitness.” The sound of the marks is not exactly the same and the way the marks are displayed is somewhat different. 24 Hour uses a stylized script, which has changed to some degree over the years, but the color scheme has remained the same: red, white, and blue. PX 1-5, 257, 458; see Tr. at 158. “24 Hour” is written inside a red oval against a blue oval, with “Fitness” written in blue next to it. Tr. at 112. 24/7 does not use a consistent logo, but “24/7 Fitness Club” is always written in block lettering of various colors, often red, but also black and yellow. PX 492. 24/7 also has signage stating “24 Hour Gym” in block letters. *Id.* At one point, 24/7 used an oval design on a t-shirt. PX 429.

While differences in typeface like those here, and a plaintiff’s consistent use of one logo in contrast with a defendant’s use of various logos, have been found to weigh against a finding of similarity, see *Paco Sport, Ltd. v. Paco Rabanne Parfums*, 86 F.Supp.2d 305, 316 (S.D.N.Y.2000), the two marks do employ similar language and communicate the same message. See *Am. Home Prod. Corp. v. Johnson Chem. Co.*, 589 F.2d 103, 107 (2d Cir.1978) (comparing Roach Motel and Roach Inn). Whether that message is intended to reference time (in the case of 24/7) or lifestyle (in the case of 24 Hour) is insignificant because the common understanding of both terms is the same. Ultimately, the marks are similar enough in appearance and message to weigh towards a possibility of confusion. In particular, when viewed with the marketplace in mind, where a consumer might view one gym’s logo on a local building and another at a different time in a national advertisement, this factor favors 24 Hour.

c. Competitive Proximity of the Products

[7] “The third factor addresses whether, due to the commercial proximity of the competitive products, consumers may be confused as to their source.” *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 77 (2d Cir.1988). The key here is the possibility *276 of confusion in the context in which consumers encounter, and consider purchasing, the parties’ products. See *Arrow Fastener Co., Inc. v. Stanley Works*, 59 F.3d 384, 396 (2d Cir.1995). The parties’ products are obviously competitive because both companies provide fitness clubs featuring similar services that are usually open to the public twenty-four hours a day. For the most part, 24 Hour’s facilities are larger and provide a wider range of services and items for sale, while 24/7’s facilities are more limited. SF ¶¶ 16-18, 21, 63, 67-69. Most critically, the companies do not compete directly because the closest 24 Hour facility which is open to the public is located thousands of miles away.

Lack of direct proximity is not dispositive. The focus is on possible confusion as to source. *Arrow Fastener*, 59 F.3d at 396 (citing *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1134 (2d Cir.1982)). Accordingly, the Second Circuit has indicated that consideration of competitive proximity should be in reference to the strength of the plaintiff’s mark and similarity between the two marks. *Id.* The court addressed an analogous situation in *Brennan’s*, noting that the “strength analysis can inform [the] proximity analysis.” 360 F.3d at 135. As the court recognized there, “[i]t is well established that a geograph-

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ically remote mark may nevertheless gain protection in a distant market, at least where there is extensive advertising or evidence of strong reputation in the distant market.” *Id.* at 134. In that case, the court found insufficient likelihood of confusion and concluded that the geographic separation of 1000 miles between the two restaurants was critical, emphasizing that “[e]ven in this age of rapid communication and travel, plaintiff faces a high hurdle to demonstrate that a single restaurant in New Orleans and a single restaurant in New York City compete for the same customers.” *Id.*

24 Hour is a chain, not a single facility, and its members could travel to New York and expect to find its gyms there. It is therefore possible that 24 Hour and 24/7 could “compete for the same customers,” *id.*, and that, given the similar message communicated by the companies’ respective marks, a 24 Hour member might, at first glance, wonder if the two were connected. Mastrov testified that 24 Hour members “could have a home in Miami and a home in Manhattan,” indicating some “crossover,” Tr. at 63, but there was no concrete evidence of this aside from Mastrov’s speculation. Courts, however, do not always require clear demographic evidence to recognize some crossover in parties’ consumer bases. For example, in *Diner, Inc. v. Dream Kitchen, Inc.*, the court noted that residents of upper Manhattan, defendant’s customer base, travel 100 miles away to Suffolk County, plaintiff’s location, for vacation, even though the plaintiff had not provided any demographic evidence. [1995 WL 438627, at *6 \(S.D.N.Y. July 24, 1995\)](#). The court concluded that this fact weighed towards a finding of competitive proximity, in favor of the plaintiff. In this case, however, based on the demographic evidence that has been provided, the Court does not find that the plaintiff merits the same treatment as in *Diner*. 24 Hour has only 600 members in New York City and has not provided any statistics about the number of its other members who regularly travel here. The Court cannot surmise, as the court did in *Diner*, about whether the number of 24 Hour members who travel here would be “appreciable.” *Id.* Most critically, 24 Hour has not demonstrated that its mark is strong here, an entirely appropriate consideration in relation to the competitive proximity factor according to the Second Circuit in *Arrow Fastener* and *Brennan’s*, although not considered in this *277 context by the court in *Diner*. Given the geographic separation and the differences that do exist between the parties’ services, the Court finds there is insufficient competitive proximity to weigh towards a likelihood of confusion.

d. Likelihood that the Senior User will Bridge the Gap

[8] The appropriate question for the fourth factor is whether the plaintiff is likely to enter defendant’s area of business or whether the average consumer would perceive that possibility as likely. See [Federal Express Corp. v. Federal Espresso, Inc., 1998 WL 690903, at *16 \(N.D.N.Y. Sept. 30, 1998\)](#). “This factor is designed to protect the senior user’s ‘interest in being able to enter a related field at some future time.’ ” [W.W.W. Pharm. Co. v. Gillette Co., 984 F.2d 567, 574 \(2d Cir.1993\)](#) (quoting [Scarves by Vera, 544 F.2d at 1172](#)). Speculative intentions do not demonstrate that bridging the gap is likely, and a plaintiff should provide evidence of concrete plans. See, e.g., [Horn’s, Inc. v. Sanofi Beaute, Inc., 963 F.Supp. 318, 325 \(S.D.N.Y.1997\)](#) (finding no likelihood that plaintiff, a fashion industry consultant and magazine publisher, would market a perfume where there was no evidence of such plans on the record); [Lang v. Retirement Living Publ’g Co., 949 F.2d 576, 579, 582 \(2d Cir.1991\)](#) (plaintiff’s claim that it had “considered” publishing self-help guides had not crystalized, was speculative, and did not demonstrate a likelihood of entering the defendant’s market).

24 Hour’s intent to someday enter the New York market was clear at trial. The company has, for a number of years, been exploring the market, has bid on several buildings, toured possible sites, signed letters of intent to purchase existing gyms, and developed marketing plans. Tr. at 43-45. While company executives testified that 24 Hour has no specific plans in the acquisition process at this time, *id.* at 59-60, the company is clearly expanding rapidly nationwide. Mastrov testified, however, that the events of the terrorist attacks in New York City on September 11, 2001, had slowed the company’s progress because 24 Hour decided to first ascertain the extent of the New York market’s recovery after the incident. Tr. at 65. He also indicated that the instant litigation had deterred their immediate commitment to a New York location. *Id.* at 47, 65, 68.

One fact does temper the conclusion that this factor weighs in 24 Hour’s favor: the record shows that the facility 24 Hour is most likely to open in New York would be co-branded with the basketball star Magic Johnson. *Id.* at 43, 47, 67-68. Such a facility, in light of the other factors analyzed thus far, would not risk likelihood of confusion given the distinct celebrity association and the actual difference in the name of the facility itself. See PX 217 (showing that the name of a current co-branded facility is 24 Hour Fitness Magic Johnson-Sport). The likelihood of

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bridging the gap requires both a consideration of the plaintiff's intent to expand and of the type of services or products likely to be offered. See [Diner, 1995 WL 438627, at *7](#) (finding plaintiff likely to bridge the gap because it had entered into a lease in the relevant area and the services it intended to provide would compete with defendant). Therefore, while there is a definite likelihood that 24 Hour will enter 24/7's market, the fact that its planned facility may be quite distinct from defendant's facility renders this factor neutral.

e. Actual Confusion

[9] Evidence of actual consumer confusion is strong evidence of a likelihood of confusion. *278 [Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 259 \(2d Cir.1987\)](#). "Even if the movant shows actual confusion by only a small percentage of buyers, he may sustain his case based on the inference that a few proven instances of actual confusion betoken a more substantial likelihood of confusion." [Lon Tai Shing Co., Ltd. v. Koch + Lowy, 1991 WL 170734, 19 U.S.P.Q.2d 1081, 1089 \(S.D.N.Y.1991\)](#). Confusion, whether actual or likely, can take various forms. First, a consumer may buy one product mistakenly thinking it is a different product. [Playboy, 486 F.Supp. at 428](#). Second, a consumer may be "confus[ed] as to source," and think that a plaintiff company's product is associated with a defendant company. *Id.* Third, a defendant may "gain a foothold in plaintiff's market by exploiting subliminal or conscious association with plaintiff's well-known name." *Id.* It is not necessary for a plaintiff to present "evidence of mistaken completed transactions." [Morningside Group, 182 F.3d at 141](#). Confusion as to "affiliation, connection, or association[,] ... damage to good-will, or loss of control over reputation," are actionable forms of trademark infringement. *Id.*; [Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 204-05 \(2d Cir.1979\)](#). 24 Hour offered incidents of actual confusion as well as survey evidence concluding that there is a likelihood of confusion of association.

(1) Incidents of Actual Confusion

24 Hour presented evidence that 24/7's employees recall that a number of people have come into 24/7 and asked whether there was an affiliation between 24 Hour and 24/7, including some who asked if they could use their 24 Hour Fitness membership cards at one of 24/7's facilities. JX F at 56-57 (deposition of Adolphus Holden); JX G at 71-74 (deposition of Barbara Holden); JX D at 47-52 (deposition of Tesean Green); JX A at 39-43 (deposition of Jesse Alvarado); JX J at 219-20 (deposition of

Wahday Washington). One employee noted that two of those inquiries resulted in those individuals paying a fee to work out at 24/7. JX G at 71-72. It appears the majority of these people were from other parts of the country where 24 Hour has facilities. JX G at 71-74; JX D at 47-52; JX J at 219-20.

While evidence of actual mistaken transactions is not necessary, the kind of consumer confusion which the law protects against is "that which affects the purchasing and selling of the goods or services in question." [Lang, 949 F.2d at 583](#) (internal quotations omitted). "There is a difference between isolated expressions of momentary confusion and confusion that leads to actual purchasing decisions." *Trs. of Columbia Univ., 964 F.Supp. at 747*. Specifically, "[i]nquiries about the relationship between an owner of a mark and an alleged infringer do not amount to actual confusion. Indeed, such inquiries are arguably premised upon a lack of confusion between the products such as to inspire the inquiry itself." [Nora Beverages, Inc. v. Perrier Group of Am., Inc., 269 F.3d 114, 124 \(2d Cir.2001\)](#) (emphasis in original); see [Deere & Co. v. MTD Holdings Inc., 2004 WL 324890, at *14 \(S.D.N.Y. Feb. 19, 2004\)](#). Accordingly, a consumer's assumption that two companies are the same or associated is more powerful evidence of confusion than a mere inquiry about association. See, e.g., [M. Fabrikant & Sons, Ltd. v. Fabrikant Fine Diamonds, Inc., 17 F.Supp.2d 249, 253-54 \(S.D.N.Y.1998\)](#).

Incidents of actual confusion are often weighed against sales volume. See, e.g., [C.L.A.S.S. Promotions, Inc. v. D.S. Magazines, Inc., 753 F.2d 14, 18 \(2d Cir.1985\)](#) (two incidents found insignificant in light of sales volume); [Windsor, Inc. v. Intravco Travel Centers, Inc. 799 F.Supp. 1513, 1524-25 \(S.D.N.Y.1992\)](#) (one incident found *279 insignificant in light of sales volume). Where, however, the incidents clearly demonstrate an assumption that the defendant's product belongs to the plaintiff's company, even a single incident has been determined to favor the plaintiff. See [Bear U.S.A., 71 F.Supp.2d at 252](#) (one incident of customer attempting to return defendant's product to plaintiff's store characterized as "minimal" but favoring plaintiff); see also [Cache, Inc. v. M.Z. Berger & Co., 2001 WL 38283, at *10 \(S.D.N.Y. Jan. 16, 2001\)](#).

The fact that some individuals paid a one-time fee to work out at 24/7 after being told it was *not* affiliated with 24 Hour does not demonstrate confusion. There was no evidence that confusion led anyone to buy a membership

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at 24/7, thinking it was connected to 24 Hour. The evidence did show that a few people either sought to clarify whether there is an affiliation between the two companies, or initially assumed that affiliation. Assuming the latter, these incidents weigh in plaintiff's favor. However, given the sales volume of both companies, the number of incidents reported here are not particularly significant.

(2) Survey Evidence

[10] 24 Hour attempted to bolster the evidence of actual confusion with a consumer survey. Expert Philip Johnson conducted a "Squirt" survey ^{FN1} involving four hundred adult consumers between eighteen and fifty years of age. Tr. at 259-69. See PX 373 ("Johnson Survey") at 3. Respondents were selected to participate if they had joined a health club in the past six months or intended to do so in the next six months. *Id.* at 260; Johnson Survey at 3. The interviews took place in eight shopping mall-based research facilities within a twenty-mile radius of New York City. Tr. at 260; Johnson Survey at 3. A control group was shown a television commercial from Lifetime Fitness, while a test group was shown a 24 Hour Fitness television commercial. Tr. at 262-64; Johnson Survey at 4. Each respondent was then shown three health club print advertisements, one at a time, in rotated order, and asked whether they thought the health club in the print ad was the same as the one advertised in the television commercial. Johnson Survey at 5. The print ads were from 24/7 Fitness, Omni Health and Fitness, and New York Health and Racquet Club. *Id.* The statistical error for the survey was in the range of plus or minus 5.5%. *Id.* at 6.

^{FN1} In a "Squirt" survey, also called a Monadic sequential survey according to Johnson, the respondent is shown material from both products at issue, one after the other. Tr. at 297. In another form of survey, an "Ever Ready" survey, the respondent is shown only the junior mark and asked "if they have a belief about the source, and what that belief is." *Id.* at 298. Johnson said that his survey "bears some resemblance to both" forms, but was "certainly designed ... to show both parties, [as in a Squirt survey,] rather than the Ever Ready design, which only shows one." *Id.* at 297.

The results of the survey showed that 56% of the respondents reported a belief that 24/7 was the same as 24 Hour Fitness, with 28% of those respondents indicating that the name contributed to their reason for this belief. *Id.* at 8. In comparison, 33 reported a belief that 24/7 was the same as Lifetime Fitness, with 5% of those giving a response indicating that the name contributed to this belief. *Id.* An additional 8% reported a belief that there is a relationship or sponsorship between 24/7 and 24 Hour, with 4% of those giving an indication that their basis for that belief was the name, and 9% reported they believed there was a relationship or sponsorship between 24/7 and Lifetime Fitness, with 2% of those indicating that the basis for their *280 belief was the name. *Id.* at 9. These results are summarized in the table below:

	Respondents reporting a belief that the two gyms are the same	Respondents reporting a belief that the two gyms have a relationship or sponsorship
24 Hour Fitness vs. 24/7 Fitness	56% <i>with 28% of those reporting the name contributed to this belief</i>	8% <i>with 4% reporting the name contributed to this belief</i>
Lifetime Fitness vs. 24/7 Fitness	33% <i>with 5% of those reporting the name contributed to this belief</i>	9% <i>with 2% reporting the name contributed to this belief</i>

Johnson concluded that these results demonstrate an "adjusted" likelihood of confusion rate of 23-26%, depending on the mode of adjustment. *Id.* at 11-12.

24/7 obtained expert Eli Seggev to criticize the Johnson Survey. See DX I ("Seggev Report"). Seggev raised a number of problems with the survey that, he testified, made it "worthless." Tr. at 392. First, Seggev criticized

Johnson for choosing Lifetime Fitness as the control group, such that the survey compared "apples to oranges" instead of "apples to apples." Seggev Report at 2. He said that the control should have been another fitness facility that advertised that it was open twenty-four hours a day. *Id.* 24 Hour argues the control was proper because it is a traditional survey method to use a control that shares characteristics with the stimuli to be compared, except for the characteristic at issue, in this case, the words "24 hour."

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Plaintiff's Post-Trial Brief ("24 Hour Brief") at 12-13. However, the Court finds Seggev's criticism compelling, especially in light of the fact that a number of 24 Hour's enforcement actions have ended in agreements as to acceptable uses of the following words, some as trademarks and others as descriptors: "open 24 hours," "24 hour," "24 hour a day," "Fit 24 Club," "Workout 24/7," "24/7 Tanning and Fitness," and "The 24 Hour Gym." See PX 540, 541. As conducted, the survey does not measure the amount of confusion between "24 Hour Fitness" and names such as these, or a name such as "All Day Gym," for that matter, compared to the amount of confusion claimed with "24/7 Fitness."

Seggev also criticized the evaluation of the survey results. Seggev Report at 3. Johnson characterized the results as demonstrating that 28% of the respondents reported that their belief that 24/7 and 24 Hour were the same or related was "because of the name." According to Seggev, this characterization was misleading because some of those respondents actually stated "because of the name" or a similar statement, while others said "open 24 hours," "24/7," or "It is 24/7 Fitness." Seggev said that these latter responses should not have been lumped together with those who specifically said something about "the name." *Id.* at 4. Such responses could indicate that the basis for the confusion was an impression that the businesses were both open 24 hours a day, not just the name. He pointed out that the percentage of respondents that clearly stated that "the name" was the basis for their belief were as follows: 4% said "same name," 1% said "because of the name," 1% said "names are similar," and 3% said "same gym/Fitness Club." *Id.* at 3. If only those categories are counted, confusion that is clearly "because of the name" drops to 9%. If "same gym/Fitness Club" is omitted, because it also does not specifically state that the name is the basis for the confusion, the percentage is even lower. While Johnson's study used a "double blind" approach, that is, neither the interviewers or the respondents were aware of the purpose of the research or the identity of the party commissioning the survey, Johnson Survey at 7, the coding was not similarly "blind": Johnson knew the purpose of the research and was employed by *281 24 Hour. Therefore, his biases could be reflected in the coding of the responses. See Tr. at 413-15.

A survey Johnson performed in another case was also criticized for "lumping" respondents' statements. See [Coors Brewing Co. v. Anheuser-Busch Co., Inc.](#), 802 F.Supp. 965, 973 (S.D.N.Y.1992). In *Coors Brewing Co.*, the plaintiff claimed that the defendant's commercial

comparing their beer, Natural Light, to Coors Light, included implied falsehoods about their brewing and shipping processes. *Id.* at 967. The plaintiff hired Johnson to evaluate the impact of the advertisements. *Id.* at 970. The court found that the open-ended questions the survey asked were "generally reliable," but that some of the results were uninformative because Johnson had "lumped together the percentage of respondents who said that Coors Light is *diluted* and the percentage of respondents who said that Coors Light is *watered down*." *Id.* at 973 (emphasis added). The court found that "it is literally true that in one sense Coors Light is 'diluted,' [in that, after shipping, local water is added to Coors' high gravity brew which has an alcohol content over the statutory maximum], [but] Coors Light does not appear to be 'watered down,' in the sense of containing more water than beer should or than Natural Light does." *Id.* Ultimately, the court said that "because [there was] no way of knowing what percentage of respondents said that Coors Light is diluted and what percentage said that Coors Light is watered down, this category of responses has no probative value." *Id.*

Here, although Johnson lumped together certain responses to reach his final percentages, he did provide a breakdown, which allows the Court to make its own conclusion about the probative value of the various responses. The Court finds that Johnson's survey has little probative value as it does no more than verify the possibility of a low level of confusion. As Seggev pointed out, the survey did not measure whether another gym advertising that they were open 24 hours a day would generate a similar level of confusion. Tr. at 393-94. At the same time, the survey does not adequately distinguish between respondents confused because of the name, and those confused because the two facilities appear to offer a similar service, that is, 24-hour access. Furthermore, the questions asked were somewhat leading. By asking "Do you believe that the health and fitness club in this ad is OR is not the same as the one that was advertised in the television commercial," Johnson Survey at 5, the interview suggests that the respondents attempt to find a connection. Of course, researchers are often in a bind: on the one hand, criticized for leading questions, on the other, criticized for questions that are so general as to be unhelpful. See [Warner Bros. Inc. v. Am. Broad. Co., Inc.](#), 720 F.2d 231, 244 (2d Cir.1983). In the end, however, this survey did not control for the power of suggestion.

24/7 has raised a number of other criticisms of the Johnson Survey, which the Court finds also erode its

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probative value. Because only one of the testing sites used in the survey was in Manhattan, 37.5% of the respondents were not from New York City, but were instead from New Jersey and Long Island. Defendant's Post-Trial Brief at 14; *see* Brief in Support of Defendants' Motion In Limine to Exclude the Testimony and Survey Report of Philip Johnson at 6-7 and Exh. A. Only 7.06% of 24/7's members are from New Jersey and Long Island. *Id.* While the use of a twenty-mile radius may be standard in surveys such as this, a smaller range would appear to be more appropriate in this case, given the nature of the services at issue and the location. While many people commute from New Jersey and Long Island to work *282 in Manhattan, and some perhaps join a gym near their workplace instead of their home, those most likely to be prospective consumers live in Manhattan, and the fact that the survey included a significant number of respondents who do not, makes the survey's assessment of the likelihood of confusion among 24/7's consumer base less convincing.

In addition, because the survey included respondents who had recently joined a gym, they were not technically prospective purchasers of a gym membership. This might be appropriate for some products or services since "past users are good proxies for future purchasers." [Cumberland Packing Corp. v. Monsanto Co.](#), 32 F.Supp.2d 561, 572 (E.D.N.Y.1999); *see, e.g.*, [Coors Brewing Co.](#), 802 F.Supp. at 970 (survey included respondents who had consumed beer in the preceding four weeks). However, since gym memberships usually last one or two years, that choice seems problematic here. Even in *Cumberland*, which involved surveys testing confusion between purchasers of sugar substitutes, a product a consumer might buy on a daily or weekly basis, such logic was not convincing. *See id.*; accord [Universal City Studios, Inc. v. Nintendo Co.](#), 746 F.2d 112, 118 (2d Cir.1984) ("[T]he survey utilized an improper universe in that it was conducted among individuals who had already purchased or leased Donkey Kong machines rather than those who were contemplating a purchase or lease."); [Am. Footwear Corp. v. Gen. Footwear Co.](#), 609 F.2d 655, 660 n. 4 (2d Cir.1979) (past purchasers of hiking boots were not proper participants in survey). Considering both the evidence of actual confusion and the survey evidence, the Court finds this factor, at best, inconclusive as to whether consumers are likely to be confused.

f. Intent to Confuse

[\[11\]](#) If a defendant "adopted its mark with the intention of capitalizing on plaintiff's reputation and good will

and any confusion between his and the senior user's product," the court may find bad faith, and therefore, a likelihood of confusion. [Lang](#), 949 F.2d at 583 (quoting [Edison Bros. Stores, Inc. v. Cosmair, Inc.](#), 651 F.Supp. 1547, 1560 (S.D.N.Y.1987)). Prior knowledge of another's trademark and continued use after notice from the plaintiff may support a finding of bad faith. [Mobil Oil Corp.](#), 818 F.2d at 258; [Stern's Miracle-Gro Prod., Inc. v. Shark Prod., Inc.](#), 823 F.Supp. 1077, 1088 (S.D.N.Y.1993). If a plaintiff's mark is long-standing and the marks are very similar, a defendant must provide "a reasonable explanation of its choice [in order] to establish lack of intent to deceive." [Stern's Miracle-Gro](#), 823 F.Supp. at 1087. Factors that support a finding of good faith include "[s]election of a mark that reflects the product's characteristics, request for a trademark search and reliance on the advice of counsel." [Lang](#), 949 F.2d at 583.

First, 24/7's mark clearly reflects a characteristic of the company's services. Furthermore, Washington provided a credible explanation about how he chose the name in mid-2001, and why he decided to use 24/7. Washington first acquired a gym originally called Johnny Lats, and was required, by agreement with the previous owner, to change the name within five years. Tr. at 355. The "tag line" of the existing gym included "open 24 hours seven days a week." *Id.* at 356. Washington wanted to incorporate "fitness" into the new name and originally thought about adding "24/7 365." *Id.* He eventually decided to shorten it to 24/7 because "it looked good." *Id.* at 357. While "doubts about intent are resolved against the newcomer, ... a reasonable explanation of its choice is essential to establish lack of intent to deceive, specially [sic] where the *283 prior mark is a coined or fanciful one." [E.I. DuPont de Nemours & Co. v. Yoshida Int'l, Inc.](#), 393 F.Supp. 502, 514-15 (E.D.N.Y.1975) (comparing plaintiff's mark, TEFLON, to defendant's, EFLON). Because Washington's explanation was credible and reasonable and the 24 Hour mark is at best suggestive, not "coined or fanciful," the Court finds 24/7 has met the burden of providing the required explanation.

While 24/7 is charged with constructive knowledge of 24 Hour's trademark under [15 U.S.C. § 1072](#), the evidence showed that the individuals responsible for choosing the 24/7 mark did not have actual knowledge of 24 Hour's trademark when selecting the 24/7 name. Washington subscribes to the Club Business Industry magazine in which 24 Hour has been featured regularly, *see* Tr. at 101-02; PX 546, but this does not clearly demonstrate that he had previously noted the company's trademark use of

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“24 Hour.” Washington testified that he first heard of 24 Hour when he saw their logo during a televised 2002 playoff game between the Yankees and the Angels. Tr. at 358, 364-65. ^{FN2} 24 Hour also points out that Barbara and Adolphus Holden, two of 24/7’s employees, stated that they had previous knowledge about 24 Hour Fitness. JX F at 42; JX G at 11-12, 30. Barbara Holden agreed she had known about 24 Hour “for awhile,” JX G at 11-12, 30, and Adolphus Holden said he knew about the company since it changed from “Family Fitness” to “24 Hour Fitness,” JX F at 42, which could have been around 1995. See Tr. at 32. However, there was no evidence these employees had any input in creating the name for 24/7.

^{FN2}. Washington originally characterized the game as a “World Series” game, see Tr. at 358, 364-65, but of course, the Yankees and Angels are both American League teams and would not meet in the World Series. The Anaheim Angels defeated the New York Yankees in the 2002 American League Division Series.

24/7 did not do a trademark search before adopting the name. After receiving a cease and desist letter from 24 Hour, the company decided to undertake a search and its attorney, Earl Wilson, also a former partner in the 24/7 clubs, found the results inconclusive. JX L at 27-28 (“maybe you could get this name and maybe you can’t, we’re just not sure”). Washington and Williams told Wilson that his search was sufficient. *Id.* at 32, 52. While this trademark search may have been incomplete,

[the Second Circuit] has never held adoption of a mark with no knowledge of a prior similar mark to be in bad faith even in the total absence of a trademark search, much less on the basis of an allegedly flawed trademark search.... Furthermore, in some cases even where a trademark search resulted in knowledge of the earlier mark, in the absence of additional evidence indicating an intent to promote confusion or exploit good will or reputation, th[e] Court has found the junior user to be in good faith.

Star Indus., Inc. v. Bacardi & Co., 412 F.3d 373, 388 (2d Cir.2005) (citations omitted). Because the legal advice 24/7 received upon conducting a trademark search was inconclusive, the company’s decision to continue to use the name, even in the face of possible litigation, is not evidence of bad faith.

24 Hour attempts to use other aspects of 24/7’s con-

duct in this litigation as evidence of bad faith, including the fact that 24/7 persisted in using the name while litigating this case. 24 Hour Brief at 15-16. Courts have found such persistence to contribute to a finding of bad faith. See, e.g., *284*The Am. Auto. Ass’n v. AAA Auto. Club of Queens, Inc.*, 1999 WL 97918, at *7 (E.D.N.Y. Feb. 8, 1999); *Tri-Star Pictures*, 14 F.Supp.2d at 357-58. However, these cases are distinguishable because many other factors contributed to the bad faith finding. For example, in *Am. Auto*, the court found that the defendant was aware of the plaintiff’s mark before adopting his own, that his mark was not descriptive of his services, that he advertised identical services as the plaintiff although he did not actually offer all of those services, and that he had not offered a credible explanation of his development of the mark. 1999 WL 97918, at *7. Similarly, in *Tri-Star Pictures*, the court found that the defendant had actual knowledge of the plaintiff’s title when he adopted his, referred to plaintiff’s film in a brochure advertising his own, marketed the film in Japan with plaintiff’s name and a “II” to imply it was a sequel, was evasive and incredible in testifying at trial, and failed to offer a credible innocent explanation for his choice of title. 14 F.Supp.2d at 357-58. The facts here are simply inapposite.

The Court *is* required to consider a defendant’s conduct after being notified of an infringement claim. See *Int’l Star Class Yacht Racing Ass’n v. Tommy Hilfiger, U.S.A., Inc.*, 80 F.3d 749, 753 (2d Cir.1996) (remanding on the issue of bad faith and finding that the district court gave no consideration to defendant’s conduct after litigation was initiated). In *Int’l Star Class*, the defendant had copied the name of the plaintiff’s yacht racing association word-for-word, as well as its solid red five-pointed star logo, and applied it to a line of “classic nautical sportswear” with “authentic details taken from the sport of competitive sailing” and “elements and patterns taken directly from actual racing sails.” *Id.* at 751. In noting that the district court should have considered the defendant’s persistence in using the mark in the face of litigation as evidence of bad faith, the court stated, “Hilfiger was betting on the fact that ISCYRA would not prevail in its suit. Hilfiger lost that bet, and should not escape the consequences of its conduct.” *Id.* at 754.

On its face, 24/7’s conduct seems similar in that the company has conducted itself as if it will prevail here. When given notice of 24 Hour’s claim, Williams briefly explored plaintiff’s claim by conducting an initial trademark search, which revealed inconclusive results. 24/7 continued to advertise its gyms, and initiated a website.

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Williams then offered to settle for half the cost of litigation, which 24 Hour characterizes as extortion. 24 Hour Brief at 16. With no prospect of settlement on his terms, Williams dug in his heels and trial ensued. 24/7 presents a number of statements from Williams and his employees which show his intent to fight. At his deposition, Williams said “[W]e offered to change our name to 24/7 Gym,^{FN3} and you people turned it down, my impression was that you were pigs, inconsiderate and deserved for me to put a fight up because it was inappropriate and bullying.” JX K at 299-300. One of his employees said Williams did not really care about the name but that “He wants to get paid for it.” JX F at 81. Williams admitted that physically changing the name would be easy. Tr. at 212, 215. Williams also testified that his belief in his position was strengthened when 24 Hour’s motion for a preliminary injunction was denied. *Id.* at 228.

^{FN3}. If Williams’s statement is true, and 24 Hour turned down an offer to use the name “24/7 Gym,” this could raise some questions concerning 24 Hour’s behavior. 24 Hour had agreed to let a prior alleged infringer use, descriptively, “The 24 Hour Gym,” which appears to be closer to its mark. PX 540.

*285 In any case, Williams’s conduct is not as egregious as in *Int’l Star Class*, and arises in a somewhat different factual context. The infringement in that case was clearly deliberate. Even if Hilfiger assumed its use of the words from the mark of a sailing company was legal, the fact that the defendant had adopted the plaintiff’s logo was virtually admitted because the company advertised its line of clothing as containing details from competitive sailing. See *Int’l Star Class*, 80 F.3d at 752 (district court issued permanent injunction enjoining Hilfiger’s use). Hilfiger’s trademark search was only for marks within a clothing classification and did not specify that the company planned to use the mark on nautical clothing with details from competitive sailing. *Id.* at 753. Furthermore, Hilfiger went against the advice of its counsel, who told the company to do a wider search before proceeding. *Id.* Finally, the court found that Hilfiger had failed to give a “credible innocent explanation” for the use of the Star Class mark. *Id.* (citations omitted).

Here, in contrast, the Court has found that 24/7 has offered a credible and reasonable explanation for its use of the term 24/7. In addition, 24/7 did not go against the advice of counsel in deciding to persist in testing its rights and go to trial in this case. Williams’s statements lambast-

ing 24 Hour for filing suit against him, while perhaps in poor taste, do not support a finding that 24/7 adopted its name with intent to trade on 24 Hour’s reputation. Instead, they are consistent with his belief that his use of 24/7 does not infringe and that, if 24 Hour wants to preclude him from using the term, he should be compensated.

The Court sees Williams’s offer to settle for half the cost of litigation, which amounted to a demand of between \$250,000 and \$750,000, JX K at 300; Tr. at 224-26, in the same light. A reasonable belief that one is acting within one’s rights may mitigate against a finding of bad faith. See *New York State Soc. of Certified Pub. Accountants v. Eric Louis Assoc., Inc.*, 79 F.Supp.2d 331, 349-50 (S.D.N.Y.1999) (citing *E. & J. Gallo Winery v. Consorzio del Gallo Nero*, 782 F.Supp. 472, 475 (N.D.Cal.1992)). On the other hand, failing to consult trademark counsel and persisting in pressuring a plaintiff to purchase a mark or name can show not only that one’s belief is not reasonable, but also bad faith. *Id.* Williams did seek counsel’s advice by doing a trademark search, which was inconclusive. He could have pursued further advice, but subsequently obtained counsel to litigate this case on his behalf. He framed his offer to settle in reference to the costs of litigation, not an unreasonable basis upon which to start if one believes in one’s legal position.^{FN4} Cases in which exorbitant demands contribute to a finding of bad faith involve stronger additional evidence of intent to confuse. See, e.g., *TCPIP Holding Co., Inc. v. Haar Comm., Inc.*, 244 F.3d 88, 103 (2d Cir.2001) (company registered 66 domain names after receiving cease and desist letter and then offered to sell 16 or more names in a package of around a half million dollars in exchange for plaintiff’s domain name); *Toys R Us Inc. v. Abir*, 45 U.S.P.Q.2d 1944, 1948 (S.D.N.Y.1997) (defendants admitted to intending to confuse).

^{FN4}. The Court has no evidence to assess the accuracy of Williams’s estimate of plaintiff’s costs, and, of course, makes no finding on that question.

Finally, 24 Hour points to 24/7’s website which at one point contained links to pornography, as another indication of bad faith. See *Ford Motor Co. v. Lapertosa*, 126 F.Supp.2d 463, 466 (E.D.Mich.2000) (“Courts uniformly have held ... that the use of a famous trademark in a domain name used to purvey pornography constitutes*286 dilution.”). 24/7 contracted with a third party to construct the website. Both Williams and Washington testified credibly that as soon as they realized the site had links to

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pornography, they told the creator to take the website down. Williams failed to follow up on this direction, and the site was not removed. When it was again brought to his attention, however, he ensured that it was disabled. Tr. at 234. The website, while perhaps demonstrating a lack of due diligence in relation to 24/7's own business matters, does not show bad faith in this context. Considering all the evidence, the Court finds that this factor weighs against 24 Hour in that there is insufficient evidence for a finding that 24/7 demonstrated an intent to capitalize on the strength of 24 Hour's mark in naming their fitness club 24/7 Fitness.

g. Quality of the Products

[12] This factor of the *Polaroid* test involves an analysis of the quality of the companies' products. If the defendant's product is inferior, the plaintiff's reputation could be affected by any association consumers might make. See [Fed. Ex., 1998 WL 690903, at *18](#). On the other hand, similarity in quality between the products could also increase the likelihood that consumers would associate the defendant's product with the plaintiff's company. See [Lois Sportswear, 799 F.2d at 875](#). In reference to the factors measuring the similarity of the marks and the competitive proximity of the parties' services, 24 Hour argued that the companies' marks were "highly similar" and that the companies offer an "identical" product. 24 Hour Brief at 7. In contrast, when discussing this factor, 24 Hour asserts that "a cursory comparison of photographs of Defendants' and Plaintiffs' facilities and signage shows the disparity between the facilities." *Id.* at 18. Any difference in quality here is not distinct enough to change the remaining portions of the Court's analysis.

h. Sophistication of the Buyers

[13] "[The] analysis of consumer sophistication 'consider[s] the general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.'" [Star Indus., 412 F.3d at 390](#) (quoting [Sports Auth., 89 F.3d at 965](#)). The level of sophistication, or lack thereof, can be proven either by direct evidence, such as with a survey or expert opinion, *id.*, or the Court may rely on "indirect indications of sophistication" established by the "nature of the product or its price." *Id.* Despite the testimony of CEO Mastrov, who said that "a vast majority [of 24 Hour members] are fairly sophisticated," Tr. at 36, 24 Hour attempted to show that its consumer base is not particularly sophisticated: "the average consumer of fitness services is not a professionally trained buyer, but rather a retail pur-

chaser of a moderately priced product." 24 Hour Brief at 18-19. 24 Hour sought to substantiate this at trial by submitting evidence of the prices of their membership fees, and pointing out that many of their members are "unfamiliar with fitness" and some do not speak English. Tr. at 35, 72-73, 110-11. While most fitness club members may not be experts in health club brands, a gym membership is a fairly significant monetary commitment, requiring a relatively mindful, and therefore sophisticated, purchasing decision. Furthermore, there is no evidence of any particular difference in the level of sophistication of the two parties' consumer bases. Therefore, the sophistication factor is neutral in this analysis.

i. Balancing of the Factors

[14] After analyzing each of the *Polaroid* factors separately, "[t]he court should *287 weigh each ... in light of the totality of its findings." [Fed. Ex., 1998 WL 690903, at *18](#). To summarize the Court's findings thus far, the two parties' marks communicate the same message and appear very similar. 24 Hour's mark is strong in the areas in which it is located and because it has received national attention, but the mark cannot escape its inherent descriptiveness in a market in which it is not physically present and has not specifically advertised or promoted. The companies are not directly competitive because of their geographic separation, which is not overcome by any evidence that 24 Hour and 24/7 share an appreciable overlapping consumer base. 24 Hour clearly wants to "bridge the gap" and has provided sufficient evidence of attempts to do so, but any co-branded facilities it opens here would be particularly distinct. Most of these conclusions are affected by the parties' geographic locations, and consequently, the essential question is whether 24 Hour's extensive marketing efforts overcome the geographic separation.

An older Second Circuit case sheds light on the kind of situation required to trump geographic separation. In [Lincoln Rest. Corp. v. Wolfie's Rest., 291 F.2d 302 \(2d Cir.1961\)](#), the court found a likelihood of confusion between a well-known restaurant in Miami Beach called Wolfie's, and defendant's newly-established restaurant in Brooklyn of the same name. The court pointed to evidence that fifty-to-sixty percent of the patronage at the Miami Beach restaurant during the tourist season was from Brooklyn, that New York celebrities had mentioned the restaurant as a hallmark of Miami Beach social life, and that the Brooklyn restaurant had used menus of a similar color and format as the one in Miami Beach, including menu items labeled "Floridian Style." [Id. at 302-03.](#)

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Evidence of strength of the mark in New York City, strong similarity between the marks, a demonstrated shared consumer base, and clear indications of bad faith overcame the geographic separation which could otherwise limit trademark protection to the plaintiff's area.

The requirement of strong evidence in support of other factors to overcome geography also played out in the Second Circuit's analysis in *Brennan's*. While emphasizing geography, the court referred to various other factors in the *Polaroid* analysis, finding that "in the absence of actual confusion or bad faith, substantial geographic separation remains a significant indicator that the likelihood of confusion is slight." [Brennan's](#), 360 F.3d at 134. Similarly, in this case, the factors of actual confusion and bad faith do not support 24 Hour, making likelihood of confusion less likely given the geographic separation between the companies. However, the analysis is more complex here because of 24 Hour's established intent to enter the New York market, which was absent in *Brennan's*. There, the Second Circuit acknowledged this distinction by relying on a case in which the court had found a lack of intent to enter the defendant's market dispositive where the parties' markets were geographically distinct. *Id.* at 135 (citing [Dawn Donut Co. v. Hart's Food Stores](#), 267 F.2d 358, 364 (2d Cir.1959)). In *Dawn*, a Michigan-based plaintiff sought to enjoin the defendant from using the word "Dawn" in the retail sale of doughnuts and baked goods near Rochester, New York. [267 F.2d at 360](#). The plaintiff had no retail stores in the Rochester area, but made licenses available for others to use the mark for retail sales. *Id.* While many baking companies used their baking mixes, few had obtained licenses to use the mark for retail sales. *Id.* at 361. The court found the defendant did not have actual knowledge of the plaintiff's mark when it chose to use the same word on its baked *288 goods and had a plausible explanation for doing so, although it had failed to do a trademark search beforehand. *Id.* at 362. The trend of the plaintiff's business showed a decrease in licenses in New York state and throughout the country. *Id.* at 365. Ultimately, the court found no likelihood of confusion because the parties used separate markets and there was no likelihood that the plaintiff would enter the defendant's market. *Id.* at 364-65. However, the court also stated that if the plaintiff were to expand into defendant's market, an injunction could ensue. *Id.* at 365 ("the plaintiff may later, upon a proper showing of an intent to use the mark at the retail level in defendant's market area, be entitled to enjoin defendant's use of the mark").

In comparison, here the Court has concluded that while there are no immediate concrete plans, 24 Hour is quite likely to enter the New York market relatively soon given that the company has sought to do so for a number of years and is rapidly expanding nationwide. However, as the evidence stands now, considering the other *Polaroid* factors as well as the geographic separation, the Court finds an insufficient level of likelihood of confusion to warrant relief on 24 Hour's claims. Were 24 Hour to aggressively promote itself in New York, or otherwise provide sufficient evidence that its mark is well-known by New York consumers, establish that it has an appreciable number of traveling members seeking fitness facilities in New York, and take clear steps towards opening one of its "EXPRESS" facilities here, which are a similar size as 24/7's, SF ¶ 16, as opposed to a co-branded facility, the Court would be faced with a different question.

B. Other Claims

[15] 24 Hour raises common law trademark infringement and unfair competition claims and a state law claim for making false and misleading statements. These claims depend on the same analysis outlined above. See [W.W.W. Pharm.](#), 984 F.2d at 576 (state law claim of unfair competition shares common elements with Lanham Act claim of trademark infringement, essentially, actual confusion and likelihood of confusion); [Avon Prod., Inc. v. S.C. Johnson & Son, Inc.](#), 984 F.Supp. 768, 800 (S.D.N.Y.1997) ("The standards for bringing a claim under § 43(a) of the Lanham Act are substantially the same as those applied to claims brought under the New York common law for unfair competition and §§ 349 and 350 of the New York General Business Law."). Therefore, 24 Hour is not entitled to relief on these claims.

[16] 24 Hour also claims dilution under the Lanham Act and under state law. These claims involve a showing of distinctiveness of mark, similar to the strength analysis above. See [Savin](#), 391 F.3d at 451. The claims also require a showing of dilution, either by blurring or tarnishment. "[B]lurring has typically involved the whittling away of an established trademark's selling power through its unauthorized use by others upon dissimilar products ... [while] [t]arnishment generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product." [Deere & Co. v. MTD Prod., Inc.](#), 41 F.3d 39, 43 (2d Cir.1994) (internal quotations and citations omitted). 24 Hour contends that the incidents of actual confusion demonstrate blurring and that the pornography links on 24/7's

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now-defunct website constitute tarnishment. 24 Hour Brief at 20. The Court finds neither of these facts more convincing in the dilution context than they were in the infringement context. *289 Therefore, 24 Hour is not entitled to relief on these claims.

[17] Finally, 24 Hour raises a claim of cybersquatting which requires a showing that 1) defendants registered, trafficked in, or used a domain name that is identical or confusingly similar to or dilutes a distinctive or famous mark and 2) defendants acted with bad faith intent to profit from that mark in a domain name. [15 U.S.C. § 1125\(d\)](#). While 24/7 did establish its website after obtaining notice of 24 Hour's claims, the Court has already determined that there is no evidence of a bad faith intent to profit. Furthermore, 24/7's website added "club" to the name, making it less similar to 24 Hour's. 24 Hour's mark does merit more distinctiveness in this context than in the infringement context because a website taps into a national consumer base rather than a local one. However, given that 24/7 has taken down its website, and the lack of evidence of bad faith, the Court finds that 24 Hour is not entitled to relief on its claim for cybersquatting.

IV. CONCLUSION

To conclude, the Court finds insufficient likelihood of confusion to warrant relief on 24 Hour's claims. Judgment is therefore entered in favor of 24/7.

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Only the Westlaw citation is currently available.

United States District Court,
S.D. New York.
UNITED STATES POLO ASSOCIATION, INC.,
and USPA Properties, Inc., Plaintiffs,
v.
PRL USA HOLDINGS, INC., and L'Oréal USA,
Inc., Defendants.

No. 09 Civ. 9476.
May 13, 2011.

Background: Corporation that was governing body of the sport of polo in the United States and its subsidiary brought action seeking declaratory judgment that they had right to license and sell in the United States fragrance products and packaging bearing trademark and logo, and that use and licensing of such fragrance products and packaging did not violate the Lanham Act, nor constitute infringement, dilution or unfair competition with respect to the rights of trademark owner and licensee under federal or New York law. Owner of "POLO" trademark and polo player logo and its licensee counterclaimed for trademark infringement, unfair competition, and trademark dilution under Lanham Act, and for common law trademark infringement, trade dress infringement, trademark dilution, unfair competition, unfair and deceptive practices, and misappropriation in violation of the statutory and common law of each state in which corporation and its subsidiary did business, including New York General Business Law (GBL), and moved for preliminary injunction.

Holdings: The District Court, [Sweet](#), J., held that:
(1) similarity of marks weighed in favor of infringement of "POLO" trademark;
(2) actual confusion factor weighed in favor of infringement of "POLO" trademark;
(3) corporation's use of mark in context of men's fragrances created a strong likelihood of confusion with products by owners of "POLO" trademark and polo player logo; and
(4) permanent injunction prohibiting corporation from using the "U.S. POLO ASSN." name in conjunction with double horsemen mark in men's fragrances was warranted.

Plaintiffs' motion denied; defendants' motion granted.

West Headnotes

[1] Trademarks 382T  **1421**

[382T](#) Trademarks
[382TVIII](#) Violations of Rights
[382TVIII\(A\)](#) In General
[382Tk1418](#) Practices or Conduct Prohibited in General; Elements
[382Tk1421](#) k. Infringement. [Most Cited Cases](#)

In order to prevail in an action for trademark infringement, a party must establish (1) that it possesses a valid, legally protectable trademark and (2) that the junior user's mark is likely to cause confusion as to the origin or sponsorship of the product at issue. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[2] Trademarks 382T  **1030**

[382T](#) Trademarks
[382TII](#) Marks Protected
[382Tk1029](#) Capacity to Distinguish or Signify; Distinctiveness
[382Tk1030](#) k. In General. [Most Cited Cases](#)

To be valid and protectable, a mark must be capable of distinguishing the products it marks from those of others.

[3] Trademarks 382T  **1033**

[382T](#) Trademarks
[382TII](#) Marks Protected
[382Tk1033](#) k. Levels or Categories of Distinctiveness in General; Strength of Marks in General. [Most Cited Cases](#)

A mark's distinctiveness determines its level of protection; at one end, generic marks are not protectable, while at the other, fanciful, arbitrary, and suggestive marks are deemed inherently distinctive and

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so will be automatically protected.

[4] Trademarks 382T 1039

[382T](#) Trademarks

[382TII](#) Marks Protected

[382Tk1039](#) k. Arbitrary or Fanciful Terms or Marks. [Most Cited Cases](#)

Trademarks 382T 1057(1)

[382T](#) Trademarks

[382TII](#) Marks Protected

[382Tk1050](#) Format or Components of Term or Mark

[382Tk1057](#) Nonliteral Elements

[382Tk1057\(1\)](#) k. In General. [Most Cited Cases](#)

As registered, arbitrary marks, trademark owner's polo player logo and "POLO" trademarks as used on men's fragrances, were protectable, for purposes of cross-claims for trademark infringement under Lanham Act. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[5] Trademarks 382T 1360

[382T](#) Trademarks

[382TVII](#) Registration

[382TVII\(C\)](#) Effect of Federal Registration

[382Tk1358](#) Particular Effects; Rights Acquired

[382Tk1360](#) k. Validity, Ownership, and Use. [Most Cited Cases](#)

A certificate of registration with the United States Patent and Trademark Office (PTO) is prima facie evidence that the mark is registered and valid, i.e., protectable, that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce.

[6] Trademarks 382T 1081

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1081](#) k. Factors Considered in General. [Most Cited Cases](#)

Factors that control the analysis of whether there is a likelihood of confusion in trademark infringement cases include: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the reciprocal of defendant's good faith in adopting its own mark, (7) the quality of defendant's product, and (8) the sophistication of the buyers. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[7] Judgment 228 715(3)

[228](#) Judgment

[228XIV](#) Conclusiveness of Adjudication

[228XIV\(C\)](#) Matters Concluded

[228k715](#) Identity of Issues, in General

[228k715\(3\)](#) k. What Constitutes Diversity of Issues. [Most Cited Cases](#)

Trademark owner's and licensee's infringement claims against corporation that was governing body of the sport of polo in the United States and its subsidiary were not foreclosed by jury's finding in prior case involving trademark on apparel that corporation's mark infringed trademark; marks at issue in current infringement action were employed in context of fragrances, not apparel. Lanham Act, §§ 32, 43(a, c), [15 U.S.C.A. §§ 1114, 1125\(a, c\)](#).

[8] Trademarks 382T 1092

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1090](#) Nature of Marks

[382Tk1092](#) k. Strength or Fame of Marks; Degree of Distinctiveness. [Most Cited Cases](#)

For purposes of likelihood of confusion analysis in a trademark infringement action, the strength of a mark refers to its tendency to identify the goods sold under the mark as emanating from a particular source; the concept of strength encompasses both inherent distinctiveness and acquired distinctiveness. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

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[\[9\] Trademarks 382T](#) 1092

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1090](#) Nature of Marks

[382Tk1092](#) k. Strength or Fame of Marks; Degree of Distinctiveness. [Most Cited Cases](#)

Strength of trademark owner's "POLO" trademark and polo player logo weighed strongly in trademark owner's favor, for purposes of likelihood of confusion analysis in trademark infringement action; mark owner registered marks, both logo and "POLO" word mark were arbitrary with regard to fragrances, and awareness in marketplace of marks was commercially strong. Lanham Act, §§ 32, 43(a, c), [15 U.S.C.A. §§ 1114, 1125](#)(a, c).

[\[10\] Trademarks 382T](#) 1097

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1097](#) k. Examination and Comparison; Construction as Entirety. [Most Cited Cases](#)

[Trademarks 382T](#) 1098

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1098](#) k. Appearance, Sound, and Meaning. [Most Cited Cases](#)

For purposes of likelihood of confusion analysis in a trademark infringement action, an assessment of the similarity of marks examines the similarity between them in appearance, sound, and meaning; when assessing the similarity of marks, courts analyze the marks' overall impression on a consumer, considering the context in which the marks are displayed and the totality of factors that could cause confusion among prospective purchasers. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[\[11\] Trademarks 382T](#) 1097

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1097](#) k. Examination and Comparison; Construction as Entirety. [Most Cited Cases](#)

[Trademarks 382T](#) 1098

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1098](#) k. Appearance, Sound, and Meaning. [Most Cited Cases](#)

For purposes of likelihood of confusion analysis in a trademark infringement action, when the products being compared will not be displayed side-by-side in the marketplace, the appropriate question is not whether differences are easily discernable on simultaneous viewing, but whether they are likely to be memorable enough to dispel confusion on serial viewing; the analysis should consider the products' sizes, logos, typefaces, and package designs and colors to determine whether the overall impression in the relevant market context would lead consumers to believe that the junior user's product emanates from the same source as products bearing the senior user's mark. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[\[12\] Trademarks 382T](#) 1098

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1098](#) k. Appearance, Sound, and Meaning. [Most Cited Cases](#)

Similarity of marks used by corporation that was governing body of the sport of polo in the United States and owner of "POLO" trademark and logo substantially increased likelihood of confusion between parties' products, for purposes of trademark infringement; both marks were similar in perspective, containing polo player on horseback, facing slightly to viewer's left, leaning forward with a polo mallet

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raised, both were monochrome logos that were similar in their level of abstraction, and both were displayed in embossed metallic or glossy material. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[13] Trademarks 382T 1113

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1113](#) k. Accompaniments Mitigating Confusion; Disclaimers. [Most Cited Cases](#)

One may not avoid a likelihood of confusion in a trademark infringement action by the addition to the senior user's mark of descriptive or otherwise subordinate matter. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[14] Trademarks 382T 1104

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1104](#) k. Markets and Territories; Competition. [Most Cited Cases](#)

For purposes of likelihood of confusion analysis in a trademark infringement action, in assessing the proximity of the parties' products, courts look to the nature of the products themselves and the structure of the relevant market; among the considerations germane to the structure of the market are the class of customers to whom the goods are sold, the manner in which the products are advertised, and the channels through which the goods are sold. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[15] Trademarks 382T 1104

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1104](#) k. Markets and Territories; Competition. [Most Cited Cases](#)

Trademarks 382T 1110

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1107](#) Nature and Circumstances of Use of Marks

[382Tk1110](#) k. Trade Channels; Sales, Advertising, and Marketing. [Most Cited Cases](#)

Corporation that was governing body of the sport of polo in the United States and owner of "POLO" trademark and logo were in direct competition in marketing men's fragrances, as required for finding of likelihood of confusion in trademark infringement action, although there was disparity in price; both fragrances were sold on the Internet, and there was nothing to prevent parties from distributing fragrances in same channels. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[16] Trademarks 382T 1086

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1083](#) Nature of Confusion

[382Tk1086](#) k. Actual Confusion. [Most Cited Cases](#)

Actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[17] Trademarks 382T 1086

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1083](#) Nature of Confusion

[382Tk1086](#) k. Actual Confusion. [Most Cited Cases](#)

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Trademarks 382T 1629(4)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(C\)](#) Evidence

[382Tk1620](#) Weight and Sufficiency

[382Tk1629](#) Similarity; Likelihood of Confusion

[382Tk1629\(4\)](#) k. Consumer Data and Market Research; Tests and Surveys. [Most Cited Cases](#)

Actual confusion factor weighed in favor of owner of “POLO” trademark and polo player logo, for purposes of likelihood of confusion analysis in trademark infringement action against corporation that was governing body of the sport of polo in the United States and its subsidiary; trademark owner conducted two consumer surveys between trademark owner's fragrance and corporation's fragrance, with net confusion levels ranging from 17.8% to 27.8%, and corporation's survey lacked proper control and benchmark for determining whether high likelihood of confusion estimate was significant. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[18] Trademarks 382T 1111

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1111](#) k. Intent; Knowledge of Confusion or Similarity. [Most Cited Cases](#)

Trademarks 382T 1118

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1117](#) Trade Dress

[382Tk1118](#) k. In General. [Most Cited Cases](#)

In a trademark infringement action, bad faith can be found where prior knowledge of the senior user's mark or trade dress is accompanied by similarities so strong that it seems plain that deliberate copying has occurred. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[19] Trademarks 382T 1111

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1111](#) k. Intent; Knowledge of Confusion or Similarity. [Most Cited Cases](#)

Trademarks 382T 1119

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1117](#) Trade Dress

[382Tk1119](#) k. Particular Cases. [Most Cited Cases](#)

Corporation that was governing body of the sport of polo in the United States adopted its mark for fragrance line with intention of capitalizing on reputation and goodwill of “POLO” trademark and polo player logo, for purposes of likelihood of confusion analysis in trademark infringement action; corporation was familiar with marks and trade dress given extensive history of trademark litigation between parties, and corporation could have avoided issue by choosing logo that depicted polo player in position and from perspective that differed from polo player logo with more clearly distinct form of packaging. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[20] Trademarks 382T 1105

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1105](#) k. Relative Quality. [Most Cited Cases](#)

A senior user may sue for trademark infringement to protect his reputation even where the infringer's goods are of top quality. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[21] Trademarks 382T 1112

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[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1112](#) k. Persons Confused; Circumstances of Sale. [Most Cited Cases](#)

Generally, the more sophisticated and careful the average consumer of a product is, the less likely it is that similarities in trademarks will result in confusion concerning the source or sponsorship of the product. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[22] Trademarks [382T](#) 1610

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(C\)](#) Evidence

[382Tk1601](#) Presumptions and Burden of Proof

[382Tk1610](#) k. Knowledge, Intent, and Motive; Bad Faith. [Most Cited Cases](#)

Trademarks [382T](#) 1611

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(C\)](#) Evidence

[382Tk1601](#) Presumptions and Burden of Proof

[382Tk1611](#) k. Trade Dress. [Most Cited Cases](#)

In a trademark infringement action, where a second-comer acts in bad faith and intentionally copies a trademark or trade dress, a presumption arises that the copier has succeeded in causing confusion. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[23] Trademarks [382T](#) 1098

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1093](#) Relationship Between Marks

[382Tk1098](#) k. Appearance, Sound, and Meaning. [Most Cited Cases](#)

Trademarks [382T](#) 1105

[382T](#) Trademarks

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1105](#) k. Relative Quality. [Most Cited Cases](#)

Use of double horsemen mark along with the word mark “U.S. POLO ASSN” by corporation that was governing body of the sport of polo in the United States in context of men's fragrances created a strong likelihood of confusion with products by owners of “POLO” trademark and polo player logo; marks were so similar that it was likely that consumers would be confused, whether by believing that owner of “POLO” trademark had authorized a down market product or by confusing products outright. Lanham Act, §§ 32, 43(a)(1), (a)(1)(A), [15 U.S.C.A. §§ 1114, 1125\(a\)\(1\), \(a\)\(1\)\(A\)](#).

[24] Trademarks [382T](#) 1420

[382T](#) Trademarks

[382TVIII](#) Violations of Rights

[382TVIII\(A\)](#) In General

[382Tk1418](#) Practices or Conduct Prohibited in General; Elements

[382Tk1420](#) k. Unfair Competition. [Most Cited Cases](#)

Trademarks [382T](#) 1421

[382T](#) Trademarks

[382TVIII](#) Violations of Rights

[382TVIII\(A\)](#) In General

[382Tk1418](#) Practices or Conduct Prohibited in General; Elements

[382Tk1421](#) k. Infringement. [Most Cited Cases](#)

The standards for trademark infringement claims under the Lanham Act and unfair competition claims under New York Law are almost indistinguishable; the only additional element that must be shown to establish a claim for unfair competition under the New York common law is bad faith. Lanham Act, § 43(a, c), [15 U.S.C.A. § 1125\(a, c\)](#).

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[25] Trademarks 382T 1082

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1082](#) k. Miscellaneous Particular Cases; Determinations Based on Multiple Factors. [Most Cited Cases](#)

Owner of “POLO” trademark and polo player logo demonstrated likelihood of confusion between their marks and marks used for fragrances by corporation that was governing body of the sport of polo in the United States under Lanham Act and that corporation intended to capitalize on mark owner's reputation and goodwill, as required for unfair competition claims against corporation under New York law. Lanham Act, § 1 et seq., [15 U.S.C.A. § 1051 et seq.](#)

[26] Injunction 212 138.18

[212 Injunction](#)

[212IV](#) Preliminary and Interlocutory Injunctions
[212IV\(A\)](#) Grounds and Proceedings to Procure

[212IV\(A\)2](#) Grounds and Objections
[212k138.18](#) k. Likelihood of Success on Merits. [Most Cited Cases](#)

The standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.

[27] Trademarks 382T 1714(1)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings
[382TIX\(F\)](#) Injunctions
[382Tk1712](#) Permanent Injunctions
[382Tk1714](#) Grounds and Subjects of Relief

[382Tk1714\(1\)](#) k. In General. [Most Cited Cases](#)

Irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark because

loss of control over one's reputation is neither calculable nor precisely compensable.

[28] Trademarks 382T 1714(1)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings
[382TIX\(F\)](#) Injunctions
[382Tk1712](#) Permanent Injunctions
[382Tk1714](#) Grounds and Subjects of Relief

[382Tk1714\(1\)](#) k. In General. [Most Cited Cases](#)

Absent permanent injunction prohibiting corporation that was governing body of the sport of polo in the United States from using the “U.S. POLO ASSN.” name in conjunction with double horsemen mark in men's fragrances, owner of “POLO” trademark and polo player logo would be irreparably injured; there was likelihood of confusion between trademark owner's polo player logo and double horsemen trademark used by corporation, reputation and goodwill cultivated by “POLO” trademark and logo would be out of trademark owner's hands, corporation's product may or may not be of high quality, sold with sufficient care to customer service, or convey same branding image that had been highly cultivated by trademark owner.

[29] Trademarks 382T 1714(2)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings
[382TIX\(F\)](#) Injunctions
[382Tk1712](#) Permanent Injunctions
[382Tk1714](#) Grounds and Subjects of Relief

[382Tk1714\(2\)](#) k. Infringement. [Most Cited Cases](#)

Remedies at law were inadequate to compensate owner of “POLO” trademark and polo player logo for infringement of marks by corporation that was governing body of the sport of polo in the United States, as required for permanent injunction prohibiting corporation that was governing body of the sport of polo in the United States from using the “U.S. POLO ASSN.” name in conjunction with double horsemen mark in men's fragrances.

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[30] Trademarks 382T 1714(1)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(F\)](#) Injunctions

[382Tk1712](#) Permanent Injunctions

[382Tk1714](#) Grounds and Subjects of Relief

[382Tk1714\(1\)](#) k. In General. [Most Cited Cases](#)

Balance of equities weighed in favor owner of “POLO” trademark and polo player logo, as required for permanent injunction prohibiting corporation that was governing body of the sport of polo in the United States from using the “U.S. POLO ASSN.” name in conjunction with double horsemen mark in men's fragrances; mark owner sold men's fragrances bearing polo player logo and “POLO” marks for over 30 years and had multiple registered trademarks for their use on fragrances, substantial likelihood of consumer confusion and potential loss to mark owner both in terms of sales and reputation threatened to cause owner and licensee serious harm, and corporation and its subsidiary had yet to enter the fragrance market in earnest.

[31] Trademarks 382T 1714(1)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(F\)](#) Injunctions

[382Tk1712](#) Permanent Injunctions

[382Tk1714](#) Grounds and Subjects of Relief

[382Tk1714\(1\)](#) k. In General. [Most Cited Cases](#)

Because of the likelihood of consumer confusion between “POLO” trademark and polo player logo and marks used for fragrances by corporation that was governing body of the sport of polo in the United States, the public interest would be served by the issuance of permanent injunction prohibiting corporation from using the “U.S. POLO ASSN.” name in conjunction with double horsemen mark in men's fragrances.

Trademarks 382T 1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

Trademarks 382T 1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

Trademarks 382T 1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

Trademarks 382T 1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

Trademarks 382T 1800

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

POLO.

POLO BY RALPH LAUREN.

U.S. POLO ASSN.

U.S. POLO ASSN. 1890.

U.S. POLO ASSN.

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(Cite as: **2011 WL 1842980 (S.D.N.Y.)**)

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Kelley Drye & Warren LLP, by: [William R. Golden, Jr., Esq.](#), New York, NY, for Defendant PRL USA Holdings, Inc.

OPINION

[SWEET](#), District Judge.

*1 In this action, the plaintiffs United States Polo Association, Inc. (“USPA”) and USPA Properties, Inc. (“Properties”) (collectively, the “USPA Parties” or “Plaintiffs”) sought a declaration pursuant to [28 U.S.C. § 2201](#): (1) that they have the right to license and sell in the United States fragrance products and packaging bearing “U.S. POLO ASSN.,” the Double Horsemen Trademark and “1890,” and other products bearing the marks identified in Trademark Application Serial Nos. 77/738,105, 77/760,033 and 77/760,071 on the products identified in those applications; (2) that their use and licensing of such fragrance products and packaging does not violate Section 43(a) and (c) of the Lanham Act, [15 U.S.C. § 1125\(a\)](#) and [\(c\)](#), nor constitute infringement, dilution or unfair competition with respect to the rights of the defendants PRL USA Holdings, Inc. (“PRL”) and L'Oréal USA, Inc. (“L'Oréal”) (collectively, the “PRL Parties” or “Defendants”); and (3) that their use and licensing of such fragrance products and packaging does not violate the common law of the State of New York relating to trademark infringement, unfair competition and trademark dilution.

The PRL Parties have brought counterclaims against the USPA Parties for trademark infringement, unfair competition, and trademark dilution under Sections 32, 43(a) and 43(c) of the Lanham Act, [15 U.S.C. §§ 1114](#), [1125\(a\)](#) and [\(c\)](#), and for common law trademark infringement, trade dress infringement, trademark dilution, unfair competition, unfair and deceptive practices, and misappropriation in violation of the statutory and common law of each state in which the USPA Parties do business, including [New York General Business Law \(“GBL”\) Sections 133](#), [349](#) and 360–1. The PRL Parties also filed a motion for a preliminary injunction.

Upon all the proceedings had herein and the findings of fact and conclusions of law set forth below, the USPA Parties' request for a declaratory judgment is denied, the PRL Parties' request for a permanent injunction is granted.

Prior Proceedings

This action was commenced by the USPA Parties on November 13, 2009, naming only PRL as a defendant. On February 11, 2010, L'Oréal's motion to intervene was granted. PRL filed its answer and counterclaims on February 16, 2010. On March 2, 2010, L'Oréal filed its answer and counterclaims, and the PRL Parties moved for a preliminary injunction.

On consent of the parties, the motion for a preliminary injunction was converted into a request for a permanent injunction. The trial and submission of evidence was held from September 27 through September 30, 2010. Final argument was held on November 17, 2010.

Findings of Fact

The Parties

USPA is a not-for-profit Illinois corporation with a place of business at 4307 Iron Works Parkway, Suite 110, Lexington, Kentucky 40511. USPA is the governing body of the sport of polo in the United States. (Tr. 137:3–6.^{FNI}) It has been in existence continually since 1890. (Tr. 146:23–147:7.) USPA derives the majority of its revenue from royalties received as a result of licensing its trademarks. (Tr. 297:23–299:4.)

*2 Properties is an Illinois corporation with a place of business at 771 Corporate Drive, Suite 430, Lexington, Kentucky 40503, and is a wholly-owned subsidiary of USPA. Properties' sole function is to manage the licensing program of USPA. (Tr. 297:23–299:4.)

PRL is a Delaware corporation with a place of business at 650 Madison Avenue, New York, N.Y. 10022. PRL is the owner and licensor of the trademarks of Polo Ralph Lauren Corporation, including the Polo Player Logo and “POLO” used in connection with fragrances.

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L'Oréal is a Delaware corporation with a place of business at 575 Fifth Avenue, New York, N.Y. 10017. L'Oréal is the exclusive licensee of certain PRL trademarks in the categories of fragrances, cosmetics and related goods, including the Polo Player Logo and "POLO."

The PRL Trademarks in Issue

In the 1960s, Mr. Ralph Lauren started his own business, which today is known as Polo Ralph Lauren Corporation.

In the late 1970s, when the predecessor to PRL (also referred to as PRL) decided to expand into fragrances, cosmetics and related products, an exclusive license agreement was entered into with L'Oréal. (Deposition of Negar Darsses 25:21–26:9.)

In 1978, the first fragrance introduced into the market under that license appeared in a green bottle and packaging and prominently featured, and to this day continues to feature, the logo known as the "Polo Player Logo," as well as the word mark "POLO" and less prominently "Ralph Lauren." (Tr. 35:4–9; PRL Ex. 26.^{FN2})

That fragrance has been sold continuously for 32 years and was voted into the industry's Fragrance Foundation's Hall of Fame. (Tr. 52:13–21.)

Beginning in approximately 2002, the PRL Parties began adding new men's fragrances to the line, each prominently displaying the Polo Player Logo and the word mark "POLO." In 2002, POLO Ralph Lauren BLUE was launched, followed by POLO BLACK in 2005, POLO DOUBLE BLACK in 2006, POLO EXPLORER in 2007 and POLO Ralph Lauren RED, WHITE & BLUE in 2009. (Tr. 36:8–37:21; PRL Exs. 11, 27–31.) The PRL Parties recently introduced four new fragrances to the marketplace, referred to as the "Big Pony Collection," each displaying the Polo Player Logo and the word "POLO." (PRL Exs. 32–35.)

All of the aforementioned PRL Parties' fragrances are still being sold today. (Tr. 38:8–17.) The PRL Parties' products come in different sizes and colors and exhibit different scents, but all of them use the Polo Player Logo and the word "POLO." (Tr. 36:8–37:21; 51:11–19; PRL Exs. 26–35.)

PRL owns a number of federal trademark registrations for the Polo Player Logo, alone or in combination with words, names, symbols or devices, for fragrances and related products, including, among others, U.S. Reg. Nos. 1,212,060; 1,327,818; 2,922,574; 3,076,806; and 3,095,176, as well as a pending use-based Trademark Application Serial No. 77/883,516. Those registrations are valid and subsisting in PRL, with Reg. Nos. 1,212,060 and 1,327,818 having attained incontestable status. (PRL Ex. 14.)

The USPA Trademarks in Issue

*3 USPA currently owns more than 900 trademarks worldwide, including "U.S. POLO ASSN." and the "Double Horsemen Mark," which are the primary trademarks of USPA's licensing program. (USPA Ex. 14; Tr. 163:16–165:6.)

Existing trademark registrations with respect to these two primary marks include: (a) Registration No. 3,370,932 for USPA and the Double Horsemen Trademark in International Class 25; (b) Registration No. 3,598,829 for the Double Horsemen Trademark in International Classes 14, 18 and 25; (c) Registration No. 2,188,594 for the Double Horsemen Trademark in International Class 14; (d) Registration No. 2,991,639 for U.S. POLO ASSN. SINCE 1890 in International Class 25; (e) Registration NO. 2,282,427 for U.S. POLO ASSN. SINCE 1890 in International Classes 14 and 18; (f) Registration No. 2,908,391 for U.S. POLO ASSN. in International Classes 14 and 18; and (g) Registration No. 3,367,242 for U.S. POLO ASSN. in International Class 25.^{FN3}

USPA began to commercially license its trademarks in the early 1980s, but did not actively license in the United States until 1998. (Tr. 167:19–168:15.)

The USPA Parties and their licensees have manufactured, marketed, and sold products bearing the words "U.S. POLO ASSN." and the "Double Horsemen Mark," in numerous apparel and accessory categories. The products have been sold in more than 5,000 independent retail stores throughout the United States, including major national chains such as Kohl's, J.C. Penney, Sears, Ross, Peebles, Goody's, Dr. J's, and Stage Stores, as well as in fifteen USPA outlet stores. (Tr. 209:22–210:2.)

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JRA Trademark Company Ltd. (“JRA”) is US-PA’s master licensee in the United States for fragrances and all products other than rosaries and watches. (Tr. 166:15–18.)

In 2008, USPA commenced discussions with JRA about expanding into the fragrance market. (Tr. 212:24–213:4–8.)

In 2009, JRA designed packaging for use on a USPA men’s fragrance that featured the Double Horsemen Mark, which was being used by USPA on apparel. (Tr. 214:22–24.) The packaging used a dark blue background as its predominant color, with the Double Horsemen Mark, accompanying word mark lettering as well as a thin line creating a border around the perimeter of the front panel all appearing in gold. (PRL Ex. 16; Tr. 54:1–55:21.)

Approximately 10,000 units of USPA’s fragrance bearing the Double Horsemen Mark were produced in November 2009. (Tr. 277:11–15.) Around that time and shortly thereafter, USPA’s fragrance product was offered for sale at USPA outlet stores and through V.I.M. Jeans stores. (Tr. 221:20–222:7.) Between November 2009 and March 2010, approximately 3,500 units were sold through USPA outlet stores. (Tr. 278:10–13.)

On March 19, 2010, counsel for USPA represented in writing to this Court that USPA agreed to “immediately cease all sales of fragrance products, and use of packaging bearing the Double Horsemen mark and to refrain from advertising, offering for sale, selling, transferring or donating fragrance products and packaging bearing the Double Horsemen Trademark” until after the decision on the PRL Parties’ motion for a preliminary injunction motion. (Tr. 277:16–25.) On March 24, 2010, the USPA’s written submission was “so ordered” by the Court.

*4 In addition to the approximately 3,500 units of the USPA Parties’ fragrance that were sold, approximately 1,000 were recalled and quarantined. (Tr. 278:1–279:7.) Approximately 5,500 units are unaccounted for, except to the extent it is known that they were sold to V.I.M. Jeans at some point in time. (Tr. 278:14–25.) It is not known whether they continued to be sold after March 19, 2010. (Tr. 279:1–4.)

Prior Litigation

In 1984, USPA and its licensees commenced an action in this court against PRL for a declaratory judgment that various articles of merchandise bearing a mounted polo player symbol did not infringe PRL’s Polo Player Logo. PRL counterclaimed for trademark infringement. The matter came before the Honorable Leonard B. Sand.

In his Order (the “1984 Order”), Judge Sand denied USPA’s request for a judgment of non-infringement, found that USPA and its licensees infringed PRL’s Polo Player Logo, POLO, POLO BY RALPH LAUREN trademarks and PRL’s trade dress, and engaged in unfair competition. (USPA Ex. 15 ¶¶ 8–9.) The 1984 Order enjoined USPA and its licensees from infringing PRL’s marks, including the Polo Player Logo and the word “POLO,” but not from engaging in a licensing program that did not use infringing trademarks. Specifically, the 1984 Order permitted USPA to conduct a retail licensing program using its name, “a mounted polo player or equestrian or equine symbol which is distinctive from ... [PRL’s] polo player symbol in its content and perspective,” and other trademarks that refer to the sport of polo, subject to certain conditions and restrictions set forth in the 1984 Order. (*Id.* ¶ 9; Tr. 169:9–25.) Paragraph 8 of the 1984 Order bars any use of the “United States Polo Association” name or other name “which emphasizes the word POLO (or the words U.S. Polo), separate, apart and distinct from any such name in a manner that is likely to cause confusion.” (USPA Ex. 15 ¶ 8.)

The requirements of the 1984 Order are incorporated into all sublicense agreements into which JRA enters and into the so-called “Brand Rule Book” generated by USPA. (Tr. 170:22–178:18; USPA Ex. 19.)

Conclusions of Law

I. Claims Under Lanham Act §§ 32 & 43(a)

The parties assert claims under both Section 32 of the Lanham Act, for trademark infringement, and Section 43(a), for false designation of origin or passing off.^{FN4} Section 43(a) of the Lanham Act prohibits the use in commerce of any word, term, name, symbol, device, or combination thereof that

is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or asso-

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ciation 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 ...

[15 U.S.C. § 1125\(a\)\(1\)](#) and [\(a\)\(1\)\(A\)](#).^{FN5}

Section 32 of the Lanham Act provides in relevant part:

(1) Any person who shall, without the consent of the registrant—

*5 (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale ... 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 ... to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale ... 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....

[15 U.S.C. § 1114](#).

[1] In order to prevail in an action for trademark infringement under Section 43(a), a party must establish, under the two-prong test of [Gruner + Jahr USA Publ'g v. Meredith Corp.](#), 991 F.2d 1072 (2d Cir.1993), (1) that it possesses a valid, legally protectable trademark and (2) that the junior user's mark is likely to cause confusion as to the origin or sponsorship of the product at issue. [Virgin Enterprises v. Nawab](#), 335 F.3d 141, 146 (2d Cir.2003) (citing [Gruner](#), 991 F.2d at 1074 (2d Cir.1993)). This two-prong test is applicable to trademark infringement claims brought under both Section 32 and Section 43(a) of the Lanham Act. [Virgin Enterprises](#), 335 F.3d at 148 (citing [Time, Inc. v. Petersen Publ'g Co. L.L.C.](#), 173 F.3d 113, 117 (2d Cir.1999)). Accordingly, both claims will be analyzed together here.

A. The PRL Parties' Mark is Valid and Entitled to Protection

[2] “To be valid and protectable, a mark must be capable of distinguishing the products it marks from those of others.” [Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.](#), 192 F.3d 337, 344 (2d Cir.1999). In this Circuit, the scale articulated by Judge Friendly in [Abercrombie & Fitch Co. v. Hunting World, Inc.](#), 537 F.2d 4, 9 (2d Cir.1976), is traditionally utilized to determine the distinctiveness of a mark. The [Abercrombie](#) continuum classifies marks from least to most distinctive in categories: generic, descriptive, suggestive, arbitrary or fanciful. The Second Circuit has elaborated this continuum as follows:

A generic mark is generally a common description of goods, one that refers, or has come to be understood as referring, to the genus of which the particular product is a species. A descriptive mark describes a product's features, qualities or ingredients in ordinary language, or describes the use to which a product is put. A suggestive mark employs terms which do not describe but merely suggest the features of the product, requiring the purchaser to use imagination, thought and perception to reach a conclusion as to the nature of goods. [T]he term “fanciful,” as a classifying concept, is usually applied to words invented solely for their use as trademarks. When the same legal consequences attach to a common word, i.e., when it is applied in an unfamiliar way, the use is called “arbitrary.”

*6 [Genesee Brewing Co., Inc. v. Stroh Brewing Co.](#), 124 F.3d 137, 142 (2d Cir.1997) (internal quotations and citations omitted).

[3] A mark's distinctiveness determines its level of protection. At one end, “[g]eneric marks are not protectable.” [Lane Capital Mgmt.](#), 192 F.3d at 344. While at the other, “[f]anciful, arbitrary, and suggestive marks are deemed inherently distinctive” and so “will be automatically protected.” *Id.* Descriptive marks fall in between the two extremes. See [Pretty Girl, Inc. v. Pretty Girl Fashions, Inc.](#), — F.Supp.2d —, No. 11 Civ. 0662(NGG)(MDG), 2011 WL 887993 (E.D.N.Y. March 14, 2011).

[4] The word “polo” may be generic, for example, with respect to polo shirts, or descriptive, with respect to aspects of the sport. With respect to men's

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fragrances, the PRL Parties' contend that the POLO word mark and Polo Player Logo are arbitrary. As Judge Sand stated in his 1984 opinion, “[p]olo is certainly not suggestive or descriptive of a fragrance which a toiletry manufacturer would seek to imitate.” *U.S. Polo Association, Inc. v. Polo Fashions, Inc.*, No. 84 Civ. 1142(LBS), 1984 WL 1309, at *14 (Dec. 6, 1984) (“*Sand Opinion*”). There is no natural connection between the image of a polo player and fragrance products. The same is true of the POLO word mark.

In *Polo Fashions, Inc. v. Extra Special Products, Inc.*, 451 F.Supp. 555, 559 (S.D.N.Y.1978), Judge Goettel held that the use of POLO on ties is fanciful. Judge Sand concluded “that it would follow a fortiori and is demonstrated in the record in this case that the use of POLO in a trademark sense on non-apparel items unrelated to the sport, such as home furnishings, is a fanciful, not a descriptive use.” *Sand Opinion*, 1984 WL 1309, at *3. This Court similarly concludes that as a common word or symbol applied an unfamiliar way, POLO and the Polo Player Logo qualify as arbitrary and therefore “will be automatically protected.” *Lane Capital Mgmt.*, 192 F.3d at 344.

[5] Regardless, PRL owns a number of federal trademark registrations for the Polo Player Logo, alone or in combination with words, names, symbols or devices, for fragrances and related products, including, among others, U.S. Reg. Nos. 1,212,060; 1,327,818; 2,922,574; 3,076,806; and 3,095,176, as well as a pending use-based Trademark Application Serial No. 77/883,516. “A certificate of registration with the PTO is prima facie evidence that the mark is registered and valid (*i.e.*, protectible), that the registrant owns the mark, and that the registrant has the exclusive right to use the mark in commerce.” *Lane Capital Mgmt.*, 192 F.3d at 345 (citing *PaperCutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 563 (2d Cir.1990)). The USPA Parties have not rebutted this presumption.

As registered, arbitrary marks, the PRL's Polo Player Logo and POLO trademarks as used in the context here on men's fragrances, are protectable.

B. The Polaroid Factors

[6] It is well-established that the eight factors set forth in *Polaroid Corp. v. Polarad Elects. Corp.*, 287

F.2d 492 (2nd Cir.1961), *cert. denied*, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed.2d 25 (1961), control the analysis of whether there is a likelihood of confusion in trademark infringement cases in this Circuit. Those factors include: (1) the strength of his mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the prior owner will bridge the gap, (5) actual confusion, (6) the reciprocal of defendant's good faith in adopting its own mark, (7) the quality of defendant's product, and (8) the sophistication of the buyers. *Id.* at 495. “[E]ach factor must be evaluated in the context of how it bears on the ultimate question of likelihood of confusion as to the source of the product.” *Brennan's Inc. v. Brennan's Rest., L.L.C.*, 360 F.3d 125, 130 (2d Cir.2004) (quoting *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir.1986)).

*7 For the reasons stated below, under the *Polaroid* analysis, USPA's use of the Double Horsemen and “U.S. POLO ASSN. 1890” marks in the context and manner ^{FN6} in which they have been used here on a men's fragrance infringes the PRL Parties' trademark rights.

As a threshold issue, the USPA Parties contend that Judge Sand's 1984 Order was the product of a *Polaroid* analysis and that to prevail the PRL Parties must show that the USPA Parties violated the 1984 Order. This Court conducts an independent *Polaroid* analysis, as USPA does not seek to use the marks at issue in the 1984 case or in the context of the same market conditions. ^{FN7} Judge Sand's 1984 Order anticipates re-application of *Polaroid* by permitting USPA to conduct a licensing program using “a mounted polo player or equestrian or equine symbol which is distinctive from ... [PRL's] polo player symbol in its content and perspective,” but barring any use of the “United States Polo Association” name or other name “in a manner that is likely to cause confusion.” (USPA Ex. 15 ¶¶ 8–9.) The analysis of which symbols are distinctive from PRL's Polo Player logo—that is, not infringing—and whether the “United States Polo Association” name or other name is used in a manner that “is likely to cause confusion” requires application of *Polaroid*. In finding a likelihood of confusion, the Court duly notes that the USPA parties have violated the 1984 Order insofar as it prohibited USPA's adoption of infringing marks.

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[7] Nor are the PRL Parties' claims foreclosed by a jury's finding in 2006 that while (1) USPA's solid Double Horsemen mark infringed PRL's Polo Player Symbol, (2) the solid Double Horsemen mark with "USPA," outline Double Horsemen mark, and outline Double Horsemen mark with "USPA" were not infringing in the context of the apparel market. PRL USA Holdings, Inc. v. United States Polo Association, Inc., No. 99 Civ. 10199(GBD), 2006 WL 1881744 (S.D.N.Y.2006), aff'd 520 F.3d 109 (2d Cir.2008). Most saliently, the marks at issue here are employed in the context of fragrances, not apparel. This case involves the use of the Double Horsemen mark with the word mark "U.S. POLO ASSN. 1890," not alone or with "USPA" beneath. In contrast to the 2006 apparel case, the dominant term in the word portion of USPA's mark here—and that which consumers are most likely to view as having trademark significance—is "POLO." As the Trademark Trial and Appeal Board noted in rejecting USPA's summary judgment motion regarding the use of the marks at issue here for fragrances and other products in Class 3,^{FNS} this issue here "involves different transactional facts material to the claim. Therefore the district court's order [in the apparel litigation] does not have preclusive effect on this proceeding." (PRL Ex. 110 at 5.^{FN9}) For the same reasons, the apparel litigation is not controlling here.^{FN10}

1. The Strength of the PRL Parties' Marks

*8 [8] The strength of a mark refers to "its tendency to identify the goods sold under the mark as emanating from a particular source." Lois Sportswear, 799 F.2d at 873 (internal quotations and citations omitted). The concept of strength encompasses both "inherent distinctiveness" and "acquired distinctiveness." See Brennan's, 360 F.3d at 130–31; Virgin Enterprises, 335 F.3d at 147–49.

[9] By both measures, the PRL Parties' Polo Player Logo and POLO marks are extremely strong. PRL has registered federal trademarks for the Polo Player Logo, alone or in combination with words, names, symbols or devices, for fragrances and related products, including, among others, U.S. Reg. Nos. 1,212,060; 1,327,818; 2,922,574; 3,076,806; and 3,095,176. Therefore, their marks are presumed to be distinctive. Lois Sportswear, 799 F.2d at 871. As discussed above, both the PRL Polo Player Logo and "POLO" word mark are arbitrary with regard to fragrances and so their inherent distinctiveness is robust.

Furthermore, at trial, the PRL Parties demonstrated that in the last ten years alone, L'Oréal has spent more than one hundred million dollars advertising PRL men's fragrances bearing the Polo Player Logo and "POLO" mark in the U.S., with forty million dollars spent advertising POLO BLUE. (Tr. 39:15–25 (Marino); PRL Ex. 15.) This bolsters its strength. See Morningside Group Ltd. v. Morningside Capital Group, L.L.C., 182 F.3d 133, 139 (2d Cir.1999); 24 Hour Fitness USA, Inc. v. 24/7 Tribeca Fitness, 447 F.Supp.2d 266, 272 (S.D.N.Y.2006).

At the same time, the awareness in the marketplace of these marks is commercially strong, with evidence at trial demonstrating that surveyed men and women ages 18 to 60 report between 82% and 85% awareness of PRL fragrances bearing the Polo Player Logo and "POLO" brand, ranking it second in brand awareness in the fields of fashion and fragrances. (Tr. 43:7–44; 50:17–25; PRL Ex. 13 at 3.) In the last ten years, U.S. retail sales of men's fragrances bearing the Polo Player Logo and "POLO" mark were just over one billion dollars (Tr. 39:1–10; PRL Parties Ex. 15), with one dollar out of every \$12 spent on men's fragrances in the United States being spent on a PRL fragrance bearing the Polo Player Logo and "POLO" mark. (Tr. 42:5–11.)

Accordingly, the strength of the marks weighs strongly in the PRL Parties' favor.

2. The Degree of Similarity Between the Two Marks

[10] "Of salient importance among the Polaroid factors is the 'similarity of the marks' test, which attempts to discern whether the similarity of the marks is likely to cause confusion among potential customers." Louis Vuitton Malletier v. Burlington Coat Factory Warehouse, 426 F.3d 532, 537 (2d Cir.2005). An assessment of the similarity of marks examines the similarity between them in appearance, sound, and meaning. See Grottrian, Helfferich, Schulz, Th. Steinhilber Nachf. v. Steinway & Sons, 523 F.2d 1331 (2d Cir.1975). When assessing the similarity of marks, courts "analyze the mark[s]' overall impression on a consumer, considering the context in which the marks are displayed and the totality of factors that could cause confusion among prospective purchasers." Louis Vuitton, 426 F.3d at 537.

*9 [11] When the products being compared will

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not be displayed side-by-side in the marketplace, as they will not be here (Tr. 44:6–9; 44:21–45:3 (Marino); Tr. 285:4–10; 288:14–289:4 (Cummings)), the appropriate question is not “whether differences are easily discernable on simultaneous viewing, but whether they are likely to be memorable enough to dispel confusion on serial viewing.” [Louis Vuitton](#), 426 F.3d at 538. The analysis should consider “the products’ sizes, logos, typefaces, and package designs and colors” to determine whether the overall impression in the relevant market context would lead consumers to believe that the junior user’s product emanates from the same source as products bearing the senior user’s mark. [Paco Sport, Ltd. v. Paco Rabanne Perfumes](#), 234 F.3d 1262 (2d Cir.2000).

[12] The similarity between the PRL Parties’ and the USPA’s marks is apparent. Both marks are similar in perspective—containing a polo player on horseback, facing slightly to the viewer’s left, leaning forward with a polo mallet raised. Both are monochrome logos that are similar in their level of abstraction. Both are displayed in embossed metallic or glossy material—with PRL’s appearing in a number of colors including silver and gold, and USPA’s appearing in a light gold. (PRL Exs. 16, 22, 23, 25–35, USPA Ex. 52.)

The primary difference between the marks is that the PRL’s logo contains one player, while USPA’s contains two, one with mallet raised and the other with mallet lowered, which significantly overlap. In USPA’s mark, the front horseman is displayed in solid metallic ink, while the rear horseman is only outlined, such that the background packaging shows through. This gives the front—mallet raised—horseman more visual prominence, while the torso of the rear horseman can be said to fade into the background. Both of USPA’s horsemen share the same directional perspective and overlap to a degree that it is difficult to discern if there is one horse or two. As counsel for L’Oréal noted at argument, USPA’s Double Horsemen Mark strongly resembles a composite of the PRL’s Polo Player Logo with the logo that USPA was enjoined from using in 1984 by Judge Sand. Oral Argument Transcript, 30:18–31:17.

Except for the PRL Parties’ Big Pony Collection, the proportionate size of the logos as presented on the products is roughly similar. (PRL Exs. 16, 22, 23, 25–35, USPA Ex. 52.) The USPA’s product bears a

gold border that runs around the edge of the front panel of the fragrance box, as do some but not all of the PRL Parties’ fragrance products. On both parties’ products, except the PRL Parties’ Red White & Blue and Big Pony lines, the logos are set against a solid color background.

The PRL Parties’ fragrances display the word mark “POLO” prominently, except in the Big Pony Line. The USPA Parties’ product bears the “U.S. POLO ASSN.” word mark arched above the Double Horsemen logo and “1890” below. The typefaces are in a similar serif font, though several of PRL’s fragrances emphasize POLO in larger font as distinct from RALPH LAUREN or the reverse, while USPA’s “U.S. POLO ASSN.” is presented in the all the same sized font.

*10 The USPA Parties maintain that the USPA Marks have been judicially recognized as dissimilar from PRL’s marks, relying on the 1984 Order, the 2006 jury trial before Judge Daniels, and the Second Circuit’s affirmance of that decision. This argument is unpersuasive. No prior decision addressed the marks at issue here in the fragrance market, and the similarity of marks “analysis focuses on the particular industry where the marks compete.” [Brennan’s](#), 360 F.3d at 133.

[13] Nor does the addition of “U.S.” “ASSN.” and “1980” defeat a finding of confusing similarity. See [North American Graphics, Inc. v. North American Graphics of U.S., Inc.](#), No. 97 Civ. 3448(RSW), 1997 WL 316599, at *6. It is the general rule that one may not “avoid a likelihood of confusion by the addition [to the senior user’s mark] of descriptive or otherwise subordinate matter.” [Bellbrook Dairies, Inc. v. Hawthorn–Melody Farms Dairy, Inc.](#), 45 C.C.P.A. 842, 253 F.2d 431, 432–33 (1958) (“Vita–Slim” confusingly similar to “Slim”). USPA’s addition of the words “U.S.” “ASSN.” and “1890” does not change the emphasis on “POLO” as the operative part of the word mark, or the likelihood of confusion when used in conjunction with the Double Horsemen logo. See [A.T. Cross Co. v. Jonathan Bradley Pens, Inc.](#), 470 F.2d 689, 692 (2d Cir.1972) (addition of “by Bradley” did not prevent confusion between “Cross” pens and “LaCross by Bradley” pens); [Rodgers v. Wright](#), 544 F.Supp.2d 302, 311 (S.D.N.Y.2008) (“First Ladies of Chic” confusingly similar to “Chic”); [Am. Express Co. v. Am. Express](#)

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Limousine Serv., 772 F.Supp. 729, 733 (E.D.N.Y.1991) (addition of “Limousine Services” to “American Express” mark enhanced rather than dispelled confusion). Indeed, USPA disclaimed the use of “U.S.,” “ASSN.” and “1890” in their trademark application, further underscoring that neither can properly be regarded as the principal or dominant part of their mark. See Application Serial Nos. 77/738,105 and 77/760,071.

Considering the totality of factors that could cause confusion, the differences between the parties' marks are unlikely to be memorable enough to dispel confusion. The similarity of the marks substantially increases the likelihood of confusion between the USPA Parties' and PRL Parties' products.

3. The Proximity of the Products

[14] This factor “concerns whether and to what extent the two products compete with each other.” Cadbury Beverages Inc. v. Cott Corp., 73 F.3d 474, 480 (2d Cir.1996). In assessing the proximity of the parties' products, courts “look to the nature of the products themselves and the structure of the relevant market. Among the considerations germane to the structure of the market are the class of customers to whom the goods are sold, the manner in which the products are advertised, and the channels through which the goods are sold.” *Id.* (citations and internal quotations omitted). “[T]he closer the secondary user's goods are to those the consumer has seen marketed under the prior user's brand, the more likely that the consumer will mistakenly assume a common source.” Virgin Enterprises, 335 F.3d at 150 (citing Cadbury Beverages, 73 F.3d at 480–81).

*11 [15] Both parties' products are men's fragrances. The USPA Parties urge that they and the PRL Parties are not in competitive proximity due to product pricing disparities, actual and intended channels of trade, and diverse clientele. Specifically, the USPA Parties contend that their fragrance products will be sold primarily in mid-tier stores such as Sears, Kohl's, and J.C. Penney and at a price point of approximately \$25, while USPA argues that PRL fragrances sell on average for between \$50 and \$70 and for the most part in high-end stores such as Bloomingdales and Saks.

However, the testimony of Leslie Marino, L'Oréal's General Manager, Designer Fragrance Divi-

sion, established that fragrances displaying the PRL Parties' Polo Player Logo and POLO mark are sold in department stores as well as specialty stores, cosmetic stores, and over the internet.^{FN11} (Tr. 44:6–45:1; 46:17–24.) David Cummings, CEO of Properties, testified that the mid-tier stores where USPA intends to sell its fragrance also sell over the Internet. (Tr. 209:22–210:2; 285:22–25.) Accordingly, the parties may be in direct competition. Mr. Cummings further acknowledged that the license agreement between the USPA Parties and their licensee does not restrict the channels of distribution of its fragrance product, and he agreed that there is nothing to prevent distribution of the USPA Parties' fragrance in the same channels used by the PRL Parties. (Tr. 285:4–10.)

While USPA contends it will sell its fragrances at lower price-points than those of PRL, this difference is not so vast as to place a large competitive distance between the companies' products. USPA's reliance on Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp., No. 04-civ-2644(RMB), 2006 WL 1424381, at *6 (S.D.N.Y.2006), is unavailing, as that court found adequate difference between defendant's handbags, which sold for \$29.98, and plaintiff's, which sold for \$360 to \$3,950. Nor is Estee Lauder Inc. v. The Gap, Inc., 108 F.3d 1503 (2d Cir.1997) of help to USPA. The Estee Lauder Court found no support for likelihood of confusion where products were sold in “mutually exclusive types of stores” and plaintiff's products were priced more than 10 to 20 times more per ounce, *id.* at 1511–12, neither of which is the case here.

In consideration of these factors, the Court finds the parties' products to be competitively proximate. “Moreover, competitive proximity must be measured with reference to the first two Polaroid factors,” Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254 (2d Cir.1987). The singular strength of PRL's marks “demands that [they] be given broad protection against infringers,” *id.*, and the great similarity between the two marks further increases the likelihood that a consumer will confuse USPA with PRL.

4. The Likelihood that the PRL Parties will Bridge the Gap

This factor concerns the likelihood that senior user that is not in direct competition with a junior user at the time a suit is brought will later expand the

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scope of its business so as to enter the junior user's market. See Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 397 (2d Cir.1995). Because the parties in this case are already competitively proximate, there is no gap to bridge and so this factor is irrelevant. See Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97 (2d Cir.2009) (“ ‘bridging the gap’ factor is irrelevant where, as here, the two products are in direct competition with each other.”); Star Indus. v. Bacardi & Co., 412 F.3d 373, 387 (2d Cir.2005) (holding that “[b]ecause ... the products are already in competitive proximity, there is really no gap to bridge, and this factor is irrelevant to the Polaroid analysis”).

5. Actual Confusion

*12 [16] “It is black letter law that actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source.” Lois Sportswear, 799 F.2d at 875. See also Harold F. Ritchie, Inc. v. Chesebrough-Pond's, 281 F.2d 755, 761 (2d Cir.1960); New York City Triathlon v. NYC Triathlon Club, Inc., 704 F.Supp.2d 305 (S.D.N.Y.2010); Pfizer Inc. v. Sachs, 652 F.Supp.2d 512, 523 (S.D.N.Y.2009). This is particularly true when an infringing product has been on the market for only a short time—or, as here, no time at all.^{FN12} See New York City Triathlon, 704 F.Supp.2d at 318; Pfizer, 652 F.Supp.2d at 523 (“The absence of proof of actual confusion is not fatal to a finding of likelihood [of confusion], particularly where, as here, the junior mark has been in the marketplace for a relatively short period of time.”) (quotation marks omitted).

[17] The USPA Parties argue that the PRL Parties proffered no evidence of actual confusion in the apparel industry and that the parties' co-existence in the apparel industry weighs against a showing of a likelihood of confusion with regard to fragrances. This argument is unconvincing for two reasons. First, insufficient evidence regarding whether or not actual confusion exists in the apparel industry was presented at trial for the Court to adequately weigh its potential affect. Second, there has been no co-existence of fragrances without confusion—a fact, which if true, would support USPA's claim. Lack of confusion as to apparel may or may not be indicative of lack of confusion as to fragrances.

Consumer surveys can provide another form of evidence of the likelihood of confusion. See, e.g., MetLife, Inc. v. Metropolitan Nat'l Bank, 388 F.Supp.2d 223, 232 (S.D.N.Y.2005) (“a survey as to the potential consumer confusion may be weighed when considering the likelihood of confusion”) (citing Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 259 (2d Cir.1987)); Jordache Enterprises, Inc. v. Levi Strauss & Co., 841 F.Supp. 506, 518 (S.D.N.Y.1993) (“Evidence of actual confusion consists of (1) anecdotal evidence of confused consumers in the marketplace; and (2) consumer survey-evidence”).

Here, the parties each conducted surveys. L'Oréal engaged George Mantis, who conducted two surveys. Mantis's first survey was a national mall intercept conducted in each of the nine Census districts with 324 individuals who had a stated intention to purchase a men's fragrance product in the next six months. Mantis' first survey used a replica of the USPA Parties' fragrance as shown in Exhibit B of the USPA's declaratory judgment complaint. (PRL Ex. 9 at 150–51.) The control group was shown a Mustang Blue cologne package and product. *Id.* at 152–53. That cologne comes in metallic blue box and displays a horse in profile set against a black and silver grate, with “MUSTANG BLUE” below. Survey noise was estimated based on the proportion of survey respondents who associated the control sample with PRL (PRL Ex. 9 at 4), and subtracted from the reported confusion levels to produce a “net confusion” figure.

*13 Mantis' second survey followed the same methodology, but with two different test samples, due to USPA's stipulated change in the color to be used for their packaging. The survey involved over 500 individuals drawn from the nine census districts. (Tr. 86:15–17). Both test samples in the second Mantis' survey displayed the Double Horsemen Trademark, one bearing “U.S. POLO ASSN.” arched above and “1890” below (PRL Ex. 10 Ex. E); and the other bearing “USPA” below (PRL Ex. 10 Ex. E). Both test marks appeared on beige packaging. The same Mustang Blue cologne and packaging was used as the control. (PRL Ex. 10 Ex. G.)

Mantis' first survey found 32.4% gross confusion and 4.6% confusion in the control group, resulting in a net confusion level of 27.8%. This represents the controlled portion of those who believed the fra-

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grance bearing the Double Horsemen Mark with “U.S. POLO ASSN.” arched above and “1890” below on blue packaging was put out by, connected to, or authorized by Polo Ralph Lauren. (PRL Ex. 9 at 2.)

The second Mantis survey found gross confusion levels of 25.9% for the use of USPA's Double Horsemen Trademark in combination with “U.S. POLO ASSN.” above and “1890” below, on a beige background, as well as 21.2% gross confusion for the use of the Double Horsemen in combination with “USPA” below, on a beige background. (PRL Ex. 10 at 6.) Mantis found 3.4% confusion for the Mustang control product. This equates to 22.5% net confusion for the “U.S. POLO ASSN.” test product and 17.8% net confusion for the “USPA” test product.

The USPA Parties presented a survey conducted by Dr. Myron Helfgott, which involved interviews with 1,000 respondents in shopping malls in ten geographically dispersed metropolitan areas. (USPA Ex. 48.) The sample was screened to consist of men and women between the ages of 18 and 35 who reported that they are likely to purchase a men's fragrance product costing \$20 to \$30 in the next six months. In each interview, respondents were shown a bottle and carton for a men's fragrance, which they were told sells for \$24.99.

The Helfgott survey tested three fragrance packages, all set on beige packaging with gold lettering: (1) the Double Horsemen logo with “USPA” beneath, (2) the Double Horsemen logo with “U.S. POLO ASSN.” beneath, and (3) the Double Horsemen logo with “U.S. POLO ASSN.” arched above and “1890” below. Helfgott used two controls. One sported identical packaging and gold ink to the three tested fragrances, except instead of the Double Horsemen logo, the control featured USPA's horsehead mark, which consists of a picture of a horse's head in an oval shape formed by a stylized horseshoe, with “U.S. POLO” arched above. The second control is a fragrance which presents a gold embossed polo player astride a horse, facing directly to the viewer's right, with “Beverly Hills” arched above and “Polo Club” below. The logo and word mark are in gold and set in a red box. The packaging is black.

*14 The Helfgott survey found 28% gross confusion with the Double Horsemen logo with “USPA”

beneath; 27% gross confusion with the Double Horsemen logo with “U.S. POLO ASSN.” beneath; and 25.5% gross confusion with the Double Horsemen logo with “U.S. POLO ASSN.” arched above and “1890” below. (USPA Ex. 48 at 2.) The survey found 28.5% confusion with the USPA's horsehead mark control and 32% confusion with the Beverly Hills Polo Club control. (*Id.*) The Helfgott survey concluded that because confusion levels for the test products were similar to or lower than confusion levels provoked by the controls, net confusion was zero for all test products and “the source of the measured test product confusion was something **other** than the presence of the double horsemen illustration.” (USPA Ex. 48 at 13.) Because the level of confusion associated with the three test products did not exceed the level of confusion caused by the Beverly Hills Polo Club control, Helfgott concluded that “[t]here is not residual confusion.” (*Id.* at 14.)

The parties dispute the methodology of each other's surveys. Specifically, the PRL Parties assert that Dr. Helfgott's first survey question, which stated that respondents were being shown a fragrance that costs \$24.99 and limited respondents to what “organization” put out the product, *id.* at 8, likely affected the way that those surveyed responded. In addition, the PRL Parties contend that Helfgott's screening method, which limited respondents to those with the intent to purchase a fragrance in the \$20 to \$30 price range, preconditioned respondents by referencing price. Dr. Helfgott acknowledged at trial that his tipping off respondents to a price range could have affected responses (Tr. 401:17–402:7 (Helfgott)), and that the proper sample in a forward looking confusion survey consists of those likely to purchase in the product category, not only prospective purchasers of one company's products. (Tr. 405:1–19 (Helfgott).) The Helfgott study's screening for those intending to purchase a men's fragrance in the \$20–\$30 range; the inclusion of cost in Helfgott's first question; and that the study's first question limited survey responses to “organization”, all preconditioned his survey respondents.

The PRL Parties also criticize the Helfgott study on the basis that Bill Bartlett of Suburban was responsible for reading the questionnaires and deciding how each of the responses on those questionnaires should be coded *i.e.*, confused or not confused (Tr. 375:14–16; 433:4–7 (Helfgott)), and Dr. Helfgott

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conceded that he personally did not review all the questionnaires. (Tr. 432:23–433:3 (Helfgott).) However, Dr. Helfgott testified that he did discuss how to code certain of the survey responses Mr. Bartlett deemed problematic and read to him over the telephone, and the Court credits that testimony. (Tr. 406:25–407:6, 407:16–22 (Helfgott).) More problematically, the report that Dr. Helfgott prepared did not contain a “verbatim” section that set out the responses of interview respondents recorded on the questionnaires by the interviewers during the survey interviews, such that the Court is not able to independently determine whether the responses were properly classified.

*15 The most significant error in the Helfgott study was its choice of control variables. Without a proper control, there is no benchmark for determining whether a likelihood of confusion estimate is significant or merely reflects flaws in the survey methodology. “In designing a control group study, the expert should select a stimulus for the control group that shares as many characteristics with the control group as possible, with the key exception of the characteristic whose influence is being assessed.” J. Jacoby, [“Experimental Design and the Selection of Controls in Trademark and Deceptive Advertising Surveys,”](#) 92 *Trademark Rep.* 890, 920 (2002) (quoting the Federal Judicial Center’s Reference Manual on Scientific Evidence). Here, Helfgott’s controls were improper in that they included the very elements being assessed,^{FN13} namely, the word mark “POLO” and, in the case of the Beverly Hills Polo Club control, also a mounted polo player image.

The high levels of confusion elicited by Dr. Helfgott’s controls throw the study’s use into further doubt. (USPA Parties Ex. 48 (28.5% for Horse Head, 32% for Beverly Hills Polo Club).) See Jacoby, 92 *Trademark Reporter* 890, 931–32 (“[I]n the best of all possible worlds, it would not be desirable for a control to yield confusion estimates that exceeded 10%. If it did, the control itself would begin to reach an actionable level of confusion and its utility as a control thereby compromised.”). Dr. Helfgott was not in substantial disagreement. He testified that the Beverly Hills Polo Club sample really did not act as a control. (Tr. 436:21–437:7 (Helfgott).^{FN14}) The USPA Parties argue that surveys using controls that generate confusion levels in excess of 20% have been used and accepted. However, those controls were used in

surveys different from those here, in which the survey respondents were shown both the plaintiff’s product and the defendant’s product bearing the mark. See [Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt. Inc.](#), 618 F.3d 1025, 1036 (9th Cir.2010) (side-by-side product comparison); [Edison Bros. Stores, Inc. v. Cosmair, Inc.](#), 651 F.Supp. 1547, 1559 (S.D.N.Y.1987) (same). Studies using that methodology generally produce higher levels of confusion. See Phyllis J. Welter, TRADEMARK SURVEYS § 6.01[4] (Release # 6, June 1999). The results of those studies therefore cannot be properly compared with the studies here.

Dr. Helfgott’s survey is further limited in its utility because it permitted respondents to “correct for confusion” by reading the label back to the interviewer, and allowed respondents to view the test samples for 8–10 minutes while being questioned. (Tr. 387:23–388:1; 388:2–20; 390:16–391:12 (Helfgott).) In sum, due to its significant drawbacks, the Court gives the Helfgott study no weight.

With regard to the Mantis surveys, the USPA Parties contend that Mantis’ first survey question was leading. That question asked “Who or what individual, company or organization makes or puts out this product?” after respondents were shown USPA’s packaging and product. (PRL Ex. 9 at 5.) That form and sequence of questioning has become standard methodology in trademark infringement surveys, however, following the methodology used in [Union Carbide Corp. v. Ever-Ready, Inc.](#), 531 F.2d 366 (7th Cir.1976) cert. denied, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976) (approving what is now known as the “Ever-Ready” test). USPA’s reliance on [Smith v. Wal-Mart Stores, Inc.](#), 537 F.Supp.2d 1302 (N.D.Ga.2008), is misplaced. There, the survey question required the respondent to answer “which company or store do you think puts out this shirt?” despite the fact that the defendant was an individual. Omitting a possible choice (there, “individual”), where it was not only relevant but also was the choice being tested, was found to be inappropriate. Here, Mantis *included*, not omitted, all reasonable choices, and allowed the respondent to provide his/her genuine answer. The first Mantis survey question therefore was not misleading. This finding is confirmed by the relatively similar levels of gross confusion found by both Mantis’ and Helfgott’s surveys.

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*16 The USPA Parties' criticisms that the Mantis study did not screen for price are meritless. USPA was not marketing the product at the time and its price was unknown. (Tr. 89:7–15 (Mantis).) As Dr. Helfgott principally acknowledged (Tr. 405:1–25 (Helfgott)), it was proper for Mantis not to screen for price.

The USPA Parties additionally dispute the appropriateness the Mantis study's control, arguing that the Mustang mark was too famous to act as a proper control. However, the Mantis control replicated market conditions in so far as the Mustang product is currently on the market, did not contain any of the elements being assessed, provided the survey respondent the opportunity for guessing, contained a symbol of a horse and, with respect to the first survey, was the same color as the test sample. While the Mantis survey's control could have perhaps shared more features with the test product in terms of the shape and material of the fragrance box, the Court gives some weight to its results.

The confusion levels ascertained by the Mantis surveys have been accepted as indicative of likelihood of confusion by other courts in this Circuit. See *Kraft General Foods, Inc. v. Allied Old English, Inc.*, 831 F.Supp. 123, 130 (S.D.N.Y.1993) (discussing a mall intercept survey that indicated net confusion of twenty-six percent (26%) and finding the “extreme demonstration of confusion evidenced by the survey demonstrates Kraft's likelihood of success on the merits, as even a substantially lesser showing of confusion would support Kraft's motion for a preliminary injunction”). See also *Empresa Cubana del Tabaco v. Culbro Corp.*, 70 U.S.P.Q.2d 1650 (S.D.N.Y.2004), *rev'd on other grounds*, 399 F.3d 462 (2d Cir.2005) (confusion rate of 15%–21% indicates a likelihood of confusion); *Energybrands, Inc. v. Beverage Marketing USA, Inc.*, No. 02 CIV. 3227(JSR), 2002 WL 826814 (S.D.N.Y. May 1, 2002) (17% net confusion warranted grant of preliminary injunction); *Volkswagen Astiengesellschaft v. Uptown Motors, No. 91 Civ. 3447(DLC)*, 1995 WL 605605 (S.D.N.Y. May 11, 1995) (two surveys showing 17.2% and 15.8% net confusion justified grant of injunction).

The Mantis surveys are appropriately suggestive of actual confusion. Accordingly, this factor weighs in the PRL Parties' favor.

6. USPA's Intent in Adopting Its Mark

“Courts and commentators who have considered the question equate a lack of good faith with the subsequent user's intent to trade on the good will of the trademark holder by creating confusion as to source or sponsorship.” *EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolos Inc.*, 228 F.3d 56, 67 (2d Cir.2000) (citations omitted) (noting inquiry is “whether defendant in adopting its mark intended to capitalize on plaintiff's good will”). “Bad faith generally refers to an attempt by a junior user of a mark to exploit the good will and reputation of a senior user by adopting the mark with the intent to sow confusion between the two companies' products.” *Starbucks v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir.2009) (quoting *Star Industries*, 412 F.3d at 388). Under this factor, “the ‘only relevant intent is intent to confuse.’ ” *Id.* (quoting 4 McCarthy on Trademarks § 23.113).

*17 [18] Bad faith can be found where prior knowledge of the senior user's mark or trade dress is accompanied by similarities so strong that it seems plain that deliberate copying has occurred. *Paddington Corp. v. Attiki Imps. & Distrib., Inc.*, 996 F.2d 577, 587 (2d Cir.1993) (“Intentional copying, of course, does not require identical copying. Where the copier references the prior dress in establishing her design with the apparent aim of securing the customers of the other based on confusion, intentional copying may be found.”).

[19] Here, USPA was undoubtedly fully familiar with the PRL Parties' marks and trade dress, given the extensive history of trademark litigation between the parties. USPA's intent to capitalize on PRL's reputation and goodwill can be inferred from its decision to adopt a mark that is so strikingly similar to the PRL Polo Player Logo and initially employ the same color and similar trade dress to that used for PRL's most popular fragrance line sold under the Polo Player Logo. (Tr. 55:10–21 (Marino); PRL Parties Exs. 16 and 27.) The explanation given by USPA's President, Mr. Cummings, to explain its initial adoption of similar blue trade dress is not persuasive. Cummings testified that blue packaging was used because USPA had adopted blue trade dress, namely on the inseam and waistband labels and hangtags of certain articles in its apparel lines, and USPA believed that using blue packaging would better enable consumers to

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identify the product as USPA's. (Tr. 215:8–218:2 (Cummings)).

Notably, USPA could have avoided this situation entirely by choosing a logo that depicts a polo player in a position and from a perspective that differs from the Polo Player Logo with a more clearly distinct form of packaging (e.g. initially utilizing a different color, non metallic ink, and with no thin matching border edging). But it chose not to do so. That the USPA Parties and their licensee did not have any expertise in purveying fragrances or develop a strategic business plan, a budget, or sufficient funding for advertising; and that they worked with a licensee which would not disclose its name because it was concerned, as USPA was aware, that it might be dragged into a lawsuit with Ralph Lauren and had been unable to find sublicensees due to threat of a trademark action (Tr. 270:22–277:10 (Cummings)) further indicates that the USPA Parties intended to capitalize on PRL's reputation and goodwill—instead of building their own. Therefore, the Court finds that USPA adopted its mark with the intention of capitalizing on PRL's reputation and goodwill.^{FN15}

7. The Quality of USPA's product

Under the seventh *Polaroid* factor calls for an examination of the quality of USPA's fragrance product. The Court makes no findings on this issue, as neither USPA nor the PRL Parties proffered evidence in this regard, and the USPA Parties' product was pulled from the market nearly immediately after being introduced.

[20] However, it is the loss of control over quality that is the real gravamen of this factor. Accordingly, “a senior user may sue to protect his reputation even where the infringer's goods are of top quality.” *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259, 260 (2d Cir.1987). A senior user, “is not required to put its reputation in [a junior users] hands, no matter how capable those hands may be.” *Id.* (quoting *James Burrough, Ltd. v. Ferrara*, 6 Misc.2d 692, 165 N.Y.S.2d 825, 826 (Sup.Ct.1957)). At the same time, courts in this Circuit have found that similarity in the quality of the products may create an even greater likelihood of confusion as to source inasmuch as consumers may expect products of similar quality to emanate from the same source. See generally *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F.Supp.2d 410, 420

(S.D.N.Y.2002) (discussing the two ways in which quality of the junior user's product has been analyzed); *Paco Sport, Ltd. v. Paco Rabanne Parfums*, 86 F.Supp.2d 305, 325–26 (S.D.N.Y.2000) (same); *Jordache Enterprises, Inc.*, 841 F.Supp. 506, 520 (S.D.N.Y.1993) (stating that because parties both manufacture quality apparel, the senior user need not be concerned about reputational harm due to tarnishment, but that the equivalent quality of the products “supports the inference that they emanate from the same source”).

*18 Thus, while this factor is neutral, either reasoning might additionally support the PRL Parties' claims.

8. The Sophistication of Fragrance Buyers

[21] “Generally, the more sophisticated and careful the average consumer of a product is, the less likely it is that similarities in trademarks will result in confusion concerning the source or sponsorship of the product.” *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1046 (2d Cir.1992). Although it may be that purchasers of expensive fragrances are typically found to be somewhat sophisticated consumers, see, e.g., *Nina Ricci, S.A.R.L. v. Gemcraft Ltd.*, 612 F.Supp. 1520, 1529 (S.D.N.Y.1985), there is nothing in the record to indicate that purchasers of low- to mid-priced fragrances at low- to mid-range retailers are comparably sophisticated. The USPA Parties state that they will sell their apparel and other products at Sears and similar mid-tier merchandisers at price points below those of the PRL Parties. In so far as this will be the case, prospective purchasers of the USPA Parties' products may nonetheless be confused into believing that USPA's product is an authorized “down market” version or extension of the PRL Parties' fragrance products, or that USPA and the PRL Parties are otherwise affiliated. See *Nikon Inc. v. Ikon Corp.*, 987 F.2d 91, 95 (2d Cir.1993) (affirming district court's finding that consumers of lower-end products were less sophisticated and “could be confused about an affiliation between the products.”).

[22] “Where a second-comer acts in bad faith and intentionally copies a trademark or trade dress, a presumption arises that the copier has succeeded in causing confusion.” *Paddington Corp.*, 996 F.2d at 586–87 (citing *Warner Bros. Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 246–47 (2d

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[Cir.1983](#)); [Perfect Fit Industries, Inc. v. Acme Quilting Co., Inc.](#), 618 F.2d 950, 954 (2d Cir.1980); [Bristol-Myers Squibb](#), 973 F.2d at 1044-45; [Charles of the Ritz Group Ltd. v. Quality King Distributors, Inc.](#), 832 F.2d 1317, 1322 (2d Cir.1987)). This factor therefore cuts in the PRL Parties' favor.

Weighing the Factors

[23] Weighing the various [Polaroid](#) factors and based on the evidence presented at trial, the Court finds that USPA's use of the Double Horsemen Mark along with the word mark "U.S. POLO ASSN." in the context of men's fragrances creates a strong likelihood of confusion with the PRL Parties' products. The marks are so similar that it is likely that consumers would be confused, whether by believing that PRL had authorized a down market product or by confusing the products outright.

II. State Law Claims

[24] "[T]he standards for Section 43(a) claims of the Lanham Act and unfair competition claims under New York Law are almost indistinguishable." [Tri-Star Pictures, Inc. v. Unger](#), 14 F.Supp.2d 339, 363 (S.D.N.Y.1998); see also [Genesee Brewing](#), 124 F.3d at 149; [Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.](#), 937 F.Supp. 204, 208-09 (S.D.N.Y.1996). The only additional element that must be shown to establish a claim for unfair competition under the common law is bad faith. [Girl Scouts v. Bantam Doubleday Dell Publ'g Group, Inc.](#), 808 F.Supp. 1112, 1131 (S.D.N.Y.1992), *aff'd*, 996 F.2d 1477 (2d Cir.1993) ("Under New York law, common law unfair competition claims closely resemble Lanham Act claims except insofar as the state law claim may require an additional element of bad faith or intent") (internal quotations omitted); [Jeffrey Milstein, Inc. v. Greger, Lawlor, Roth, Inc.](#), 58 F.3d 27, 34-35 (2d Cir.1995) ("[T]he essence of unfair competition under New York common law is the bad faith misappropriation of the labors and expenditures of another, likely to cause confusion or to deceive purchasers as to the origin of the goods").

*19 [25] Since the PRL Parties have demonstrated a likelihood of confusion between the parties' marks under their Lanham Act claims and USPA intended to capitalize on PRL's reputation and goodwill, the PRL Parties prevail on their unfair competition claims as well.

Because the PRL Parties have prevailed on their Lanham Act and unfair competition claims, the Court need not reach the parties' additional state law claims in order to issue a permanent injunction. The scope of the relief sought—an injunction prohibiting the US-PA Parties from using the "U.S. POLO ASSN." name in conjunction with the Double Horsemen mark in men's fragrances—is identical regardless of whether the PRL Parties would succeed on any of their additional claims.

III. Permanent Injunctive Relief

[26] Traditionally, in trademark infringement actions in this Circuit, a party seeking a permanent injunction "must succeed on the merits and show an absence of an adequate remedy at law and irreparable harm if the relief is not granted." [Gayle Martz, Inc. v. Sherpa Pet Group, LLC](#), 651 F.Supp.2d 72, 84-5 (S.D.N.Y.2009) (citing [Roach v. Morse](#), 440 F.3d 53, 56 (2d Cir.2006)). However, the Second Circuit's recent decision in [Salinger v. Colting](#), 607 F.3d 68, 74-75, announced in the context of a copyright infringement action that this standard for injunctive relief had been abrogated by [eBay, Inc. v. MercExchange, L.L.C.](#), 547 U.S. 388, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006). The Second Circuit held that a preliminary injunction should issue where the plaintiff has shown a likelihood of success on the merits ^{FN16} and that: (1) "he is likely to suffer irreparable injury in the absence of an injunction"; (2) "remedies at law, such as monetary damages, are inadequate to compensate for that injury"; (3) the balance of hardships tips in his favor; and (4) "the 'public interest would not be disserved' by the issuance of a preliminary injunction." [Salinger v. Colting](#), 607 F.3d 68, 80 (2d Cir.2010) (citing [eBay, Inc. v. MercExchange, L.L.C.](#), 547 U.S. 388, 391, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006)).

Although the holding in [Salinger](#) was explicitly "limited to preliminary injunctions in the context of copyright cases," [Id.](#), 607 F.3d at 78 n. 7, the Court saw no reason why "[eBay](#) would not apply with equal force to an injunction in *any* type of case." [Id.](#) at 78 n. 7 (emphasis in original). And the panel noted that "[eBay](#) strongly indicates that the traditional principles of equity it employed are the presumptive standard for injunctions in any context." [Id.](#) at 78.

While the Second Circuit has not yet spoken on this issue in the context of trademark infringement

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actions,^{FN17} *Salinger* suggest that these cases should be analyzed under the standards for injunctive relief articulated by the Supreme Court in *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 126 S.Ct. 1837, 164 L.Ed.2d 641 (2006). This Court agrees with other courts in this Circuit to have considered *Salinger's* applicability to trademark actions that there appears to be no principled reason not to adopt the newly announced standard in the trademark context. See *Pretty Girl, Inc.*, --- F.Supp.2d at ---, 2011 WL 887993, at *2; *New York City Triathlon LLC v. NYC Triathlon Club, Inc.*, 704 F.Supp.2d 305, 328 (S.D.N.Y.2010).

*20 Moreover, this Court recognizes that “ ‘a major departure from the long tradition of equity practice should not be lightly implied.’ ” *eBay*, 547 U.S. at 392, 126 S.Ct. 1837 (quoting *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 320, 102 S.Ct. 1798, 72 L.Ed.2d 91 (1982)). *Salinger* strongly suggested that *eBay's* standard applies in the context of any injunction, so long as Congress does not intend otherwise. 607 F.3d at 77–78 & n. 7. As in *eBay*, no Congressional intent to the contrary is evident here, but instead the reverse. See *eBay*, 547 U.S. at 391–92, 126 S.Ct. 1837. The Lanham Act expressly provides that federal courts “have power to grant injunctions, according to the principles of equity” in trademark infringement and dilution cases. 15 U.S.C. § 1116(a). Similarly, the Act expressly states that the senior owner of a mark “shall be entitled” to an injunction “subject to the principles of equity” with respect to dilution claims. 15 U.S.C. § 1125(c)(1).

Accordingly, the Court concludes that the four-factored injunction standard articulated in *eBay* and *Salinger* applies to this action.

A. Likelihood of Irreparable Injury

This Circuit has previously recognized a presumption of irreparable harm in trademark infringement actions. Even quite recently, the Circuit has held that as long as there has not been undue delay in bringing a claim, a “plaintiff who establishes that an infringer’s use of its trademark creates a likelihood of consumer confusion generally is entitled to a presumption of irreparable injury.” *Weight Watchers Int’l, Inc. v. Luigino’s, Inc.*, 423 F.3d 137, 144 (2d Cir.2005); *Zino Davidoff SA v. CVS Corp.*, 571 F.3d 238, 246 (2d Cir.2009). See also, *Dunkin’ Donuts Franchised Rests. LLC v. Tim & Tab Donuts, Inc.*,

No. 07–CV–3662 (KAM)(MDG), 2009 WL 2997382, at *8 (E.D.N.Y. Sept. 15, 2009) (irreparable injury “is automatically satisfied by actual success on the merits as irreparable harm is established by a showing of likelihood of confusion.”) (internal quotation and citation omitted).

Prior to *Salinger*, which eliminated an analogous presumption in the context of copyright claims,^{FN18} it was less clear whether *eBay's* elimination of the presumption of irreparable harm applied to trademark infringement actions. See also *Chloe v. DesignersImports.com USA, Inc.*, No. 07 Civ. 1791(CS)(GAY), 2009 WL 1227927, at *11 (S.D.N.Y. April 30, 2009) (retaining pre- *eBay* presumption); *Montblanc–Simplo GmbH v. Colibri Corp.*, 692 F.Supp.2d 245 (E.D.N.Y.2010) (same). In light of *Salinger's* clarification that “ *eBay's* central lesson is that, unless Congress intended a ‘major departure from the long tradition of equity practice,’ a court deciding whether to issue an injunction must not adopt ‘categorical’ or ‘general’ rules or presume that a party has met an element of the injunction standard,” 607 F.3d at 77–78 & n. 7, the presumption of irreparable injury in trademark cases is no longer appropriate. See *Pretty Girl*, --- F.Supp.2d at --- & n. 4, 2011 WL 887993, at *2 & n. 4; *New York City Triathlon*, 704 F.Supp.2d at 342–43. Even without the presumption, however, the PRL Parties have adequately demonstrated irreparable harm here.

*21 [27] “Irreparable harm exists in a trademark case when the party seeking the injunction shows that it will lose control over the reputation of its trademark ... because loss of control over one’s reputation is neither ‘calculable nor precisely compensable.’ ” *New York City Triathlon*, 704 F.Supp.2d at 343 (internal quotation marks omitted) (quoting *Power Test Petroleum Distribs., Inc. v. Calcu Gas, Inc.*, 754 F.2d 91, 95 (2d Cir.1985)); *Omega Importing Corp. v. Petri–Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir.1971).

[28] Here, absent an injunction, given the likelihood of confusion between the Polo Player Logo and USPA’s Double Horsemen Trademark, the reputation and goodwill cultivated by PRL’s would be out of its hands. The USPA Parties’ product may or may not be of high quality, sold with sufficient care to customer service, or convey the same branding image that has been highly cultivated by Ralph Lauren. In

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any event, the impression given to consumers by the USPA Parties' product, and so the reputation and goodwill of the PRL Parties', will not be in PRL's control. The Court therefore agrees that though the harm the PRL Parties will suffer in terms of reputation and goodwill cannot be quantified, the PRL Parties will be irreparably injured in the absence of a permanent injunction.

B. Adequacy of Remedies at Law

[29] Because the losses of reputation and goodwill and resulting loss of customers are not precisely quantifiable, remedies at law cannot adequately compensate Plaintiff for its injuries. *See generally North-western Nat'l Ins. Co. of Milwaukee, Wisc. v. Alberts*, 937 F.2d 77, 80 (2d Cir.1991) (“The irreparable injury requisite for the preliminary injunction overlaps with the absent lack of adequate remedy at law necessary to establish the equitable rights.”). Accordingly, the court finds that remedies at law are inadequate to compensate the PRL Parties in this case.

C. The Balance of Hardships

[30] The equities weigh in the PRL Parties' favor. PRL has sold men's fragrances bearing the PRL Polo Player logo and POLO marks for over thirty years and has multiple registered trademarks for their use on fragrances. (Tr. 52:13–21.; PRL Ex. 14.) The substantial likelihood of consumer confusion and potential loss to PRL both in terms of sales and reputation threaten to cause the PRL Parties serious harm. In contrast, the USPA Parties have yet to enter the fragrance market in earnest. While 10,000 units of the USPA's product have been produced at their cost (Tr. 277:11–15), only approximately 3,500 of which were sold (Tr. 278:10–13), this is not so great as to outweigh the harm that would be done to the PRL Parties absent an injunction.

D. The Public Interest

[31] The consuming public has a protectable interest in being free from confusion, deception and mistake. *See New York City Triathlon*, 704 F.Supp.2d at 344 (“[T]he public has an interest in not being deceived—in being assured that the mark it associates with a product is not attached to goods of unknown origin and quality.”) (citing *SK & F. Co. v. Premo Pharm. Labs., Inc.*, 625 F.2d 1055, 1067 (3d Cir.1980)); *Gayle Martz*, 651 F.Supp.2d at 85.

*22 Because of the likelihood of consumer con-

fusion in this case, the public interest would be served by the issuance of an injunction, and this factor weighs in Plaintiff's favor.

Conclusion

The USPA Parties contend that the PRL Parties are attempting to monopolize the depiction of the sport of polo. No monopoly over the use of the word polo or its depiction exists. As Judge Sand noted, the PRL Parties do not have a right to take action with respect to the use of *any* equestrian figure or the word “polo.” *Sand Opinion*, 1984 WL 1309, at *17. As Judge Sand observed, and Judge Goettel before him, it is clear that “polo” is generic with regard to polo shirts and coats. *Id.* at *2. Polo may be descriptive as to other shirts and coats as well as to various uses with regard to the sport. Nothing in this order is intended to prevent the USPA Parties from using “polo” to the extent they do so generically or descriptively. There continue to be countless ways in which the sport of polo can be depicted without infringing on the PRL Parties' marks.

There is, in Judge Sand's words, clearly room in our vast society for both the USPA Parties and the PRL Parties to engage in licensing activities that do not conflict with one another, and nothing contained in this opinion should be construed as precluding such activities. *Id.* at *8. Nonetheless, to the extent the USPA Parties use “polo” in conjunction the Double Horsemen mark on fragrances, this is another matter. The USPA Parties use of “POLO” in conjunction with the Double Horsemen mark in the context here infringes the PRL Parties' substantive trademark rights.

Based on the findings and conclusions set forth above, the claims of the united states Polo Association Parties are dismissed and the PRL Parties are granted injunctive relief.

Submit judgment on notice. It is so ordered.

FN1. “Tr.” denotes a citation to the trial transcript.

FN2. “PRL Ex.” denotes a citation to a trial exhibit submitted by the PRL Parties, and “USPA Ex.” denotes a citation to a trial exhibit submitted by the USPA Parties.

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[FN3.](#) International Class 14 covers “[p]recious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewelry, precious stones; horological and chronometric instruments.” International Class 18 covers “[l]eather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and traveling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.” International Class 25 covers “[c]lothing, footwear, headgear.” See [37 C.F.R. § 6.1](#).

[FN4.](#) The PRL Parties do not pursue their dilution claims. PRL Parties Post-Trial Memorandum of Law at 1 n. 1.

[FN5.](#) Section 43(a) protects both registered and unregistered trademarks. [Rescuecom Corp. v. Google Inc.](#), 562 F.3d 123, 128 n. 3 (2d Cir.2009) (citing [Two Pesos, Inc. v. Taco Cabana, Inc.](#), 505 U.S. 763, 768, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992)).

[FN6.](#) Except as pertain to its findings regarding USPA's good faith, the Court's Lanham Act analysis is based upon USPA's use of the beige, not blue, trade dress, because the USPA Parties withdrew their use of blue trade dress during the course of this litigation (Dkt. 45), and represented to the Court that “as of March 17, 2010 they have ceased, and will not resume, use of the color blue as the principle color for the packaging of any of Plaintiffs' fragrance products.” (*Id.*; Oral Argument Transcript 48:23–24) (“We're not using it, never going to use it”). Were USPA to use blue trade dress, this might weigh more heavily in favor of the PRL Parties' claims because of the PRL Parties' use of blue trade dress in their best-selling POLO BLUE line (Tr. 39:11–25; 52:1–12, PRL Ex. 15), and Judge Sand's 1984 order prohibiting USPA's use of blue trade dress utilizing white or silver lettering or emphasizing the word “POLO.” (USPA Ex. 15 ¶¶ 8–9.)

[FN7.](#) USPA's Double Horsemen Mark did

not exist prior to 1996. Brand awareness of PRL's Polo Player Logo in 1984 was approximately 37%, 1984 Opinion at * *12–13, while today it is 82–85%. (PRL Ex. 13.) In 1984 PRL had only one fragrance product that displayed the Polo Player Logo, while today it has at least nine. (Tr. 36:8–37:21 (Marino); PRL Parties Exs. 26–35.)

[FN8.](#) Class 3 includes: “Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.” [37 C.F.R. § 6.1](#).

[FN9.](#) The Trademark Trial and Appeal Board also noted that the apparel litigation addressed the Double Horsemen with and without “USPA” beneath it for goods in International Classes 14, 18, 25, and 28 (respectively, precious metals/stones; leather and bags; clothing, footwear, headgear; games and sporting articles, see [37 C.F.R. § 6.1](#)) whereas the issue before it, as here, involves the use of the Double Horsemen with “U.S. Polo Ass'n” above and “1890” below for goods in Class 3. (PRL Ex. 110.)

[FN10.](#) The use of the word “POLO” might additionally produce less confusion in the apparel market, due to the greater use of attire to signal affiliation with a sports team or association than the use of fragrances, and possible differences in consumers in the two markets. In some instances, the word mark “POLO” and PRL's Polo Player Logo might also be considered more arbitrary with respect to fragrances than with respect to apparel, giving rise to greater distinctiveness and strength in the PRL Parties' mark in this context.

[FN11.](#) Other PRL Parties' fragrances are sold in mid-tier stores such as Kohl's and J.C. Penney. (Tr. 44:21–45:3.)

[FN12.](#) Sales of the USPA's product through USPA's retail outlets were *de minimis* in duration and scope. (Tr. 221:20–222:7; Tr. 278:10–13.)

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[FN13.](#) (See L'Oréal's counterclaims ¶¶ 36, 46, 47; PRL Parties Ex. 14; Docket Entry 52 at 2, 10.)

[FN14.](#) In relevant part the transcript reads:

Q. And in your report you referred to that control as a benchmark, isn't that right?

A. Yes.

Q. You can look at it.

A. Yes, yes, yes.

Q. But you don't—but the report doesn't describe what the benchmark was, right? I mean, what was the measurement that constituted the benchmark?

A. It was a likelihood of confusion response.

Q. So you would agree with me that it wasn't measuring what survey experts called background noise?

A. No, exactly. I agree with that.

(Tr. 436:21–437:7 (Helfgott).)

[FN15.](#) This is distinct from a finding that USPA knowingly acted unlawfully at least with regard to USPA's adoption of the Double Horsemen mark on fragrances. Whether or not the USPA Parties acted in reliance on the 1984 Order and 2006 apparel litigation in adopting the Double Horsemen with regard to fragrances, this is not in tension with the Court's finding that USPA adopted the mark, and for fragrances initially with trade dress that is strikingly similar to the POLO BLUE line, with the intention of capitalizing on PRL's reputation, goodwill, and any confusion between its and the PRL's product.

[FN16.](#) “The standard for a preliminary in-

junction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.” [Amoco Prod. Co. v. Village of Gambell](#), 480 U.S. 531, 546 n. 12, 107 S.Ct. 1396, 94 L.Ed.2d 542.

[FN17.](#) Prior to [Salinger](#), there was a split among the district courts about the applicability of the [eBay](#) standard to trademark cases. See [Gayle Martz, Inc. v. Sherpa Pet Group, LLC](#), 651 F.Supp.2d 72, 84–85 (S.D.N.Y.2009) (comparing [Microsoft Corp. v. AGA Solutions, Inc.](#), 589 F.Supp.2d 195, 204 (E.D.N.Y.2008) (applying [eBay](#) standard in trademark action) with [Patsy's Italian Restaurant, Inc. v. Banas](#), 575 F.Supp.2d 427, 464 & n. 25 (E.D.N.Y.) (declining to apply [eBay](#))).

[FN18.](#) “After [eBay](#) ... courts must not simply presume irreparable harm. Rather, plaintiffs must show that, on the facts of their case, the failure to issue an injunction would actually cause irreparable harm.” [Salinger](#), 607 F.3d at 82.

S.D.N.Y.,2011.

U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc.
--- F.Supp.2d ----, 2011 WL 1842980 (S.D.N.Y.)

END OF DOCUMENT

1 A. Simonson, Ph.D, 10/1/09
2 60 percent. 70 percent is usually the high. So
3 66 percent is a very high rate of recontact.

4 Q. That also means that 34 percent of the
5 people were never recontacted. Is that true?

6 A. It means you attempt 100 percent. And
7 you try three times. And you are able to get a
8 significant percentage, but not all of them.

9 So if 66 percent were successfully
10 recontacted, which is significantly above the norm,
11 you still have a certain percentage -- in this case
12 it would be 34 percent -- that were not able to be
13 recontacted.

14 Q. But of the 34 percent who could be
15 recontacted, how do you know they were ever
16 interviewed in the first place?

17 A. Well, you go by patterns and signals.

18 If you find one or two discrepancies out
19 of 66 percent, that would suggest to you that there
20 are not systemic problems in the survey.

21 If you found one market that repeatedly
22 fails in validation, you would find that in the
23 66 percent. Or you found one interviewer that had
24 some significant problems. You would find that.

25 I've never had a situation where you

1 A. Simonson, Ph.D, 10/1/09
2 don't have any pattern and somehow there's some
3 suggestion that there's a problem with the ones
4 that you can't recontact.

5 Q. Prior to doing the survey that's
6 described in your report, Exhibit 3, did you do any
7 pretests?

8 A. I did not.

9 Q. Did you do any pilot studies?

10 A. I did not.

11 Q. Did you do any field tests?

12 A. I'm not sure what that means, but I
13 don't believe I did.

14 Q. Well, did you test the questionnaire in
15 any way, shape, or form with somebody else before
16 you did the interviews in the field, the actual
17 interviews?

18 A. No. The answer to that is no.

19 Q. You never asked a question to somebody
20 in your office or somebody that you came in contact
21 with, just to see if it made any sense?

22 A. I did not ask the questions to
23 respondents. No. I asked them to myself, but not
24 to others.

25 Q. When you asked them to yourself, what do

H

2001 WL 930583 (Trademark Tr. & App. Bd.)

THIS DISPOSITION IS NOT CITABLE AS PRECEDENT OF THE T.T.A.B.

Trademark Trial and Appeal Board
Patent and Trademark Office (P.T.O.)

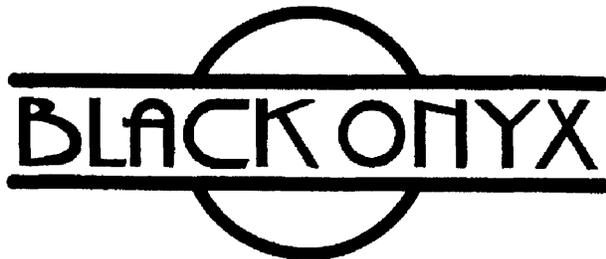
MANA PRODUCTS, INC.

v.

BLACK ONYX, INC.

Opposition No. 112,190
to application Serial No. 75/330,735 filed on July 25, 1997

August 15, 2001

[A. Thomas Kammer](#) and [R. Glenn Schroeder](#) of Hoffmann & Baron, LLP for Mana Products, Inc.[John H. Oltman](#) and [Frank L. Kubler](#) of Oltman, Flynn & Kubler for Black Onyx, Inc.Before Simms, Bottorff and [Drost](#)
Administrative Trademark Judges.
Opinion by Bottorff
Administrative Trademark Judge:Black Onyx, Inc., applicant herein, seeks registration on the Principal Register of the mark depicted below for goods identified in the application as “skin conditioner and shaving lotion, both of which eliminate skin bumps.”^[FN1]

Mana Products, Inc. has opposed registration of applicant's mark, alleging as grounds therefor that applicant's mark, as applied to applicant's goods, so resembles opposer's mark BLACK OPAL as to be likely to cause confusion, to cause mistake, or to deceive, and that it thus is barred from registration under Trademark Act Section 2(d), [15 U.S.C. §1052\(d\)](#). More particularly, opposer alleges prior use of its BLACK OPAL mark on various cosmetic and skin care products including pre-shave daily cleansers, desensitizing clear shave gels, after-shave relief lotions and razor bump recovery solutions, all marketed for the care and treatment of razor bumps, particularly to African-American men. Opposer also has pleaded ownership of Registration No. 1,949,678, which is of the mark BLACK OPAL, in typed form, for goods which include pre-shave cleansers, shave gels, after-shave lotions, and razor bump treatment gels.^[FN2]

Applicant answered the notice of opposition by denying the essential allegations thereof, by arguing that the parties' respective marks are not confusingly similar, and by alleging that priority rests with applicant, not opposer.^[FN3]

The record in this case consists of the pleadings; the file of the opposed application; status and title copies of three registrations owned by opposer, submitted by opposer via notice of reliance;^[FN4] encyclopedia entries for “opal” and “onyx,” submitted by opposer via notice of reliance; the testimony deposition of Sharon Garment, opposer's Vice-President of Marketing, and exhibits thereto; and the testimony deposition of Eddie Collins, applicant's president, and the exhibits thereto, many of which are the subject of a motion to strike by opposer. The case has been fully briefed, but no oral hearing was requested.

We turn first to opposer's motion to strike certain of the exhibits to the testimony deposition of applicant's president, Eddie Collins, i.e., Exhibit Nos. 1-6, 8 and 10-15.^[FN5] Opposer contends that these exhibits consist of documents which should have been produced by applicant in response to opposer's discovery requests, but were not.^[FN6] Applicant, for its part, argues that its failure to produce these documents during discovery is excusable due to the serious illness and hospitalization of Mr. Collins, applicant's president, and that the documents therefore should not be stricken.

*2 A party which fails to produce documents or information in response to its opponent's proper discovery requests will be precluded from introducing or relying on such documents or information at trial. See *Johnston Pump/General Valve Inc. v. Chromalloy American Corp.*, 10 USPQ2d 1671, 1677 (TTAB 1989); and *National Aeronautics and Space Administration v. Bully Hill Vineyards Inc.*, 3 USPQ2d 1671, 1672 n. 3 (TTAB 1987). We find that, with the exception of a few **documents** included in applicant's Exhibit 8, see *supra* at footnote 6, the **documents** in applicant's Exhibit Nos. 1-6, 8 and 10-15 are responsive to opposer's **discovery** requests and that they accordingly should have been **produced** during **discovery**, but were not. Applicant has not contended otherwise.

Mr. Collins' December 1997 illness and hospitalization, which occurred some nine months prior to the institution of this proceeding and some twenty months prior to the **close** of the **discovery** period, do not excuse applicant's failure to **produce** these **documents** to opposer prior to trial. Applicant clearly was able to **produce** some **documents** in response to opposer's **discovery** requests; it has not explained why it could not and did not **produce** all of the requested **documents**, either initially or by supplementation as required by [Fed. R. Civ. P. 26\(e\)](#), nor has it explained why it did not move to extend its time to respond to the **discovery** requests, if such extension of time was necessary.

In view of applicant's failure to produce the documents at issue during discovery, applicant is not entitled to rely on those documents at trial. See *Johnston Pump/General Valve Inc. v. Chromalloy American Corp.*, *supra*, and *National Aeronautics and Space Administration v. Bully Hill Vineyards Inc.*, *supra*.^[FN7] Accordingly, we hereby strike and shall give no consideration to Exhibits 1-6, 8 and 10-15 to the testimony deposition of Eddie Collins, except for those documents in Exhibit 8 identified *supra* at footnote 6.^[FN8]

We turn next to the merits of opposer's Section 2(d) ground of opposition to registration of applicant's BLACK ONYX (and design) mark. Opposer has made of record status and title copies of its pleaded Registration No. 1,949,678 of the mark BLACK OPAL. (Opposer's Notice of Reliance, filed November 8, 1999.) In view thereof, and because opposer's likelihood of confusion claim based thereon is not frivolous, we find that opposer has standing to oppose registration of applicant's mark. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 213 USPQ 185 (CCPA 1982). Moreover, inasmuch as opposer's pleaded registration is not the subject of a counterclaim or a separate petition to cancel by applicant, priority under Section 2(d) is not an issue in this case. See *King Candy Co., Inc. v. Eunice King's Kitchen, Inc.*, 496 F.2d 1400, 182 USPQ 108 (CCPA 1974).

*3 Our likelihood of confusion determination under Section 2(d) is based on an analysis of all of the probative facts in evidence that are relevant to the factors bearing on the likelihood of confusion issue. See *In re E.I. du Pont de Nemours and Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). In considering the evidence of record on these factors, we keep in mind that “[t]he fundamental inquiry mandated by §2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks.” *Federated Foods, Inc. v. Fort Howard*

[Paper Co.](#), 544 F.2d 1098, 192 USPQ 24, 29 (CCPA 1976).

Applicant has conceded that the goods identified in its application, “skin conditioner and shaving lotion, both of which eliminate skin bumps,” are similar to the “pre-shave cleansers, shave gels, after-shave lotions, razor bump treatment gels” identified in opposer’s pleaded Registration No. 1,949,678. (Applicant’s Brief at 5.) Indeed, we find that the parties’ respective goods are essentially identical. This factor weighs in favor of finding of likelihood of confusion.

There are no limitations or restrictions as to trade channels or classes of purchasers in either applicant’s or opposer’s identification of goods, so we must presume that the parties’ respective goods are sold in all normal trade channels and to all normal classes of purchasers for such goods, regardless of what the evidence might show the parties’ actual trade channels and classes of customers to be. *See, e.g., Canadian Imperial Bank of Commerce v. Wells Fargo Bank, N.A.*, 811 F.2d 1490, 1 USPQ2d 1813 (Fed. Cir. 1987). Because the parties’ respective goods, as identified in the application and the registration, are identical or highly similar, we find that they are or could be marketed in the same trade channels and to the same classes of prospective purchasers. This factor weighs in favor of a finding of likelihood of confusion.

Applicant concedes that the parties’ respective goods are inexpensive items which are purchased primarily on impulse rather than after careful deliberation. (Applicant’s Brief at 7.) This factor weighs in favor of a finding of likelihood of confusion.

Opposer argues that its mark is a famous mark which is entitled to a relatively broad scope of protection. We find that the evidence of record does not support that contention. Opposer’s sales and advertising figures (which have been submitted under seal pursuant to the parties’ protective agreement) are not so large as to qualify opposer’s mark as a “famous” mark within the meaning of the fifth *du Pont* likelihood of confusion factor. Moreover, there is no evidence as to opposer’s share of the relevant market. The burden of proving fame is on opposer, and we find that opposer has failed to carry that burden. Therefore, we find that this likelihood of confusion factor is neutral in this case.

*4 There is no evidence of record of any similar marks in use on similar goods. Applicant, in its brief, has identified an alleged third-party registration and several alleged pending intent-to-use applications. However, the registration and applications were not made of record during applicant’s testimony period, and they accordingly can be given no consideration. *See* TBMP §706.02. Moreover, even if they had been properly made of record, they would not constitute evidence that the marks depicted therein are in use or that the relevant public is familiar with them,^[FN9] and they thus are of no probative value in our likelihood of confusion analysis. *See, e.g., Olde Tyme Foods Inc. v. Roundy’s Inc.*, 961 F.2d 200, 22 USPQ2d 1542, 1545 (Fed. Cir. 1992). We find that the absence of any evidence of similar marks in use on similar goods belies applicant’s contention that opposer’s mark is weak or entitled to a narrowed scope of protection. This factor weighs in favor of a finding of likelihood of confusion in this case.

Opposer acknowledges that it is unaware of any instances of actual confusion between its mark and applicant’s mark. However, we reject applicant’s contention that this absence of actual confusion is weighty evidence against a finding of likelihood of confusion in this case. It is clear from applicant’s own assertions regarding the differences in the parties’ respective actual trade channels, and from the extremely limited nature and amount of applicant’s sales and advertising, that there has been no meaningful opportunity for actual confusion to have occurred. Therefore, the absence of evidence of actual confusion is entitled to no significant weight in this case. *See Gillette Canada Inc. v. Ranir Corp.*, 23 USPQ2d 1768 (TTAB 1992).

Finally, we turn to a determination of whether applicant’s mark and opposer’s mark, when compared in their entireties in terms of appearance, sound and connotation, are similar or dissimilar in their overall commercial impressions. The test is not whether the marks can be distinguished when subjected to a side-by-side comparison, but rather

whether the marks are sufficiently similar in terms of their overall commercial impression that confusion as to the source of the goods offered under the respective marks is likely to result. The focus is on the recollection of the average purchaser, who normally retains a general rather than a specific impression of trademarks. See [Sealed Air Corp. v. Scott Paper Co.](#), 190 USPQ 106 (TTAB 1975). Furthermore, although the marks at issue must be considered in their entireties, it is well-settled that one feature of a mark may be more significant than another, and it is not improper to give more weight to this dominant feature in determining the commercial impression created by the mark. See [In re National Data Corp.](#), 753 F.2d 1056, 224 USPQ 749 (Fed. Cir. 1985). Finally, where, as in the present case, the marks would appear on virtually identical goods, the degree of similarity between the marks which is necessary to support a finding of likely confusion declines. [Century 21 Real Estate Corp. v. Century Life of America](#), 970 F.2d 874, 23 USPQ 1698 (Fed. Cir. 1992).

***5** Comparing applicant's mark and opposer's mark in their entireties, we find that although the marks are not identical, they are more similar than dissimilar. The only points of distinction between the two marks are applicant's use of a background carrier design, and applicant's use of the word ONYX instead of the word OPAL as the second word of its mark. Those specific differences between the marks are insufficient to render the marks dissimilar in their entireties.

The dominant feature in the commercial impression created by applicant's mark is its wording, BLACK ONYX. It is that wording, and not the simple bisected circle design which serves merely as a background or carrier for the wording, which is likely to be recalled by purchasers in calling for the goods. See generally [In re Appetito Provisions Co., Inc.](#) 3 USPQ2d 1553 (TTAB 1987). Moreover, opposer's mark in Registration No. 1,949,678 is registered in typed form, such that opposer would be free to display its mark in all reasonable manners, including with a similar basic carrier device. See [Squirtco v. Tomy Corporation](#), 697 F.2d 1038, 216 USPQ 937 (Fed. Cir. 1983). In fact, the record shows that opposer has displayed its BLACK OPAL mark with such a circular carrier device on its men's product line (see, e.g., Garment depo., at Exhibit Nos. 37-39), and has registered the mark with a oval carrier design in connection with its women's product line (Registration No. 2,024,917; see *supra* at footnote 4). For these reasons, we find that the design feature in applicant's mark is entitled to relatively little weight in our comparison of the respective marks. See [In re National Data Corp.](#), *supra*.

Comparing the literal portions of the respective marks, we find that BLACK OPAL and BLACK ONYX are similar in terms of appearance and sound, and highly similar in terms of connotation. Both marks begin with the word BLACK, followed by a short four-letter word beginning with the letter "O." Although OPAL and ONYX are somewhat dissimilar in terms of appearance and sound, those dissimilarities are outweighed by the words' similarity in connotation, i.e., that of a gemstone. In their entireties, BLACK OPAL and BLACK ONYX have identical connotations, i.e., that of a "black gemstone." That connotation is arbitrary and strong as applied to these goods; as noted above, there is no evidence that any third parties use similar "gemstone" marks, much less "black gemstone" marks, on these types of goods.^[FN10] Purchasers, in recalling the marks, are likely to retain the general impression of "black gemstone," and perhaps not so likely to recall the particular gemstones named in each of the marks. Moreover, even if they are able to recall the difference in particular gemstones, the strength and arbitrariness of the "black gemstone" connotation is likely to lead them to mistakenly assume that BLACK OPAL and BLACK ONYX products originate from the same source.

***6** In short, although applicant's mark is not identical to the cited registered mark, we find that the marks in their entireties are sufficiently similar that confusion is likely to result when they are used on the identical and/or closely related goods involved in this case.

Having carefully considered the evidence of record with respect to each of the relevant *du Pont* evidentiary factors, we conclude that confusion is likely to result from applicant's use of its mark on its identified goods. To the extent that applicant, by its evidence or arguments, may have raised any doubt as to that conclusion, such doubt must be resolved against applicant and in favor of the prior registrant. See [In re Hyper Shoppes \(Ohio\) Inc.](#), 837 F.2d 840, 6 USPQ2d 1025 (Fed. Cir. 1988); [In re Martin's Famous Pastry Shoppe, Inc.](#), 748 F.2d 1565, 223 USPQ 1289 (Fed.

[Cir. 1984](#)).

Decision: The opposition is sustained.

FN1. Serial No. 75/330,735, filed July 25, 1997. The application is based on use in commerce under Trademark Act Section 1(a), [15 U.S.C. §1051\(a\)](#); October 1, 1984 is alleged as the date of first use of the mark anywhere, and November 1995 is alleged as the date of the first use of the mark in commerce.

FN2. Registration No. 1,949,678 issued on January 16, 1996. The goods identified in the registration also include skin retexturizing lotions, knee and elbow moisturizers, sunscreens, eyeshadows, blushes, foundation liquids, foundation cremes, foundation powders, face powders, lipsticks, eye pencils, lip pencils and mascara.

FN3. Applicant's allegation of priority constitutes an attack on the validity of opposer's pleaded registration which will not be heard in the absence of a counterclaim for cancellation of that registration. See [Trademark Rule 2.106\(b\)\(2\)](#), [37 CFR §2.106\(b\)\(2\)](#). Applicant has not filed any such counterclaim. Accordingly, applicant's arguments with respect to priority are irrelevant and have been given no consideration. As noted *infra* at page 7, priority is not an issue in this case because opposer has made its pleaded registration of record.

FN4. Only one of the three registrations made of record by opposer was pleaded in the notice of opposition, i.e., Registration No. 1,949,678. See *supra* at footnote 2. The other two registrations are: Registration No. 1,825,722, issued March 8, 1994, which is of the mark BLACK OPAL (in typed form) for “skin care products; namely, cleansers, toners, and moisturizing lotions; and facial treatment products; namely, beauty masks, blemish control gel and skin bleaching preparations”; and Registration No. 2,024,917, issued December 24, 1996, which is of the mark BLACK OPAL (in stylized form as depicted below)



for “skin care products, namely cleansers, toners, moisturizing lotions, and sunscreens; facial treatment products, namely beauty masks, blemish control gel, skin bleaching preparations and skin retexturizing lotions; eyeshadows, blushes, foundation liquids, foundation cremes, foundation powders, face powders, lipsticks, eye pencils, lip pencils and mascara.” Applicant did not object to opposer's introduction of these unpleaded registrations by notice of reliance, nor to opposer's witness's testimony regarding opposer's use of these registered marks (see Garment depo. at 4-8 and at Exhibit Nos. 1-2). In view thereof, and because applicant clearly was apprised that opposer was offering evidence of these registrations in support of its Section 2(d) claim, we find that applicant has impliedly consented to the trial of the issues raised by these unpleaded registrations, and we deem the notice of opposition to be amended to include those registrations. See [Fed. R. Civ. P. 15\(b\)](#); [37 CFR §2.107](#); and TBMP §507.03(b).

FN5. Opposer's motion to strike was filed on April 12, 2000. By order dated January 30, 2001, the Board deferred consideration of opposer's motion until final hearing. Cf. TBMP §718.03(c). Pursuant to the Board's instructions, opposer and applicant, in their briefs on the case, have renewed their respective arguments with respect to the motion to strike.

FN6. Opposer excepts from its motion to strike certain documents included in applicant's Exhibit 8, which applicant

in fact had produced during discovery. Those documents are applicant's invoice numbers 55448, 55422, 55423, 55420, 55435, 55412, 05053, 05097 and 55411.

FN7. [*Hewlett-Packard v. Human Performance Measurement, Inc.*, 23 USPQ2d 1390 \(TTAB 1992\)](#), cited by applicant, involved the untimely service of a testimony deposition transcript, not the failure to provide discovery. It thus is inapposite to the present case.

FN8. The stricken evidence was offered by applicant in support of its legally irrelevant priority claim. See discussion *infra* at page 7. Accordingly, even if the evidence had not been stricken, our decision in this case would have been the same.

FN9. This is especially so with respect to the third-party intent-to-use applications identified by applicant.

FN10. For this reason, [*Claremont Polychemical Corp. v. Atlantic Powdered Metals, Inc.*, 176 USPQ 207 \(CCPA 1972\)](#), asserted by applicant to be “directly on point,” is in fact readily distinguishable from the present case. The marks involved in that case, i.e., EVERGOLD and DURAGOLD, were found to be not confusingly similar because they both were weak, highly suggestive marks as applied to the relevant goods. There is nothing in the record from which we can conclude that opposer's BLACK OPAL mark is similarly weak or otherwise entitled to a narrow scope of protection.

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