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

Proceeding	91194375
Party	Plaintiff Mark Rice dba Games to Remember
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UNITED STATES PATENT AND TRADEMARK OFFICE

TRADEMARK TRIAL AND APPEAL BOARD

Opposition No. 91194375

Mark Rice dba Games To Remember

v.

Desert Sky Graphics Inc.

Response To Board Inquiry

Civil action between the above parties, Mark Rice d/b/a Games To Remember v. Brand Imports, L.L.C., Desert Sky Graphics, Inc., Dax Logue and Lauri Logie, Civil Action Case No. 09-CV-3254 in the United States District Court for the Northern District of Georgia, Atlanta Division is currently in the pre-trial phase. A Summary Judgment order by the Honorable Court was issued on March 4, 2011. Said order of the Court is attached herewithin.

Date: June 29, 2011

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

MARK RICE d/b/a Games to Remember,	:	
Plaintiff,	:	CIVIL ACTION NO.
v.	:	1:09-CV-3254-MHS
BRAND IMPORTS, L.L.C., et al.,	:	
Defendants.		

ORDER

This trademark infringement action is before the Court on several motions. The Court's rulings are set out below.

Background

Plaintiff Mark Rice d/b/a Games to Remember sells a specialty card game featuring stylized cartoon drawings of wild animals under the registered trademark ZOO MANIA, Registration No. 2,113,925. On November 20, 2009, plaintiff filed this action against Brand Imports, L.L.C., Desert Sky Graphics, Inc., and their principals, Dax and Lauri Logue, alleging that defendants were infringing his trademark by selling toy figures

AO 72A
(Rev.8/82)

using the names "Zoo Mania," "Jungle Mania," and "Sea Mania." Plaintiff also asserted claims for unfair competition, false designation of origin, and trademark dilution. He seeks injunctive relief as well as recovery of all profits realized by defendants from sales of the allegedly infringing products.

On June 14, 2010, defendants moved for partial summary judgment on plaintiff's claims insofar as they related to bulk vending machine products on the grounds that plaintiff could not show a likelihood of confusion between the marks at issue. Defendants' motion did not address plush toys for crane game vending machines, which defendants sold under the names "Zoo Mania" and "Zoo Mania 2."

On September 16, 2010, the Court granted defendants' motion for partial summary judgment as to plaintiff's trademark dilution claim and claims regarding the "Jungle Mania" and "Sea Mania" marks, all of which plaintiff had abandoned, but denied defendant's motion as to the other claims insofar as they related to defendants' use of the ZOO MANIA mark. In concluding that there was sufficient evidence of a likelihood of confusion to preclude summary judgment in favor of defendants, the Court relied in part

AO 72A
(Rev.8/82)

on a consumer survey conducted by Professor James T. Berger, a market research expert retained by plaintiff.

On November 4, 2010, defendants filed a motion to exclude the survey results and testimony of Prof. Berger together with a renewed motion for partial summary judgment as to defendants' bulk vending machine products. On the same date, defendants also filed a motion for partial summary judgment regarding defendants' plush products and a motion for summary judgment based on plaintiff's failure to submit sufficient evidentiary basis for recovery. Finally, on December 6, 2010, plaintiff filed a motion for Rule 11 sanctions against defendants.

Discussion

I. Motion to Exclude Prof. Berger's Survey Results and Testimony

Prof. Berger designed and conducted a survey of 200 adults at four shopping malls located in Chicago, Miami, Denver, and Los Angeles. In all four venues, survey participants were shown an array of the same five products: plaintiff's and defendants' Zoo Mania products and three other products with the word "Zoo" on the packaging. When asked which of the

AO 72A
(Rev.8/82)

products they believed were put out by the same company, 135 participants identified two or more products, and 45.9% of that number, or 31% of the 200 people surveyed, identified only plaintiff's and defendants' products as having the same source. Prof. Berger concluded that there was a likelihood of confusion in the marketplace as to the source of plaintiff's and defendants' products.

Relying on Rules 401, 402, 403, and 703 of the Federal Rules of Evidence and Daubert v. Merrell Dow Pharm., 509 U.S. 579 (1993), defendants contend that the Berger survey is fatally flawed and should be excluded as irrelevant and unreliable for four reasons: (1) Berger failed to present defendants' product in its proper consumer context, (2) Berger's questions were so ambiguous and biased that the answers cannot be interpreted as evidencing confusion as to the source of defendants' products, (3) Berger failed to use a control group to rule out alternative explanations for the survey participants' answers, and (4) Berger's survey failed to properly identify the universe or population from which respondents should be selected. Finally, defendants argue that the survey should also be

AO 72A
(Rev.8/82)

excluded because Prof. Berger misrepresented the actual data from the survey and relied on data that does not support his conclusions.

"Courts in the Eleventh Circuit typically decline to exclude likelihood of confusion surveys and instead consider a survey's technical flaws when determining the amount of evidentiary weight to accord the survey." Smith v. Wal-Mart Stores, Inc., 537 F. Supp. 2d 1302, 1334 (11th Cir. 2008)(citations omitted). After carefully considering the alleged deficiencies in Prof. Berger's survey, the Court finds that, while they may reduce the evidentiary weight to be accorded the survey, none is sufficiently egregious (either singly or collectively) to justify exclusion of the evidence. Accordingly, defendants' motion to exclude the survey and Prof. Berger's testimony is denied.

A. Proper Consumer Context

Defendants contend that the Berger survey failed to place defendants' product in the proper consumer context by (1) presenting defendants' product as though it was sold on retail store shelves rather than through bulk vending machines, and (2) placing plaintiff's and defendants' products side-

AO 72A
(Rev.8/82)

by-side even though they never appear side-by-side in commerce. The Court has already rejected the first contention. See Order of Sept. 16, 2010 at 14.[1] As to the second contention, none of the cases cited by defendants suggests that presenting an array of products in the manner of Prof. Berger's survey constitutes a fatal methodological flaw.

B. Unclear and Biased Questions

Defendants point out that in three of the four cities where the survey was conducted, Question 1 sought a yes/no/don't know answer to the question, "Which of these products, if any, are put out by the same company," even though this is not a yes/no/don't know question. In the fourth city, Los Angeles, this question was reworded to ask, "Do you believe that any o[f] these products are put out by the same company."

[1] Contrary to defendants' argument, this Court's ruling in Smith v. Wal-Mart Stores does not support their position. In Smith, Judge Batten refused to consider a survey as evidence of likelihood of confusion with regard to merchandise that was not "actually tested." 537 F. Supp. 2d at 1332, 1334. In this case, plaintiff does not contend that the Berger survey is evidence of likelihood of confusion with respect to any product not actually tested.

AO 72A
(Rev.8/82)

According to defendants' rebuttal expert, James H. Nelems, the use of this ambiguously worded question in three of the four venues produced biased results. Nelems Report at 10. According to Prof. Berger, however, the wording of the question was not confusing to the respondents, their responses were both accurate and reliable, and the different wording of the question in Los Angeles did not materially affect the survey results. Berger Decl. ¶¶ 14-15.

The Court concludes that the evidence does not establish that the wording of Question 1 rendered the survey results unreliable. Both Prof. Berger and Mr. Nelems are well-qualified market research experts whose qualifications have not been challenged. The fact that they disagree as to whether the wording of Question 1 significantly impacted the survey results presents an issue for the factfinder to resolve in determining what weight to give the survey.

In Mr. Nelems' opinion, Prof. Berger also biased the questioning process by telling the survey participants in advance to "pay special attention to the names of the products." Nelems Report at 5. Prof. Berger, however,

AO 72A
(Rev.8/82)

contends that "this was a proper instruction to ensure that the respondents based their answers on the trademarks they were being shown." Berger Decl. ¶ 19. In support of his contention, Prof. Berger quotes a leading authority on survey research. Id. ("Some surveys attempt to reduce the impact of preexisting impressions on respondents' answers by instructing respondents to focus solely on the stimulus as a basis for their answers. Thus, the survey . . . directs the respondent's attention to the mark at issue.")(quoting Shari S. Diamond, *Reference Guide on Survey Research, in* Reference Manual on Scientific Evidence 229, 256 (Federal Judicial Center 2nd ed. 2000)).

The Court concludes that the evidence does not establish that instructing survey participants to pay special attention to the products' names improperly biased their responses. Again, the opposing opinions of the parties' experts present an issue for the factfinder to resolve in determining the weight to be accorded the survey.

C. Control Group

Defendants argue that the survey is fatally flawed because Prof. Berger did not use a control group to account for alternative explanations for the

AO 72A
(Rev.8/82)

survey participants' responses. Prof. Berger, however, contends that a separate control group was not needed because the survey utilized "internal controls that served to rule out or minimize the potential influence of alternate explanations for the observed data." Berger Decl. ¶ 18. These internal controls included the other products in the array, the double-blind nature of the survey, the filter and probe questions included in the survey, the rotation of the products in the array between each interview, and the training of the interviewers. Id.

The Court concludes that the absence of a control group does not invalidate the survey's results. Defendants cite no authority holding that surveys conducted without a control group are inadmissible. Whether the internal controls utilized by Prof. Berger were sufficient to account for alternative explanations for participants' responses is a question to be resolved by the factfinder in determining the appropriate weight to accord the survey.

AO 72A
(Rev.8/82)

D. Survey Universe

Defendants contend that the Berger survey's universe – consumers age 18 or over who had purchased a product for children age 12 and under in the last 12 months or intended to purchase one in the next 6 months – was overly broad and improperly defined, because children between the ages of 3 and 7 are most likely to purchase their products. The Court previously rejected defendants' contention that the survey universe was overly *narrow* because it did not include children under *age 12*, who defendants previously claimed were the typical purchasers of products from bulk vending machines. Order of Sept. 16, 2010, at 13-14; see Defs.' Reply Br. filed Aug. 25, 2010, at 11.

Defendants have submitted no evidence to support their latest claim as to the proper survey universe. Their rebuttal expert acknowledged that he had no basis for his assumption that the target market for defendants' products was children ages 3-7, and he admitted that there are inherent problems in attempting to survey young children regarding concepts such as sponsorship and licensing. Nelems Dep. at 28-30; see Berger Decl. ¶ 21. Mr. Nelems also agrees with Prof. Berger that the relevant population for a likelihood of confusion survey in an infringement case is the actual or

AO 72A
(Rev.8/82)

prospective purchasers of plaintiff's and defendants' products, as well as people who influence those who make purchasing decisions. Nelems Dep. at 26-27; see Berger Decl. ¶ 20. Finally, although Mr. Nelems criticizes the age and gender demographics of the survey participants, he admits that he is aware of no research data suggesting an age or gender bias in the purchasing of children's toys or games. Nelems Dep. at 31-36.

Defendants also contend that even if the survey universe was properly defined, the number of responses relied on was too few to produce reliable results. Defendants note that Prof. Berger eliminated from his tabulation the responses by all 50 survey participants in Los Angeles to Question 2, which asked which products are associated with one another, because the question was asked improperly. Consequently, Prof. Berger relied on only 150 survey responses in tabulating the results for Question 2. Defendants, however, fail to cite any authority for their argument that "150 surveys is generally not viewed as a sufficient sample for a trademark confusion study." Br. in Supp. of Mot. to Exclude the Survey and Testimony of James T. Berger at 23. Generally speaking, "[c]onducting a survey with a number of respondents too small to justify a reasonable extrapolation to the target group at large will

AO 72A
(Rev.8/82)

lessen the weight of the survey," rather than barring its admission into evidence. 6 J. McCarthy, McCarthy on Trademarks and Unfair Competition § 32:171 (4th ed.).

The Court concludes that defendants have failed to establish that the survey is unreliable because of either the scope of the survey universe or the number of respondents. Once again, this is an issue to be considered by the factfinder in determining the weight to be accorded the survey.

E. Misrepresentation of Survey Questions

Defendants argue that the survey should be excluded because Prof. Berger's report misrepresented the questions that survey participants were asked by failing to disclose the difference in the wording of Question 1 in Los Angeles as compared to the other three venues. According to Prof. Berger, this discrepancy was unintentional and he was unaware of it at the time he prepared his report. Berger Decl. ¶ 15; Berger Dep. at 96. There is no evidence that Prof. Berger intentionally misrepresented the survey questions in his report.

AO 72A
(Rev.8/82)

The Court has already concluded that the discrepancy in the wording of Question 1 between Los Angeles and the other venues does not require exclusion of the survey but instead should be considered by the factfinder in determining the appropriate weight to accord the survey results. See Section I.B. supra. Defendants' attempt to characterize this discrepancy as a "misrepresentation," absent any evidence that it was anything other than inadvertent, does not alter that conclusion.

II. Renewed Motion for Partial Summary Judgment as to Defendants' Bulk Vending Machine Products

Defendants' renewed motion for partial summary judgment as to defendants' bulk vending machine products is based primarily on their contention that the Berger survey should be excluded or given no weight due to the defects identified by their rebuttal expert, Mr. Nelems. The Court has already rejected defendants' argument that the Berger survey should be excluded. See Section I supra. The Court also rejects defendants' contention that, even if admitted, the survey is entitled to no weight. The technical deficiencies alleged by defendants' rebuttal expert do not require such a finding. A reasonable factfinder could reject Mr. Nelem's criticisms of the

AO 72A
(Rev.8/82)

survey and accept Prof. Berger's explanations of his methodology. Thus, it is for the factfinder to determine the appropriate weight, if any, to be accorded the Berger survey.

Apart from using their rebuttal expert to challenge the Berger survey, defendants' renewed motion is a rehash of the arguments they previously raised and that the Court rejected in its Order of September 16, 2010. None of these arguments merits reconsideration.[2] Accordingly, defendants' renewed motion for partial summary judgment is denied.

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[2] For the first time, defendants cite the Eleventh Circuit's decision in Optimum Technologies, Inc. v. Henkel Consumer Adhesives, Inc., 496 F.3d 1231 (11th Cir. 2007), in support of their argument that third-party internet sales are irrelevant to the likelihood of confusion analysis. That case, however, did not even address likelihood of confusion but turned on whether the plaintiff had shown an unauthorized use of its trademark by the defendant. Id. at 1247. The court held that the plaintiff had failed to make the required showing because retailers, not the defendant, were responsible for commingling and mislabeling the parties' products on store shelves. Id. at 1244. That ruling has no relevance to this case, since there is no dispute that defendants are responsible for the unauthorized use of the "Zoo Mania" mark.

AO 72A
(Rev.8/82)

III. Motion for Partial Summary Judgment as to Defendants' Plush Products

Defendants move for summary judgment as to plush toys sold for use in coin-operated crane game vending machines under the names "Zoomania" and "Zoo Mania 2." The toys are plush versions of the plastic characters sold in bulk vending machine capsules. As they previously argued with respect to the bulk vending machine products, defendants contend they are entitled to summary judgment as to the plush products because plaintiff cannot show a likelihood of confusion between the marks.

The Court considers seven factors in determining whether there is a likelihood of confusion: "(1) type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties' retail outlets and customers; (5) similarity of advertising media; (6) defendant's intent; and (7) actual confusion." Caliber Auto. Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC, 605 F.3d 931, 935 (11th Cir. 2010)(quoting Aronowitz v. Health-Chem Corp., 513 F.3d 1229, 1239 (11th Cir. 2008)). "Of these, the type of mark and the evidence of actual confusion are the most important." Id.

AO 72A
(Rev.8/82)

The analysis with respect to five of these seven factors is the same for defendants' plush products as for their bulk vending machine products. First, as to type of mark, the "Zoo Mania" mark is a suggestive mark, which is the second strongest type of mark and therefore entitled to broad protection. Second, as to similarity of mark, despite some differences in coloring, font, size, and positioning, plaintiff's and defendants' marks consist of the same two words and are thus virtually identical. Third, as to similarity of the products the marks represent, both plaintiff's card game and defendants' plush products fall into the general category of toys or games primarily intended for children and thus are the kind of products that the public is likely to attribute to a single source. Fourth, as to defendants' intent, by adopting the "Zoo Mania" mark without first conducting a trademark search and by continuing to use the mark after learning of plaintiff's rights, defendants displayed improper intent through intentional blindness to the potential likelihood of confusion with plaintiff's mark. Fifth, as to similarity of advertising media, plaintiff and defendants do not use similar advertising media since defendants' advertising is limited to communications with vending machine owner/operators and to advertisements in trade publications and attendance at trade shows associated with the vending

AO 72A
(Rev.8/82)

industry, none of which is utilized by plaintiff since his product is not sold through vending machines. Thus, the first four factors weigh in favor of a finding of likelihood of confusion, while the fifth does not. See Order of Sept. 16, 2010, at 8-11, 15-16, 18-20.

As for the other two factors – similarity of retail outlets and customers and actual confusion – the evidence regarding defendants' plush products differs from the evidence regarding defendants' bulk vending machine products. Therefore, a different analysis of these two factors is required.

First, with regard to similarity of retail outlets and customers, defendants stipulated that their "Zoo Mania" bulk vending machine products have been sold from bulk vending machines located in the same retail locations where plaintiff's "Zoo Mania" card game has been sold. There has been no such stipulation with respect to defendants' plush products sold through crane game vending machines, and plaintiff has offered no evidence that defendants' plush products were sold in the same stores as plaintiff's card game. However, plaintiff need not show that he sells his products in precisely the same retail outlets. Gold Kist, Inc. v. ConAgra, Inc., 708 F.

AO 72A
(Rev.8/82)

Supp. 1291, 1301 (N.D. Ga. 1989). Moreover, it is logical to assume that bulk vending machines and crane game vending machines dispensing similar children's toys would be located in the same or similar retail outlets. Defendants have offered no evidence to the contrary. In addition, the evidence shows that, like defendants' bulk vending machine products, defendants' plush products and plaintiff's card game can be found on the same internet sites, such as Amazon.com. Finally, it is beyond dispute that the target market for both defendants' plush products and plaintiff's card game is young children. The Court concludes that there is sufficient evidence that plaintiff's card game and defendants' plush products are sold through similar retail outlets and to similar customers so that this factor weighs in favor of a finding of likelihood of confusion.

Second, with regard to actual confusion, plaintiff relied on Prof. Berger's survey as evidence of actual confusion as to the source of defendants' bulk vending machine products. Plaintiff has no survey evidence regarding defendants' plush products and admits that he has no other evidence of actual confusion regarding these products. "Although this factor is relevant," however, "it is well established that it is not necessary for [plaintiff] to

AO 72A
(Rev.8/82)

introduce *any* evidence of actual confusion in order to prevail – the test is a likelihood of confusion." Gold Kist, 708 F. Supp. at 1302 (citation omitted)(emphasis in original). Even absent evidence of actual confusion, the Court must still weigh all the relevant factors in determining whether there is sufficient evidence of a likelihood of confusion to preclude summary judgment for defendants.

In this case, five of the seven relevant factors weigh in favor of a finding of likelihood of confusion: (1) plaintiff's mark is a relatively strong, suggestive mark; (2) plaintiff's and defendants' marks are virtually identical; (3) plaintiff's and defendants' marks represent products of a kind that the public is likely to attribute to the same source; (4) plaintiff's and defendants' products are sold in the same or similar retail outlets and through the same internet channels of commerce; and (5) defendants were intentionally blind to the potential likelihood of confusion with plaintiff's mark. The Court concludes that, even absent evidence of actual confusion, there is sufficient evidence of a likelihood of confusion as to the source of plaintiff's card game and defendants' plush products to preclude summary judgment for

AO 72A
(Rev.8/82)

defendants. Therefore, defendants' motion for partial summary judgment as to their plush products is denied.

IV. Motion for Summary Judgment Based on Plaintiff's Failure to Submit Sufficient Evidentiary Basis for Recovery

Defendants move for summary judgment on the grounds that plaintiff has failed to present sufficient evidence to establish entitlement to any relief. Specifically, defendants argue that (1) recovery for trademark infringement requires plaintiff to show actual damages, which he has failed to do; (2) plaintiff's claim for injunctive relief is moot because defendants have voluntarily stopped using the "Zoo Mania" mark; and (3) an award of plaintiff's attorney's fees is not justified in this case.

In response, plaintiff acknowledges that he has no evidence of actual damages but argues that he need not show actual damages in order to obtain an award of defendants' profits, and that he has presented sufficient evidence to authorize such an award. As for injunctive relief, plaintiff argues that this issue is not moot because defendants still have an application to register the "Zoo Mania" mark pending before the Patent and Trademark Office, which

AO 72A
(Rev.8/82)

has been stayed pending the outcome of this litigation. Finally, plaintiff argues that he has submitted sufficient evidence to show that this is an exceptional case of trademark infringement justifying an award of attorney's fees.

The Court concludes that the law is clear that plaintiff may recover defendants' profits even though he has suffered no actual damage, and that plaintiff has presented sufficient evidence to create a genuine issue for trial as to his entitlement to an award of defendants' profits. The Court further concludes that plaintiff's claim for injunctive relief is not moot, and that there is sufficient evidence to preclude summary judgment on plaintiff's claim for attorneys' fees. Therefore, defendants' motion for summary judgment based on plaintiff's failure to submit sufficient evidentiary basis for recovery is denied.

A. Recovery of Profits Absent Evidence of Actual Damage

Title 15 U.S.C. § 1117 provides that a plaintiff who establishes infringement of his registered trademark "shall be entitled, . . . subject to the principles of equity, to recover (1) defendant's profits, (2) any damages

AO 72A
(Rev.8/82)

sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a). "The law in this Circuit is well settled that a plaintiff need not demonstrate actual damage to obtain an award reflecting an infringer's profits under § 35 of the Lanham Act, 15 U.S.C.A. § 1117." Burger King Corp. v. Mason, 855 F.2d 779, 781 (11th Cir. 1988)(citation omitted).

In support of their argument that, contrary to Mason, a lack of actual damage precludes a recovery of profits, defendants rely on language from the Eleventh Circuit's decision in Optimum Technologies, Inc. v. Henkel Consumer Adhesives, Inc., 496 F.3d 1231. In that case, Optimum claimed that the district court had erred in awarding Henkel Consumer Adhesives ("HCA") judgment as a matter of law on its trademark infringement and unfair competition claims arising from HCA's use of Optimum's trademark on its website. Id. at 1251. The district court had granted HCA's motion "based on its determination that Optimum had failed to establish a connection between the conduct (HCA's use of the mark on the website) and the expert's damages figure ($7.6 million)." Id. In reviewing this decision, the court of appeals stated: "As part of its case-in-chief, Optimum was required to establish that HCA's alleged Lanham Act violations proximately

AO 72A
(Rev.8/82)

caused it to suffer monetary damages." Id. at 1252 (citations omitted). From this statement, defendants leap to the conclusion that the court has tacitly overruled well-established circuit precedent and held for the first time that an absence of actual damage precludes any recovery whatsoever.

Defendants' argument is frivolous. The Optimum court's statement clearly concerned the plaintiff's ability to recover actual damages and did not in any way intimate that an inability to recover such damages would preclude a recovery of the defendant's profits. This is made abundantly clear not only from the context of the court's discussion – Optimum was seeking to recover actual damages and had introduced expert evidence on the subject – but also from the very cases cited by the court in support of the statement on which defendants rely. Both of the cases cited clearly state that an inability to prove actual damages does not preclude recovery of the defendant's profits. See Babbit Elecs., Inc. v. Dynascan Corp., 38 F.3d 1161, 1182 (11th Cir. 1982)("In order to recover damages *(apart from Babbit's profits)*, Dynascan must demonstrate that it suffered actual damages.")(emphasis supplied); Bandag, Inc. v. Al Bolser's Tire Stores, Inc., 750 F.2d 903, 919 (Fed. Cir. 1984)("[A]n inability to show actual damages does not alone preclude a

AO 72A
(Rev.8/82)

recovery under section 1117.") This is also made clear in the underlying district court decision, which the Eleventh Circuit affirmed. See Optimum Technologies, Inc. v. Henkel Consumer Adhesives, Inc., No. 1:04-CV-1082-TWT, 2006 WL 1663357, at *6 (N.D. Ga. June 14, 2006)("A plaintiff need not demonstrate actual damages in order to obtain an accounting for profits.").

Accordingly, the fact that plaintiff suffered no actual damage from defendants' alleged infringement does not preclude a recovery of defendants' profits if plaintiff makes the showing required to justify such an award. An accounting for profits is appropriate where (1) the defendant's conduct is a deliberate and willful violation; (2) the infringer is unjustly enriched; or (3) the sanction is necessary for future deterrence. Howard Johnson Co. v. Khimani, 892 F.2d 1512, 1521 (11th Cir. 1990)(citations omitted). Thus, although a showing of willful infringement or bad faith is grounds for recovering profits, such a showing of culpability is not a prerequisite to recovery, provided the plaintiff shows that the defendant is "purposely using the trademark." Mason, 855 F.2d at 781; see also Gold Kist, 708 F. Supp. at 1304 ("[T]he Eleventh Circuit does not require a higher showing of culpability, e.g., bad faith, malice, etc., in order to recover profits.").

AO 72A
(Rev.8/82)

In this case, there is sufficient evidence to preclude summary judgment for defendants on the issue of plaintiff's entitlement to an award of defendants' profits. The evidence shows that plaintiff registered the "Zoo Mania" mark in 1997; that defendants began using the mark in 2006 without first attempting to determine whether anyone else already had rights in the mark; that even after defendants discovered that plaintiff had such rights, they made no effort to contact plaintiff and continued to use the mark for at least several months; and that defendants have earned gross revenues of approximately $2.56 million on their sale of products using the "Zoo Mania" mark. This evidence is sufficient to authorize an award of profits on theories of unjust enrichment and need for deterrence, as well as willful infringement.[3]

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[3] This is not to say that an award of profits is necessarily appropriate in this case. At the summary judgment stage, the Court must confine its analysis to whether there is a genuine issue for trial. At the time of trial, assuming that plaintiff prevails on the merits of his claim, the Court must weigh the evidence and determine, "subject to the principles of equity," whether an award of profits is warranted. 15 U.S.C. § 1117(a). Even if it determines that an award is appropriate, the Court may, in its discretion, adjust the award if it finds that the amount "is either inadequate or excessive." Id.

AO 72A
(Rev.8/82)

B. Entitlement to Injunctive Relief

Defendants contend that plaintiffs' claim for injunctive relief is moot because they have ceased using the "Zoo Mania" mark. The Court disagrees. Although cessation of infringing conduct may moot a dispute, "the reform of the defendant must be irrefutable and total." 5 J. McCarthy, McCarthy on Trademarks and Unfair Competition § 30:11 (4th ed.). In this case, defendants continued to use the "Zoo Mania" mark after learning of plaintiff's rights and did not cease their use until after suit was filed. Even now, defendants continue to assert their right to use the mark, as evidenced by their pending application before the Patent and Trademark Office.[4] Under these circumstances, the Court finds that "the mere discontinuance of infringing conduct does not render injunctive relief inappropriate." Clayton v. Howard Johnson Franchise Sys., Inc., 730 F. Supp. 1553, 1558 (M.D. Fla. 1988)(citations omitted).

[4] In their reply brief, defendants indicate their willingness to consent to entry of an injunction, "[i]f this is the only issue preventing summary judgment in favor of Defendants." Reply Br. at 15. Of course, if defendants were otherwise entitled to summary judgment, there would be no issue of injunctive relief.

AO 72A
(Rev.8/82)

C. Recovery of Attorneys' Fees

In addition to other relief, "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party" in a trademark infringement action. 15 U.S.C. § 1117(a). "[A]n exceptional case is one that can be characterized as malicious, fraudulent, deliberate and willful, or one in which evidence of fraud or bad faith exists." Tire Kingdom, Inc. v. Morgan Tire & Auto, Inc., 253 F.3d 1332, 1335 (11th Cir. 2008)(citations and quotation marks omitted). The Court has previously found evidence that defendants demonstrated "intentional blindness" by failing to conduct a trademark search before beginning to use the "Zoo Mania" mark and by continuing to use the mark after learning of plaintiff's rights without any attempt to contact plaintiff or to explore the likelihood of confusion between the two marks. Order of Sept. 16, 2010, at 19-20. This evidence of defendants' bad faith is sufficient to create a genuine issue for trial as to whether this is an exceptional case and whether an award of attorneys' fees is justified.[5]

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[5] Again, this is not to say that an award of attorneys' fees would be appropriate, even if plaintiff ultimately prevails on the merits of his claims. As with the issue of recovery of defendants' profits, at this stage the Court confines its analysis to whether there is sufficient evidence to create a genuine issue for trial. Even if plaintiff ultimately prevails and the Court finds that the circumstances of this case are, in fact, exceptional, the decision whether to award attorneys' fees is (continued...)

AO 72A
(Rev.8/82)

V. Motion for Sanctions

Plaintiff moves for sanctions pursuant to Rule 11(c)(2) of the Federal Rules of Civil Procedure based on defendants' argument, advanced in support of their motion for summary judgment based on plaintiff's failure to present sufficient evidentiary basis for recovery, that "[s]ince there is no evidence of actual damages an accounting and award of the Defendants' profits cannot be recovered under 15 U.S.C. § 1117(a)(1)." Defs.' Mem. in Supp. of Mot. for Summ. J. at 6. Plaintiff contends that this argument directly contradicts the well-settled law of this circuit, that defendants advance no reasonable argument for a change in existing law, and that defendants quote out of context and intentionally misconstrue the Eleventh Circuit's holding in Optimum Technologies, Inc., 496 F.3d 1231, in an attempt to support this frivolous argument. In response, defendants contend that their argument in reliance on Optimum "has factual support and is a viable legal theory that cannot be determined to be objectively frivolous." Defs.' Opp'n to Pl.'s Mot. for Sanctions at 4.

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[5](...continued)
still discretionary. See Jellibeans, Inc. v. Skating Clubs of Ga., Inc., 716 F.2d 833, 846 (11th Cir. 1983)(citations omitted).

AO 72A
(Rev.8/82)

By filing any motion with the Court, an attorney certifies "that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances: . . . the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law." Fed. R. Civ. P. 11(b)(2). "If, after notice and a reasonable opportunity to respond, the court determines that Rule 11(b) has been violated, the court may impose an appropriate sanction on any attorney, law firm, or party that violated the rule or is responsible for the violation." Fed. R. Civ. P. 11(c)(1). "In assessing Rule 11 sanctions, a court first determines whether the party's claims are objectively frivolous – in view of the facts or law – and then, if they are, whether the person who signed the pleadings should have been aware that they were frivolous, i.e., whether he would have been aware had he made a reasonable inquiry." Pelletier v. Zweifel, 921 F.2d 1465, 1514 n.88 (11th Cir. 1991).

The Court has already found that defendants' argument was objectively frivolous. See Section IV.A. supra. The Court also finds that defendants' counsel should have been aware that the argument was frivolous. Even the

AO 72A
(Rev.8/82)

most cursory reading of the Optimum decision shows that it provides no support whatsoever for defendants' position. The portion of the Optimum decision cited by defendants concerned only the recovery of actual damages and did not even mention the recovery of profits. Nowhere did the court suggest that it was overruling well established circuit precedent holding that in a trademark infringement case a lack of actual damage does not preclude recovery of a defendant's profits. See, e.g., Mason, 855 F.2d at 781. Indeed, under the prior panel precedent rule, the Optimum court could not overrule this prior holding. See U.S. v. Sneed, 600 F.3d 1326, 1332 (11th Cir. 2010)("[A] prior panel's holding is binding on all subsequent panels unless and until it is overruled or undermined to the point of abrogation by the Supreme Court or this court sitting *en banc*.").

Defendants' counsel also could have easily ascertained that their argument was frivolous merely by referring to the cases relied on by the Optimum court in connection with the very discussion they cited. As previously discussed, both of those cases acknowledged that a defendant's profits could be recovered even in the absence of actual damage. See Section IV.A. supra. Also as previously discussed, reference to the underlying district

AO 72A
(Rev.8/82)

court opinion, which expressly recognized that profits could be recovered without actual damage, would have also confirmed the frivolousness of defendants' argument.

Pursuant to Rule 11(c)(2) of the Federal Rules of Civil Procedure, on November 9, 2010, plaintiff served defendants with a copy of his motion for sanctions and notified defendants of his intention to file the motion if, within 21 days, defendants did not withdraw their motion for summary judgment based on plaintiff's failure to present sufficient evidentiary basis for recovery. Defendants did not withdraw their motion but instead filed a reply brief in which they continued to argue that Optimum precluded a recovery of profits where there was no actual damage.[6]

Based on the Court's findings that the argument advanced by defendants' was objectively frivolous and that defendants' counsel should

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[6] Defendants were admittedly more tentative in their argument, stating that "the Optimum case *appears* to go even further than prior case law and require that a trademark plaintiff have some actual damages in order to state a 'claim' *ab initio* under the Lanham Act." Reply Br. at 4 (emphasis supplied). Still, they refused to abandon the argument. In their reply brief, defendants also raised new arguments for the first time, but this does not mitigate their refusal to abandon a patently frivolous argument.

AO 72A
(Rev.8/82)

have known it was frivolous, the Court concludes that defendants' counsel violated Rule 11(b)(2) of the Federal Rules of Civil Procedure, and that an award of sanctions is warranted "to deter repetition of the conduct or comparable conduct by others similarly situated." Fed. R. Civ. P. 11(c)(4). Accordingly, the Court grant's plaintiff's motion for sanctions and orders defendants' counsel to pay plaintiff his reasonable attorneys' fees incurred in responding to defendants' motion for summary judgment based on plaintiff's failure to submit sufficient evidentiary basis for recovery and in preparing plaintiff's motion for sanctions.[7] Within 14 days of the date of entry of this order, plaintiff shall file an affidavit setting out the amount of such attorneys' fees. Defendants shall have 14 days after service of the affidavit to file a response solely as to the amount claimed. Plaintiff shall have 14 days thereafter to file a reply.

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[7] The sanction is imposed on defendants' counsel, not defendants. Fed. R. Civ. P. 11(c)(5)(A)(court may not impose monetary sanction against a represented party for violating Rule 11(b)(2)). The attorneys who signed the motion, Eric A. LaMorte and Clint Crosby, as well as their law firms, LaMorte & Associates P.C. and Baker Donelson Bearman Caldwell & Berkowitz, P.C., are jointly liable for the violation. Fed. R. Civ. P. 11(c)(1).

AO 72A
(Rev.8/82)

Summary

For the foregoing reasons, the Court GRANTS defendants' motion for leave to file [#98]; DENIES defendants' motion to exclude survey results and testimony of James T. Berger [#101]; DENIES defendants' renewed motion for partial summary judgment as to defendants' bulk vending products [#102]; DENIES defendants' motion for partial summary judgment regarding defendants' plush products [#103]; DENIES defendants' motion for summary judgment based on plaintiff's failure to submit sufficient evidentiary basis for recovery [#104]; and GRANTS plaintiff's motion for sanctions [#114].

IT IS SO ORDERED, this 4th day of March, 2011.

Marvin H. Shoob, Senior Judge
United States District Court
Northern District of Georgia

AO 72A
(Rev.8/82)