

ESTTA Tracking number: **ESTTA735334**

Filing date: **03/23/2016**

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

Proceeding	91203057
Party	Defendant Commemorative Derby Promotions, Inc.
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Date	03/23/2016
Attachments	2016-03-23 Status Report.pdf(103693 bytes) Judgment.pdf(36928 bytes) Order and Opinion.pdf(799379 bytes) Order of Permanent Injunction.pdf(1426628 bytes) Order.pdf(289554 bytes)

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

In re matter of U.S. Application No. 85/219,903
For the mark **LOUISVILLE JOCKEY CLUB**
Published in the *Official Gazette* on August 30, 2011

Churchill Downs Incorporated)	
)	
)	
)	
Opposer,)	
)	
V.)	
)	
)	Opposition No. 91203057
)	
Commemorative Derby Promotions, Inc.)	
)	
)	
Applicant)	
)	

STATUS REPORT

The Action between the Parties continues in District Court in Georgia. The District Court recently issued a Judgment which incorporated its prior Orders and upheld its prior Order which granted the Applicant, Commemorative Derby Promotions, Inc.’s Motion for Reconsideration and Clarification of the District Court’s prior Order granting summary judgment to the Opposer and found that the mark “Louisville Jockey Club” was abandoned by the Opposer, Churchill Downs, Inc. See the attached. The Applicant believes that this Judgment is dispositive of the claims in this Opposition.

Respectfully submitted,

/s/ Donald L. Cox

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Status Report was served upon counsel of record for Opposer by placing copy of same in an envelope, with sufficient postage prepaid and deposited in an official depository under the exclusive care and custody of the United States Postal Service, and addressed as follows:

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This 23rd day of March, 2014.

/s/ Donald L. Cox

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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

Churchill Downs Incorporated,

Plaintiff,

vs.

Commemorative Derby Promotions, Inc,
et al,

Defendants.

CIVIL ACTION FILE

NO. 1:12-cv-517-WBH

J U D G M E N T

This action having come before the court, Honorable Willis B. Hunt, Jr., United States District Judge, by Order dated September 23, 2013, granting Plaintiff's Motion for Partial Summary Judgment, and on Plaintiff's Motion for Attorney Fees and the court having denied said motion, it is

Ordered and Adjudged that Defendants pay Plaintiff damages in the amount of \$50,458.03, and the civil action be, and the same hereby, is **dismissed**.

Dated at Rome, Georgia, this 1st day of March, 2016.

JAMES N. HATTEN
CLERK OF COURT

By: s/J. Acker
Deputy Clerk

Prepared, Filed, and Entered
in the Clerk's Office
March 3, 2016
James N. Hatten
Clerk of Court

By: s/J. Acker
Deputy Clerk

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

CHURCHILL DOWNS INC.,

Plaintiff,

v.

COMMEMORATIVE DERBY PROMOTIONS,
INC. and LEONARD LUSKY,

Defendants.

CIVIL ACTION NO.

1:12-cv-517-JEC

ORDER & OPINION

This matter is before the Court on defendants' Motion for Reconsideration and Clarification [86] of the Court's previous Order [85]. The Court has reviewed the record and the parties' arguments, and **GRANTS in part** and **DENIES in part** defendants' Motion for Reconsideration and Clarification [86].

BACKGROUND

This case arises out of a trademark and licensing dispute.¹ Plaintiff is the proprietor of the Churchill Downs racetrack and the Kentucky Derby and Kentucky Oaks races. Plaintiff holds various trademarks associated with those. Defendants have long been involved in marketing horse-racing memorabilia. On September 23, 2013, this

¹ The details of the dispute can be found in the Order. (See Order [85] at pp. 2-4.)

Court considered both parties' motions for summary judgment, granting plaintiff's and denying defendants'. (See Order [85].) Over three weeks later, on October 18, 2013, defendants filed an untimely Motion to Reconsider and Clarify the Order [86].² Plaintiffs filed a Memorandum in Opposition [92]. Defendants filed a Reply [93].

MOTION FOR RECONSIDERATION

I. MOTION FOR RECONSIDERATION STANDARD

Local Rule 7.2(E) authorizes a motion for reconsideration when "absolutely necessary." N.D. Ga. R. 7.2(E). "Reconsideration is only 'absolutely necessary' where there is: 1) newly discovered evidence; 2) an intervening development or change in controlling law; or 3) a need to correct a clear error of law or fact." *Bryan v. Murphy*, 246 F.Supp. 2d 1256, 1258-59 (N.D. Ga. 2003) (Martin, J.) (citations omitted). A motion for reconsideration is not an appropriate mechanism to set forth new theories of law, or introduce new evidence, unless the evidence was previously unavailable. *Mays v. U.S. Postal Serv.*, 122 F.3d 43, 46 (11th Cir. 1997). Likewise, parties cannot use a motion for reconsideration to "relitigate old matters" or "raise argument[s] . . . that could have been raised prior to the entry of judgment." *Linnet v. Vill. of Wellington*, 408

² Local Rule 7.2(E) states, in relevant part, that "the motion shall be filed with the clerk of court within ten (10) days after entry of the order or judgment."

F.3d 757, 763 (11th Cir. 2005). See also, *Mincey v. Head*, 206 F.3d 1106, 1137 (11th Cir. 2000) (noting that the function of a motion for reconsideration is not "to give the moving party another 'bite at the apple'").

Here, defendants base their motion for reconsideration on the grounds that the Court made errors of law or fact in its previous Order. These are addressed below.

II. "LOUISVILLE JOCKEY CLUB" ISSUES

In the Order, the Court held that plaintiff has a common law trademark in "Louisville Jockey Club," a former name of the Churchill Downs racetrack, based on plaintiff's long history of use of the mark in its promotional materials and merchandise. (Order [85] at p. 13.) The Court further held that the License Agreement required defendants to transfer their registration of "Louisville Jockey Club" to plaintiff. (*Id.* at pp. 31-32.) Defendants raise objections to both of these holdings.

A. Plaintiff's Trademark in "Louisville Jockey Club"

Defendants argue that the Court erred in holding that plaintiff's history of use of "Louisville Jockey Club" in its merchandise and advertising material was sufficient to give rise to a common law trademark. In support of this, defendants reiterate arguments from their earlier briefs that plaintiff has not used "Louisville Jockey Club" in a commercial manner. Alternatively, and

more persuasively, defendants contend that even if plaintiff once had a trademark in "Louisville Jockey Club" and has used it commercially, that trademark has been lost to abandonment due to long gaps in that history of commercial use.

Under the Lanham Act, a formerly valid trademark may be considered abandoned:

[w]hen [the mark's] use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. 'Use' of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

15 U.S.C. § 1127. Abandonment thus requires both non-use and a lack of intent to resume commercial use of the mark. *Sheila's Shine Products, Inc. v. Sheila Shine, Inc.*, 486 F.2d 114, 124 (5th Cir. 1973) ("[M]ere non-use for a period of time is insufficient to constitute abandonment of a mark. Rather, an intent to abandon the mark must also be evident.") (citations removed).³ In *AmBrit*, the Eleventh Circuit held that a mark was abandoned because of the length of time involved (48 years) and the fact that the mark owner had offered as evidence of its intent to resume commercial use only its renewal (twice) of the registration of the trademark. *AmBrit, Inc. v.*

³ Decisions of the former Fifth Circuit rendered prior to October 1, 1981 are binding precedent in the Eleventh Circuit. *Bonner v. City of Prichard*, 661 F.2d 1206, 1209 (11th Cir. 1981) (en banc).

Kraft, Inc., 812 F.2d 1531, 1550-51 (11th Cir. 1986).

Even with plaintiff's documented uses of "Louisville Jockey Club," there are lengthy temporal lapses, such that the first prong of the abandonment test is satisfied.⁴ This shifts to plaintiffs the burden of producing evidence of a continuing intent to make commercial use of the mark. *Id.* at 1550.⁵ The Court finds that plaintiff has not responded to defendants' abandonment defense with sufficient evidence to rebut the presumption of abandonment raised by the lapse in use of the "Louisville Jockey Club" mark.⁶ Instead, plaintiff simply asserts that it "continues to make commercial use of Louisville Jockey Club as a reference to Churchill Downs." (Pl.'s Memo. in Opposition [92] at p. 20.)

⁴ Defendants count five uses between 1938 and 2011. (Defs.' Memo. in Supp. of Mot. for Recon. [86-1] at p. 7.) Plaintiff provides no evidence of additional uses.

⁵ However, the ultimate burden of proof remains with the party challenging the trademark-holder's rights. *Cumulus Media, Inc. v. Clear Channel Communications, Inc.*, 304 F.3d 1167, 1177 (11th Cir. 2002).

⁶ Nor has plaintiff decided to raise arguments relating to abandonment, such as those involving modification or "tacking" of an older mark onto a newer one. See, e.g., *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992) (not using the entire mark, but maintaining "key elements" of it, may be sufficient to avoid a determination of abandonment); *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1160 (Fed. Cir. 1991) ("Tacking is occasionally permitted where the two marks, though differing slightly in their literal meaning or grammatical presentation, nevertheless possess the same connotation in context.")

Plaintiff also emphasizes that defendants' abandonment defense was not made prior to their present motion, and thus is an illicit "second bite at the apple." (*Id.* at p. 4.) It is true that it takes some effort to find defendants' abandonment theory in the earlier briefs. This Court can find the argument stated once, in defendants' motion for summary judgment: "Even if Plaintiff could somehow establish that it held a property right in the corporate names 'Louisville Jockey Club' and/or 'New Louisville Jockey Club' any such rights are no longer in effect due to Plaintiff's failure to use the marks for upwards of 80 years." (Defs.' Mot. for Summ. J. [67-1] at p. 20.) There, defendants cited two cases, one of which makes no mention of abandonment, the other merely mentioning it in the course of a discussion of various defenses to trademark claims. See *Galt House, Inc. v. Home Supply Co.*, 483 S.W.2d 107, 110 (Ky. 1972) (no mention of abandonment) and *Consumers Petroleum Co. v. Consumers Co. of Ill.*, 169 F.2d 153, 161-62 (7th Cir. 1948) (passing mention of abandonment defense). Defendants did not there cite *AmBrit* in support of their abandonment argument, which is the case they now rely upon to support their abandonment defense. Although defendants' efforts to make their abandonment argument were minimal, the Court cannot say that defendants did not raise the argument at all.

The Court thus **GRANTS** defendants motion to reconsider on this point, and modifies its Order to hold that plaintiff had abandoned

its trademark in "Louisville Jockey Club."

B. "Louisville Jockey Club" and the License Agreement

As for the issue of whether the License Agreement prohibits defendants (or at least Commemorative Derby Promotions) from seeking registration of a trademark in "Louisville Jockey Club," defendants contend that because plaintiff does not have a trademark in "Louisville Jockey Club" and the term is not explicitly listed in the License Agreement as being among the "Licensed Indicia," defendants are not in breach of the License Agreement in seeking to register the mark.

The relevant portion of the License Agreement states that Commemorative Derby Promotions must "not, at any time, file a trademark application with the United States Patent and Trademark Office for the Licensed Indicia." (Compl. [1] at Ex. 1, § 7(a).) The License Agreement defines "Licensed Indicia" as "the designs, trademarks, service marks, logographics, copyrights and symbols associated with or referring to CDI, including those set forth in Appendix A and/or any attachments thereto." (*Id.* at § 1(a).) Because the Court now holds that plaintiff has abandoned its trademark in "Louisville Jockey Club," it follows that defendants are not in breach of the License Agreement in registering the "Louisville Jockey Club" mark.

The Court thus **GRANTS** defendants' motion to reconsider and now

holds that defendants did not breach the License Agreement in registering a trademark in "Louisville Jockey Club."

III. LUSKY AND THE LICENSE AGREEMENT

Defendants contend that the Court erred in finding both Commemorative Derby Promotions and Lusky in violation of the License Agreement, on the grounds that only Commemorative Derby Promotions, was a party to the License Agreement.

The License Agreement is, in its terms, a contract between Churchill Downs, Inc. and Commemorative Derby Promotions. (See Compl. [1] at Ex. 1). However, in the complaint, plaintiff alleged that Lusky at all times "has been the sole, or principal owner, officer and manager of CDP" and "has had the right and ability to supervise the actions complained of in each of the counts brought herein and actually directed, controlled and participated in as the moving force behind the actions complained of and has had direct financial interest in the proceeds of same." (Compl. [1] at ¶¶ 36-37.) Defendants admitted these allegations. (Ans. [17] at ¶ 4.)

Throughout the pleadings, plaintiff refers to "defendants" in its allegations of License Agreement breach. For example, plaintiff refers to "licensed products also produced by Defendants." (Pl.'s St. of Mat. Facts [72-1] at ¶ 45.) Only a licensee could produce a licensed product. In its motion for summary judgement, plaintiff concludes that "[i]t is apparent Defendants . . . have further

violated the Churchill Downs License Agreement by applying for registration of the mark LOUISVILLE JOCKEY CLUB." (Pl.'s Memo. in Supp. of Mot. for Summ. J. [72-2] at p. 25.) This indicates that plaintiff believed both defendants to be subject to the obligations of the License Agreement.

Defendants, for their part, give similar indications in their pleadings. Defendants write that "Article 2 of the License Agreement refers to the grant of license provided to the Defendants under the Agreement." (Defs.' Response to Pl.'s Mot. for Summ. J. [74] at p. 21.) This suggests that Lusky personally held the license. Defendants elsewhere make similar representations: "Churchill Downs was willing to enter into a license agreement with the Defendants," "[t]hroughout the term of the License Agreement, the Defendants were only notified of a problem with their merchandising involving Plaintiff's marks on a single occasion," and "Churchill Downs has never advised Defendants that the use of a historically accurate listing of the past Kentucky Derby winners in conjunction with Defendants' merchandise would or even could constitute a violation of the License Agreement." (*Id.* at pp. 4-5.) Defendants even refer to plaintiff "negotiating the License Agreement with the Defendants" (Defs.' St. of Mat. Facts [67-1] at ¶ 16.) This language, which can be found throughout the record, suggest that defendants also understood the License Agreement's obligations to extend to Lusky.

However, because the Court now holds that there was no breach of the License Agreement, the issue of whether defendant Lusky is a party to the License Agreement is **MOOT**.

IV. "JULEP CONDITION"

In the Order, the Court noted in its analysis of the trademark dispute that:

defendants' marks are sometimes only slight modifications of the marks it used previously under its License Agreement with the plaintiff. For example, one of the licensed products included an image of a mint julep with the words 'Mint Condition at the Kentucky Derby.' After the expiration of the License Agreement, Defendants produced a shirt with a nearly identical image of a mint julep accompanied by the words 'Julep Condition.'

(Order [85] at p. 21.) The Court held that the "Julep Condition" shirt, despite its revisions, conveyed the same reference to the Kentucky Derby as that of the licensed shirt. This was further supported by the fact that the shirts are sold during Derby season alongside more explicitly Derby-related items. Defendants, however, object to the inclusion of "Julep Condition" among the marks the Court held to violate plaintiff's marks on the grounds that "[t]he 'Julep Condition' shirt contains no reference to the Kentucky Derby or even to horses, and Plaintiff has no trademark rights in the term 'mint julep' or 'mint condition.'" (Defs.' Memo. in Supp. of Mot. for Recon. [86-1] at p. 20.)

The Court relied in part on the reasoning in two out-of-circuit

cases with similar facts. See *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22 (1st Cir. 1989) and *Bd. of Supervisors for Louisiana State Univ. Agric. and Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465 (5th Cir. 2008). These cases involved defendants that made apparel that, without using the exact trademarks of plaintiffs, exhibited design elements and were marketed in ways that were likely to produce confusion in the public. See *Boston Athletic Ass'n*, 867 F.2d at 28 ("Defendants are using the Boston Marathon sponsored and operated by the BAA to promote the sale of goods which are adorned so as to capitalize on the race.") and *Smack Apparel*, 550 F.3d at 473 ("Smack's products are similar to and competed with goods sold or licensed by the Universities and are sold directly alongside merchandise authorized by the plaintiffs at or near events referenced in the shirts.") Those Courts held that the defendants had infringed the plaintiffs' marks.

In *Boston Athletic Ass'n*, the defendant apparel company produced licensed shirts for the plaintiff, the proprietor of the Boston Marathon. 867 F.2d at 25. After that license expired and the plaintiff licensed another party to produce its Boston Marathon apparel, defendant continued to sell similar apparel that, although avoiding explicit reference to the Boston Marathon, contained elements that together, and in the context in which they were marketed, clearly referred to the Boston Marathon. *Id.* For example,

in one t-shirt, the defendant dropped "Boston" from the name "Boston Marathon," but included images of runners (an obvious reference to a competitive race) and the words "Hopkinton-Boston" (which denote the beginning and end points of the Boston Marathon). *Id.* at 29. The shirts were sold in the vicinity of the Marathon, adding further contextual confirmation of the reference. The First Circuit rejected "[t]he district court's holding that plaintiff's rights did not sweep any further than their actual marks" as "not a correct application of trademark law." *Id.* at 29-30. Instead, it based its finding of infringement on the fact that, despite the superficial differences, "the meaning of the two marks is more than similar, it is identical." *Id.* at 30. The Court concluded:

There can be no doubt that the language and design on defendant's shirts intentionally calls attention to an event that has long been sponsored and supported by the BAA—an event that is, in fact, the subject of its registered mark. Defendant's shirts are clearly designed to take advantage of the Boston Marathon and to benefit from the good will associated with its promotion by plaintiffs. Defendants thus obtain a 'free ride' at plaintiff's expense.

Boston Athletic Ass'n, 867 F.2d at 33.

Here, as was the case in *Boston Athletic Ass'n*, the licensed "Mint Condition at the Kentucky Derby" shirt gains its meaning through the combination of text, image, and basic historical association. Defendants, with their "Julep Condition" shirt, try to avoid violating plaintiff's trademark rights by dropping the term

"Kentucky Derby," while leaving the meaning and reference of the shirt unchanged. Clearly, however, the shirt only "works" as long as the buying public understands it as Kentucky Derby memorabilia.

Although the parallels with *Boston Athletic Ass'n* are obvious, the Court, upon reconsideration, finds the defendants have as a factual matter made somewhat more extensive modifications to the mark for their "Julep Condition" shirt than had the defendant in *Boston Athletic Ass'n*. Where the defendant in *Boston Athletic Ass'n* retained the words of the plaintiff's marks ("Boston" and "Marathon"), defendants here have removed all direct textual reference to "Kentucky Derby." Although, in the context of horse-racing memorabilia sold in the vicinity of Louisville around the time that the Kentucky Derby is held, the "Julep Condition" shirt conveys a clear reference to the Kentucky Derby, the mint julep cocktail is not itself a trademark held by plaintiff. There is, therefore, an extra step involved in this case that was not present in *Boston Athletic Ass'n*, in that one has to make the final leap from "mint julep" to "Kentucky Derby," rather than just from "marathon in Boston" to "Boston Marathon." The matter is close, but the Court now holds that the "Julep Condition" mark does not cross the line of infringement.

The Court **GRANTS** defendants' motion to reconsider, and modifies the Order to hold that defendants' "Julep Condition" mark does not

infringe plaintiff's marks.

V. DEFENDANTS' INTENT TO INFRINGE

Defendants contend that the Court was incorrect in finding an intent to infringe on plaintiff's marks. Defendants state that they "believed in good faith that they' could use terms that could be associated with the Kentucky Derby as long as they did not use Plaintiff's marks on their products based on the License Agreement and their communications with Plaintiff relating to the Agreement." (Defs'. Memo. in Supp. of Mot. to Recon. [86-1] at p. 24.) Further, Defendants contend that "the issues of this case are novel to the Eleventh Circuit." (*Id.* at pp. 24-25.) Faced with similar facts, the Fifth Circuit in *Smack Apparel* declined to find an intent sufficient to justify attorney's fees. (*Id.* at p. 24) (citing *Smack Apparel*, 550 F.3d at 491.)

In the Order, the Court discussed defendants' "intent to misappropriate the good will" of plaintiff in the context of the "likelihood of confusion" test. (See Order [85] at pp. 24-26.) The Court found such intent in, for example, defendants' labeling "some of their products as 'authentic' or 'official' Derby items, indicating an intent to lead consumers to believe there was an association with the Kentucky Derby." (*Id.* at p. 25.) The Court also noted defendants' characterization of their merchandise as "officially licensed Kentucky Derby products." (*Id.* at p. 24.) The

Court held that defendants did demonstrate an intent to misappropriate the good will of plaintiff, and that this lent support to finding a likelihood of confusion. (*Id.* at pp. 25-26.) Further, defendants, on account of the prior License Agreement with plaintiff, were well aware of plaintiff's trademarks. The Court thus finds no error in its determination.

The Court did not, however, give any indication in the Order as to whether the facts that supported a finding of an intent to misappropriate the good will of plaintiff would also suffice to support an award of attorney's fees under the Lanham Act, which permits such recovery "in exceptional cases." 15 U.S.C. § 1117(a). The Eleventh Circuit has held that such fees "should be awarded only if there was evidence of fraud or bad faith." *Welding Services, Inc. v. Forman*, 301 Fed.Appx. 862, 863 (11th Cir. 2008). "Even if the trial court finds that the circumstances of the case are, in fact, exceptional, the decision whether to award attorney's fees is still discretionary." *Dieter v. B & H Indus. of Sw. Fla., Inc.*, 880 F.2d 322, 329 (11th Cir. 1989). This clearly involves an analysis of factors beyond those the Court was required to consider in applying the likelihood of confusion test to determine if there was trademark infringement. As the parties are still briefing on the issue of damages, the Court declines to decide whether this is an exceptional case under 15 U.S.C. § 1117(a).

The Court therefore **DENIES** defendants' motion to reconsider its finding of an intent to infringe.

VI. CLARIFICATION OF WHICH PRODUCTS INFRINGE WHICH TRADEMARKS

Defendants further request that the Court specify in greater detail the bases for finding that defendants' products infringe plaintiff's marks. The Court has provided, in the Order, the grounds upon which defendants' products infringe upon plaintiff's marks, and will not present an itemized list at this point. Instead, the Court will address defendants' concerns when it turns its attention to the permanent injunction.

The Court **DENIES** defendants' motion to clarify.

CONCLUSION

Based on the above, the Court **GRANTS in part** and **DENIES in part** defendants' motion for reconsideration and clarification.

So Ordered, this 7th day of August, 2014.

/s/ Julie E. Carnes
JULIE E. CARNES
Circuit Judge, sitting by
designation as District Judge

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

CHURCHILL DOWNS	:	
INCORPORATED,	:	
Plaintiff,	:	CIVIL ACTION NO.
	:	1:12-CV-0517-WBH
v.	:	
	:	
COMMEMORATIVE DERBY	:	
PROMOTIONS, INC., et al.,	:	
Defendants.	:	

ORDER OF PERMANENT INJUNCTION

This case arises out of a trademark and licensing dispute. Plaintiff is the proprietor of the Churchill Downs racetrack and the Kentucky Derby and Kentucky Oaks races and holds various trademarks associated with the track and those races. Defendants market and sell horse-racing commemorative merchandise such as clothing and souvenirs. For a time, Defendants had a licensing agreement with Plaintiff to produce and sell products bearing Plaintiff's marks. After the licensing agreement expired in 2010, Plaintiff continued to sell products that bore Plaintiff's protected marks, and Plaintiff brought this action.

By order of September 23, 2013, [Doc. 85], Judge Julie E. Carnes found Defendants liable to Plaintiff for infringing on Plaintiff's trademark rights under the

Lanham Act and under state law, for engaging in unfair competition, and for violating the post-termination terms of the licensing agreement. Judge Carnes later granted Defendants' motion for reconsideration and concluded, *inter alia*, that Plaintiff had abandoned its trademark in "Louisville Jockey Club" such that the use of that mark in isolation would not violate Plaintiff's trademark rights. [Doc. 98]. Judge Carnes did not, however, disturb her ruling with respect to Plaintiff's other marks that Defendants had infringed.

The parties agree that Plaintiff is entitled to an injunction, but after months of negotiations, they could not agree to the terms of that injunction. This Court then invited the parties to submit redline versions of the latest draft of the injunction from their negotiations showing their proposed changes to that draft order along with argument in support of their changes. This Court has now reviewed those submissions and concludes that the scope of both parties' proposed orders is greater than this Court will impose.

Injunctive relief must be tailored narrowly to the harm that it addresses, Osмосе, Inc. v. Viance, LLC, 612 F.3d 1298, 1323 (11th Cir. 2010), and it cannot be directed at activities that have not been deemed to have caused harm, Cumulus Media, Inc. v. Clear Channel Communications, Inc., 304 F.3d 1167, 1178 (11th Cir. 2002). The harm in this case is Defendants' sale of merchandise that Judge Carnes concluded infringed

on Plaintiff's trademark rights, and the production and sale of products that Judge Carnes found offensive to Plaintiff's trademark rights is all that this Court is willing to enjoin. Further, this Court will not attempt to identify hypothetical activities that Defendants can or cannot engage in as the legality of those activities has not been litigated here.

In her August 8, 2014, order, granting Defendants' motion for reconsideration Judge Carnes observed that

Defendants further request that the Court specify in greater detail the bases for finding that defendants' products infringe plaintiff's marks. The Court has provided, in the [summary judgment order], the grounds upon which defendants' products infringe upon plaintiff's marks, and will not present an itemized list at this point. Instead, the Court will address defendants' concerns when it turns its attention to the permanent injunction.

[Doc. 98 at 16].

Also, Defendants point out in their memorandum in support of their version of the injunction that they need to know what about their products were infringing so that they can take care to avoid infringing in the future. [Doc. 105 at 8].¹ As much as the undersigned wants to tell the parties that Judge Carnes' orders speak for themselves,

¹ Helpfully, Defendants have included an exhibit to their proposed order that they and Plaintiff agree infringed on Plaintiff's trademark rights. That exhibit is attached to this order as well.

a review of the case law indicates that, in crafting injunctive relief, courts have a duty to specify with precision exactly what behavior is the subject of the order.

Accordingly, this Court has carefully reviewed Judge Carnes' orders in the context of the parties' arguments. All of the infringing merchandise identified by Judge Carnes contained a combination of elements that, when viewed in context, was likely to produce confusion in the public as to whether Defendants' products were made by Plaintiff or whether Plaintiff licensed or otherwise endorsed those products.² Those elements are: (1) the name "Derby," (2) the name "Oaks," (3) references to the geographic locations of the Commonwealth of Kentucky and the City of Louisville, including the word "Bluegrass," (4) the year 1875, when the Kentucky Derby was first held, (5) horse-racing imagery and/or language, (6) roses, and (7) lilies. Defendants' infringing products, examples of which appear in the attached Exhibit, combined the following elements:

- A. Louisville, "Derby," and horse racing imagery
- B. Louisville, horse racing language, and 1875
- C. Kentucky, "Derby," and horse racing imagery
- D. "Derby," horse racing imagery, and 1875

² For a full discussion of trademark/unfair competition law as applied to this action, see Judge Carnes' order of September 23, 2013, [Doc. 85] at 6-11.

E. a depiction of roses and “Derby”

F. a depiction of lilies and “Oaks”

G. “Derby” and 1875

H. horse-racing imagery, “Derby,” and “Bluegrass”

It is important to note that the combined elements were the focus of the offensive products rather than a reference descriptive of some other thing such as a famous race horse. It appears, for instance, that Defendants sell products that relate to the race horse Secretariat and include the fact that Secretariat won the Kentucky Derby, and Plaintiff’s suit raised no claim regarding the question of whether such a product would infringe upon Plaintiff’s trademark. It is further important to note that these items were sold in a context that would lead to confusion. For example, the product or products that included a depiction of lilies and the name “Oaks” were sold in retail establishments near Louisville. There is no indication that selling that same item in Brownsville, Texas, would or would not infringe on Plaintiff’s trademark in the Kentucky Oaks horse race.

With the foregoing in mind, pursuant to 15 U.S.C. § 1116(a), Defendants are hereby permanently **ENJOINED** from producing and/or selling physical goods that combine the elements mentioned above in the manner described above in a context that is likely to cause confusion among the consuming public under the Lanham Act. This

injunction further covers combinations of the above-mentioned elements in a manner that would obviously be prohibited based on Judge Carnes' orders.

IT IS SO ORDERED, this 27th day of January, 2016.



WILLIS B. HUNT, JR.
Judge, U. S. District Court

EXHIBIT

LOUISVILLE

JOCKEY CLUB



EST. 1875 DERBY DAY EST. 1875

SPRING MEETING

Exhibit
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Flora's 11/2/14

©1997 DUDGET



LJC DERBY DAY T-SHIRT

It is perhaps the most distinctive and recognizable imagery from the Louisville Jockey Club era -and now available in fine fashion. The popularity of Derby Day first began in 1875 when the Louisville Jockey Club hosted the first running of the Kentucky Derby during its inaugural spring meet held at Churchill Downs racetrack. The image is indicative of the stylized art of the era, depicting both the drama and the romance of the sport.

The Louisville Jockey Club™ Derby Day Tee features a compelling scene with horses and riders locked in competitive battle as they round the far turn into the top of the stretch.

The image captures the excitement and pageantry of the early days of the Derby, predating even the fabled Twin Spires at historic Churchill Downs. It is a remarkable find, reminiscent of the glory and tradition inherent to the sport.

The Louisville Jockey Club™ Derby Day Tee is made with soft 100% ringspun cotton in a variety of colors including slate blue. The shirt is also available with the racing image on the back in "AUTHENTIC" Dirt and Turf where the shirts are hand-dyed with actual dirt and grass from the racetrack. Best of all, a portion of proceeds for each on-line purchase will



LJC DERBY DAY BROADSIDE PRINT

We are proud to offer an exact reproduction of the renowned Louisville Jockey Club Derby Day image in versions suitable for the casual fan or the discerning art connoisseur. Established in 1875, the Louisville Jockey Club was responsible for hosting the first running of the Kentucky Derby held at Churchill Downs racetrack. The priceless original broadside banner, which currently resides in the Kentucky Derby Museum was used to promote the 1897 spring meet's biggest racing events. It is a stunning example of the distinctive artwork typical of the era.

The image features a compelling scene as horses and riders are locked in fierce competition as they found the far turn into the top of the stretch. Interestingly, the image captures the excitement and pageantry of the early days of the Derby, even before the famous Twin Spires were part of the roofline

NEW LOUISVILLE

JOCKEY CLUB



1071 TWISTERS
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1077 BADENHAGEN
1078 SAG STAR
1079 LORD MURRAY
1080 HOUND
1081 LINDSEY
1082 POLLO
1083 LEONARD
1084 WICKHAM
1085 ICE COTTON
1086 RED AC
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1098 TIGER
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1100 BELLY GREEN
1101 MISS ELEANOR
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1103 JAMES HARRIS
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DERBY DAY 1875

NEW
LOUISVILLE
JOCKEY CLUB



PROGRAM
OF THE
LOUISVILLE
JOCKEY CLUB
AT
THE
LOUISVILLE
RACETRACK
ON
MAY 15, 1906

THE
DERBY DAY
PROGRAM

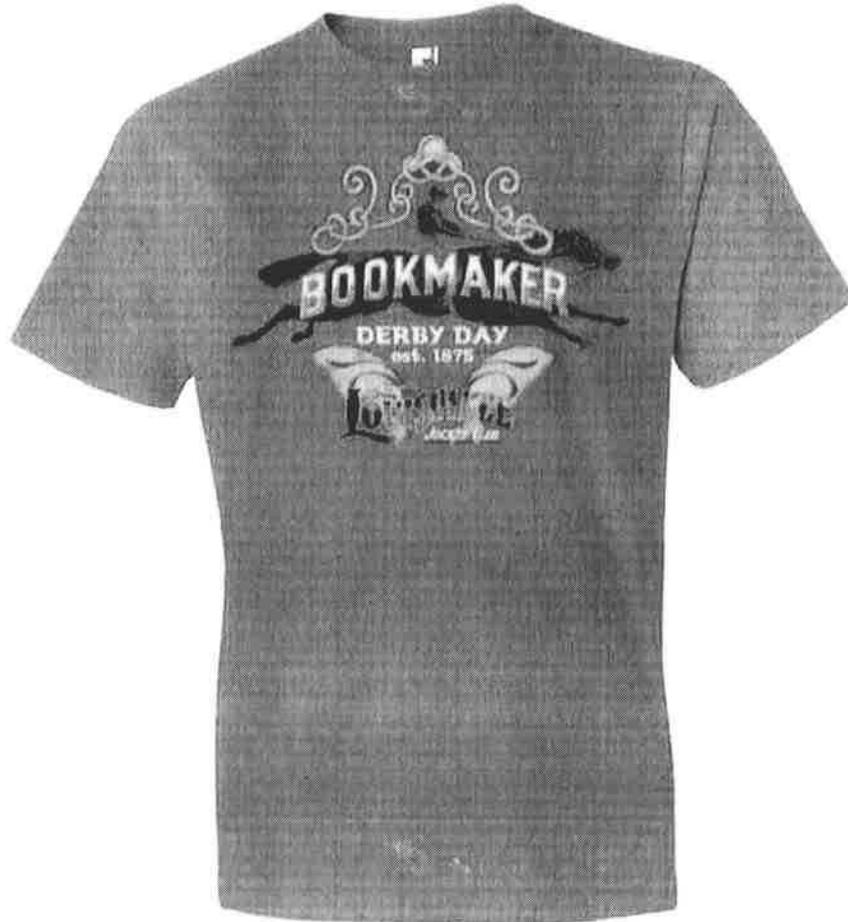


LJC LADIES COMPLIMENTARY T-SHIRT

In the early days of the racing (and other sporting events of the era), women were encouraged to attend a major event to help attract the gentlemen who would inevitably follow. In the Louisville Jockey Club era, complimentary badges were provided for the ladies to provide easy access to these social gatherings. It was a timeless and successful promotional strategy still alive and well today.

The Louisville Jockey Club™ Ladies Complimentary t-shirt was inspired by an official badge to honor the roots of this historic tradition at Churchill Downs. The Ladies Complimentary tee features a trio of etched horse and riders amidst the scrolling and tonal embellishments emblematic of the era. The ultra-soft lightweight pink shirts feature insignias representing the establishment of Derby Day during the inaugural Spring Meeting of the Louisville Jockey Club in 1875. Shirts are 100% ringspun cotton and cut to compliment a woman's figure.

This one is just for the ladies for Derby Day or any day - order yours now!



LJC BOOKMAKER T-SHIRT

Before computers, before simulcasting and electronic technology connected bettors from all over the globe, even before the invention of ticket windows and pari-mutuel wagering at racetracks, there was the Bookmaker. In the early days of the sport, the Bookmaker or "Bookie" was a vital ingredient to the success of any racing enterprise. Providing the odds, accepting wagers, and paying out winnings were all a part of the duties in this colorful profession. In the late 19th century era of the Louisville Jockey Club, prior to the installation

of tote machines at Churchill Downs, the only way to make a bet on the Kentucky Derby was through the expertise of these officially sanctioned professionals.

GOOL

WISA

NEW
LOUISVILLE
JOCKEY CLUB



DERBY DAY



LJC BALLCAP

The Louisville Jockey Club™ ballcap will literally top off your Derby Day fashion. The popularity of Derby Day first began in 1875 when the Louisville Jockey Club hosted the initial running of the Kentucky Derby during its inaugural spring meet held at Churchill Downs racetrack. Pay tribute to the grand tradition and nostalgic origins of the event with this classic ballcap.

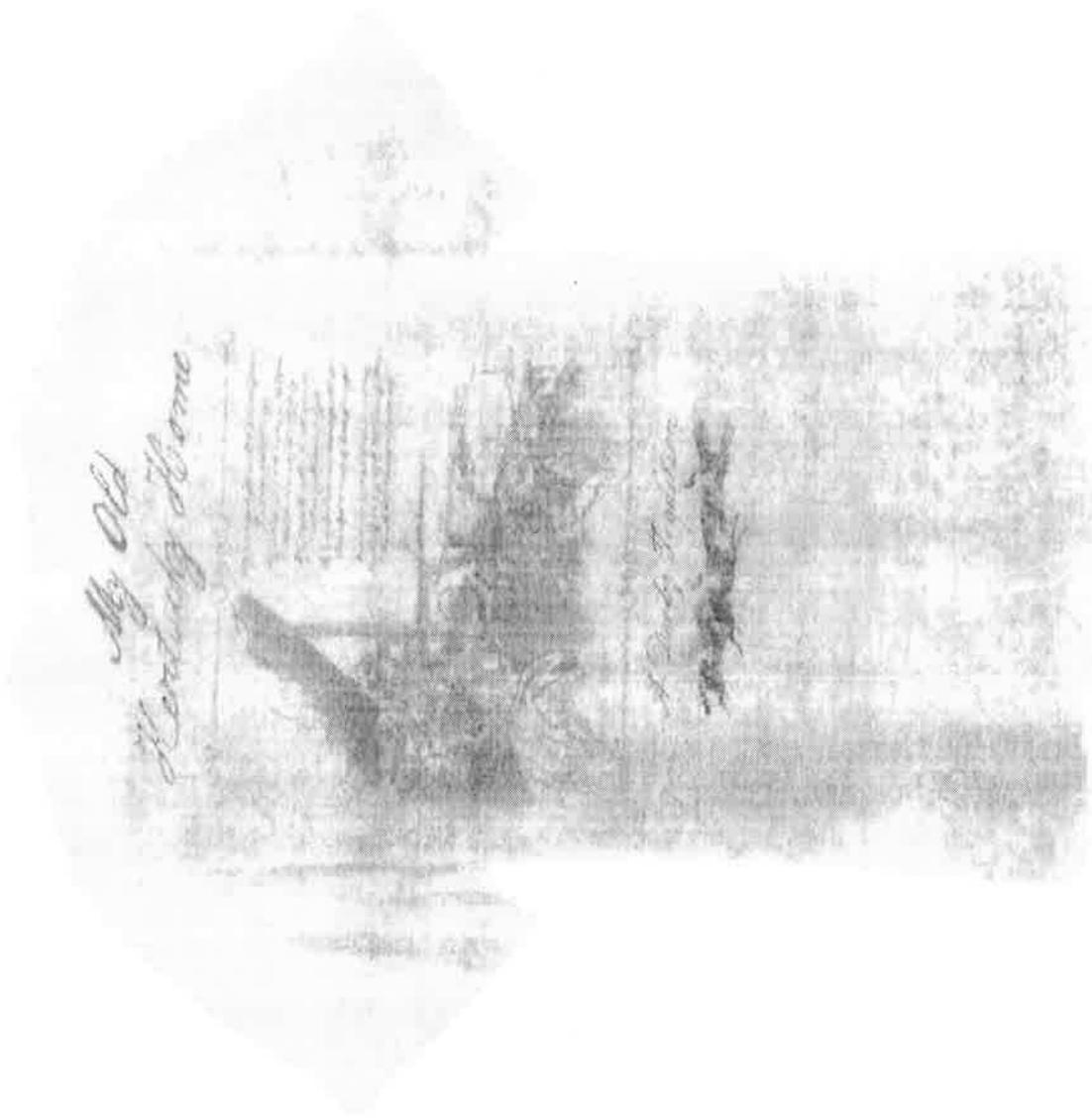
Each 100% brushed cotton twill cap with contrasting sandwich bill, sewn eyelets and top button features the vintage Louisville Jockey Club logo in detailed red and gold stitching on the bill and "Derby Day, Est. 1875" above the rounded arch on the back of the cap. Available only in black with red contrast.

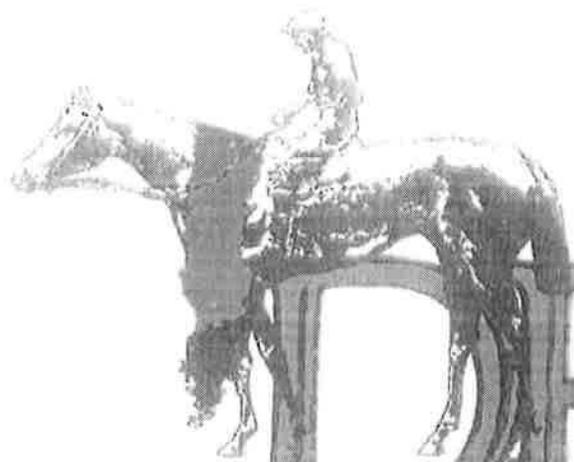
Derby history and headwear all rolled into one - order yours now!

Availability: Usually ships in 2-3 business days

\$21.00

Order





DERBY

TRADITION

EST. 1875

NEW **LOUISVILLE**
Jockey Club.



Spring Meeting

Derby Day, April 29, 1901.

12 DAYS RACING FROM APRIL 29 TO MAY 11.

\$50,000 OO IS STAKES AND PURSES Excursion Rates • Railroads • Steamboats



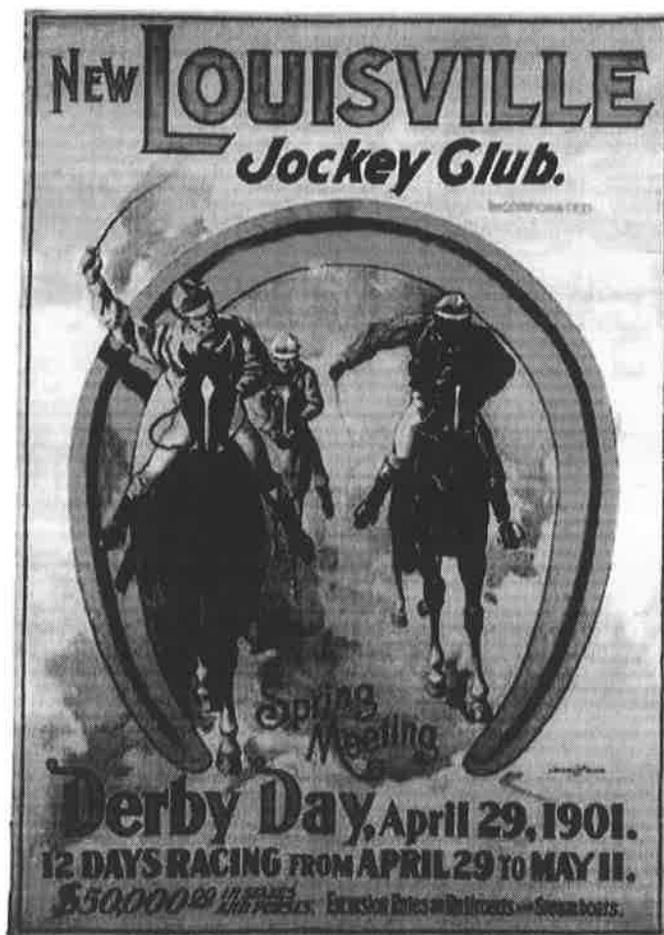
LJC HORSESHOE T-SHIRT

The stylized art of the Louisville Jockey Club era are indicative of the nostalgic romance these bygone days brought to the sport of racing.

The Louisville Jockey Club™ Horseshoe Tee features a colorful scene of horses and riders kicking up clouds of dirt as they emerge from a vibrant red horseshoe. The image captures the pageantry of the Louisville Jockey Club's spring meeting of 1901.

The Louisville Jockey Club™ Horseshoe Tee is made with soft 100% ringspun cotton in sizing for both ladies and gentlemen. The shirt is available in chestnut for the men and hot pink for women. Best of all, a portion of proceeds for each on-line purchase will assist the Secretariat Foundation as well as the Permanently Disabled Jockey Fund.

Racing history and heritage rolled into one great T-shirt!



LJC HORSESHOE PRINT

We are proud to offer an exact reproduction of the rare 1901 Louisville Jockey Club Horseshoe banner. Established in 1875, the Louisville Jockey Club brought a new addition and excitement to organized racing in Kentucky and presided over the first running of the Derby. This priceless image of an original broadside banner from the Kentucky Derby Museum was used to promote the 1901 spring meet and its associated racing events. It is a prime example of the distinctive artwork typical of the era.

The image features a colorful scene of horses and riders as they thunder down the stretch, creating a trail of billowing dirt clouds behind. The image captures the excitement and pageantry of the early days of Kentucky racing. The nostalgic mention of "excursion rates" for visitors arriving by train or steamboat attest to the popularity of horse racing in Louisville, even back at the turn of the century.

NEW LOUISVILLE

Jockey Club.



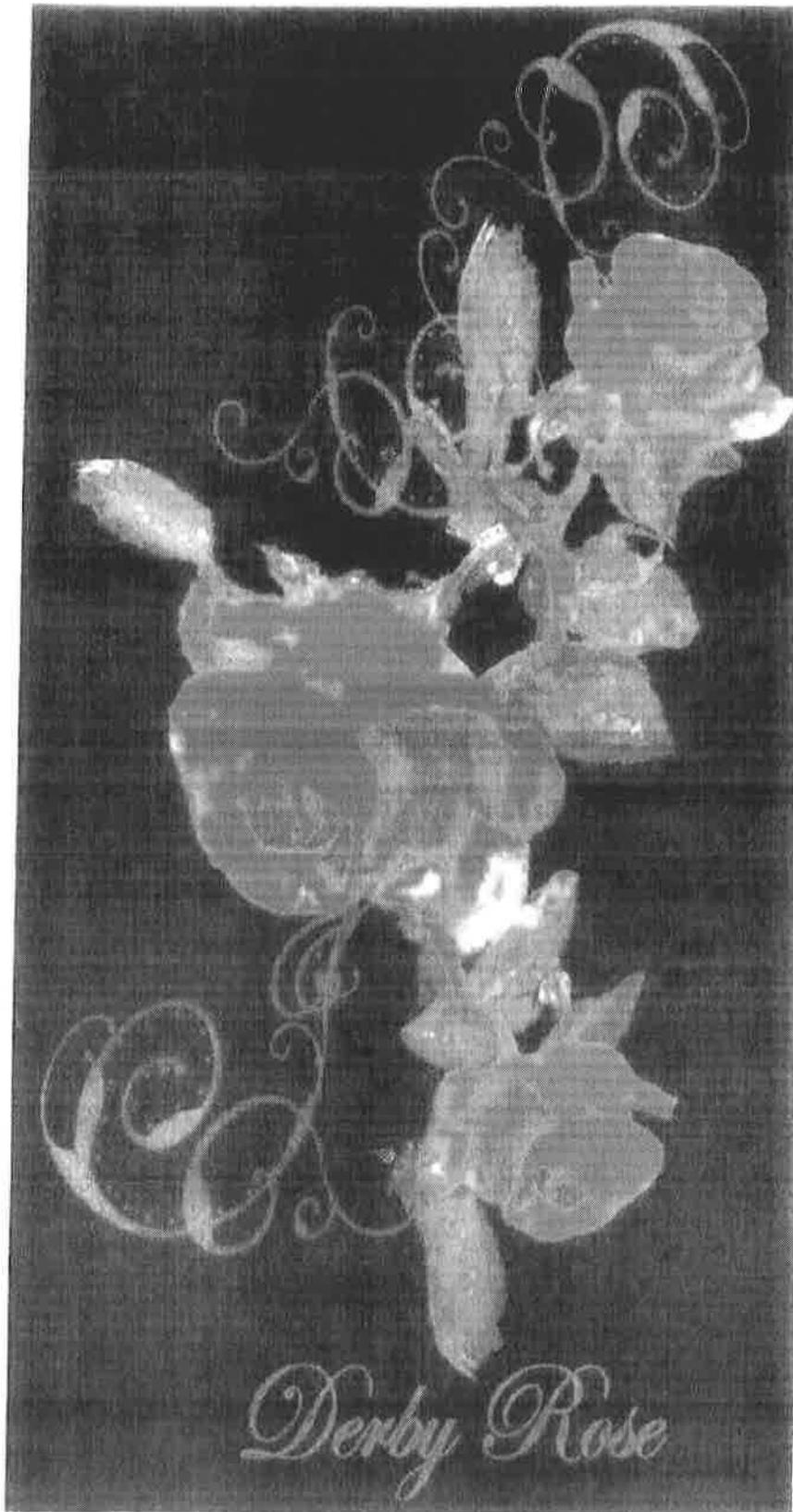
1877	Tommy Lee	1892	Harold St. John	1907	Edward Jones
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1880	Doc B. Lee	1895	W. Lee Lee	1910	Edw. Jones
1881	John M. Lee	1896	Clayton Lee	1911	Edw. Jones
1882	John	1897	Strolling Dave	1912	Edw. Jones
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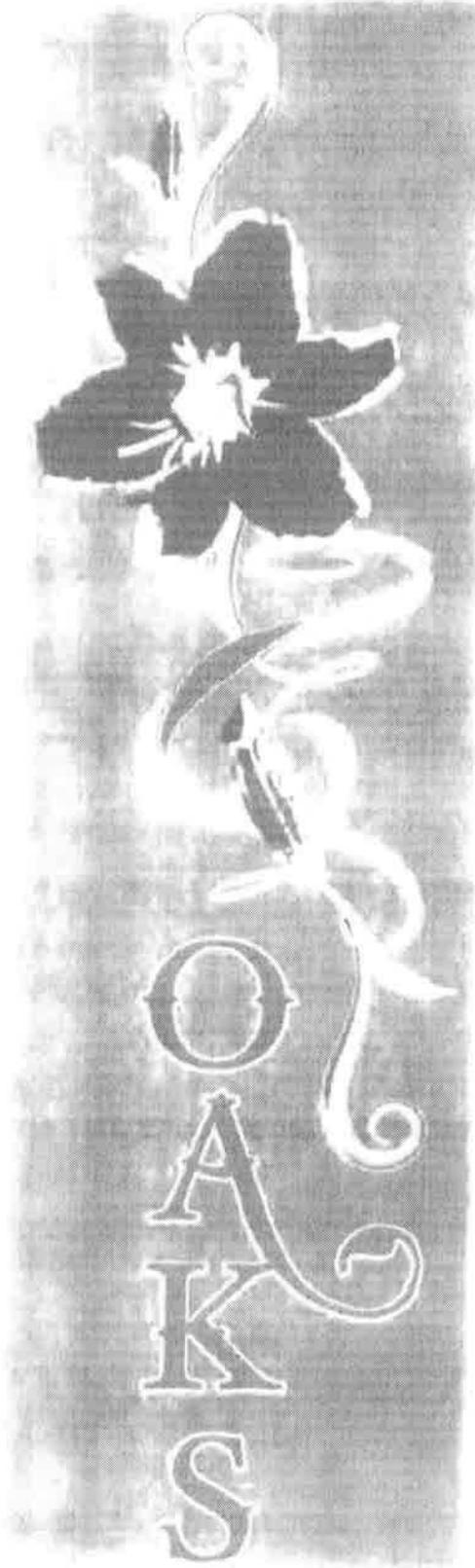
DERBY TRADITION

New LOUISVILLE
Jockey Club



DERBY TRADITION







ESTABLISHED 1875

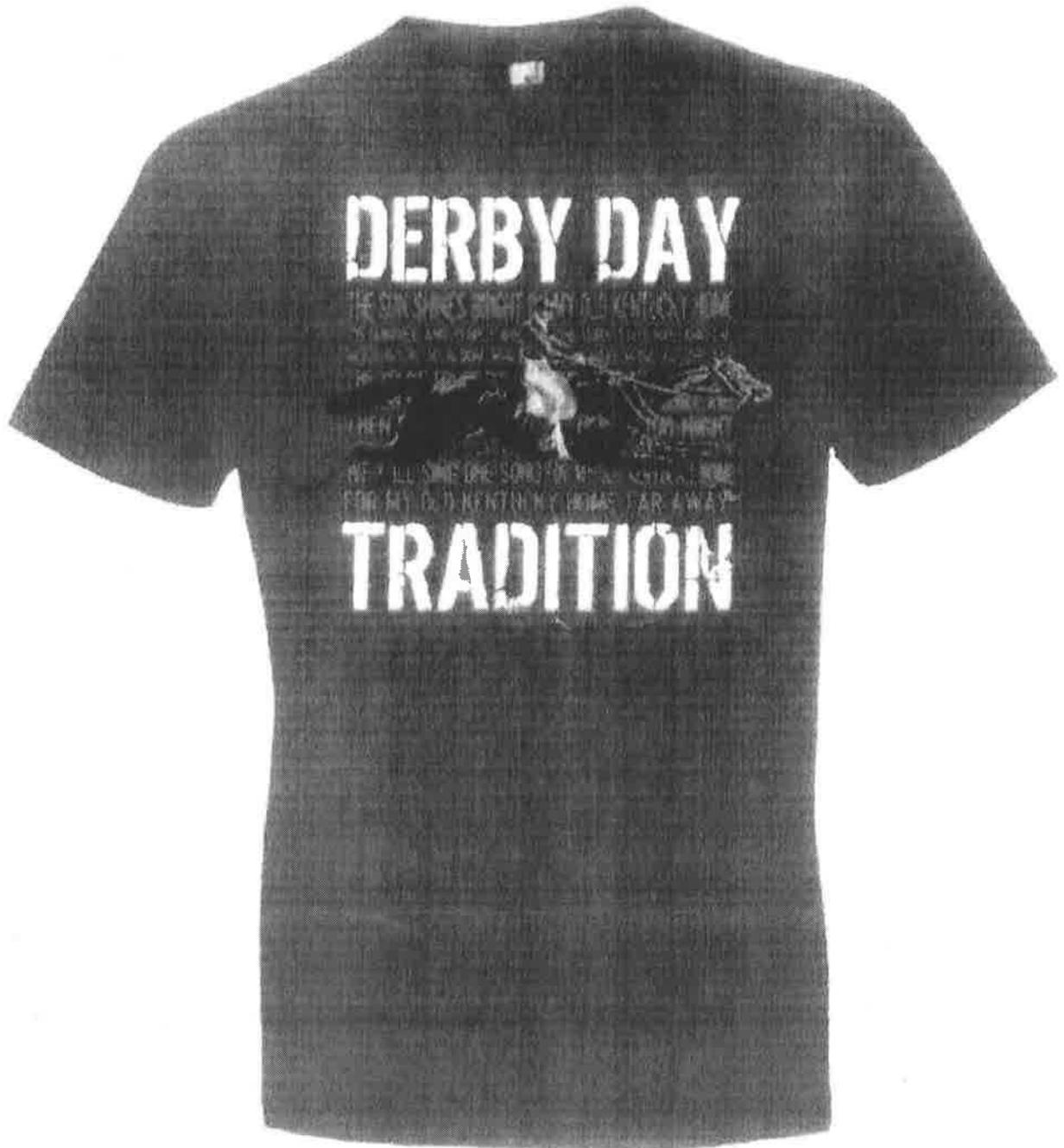


DERBY DAY

THE SUN SHINES BRIGHT ON MY OLD KENTUCKY HOME
IT'S SUMMER AND PEOPLE ARE AT THE CORN TOPS RIPE AND THE
MEADOWS IN THE BLOOM WHILE THE WIND WHISPERED
THE VOICES TO BE HEARD
WHEN I WAS A BOY
WE'LL SING ONE SONG FOR MY OLD KENTUCKY HOME
FOR MY OLD KENTUCKY HOME FAR AWAY



TRADITION



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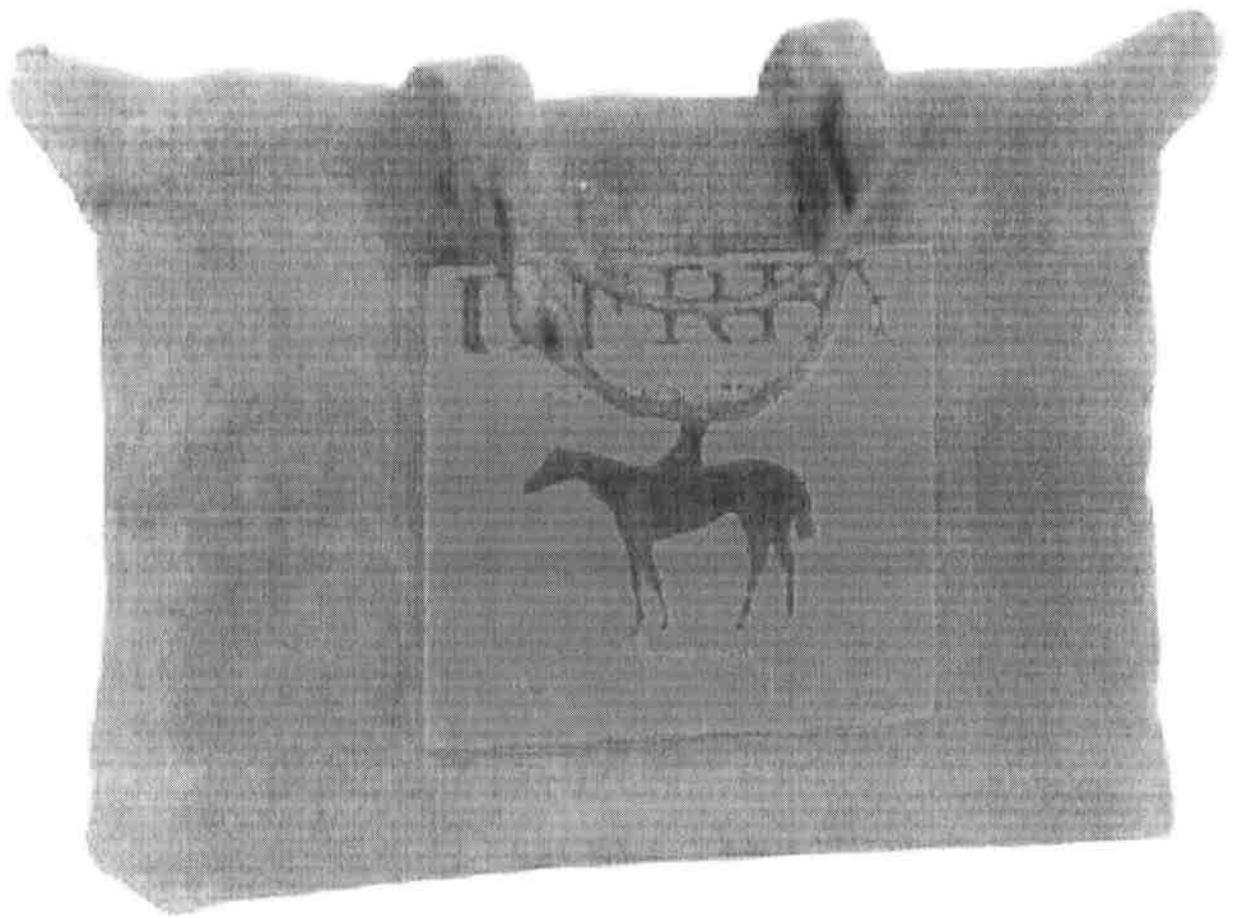
DERBY

Best of the Breed



W. J. COOPER

SWEEPSTAKES



GDP 000027

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

CHURCHILL DOWNS
INCORPORATED,
Plaintiff,

v.

COMMEMORATIVE DERBY
PROMOTIONS, INC., et al.,
Defendants.

CIVIL ACTION NO.
1:12-CV-0517-WBH

ORDER

In this trademark and licensing dispute this Court has already determined that Defendants did infringe on Plaintiff's trademark rights in violation of the Lanham Act and has entered an order of permanent injunction which enjoins Defendants from engaging in like behavior in the future. Accordingly, the two issues that remain to be resolved are the damages that Plaintiff is entitled to recover and whether Defendants are liable to pay Plaintiff's attorneys' fees.

To again provide background, Plaintiff is the proprietor of the Churchill Downs racetrack and the Kentucky Derby and Kentucky Oaks races and holds various trademarks associated with the track and those races. Defendants market and sell horse-racing commemorative merchandise such as clothing and souvenirs. For a time,

Defendants had a licensing agreement with Plaintiff to produce and sell products bearing Plaintiff's marks. After the licensing agreement expired in 2010, Defendants continued to sell products that bore Plaintiff's protected marks, and Plaintiff brought this action.

By order of September 23, 2013, [Doc. 85], Judge Julie E. Carnes found Defendants liable to Plaintiff for infringing on Plaintiff's trademark rights under the Lanham Act and under state law, for engaging in unfair competition, and for violating the post-termination terms of the licensing agreement. Judge Carnes later granted Defendants' motion for reconsideration and concluded, *inter alia*, that Plaintiff had abandoned its trademark in "Louisville Jockey Club" such that the use of that mark in isolation would not violate Plaintiff's trademark rights. [Doc. 98]. Judge Carnes did not, however, disturb her ruling with respect to Plaintiff's other marks that Defendants had infringed.

Damages

In her order finding Defendants liable to Plaintiff, Judge Carnes directed the parties to submit briefs regarding the measure of damages to which Plaintiff is entitled. There are no disputes regarding the quantity of infringing material that Plaintiff sold, the amount of revenue that Plaintiff received from those sales, and

Plaintiff's profits from those sales. The parties disagree on the method that should be employed to reach a damages calculation. Plaintiff asserts that it should recover the profits from the sale of the infringing products in addition to "damages" equal to the 10% royalty payments that Defendants would have paid Plaintiff under their now-expired license agreement. Defendants argue that damages should be limited to the 10% royalty payment.

This Court disagrees with both parties. The Lanham Act provides that a plaintiff who prevails in a trademark infringement action "shall be entitled, . . . subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a). However, this Court has wide discretion to craft a damages award that it deems appropriate to the facts of this case. This Court disagrees with Plaintiff's contention that it suffered damages because Defendants' actions caused confusion among consumers. Rather, the damage that Plaintiff suffered in this case is limited to the fact that some customers who purchased the infringing goods might have purchased properly licensed goods or goods sold by Plaintiff. This Court thus concludes that awarding both profits and royalties would give Plaintiff a windfall to which it is not entitled.

This Court further concludes that the proper measure of damages in this case should be the profits Defendants received from selling the infringing goods. Limiting damages to the royalty payments that Defendants would have paid under the former licensing agreement would permit Defendants to profit from wrongful behavior. Accordingly, this Court will set damages at \$50,458.03.

Attorneys' Fees

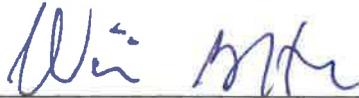
Under the Lanham Act, this Court can award reasonable attorney's fees to the prevailing party only in exceptional circumstances. Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188, 1205 (11th Cir. 2001). "In this context, an exceptional case is one where the infringing party acts in a malicious, fraudulent, deliberate, or willful manner." Pelc v. Nowak, 596 F. App'x 768, 770 (11th Cir. 2015) (quotation and citation omitted). In this case, the worst that could be said of Defendants is that their actions demonstrated a cavalier attitude towards Plaintiff's trademark rights. It is clear that they tried, however ineffectively, to avoid violating the Lanham Act by not using blatant references to the Kentucky Derby and Plaintiff's other marks. Finding a trademark violation required viewing the offending goods in context. As such, this Court cannot find that Defendants acted maliciously.

Conclusion

For the reasons stated, Defendants are **ORDERED** to pay Plaintiff damages in the amount of \$50,458.03. Plaintiff's motion for attorneys' fees, [Doc. 106], is **DENIED**.

It appearing that all outstanding matters in this case have been resolved, the Clerk is **DIRECTED** to close this action.

IT IS SO ORDERED, this 1st day of March, 2016.



WILLIS B. HUNT, JR.
UNITED STATES DISTRICT JUDGE