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

Proceeding	92049363
Party	Defendant BOOKLAB, INC.
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Date	03/30/2010
Attachments	JTW letter to USPTO final.pdf (26 pages)(1011208 bytes)

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

In the matter of trademark Registration No. 3181837

For the mark "**BOOKLAB**"

Date registration December 5, 2006

CRAIG JENSEN

d/b/a Booklab II

Petitioner,

v.

BOOKLAB, INC.

Registrant

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Cancellation No. 92049363

Registration No. 3181837

ORAL HEARING REQUESTED

**BOOKLAB INC.'S NOTICE TO UNITED STATES PATENT AND TRADEMARK
OFFICE**

COMES NOW, Registrant Booklab, Inc., and files this Notice. Attached please find the Final Judgment for Case No. A-07-CA-536-LY, attached hereto as Exhibit A. Additionally, attached please find the Order for Case No. A-07-CA-536-LY, signed February 2, 2010, wherein Defendant Craig Jensen's Motion for Award of Attorney's Fees is denied; attached hereto is Exhibit B.

DATED: March 30, 2010

Respectfully submitted,

MYERS WILSON P.C.

By: /S/ JOHN T. WILSON

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**ATTORNEY FOR REGISTRANT,
BOOKLABK, INC.**

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above motions have been served upon opposing counsel pursuant to Rules of Federal Civil Procedure (First Class U.S. Mail) as indicated below on March 30, 2010:

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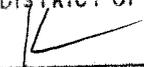
EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED

2009 DEC -4 PM 4:41

CLERK US DISTRICT COURT
WESTERN DISTRICT OF TEXAS

BY  DEPUTY

BOOKLAB, INC.,

PLAINTIFF,

V.

CRAIG JENSEN, D/B/A BOOKLAB II,

DEFENDANT.

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CAUSE NO. A-07-CA-536-LY

FINAL JUDGMENT

Before the Court is the above-entitled and numbered cause. On June 3, 2009, the Court called this cause for bench trial on Plaintiff Booklab, Inc.'s claims against Defendant Craig Jensen, d/b/a BookLab II, for trademark infringement, unfair competition, fraud, and violation of the Texas anti-dilution statute. The trial concluded on June 3, 2009. By separate order rendered this date the Court found that Booklab, Inc. failed to prove by a preponderance of the evidence that Jensen infringed Booklab, Inc.'s trademark, engaged in unfair competition, defrauded Booklab, Inc., or violated the Texas antidilution statute. Accordingly, as all claims in this cause have been resolved, the Court renders the following Final Judgment pursuant to Federal Rule of Civil Procedure 58.

IT IS ORDERED that Plaintiff Booklab, Inc. **TAKE NOTHING** by its action against Defendant Craig Jensen d/b/a BookLab II.

IT IS FURTHER ORDERED that all relief not expressly granted is hereby **DENIED**.

IT IS FINALLY ORDERED that this cause is hereby **CLOSED**.

SIGNED this 4th day of December, 2009.



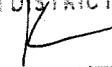
LEE YEAKEL
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED

2009 DEC -4 PM 4:41

CLERK US DISTRICT COURT
WESTERN DISTRICT OF TEXAS

BY  DEPUTY

BOOKLAB, INC.,

PLAINTIFF,

V.

CRAIG JENSEN, D/B/A BOOKLAB II,

DEFENDANT.

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CAUSE NO. A-07-CA-536-LY

FINDINGS OF FACT AND CONCLUSIONS OF LAW

BE IT REMEMBERED that on June 3, 2009, the Court called the above-styled cause for bench trial, concluding the same day. Plaintiff Booklab, Inc. appeared through its authorized representative Jeff Slosar and by counsel. Defendant Craig Jensen d/b/a BookLab II (“Jensen”) appeared in person and by counsel. Booklab, Inc. brings this trademark-infringement and unfair-competition action seeking damages and injunctive relief, alleging that Jensen infringed Booklab, Inc.’s rights in the mark “Booklab”. Booklab, Inc. also alleges that Jensen defrauded it and violated the Texas antidilution statute. *See* Tex. Bus. & Comm. Code § 16.29 (West 2002). Having carefully considered the evidence presented at trial, the arguments of counsel, the applicable law, and the record in this cause, the Court concludes that Booklab, Inc. failed to prove any of its causes of action by a preponderance of the evidence and shall take nothing by its action against Jensen. In so concluding, the Court makes the following findings of fact and conclusions of law.¹

¹ All findings of fact contained herein that are more appropriately considered conclusions of law are to be so deemed. Likewise, any conclusion of law more appropriately considered a finding of fact shall be so deemed.

I. Background

In 1988, Jensen cofounded a Delaware corporation called BookLab, Inc. (“Jensen’s original BookLab”) that operated in Texas. On September 1, 1992, Jensen’s original BookLab registered the word “BookLab” as a service mark on the United States Patent and Trademark Office’s Principal Register “for: binding, preservation and conservation of books, periodicals, manuscripts and other written or printed materials” On December 29, 1992, Jensen’s original BookLab registered the word “BookLab” as a trademark on the Principal Register “for: bookbindings and book covers, and boxes and covers made of paper, cardboard, or binderboard for books, periodicals manuscripts, and other written or printed materials” Jensen also utilized an Internet site, booklab.com. Both the trademark and service mark list the “first use” and “first use in commerce” as January 21, 1988. The trademark was cancelled on July 6, 1999, and the service mark was cancelled on June 7, 2003.

Jensen’s original BookLab closed in 1998, and Jensen took the booklab.com domain name off the Internet at that time. Since at least October 6, 2003, Jensen has done business as “BookLab II”. BookLab II performs the same type of work as Jensen’s original BookLab. As BookLab II, Jensen hand binds books and performs preservation work for museums and libraries across the country. Jensen also does work for private presses that are well known in specialty-book circles. Jensen does not publish books or do on-demand printing. Jensen has worked in this area for 32 years, considers himself well-known in the industry, and says he has a good reputation for quality work. Jensen chose to call his company “BookLab II” to leverage the goodwill his original BookLab had enjoyed in the marketplace. Jensen claims ownership of the mark “BookLab II”.

BookLab II’s Internet domain name is bookways.com, but the website is also accessible at the subdomain name booklab.bookways.com. Jensen testified that he stopped actively using the

subdomain name booklab.bookways.com, but it remains a “redirect” in the Domain Name System records, because there are old links to it on the Internet. Jensen testified that he could act to prevent the subdomain name from redirecting Internet traffic, but does not believe he should have to.

Slosar is an entrepreneur who has started various companies, generally in the high-tech arena. In late 2004, Slosar created a company called Rivalry Books at the behest of his young daughters. The company prints on-demand children’s books in which children create and play a starring role in the stories. Slosar chose the name “Rivalry Books” as a placeholder until he could establish a complete corporate presence with a new name.

Slosar wanted his new company to have a presence on the Internet and researched about 30 names in developing his corporate presence. He liked the name “Booklab” and searched the Patent and Trademark Office website for conflicting trademarks. Through his Patent and Trademark Office website search, Slosar determined that the trademark for Jensen’s original BookLab had been cancelled in 1999, and the service mark for the same company had been cancelled in 2003. Slosar only searched the Patent and Trademark Office website; he did not conduct a Google or similar search or engage a search service to conduct a search for him. Slosar discovered on the Internet that Jensen owned the domain name booklab.com and contacted Jensen to offer to buy the domain name.

Slosar and Jensen discussed the domain-name sale by telephone at least twice. They dispute the content of their phone conversations. Slosar remembers telling Jensen that he was developing a company that enabled children to publish books online, that he liked the name “Booklab” and hoped to operate his company under that name, and that he was interested in purchasing the booklab.com domain name. Slosar states that Jensen told him Jensen’s company BookLab was defunct and that Jensen was not actively using the name, but that he needed to contact his partner

before agreeing to sell the domain name. Slosar understood that Jensen did business as “Bookways” at that time, and Slosar assumed that by selling the booklab.com domain name, Jensen was selling the last asset of a defunct business. Slosar states he would not have bought the booklab.com domain name if Jensen had not said BookLab was defunct. Slosar insists that Jensen never mentioned BookLab II. In his phone conversations with Jensen, Slosar avoided bringing up trademarks, because he did not want to give Jensen a reason to drive up the price of the domain name.

Jensen remembers Slosar saying he wanted to buy the domain name. Jensen understood that Slosar was starting a business called Booklab and assumed Slosar would use the name “Booklab” on the website. Jensen did not object to Slosar using “Booklab” in that manner. Jensen remembers telling Slosar that he was operating as BookLab II at that time, and explaining why.

Slosar and Jensen also corresponded by email regarding the domain-name sale. Slosar emailed Jensen for the first time on October 15, 2004, stating, “We just spoke briefly about the booklab domain. I am interested in purchasing the domain for assisting elementary and high-school kids in the development of writing skills and style.” Jensen responded on November 7, 2004, stating that Jensen had spoken with his former partner and they were willing to “let the domain go for \$2,000.” Slosar responded the following day, surprised at Jensen’s price, and asked if there was room to negotiate.

Months later, on February 20, 2005, Slosar resumed email contact with Jensen, stating “we’re still interested in the domain” and asking whether Jensen and his partner were interested in moving forward with the transaction. On March 8, 2005, Slosar emailed Jensen, stating, “I left a message on Friday re: the domain. The group has decided to go ahead with booklab, so we’d like to get

started with the transition.” Between March 22, 2005, and March 29, 2005, Slosar and Jensen consummated the booklab.com domain-name sale for \$2000, using an online escrow service. Slosar applied to register the word “Booklab” as a trademark and service mark with the Patent and Trademark Office on March 31, 2005, and the marks were registered on December 5, 2006. The Booklab mark is registered “for: computer software for the collection, editing, organizing, modifying, book marking, transmission storage and sharing of data and information”; “for: digital on-demand printing services of books and other documents”; and “for: publication of books”.

Throughout the email correspondence between Slosar and Jensen, Jensen’s email signature appeared below the body of his emails. The signature block stated in pertinent part “Craig Jensen, BookLab II . . . craig@bookways.com <http://booklab.bookways.com>.” The email signature did not appear below every email Jensen sent, because Jensen often deleted it within the body of the email string so as not to impede the flow of the emails. But at least one, and at times two, signature blocks appeared at the bottom of every email chain between Slosar and Jensen. For example, Jensen’s email signature appeared at the end of Jensen’s first response email to Slosar on November 7, 2004, and two signature blocks appeared at the end of the email chain between Slosar and Jensen on March 23, 2005, near the end of their correspondence. Slosar did not find Jensen’s email signature significant.

Slosar discovered in late 2006 that Jensen was doing business as BookLab II. Slosar also realized at that time that a Google search for the word “Booklab” resulted in a link to Jensen’s website appearing as “BookLab II” immediately following the link to Slosar’s company Booklab,

Inc. Booklab, Inc.'s website appears first on a Google results page, followed directly by BookLab II.²

Booklab, Inc. filed suit against Jensen in this Court on July 2, 2007. Booklab, Inc. alleges that Jensen represented that he had abandoned use of the word "Booklab," including common-law and trademark rights. Booklab, Inc. brings causes of action for federal trademark infringement, false designation of origin, common-law trademark infringement, violation of the Texas anti-dilution statute, unfair competition, and fraud. *See* 15 U.S.C. §§ 1114, 1125; Tex. Bus. & Comm. Code Ann. § 16.29 (West 2002). Booklab, Inc. seeks profits, actual damages, treble damages, attorney's fees, costs, and pre- and postjudgment interest. *See* 15 U.S.C. § 1117. Booklab, Inc. also asks that Jensen "be ordered to surrender to Booklab for destruction all labels, signs, prints, packages, wrappers, receptacles, and advertisements, or other materials bearing the name, logo, color scheme, trademark, or servicemark of Defendant, or otherwise constituting violation of 15 U.S.C. § 1125(a)." Further, Booklab, Inc. requests that the Court "Certify to the Director of the United States Patent and Trademark Office a decree or order ordering the cancellation of any registrations granted to

² As of August 21, 2009, a Google search for the word "booklab" resulted in 153,000 results, led by Slosar's, then Jensen's, websites:

Booklab - Tell Your Story

Illustrated Story Books. Comic Books. Coloring Books. Board Books. Scrapbooks. Photo Albums. where you create and publish a personalized book in minutes . . .
www.booklab.com/ - Cached - Similar

BookLab II

News and links focused on books, bookbinding, and the future of reading technology.
www.bookways.com/ - Cached - Similar

Defendant for the Infringing Marks and ordering the un-filing of any applications for registration of the Infringing Marks, if any.”

II. Discussion

A. Jurisdiction and Venue

The Court has jurisdiction over this action because it arises under the trademark laws of the United States. *See* 28 U.S.C. §§ 1331, 1338; 15 U.S.C. § 1121. The Court has supplemental jurisdiction over Booklab, Inc.’s state-law causes of action because they form part of the same case or controversy as Booklab, Inc.’s federal causes of action. *See* 28 U.S.C. § 1368(a). Venue is proper in the Western District of Texas because Jensen resides in this district. *See* 28 U.S.C. § 1391(b).

B. Choice of Law

Booklab, Inc. alleges the state-law causes of action of unfair competition, common-law trademark infringement, violation of the Texas antidilution statute, and fraud. Obviously the Court will analyze violation of the Texas antidilution statute under Texas law. Booklab, Inc. pleads its unfair-competition cause of action under Texas law. Booklab, Inc. does not expressly mention in its complaint which state’s law it thinks applies to its fraud claims. The Court briefly analyzes choice of law, because Booklab, Inc.’s principal place of business is in Nevada, and Jensen’s is in Texas.

Federal courts must follow the conflict-of-law rules of the forum state in deciding state-law claims in diversity and supplemental-jurisdiction cases. *Klaxon Co. v. Stentor Elec. Mfg. Co.*, 313 U.S. 487, 496 (1941); *Snow v. WRS Group, Inc.*, 73 Fed.Appx. 2, 3 (5th Cir. 2003). Texas follows the Restatement of Conflicts’s “most significant relationship” test in “cases sounding in tort.” *Gutierrez v. Collins*, 583 S.W.2d 312, 318-19 (Tex. 1979). In determining which state has the most

significant relationship to a case, a court considers several factors listed in the Restatement of Conflicts.³ *Id.*

³ Section 6 sets out the general principles by which the more specific rules are to be applied. It states:

§ 6. Choice-of-Law Principles

(1) A court, subject to constitutional restrictions, will follow a statutory directive of its own state on choice of law.

(2) When there is no such directive, the factors relevant to the choice of the applicable rule of law include

- (a) the needs of the interstate and international systems,
- (b) the relevant policies of the forum,
- (c) the relevant policies of other interested states and the relative interests of those states in the determination of the particular issue,
- (d) the protection of justified expectations,
- (e) the basic policies underlying the particular field of law,
- (f) certainty, predictability and uniformity of result, and
- (g) ease in the determination and application of the law to be applied.

Section 145 lists factual matters to be considered when applying the principles of Section 6 to a tort case:

§ 145. The General Principle

(1) The rights and liabilities of the parties with respect to an issue in tort are determined by the local law of the state which, with respect to that issue, has the most significant relationship to the occurrence and the parties under the principles stated in § 6.

(2) Contacts to be taken into account in applying the principles of § 6 to determine the law applicable to an issue include:

- (a) the place where the injury occurred,
- (b) the place where the conduct causing the injury occurred,
- (c) the domicile, residence, nationality, place of incorporation and place of business of the parties, and
- (d) the place where the relationship, if any, between the parties is centered.

These contacts are to be evaluated according to their relative importance with respect to the particular issue.

Gutierrez, 583 S.W.2d at 318-19 (quoting Restatement (Second) of Conflicts §§ 6, 145) (internal quotations omitted).

In applying the “most significant relationship” test, the Court considers that Booklab, Inc.’s alleged injury presumably occurred in Nevada; the conduct causing the injury occurred in Texas; Booklab, Inc. is incorporated in Nevada; Jensen conducts business and resides in Texas; both parties conduct business throughout the country; and the parties’ relationship has no “center,” instead occurring over the phone and Internet. *See* Restatement (Second) of Conflicts § 145. The Court finds that the section 145 factors lead to no obvious answer as to which state has a more significant relationship to this case.

Applying the more general section 6 factors, the Court finds that the policies underlying common-law trademark infringement, unfair-competition, and fraud causes of action will be vindicated by the application of Texas law, and applying Texas law effects “ease in the determination and application of the law to be applied.” *See* Restatement (Second) of Conflicts § 6. The Court notes that Booklab, Inc. appears to assume the Court will apply Texas law, as it pleaded its unfair-competition claim under Texas law, cited Texas law regarding the elements of fraud in its proposed conclusions of law, and has alleged violation of a Texas statute. Jensen has not weighed in as to which law should apply. Considering all of the above, the Court will apply Texas law to Booklab, Inc.’s state-law causes of action.

C. Federal and Common-Law Trademark Infringement and Unfair Competition

1. Law

Booklab, Inc. alleges causes of action for trademark infringement under sections 32 and 43 of the Lanham Act, common-law trademark infringement, and unfair competition. *See* 15 U.S.C. §§ 1114, 1125. To prevail on an infringement cause of action, a plaintiff must prove it has a legally protectable mark and that the defendant’s use of the mark is likely to cause confusion. *Elvis Presley*

Enters., Inc. v. Capece, 141 F.3d 188, 193-194 (5th Cir. 1998); *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 10-11 (5th Cir. 1974). Registration of a mark satisfies the requirement that a mark be protectable. *Elvis Presley*, at 194.

The test for infringement of a federally registered mark is whether a defendant's use is "likely to cause confusion, or to cause mistake, or to deceive . . ." 15 U.S.C. § 1114. Infringement of an unregistered mark is triggered by "false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which [] is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . ." 15 U.S.C. § 1125(a). Likelihood of confusion means a probability of confusion, not a mere possibility of confusion. *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663-64 (5th Cir. 2000).

Courts analyze Texas common-law trademark-infringement and unfair-competition causes of action under the same standards as federal trademark infringement. See *Elvis Presley Enters.*, 141 F.3d at 193; *Horseshoe Bay Resort Sales Co. v. Lake Lyndon B. Johnson Imp. Corp.*, 53 S.W.3d 799, 806, n.3 (Tex. App.—Austin 2001, pet. denied) (quoting *Zapata Corp. v. Zapata Trading Int'l, Inc.*, 841 S.W.2d 45, 47 (Tex. App.—Houston [14th Dist.] 1992, no writ)).

In determining whether there is a likelihood of confusion, a court considers: (1) the type of trademark allegedly infringed, (2) the similarity between the two marks, (3) the similarity of the products or services, (4) the identity of the retail outlets and purchasers, (5) the identity of the advertising media used, (6) the defendant's intent, and (7) any evidence of actual confusion. *Elvis Presley Enters.*, 141 F.3d at 194. These factors are not exhaustive, and a court is free to consider

other relevant factors. *Westchester Media*, 214 F.3d at 664. The relevant inquiry is whether there is likelihood of confusion as to the “source, affiliation, or sponsorship” of the defendant’s products or services. *See Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 543 (5th Cir. 1998).

2. Protectable Mark

Jensen does not contest that Booklab, Inc. has a protectable mark.⁴ The Court finds that the mark “Booklab” is registered to Booklab, Inc. as a trademark and service mark on the United States Patent and Trademark Principal Register, with a registration date of December 5, 2006, and a first use and first use in commerce of March 31, 2005. The Court therefore concludes that Booklab has a protectable mark. *See* 15 U.S.C. § 1057(b).

3. Likelihood of Confusion

The first “digit of confusion” the Court analyzes is the type of trademark allegedly infringed. *See Elvis Presley*, 141 F.3d at 194. This digit requires analysis of whether Booklab is a strong or weak trademark. *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 628 F.2d 500, 504 (5th Cir. 1980).

A strong trademark is one that is rarely used by parties other than the owner of the trademark, while a weak trademark is one that is often used by other parties. In short, the more distinctive a trademark, the greater its “strength.” The strength of a trademark is important in determining the scope of protection that is granted. “The greater the number of identical or more or less similar trade-marks already in use on different kinds of goods, the less is the likelihood of confusion”

⁴ Jensen asserts rights to the mark BookLab II, and the Court finds that Jensen has consistently used the BookLab II mark in commerce since before the existence of Booklab, Inc. But that does not automatically make his mark the senior mark. Because the Court determines there is no likelihood of confusion between the parties’ marks, the Court does not decide whether BookLab II is the senior mark.

Id. (quoting Restatement of Torts § 729, Comment g (1938)). However, “All trademarks are not equal. Some are strong, some are weak and most are somewhere in between.” 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11.73 (4th ed. 2009). Further, “the true relative strength of a mark can only fully be determined by weighing two aspects of strength: 1. Conceptual strength: the placement of the mark on the spectrum of marks; and 2. Commercial Strength: the marketplace recognition of the value of the mark.” *Id.* § 11:83.

Booklab, Inc. produced evidence showing that a Google search for “booklab” resulted in about 35,400 results.⁵ Slosar and Jensen each testified that “Booklab” is descriptive; Slosar testified that when choosing a name for a company, he liked “Booklab” because it described what the company did—it was a lab for making books. Jensen explained that at universities and libraries, the portion of the facility devoted to working on books is called a “booklab.” The Court accordingly finds that given its descriptive nature, the Booklab mark is relatively weak on the spectrum of marks. Booklab, Inc. produced no evidence showing the strength of the Booklab mark in the marketplace. The Court accordingly finds that the Booklab mark is relatively weak, and this digit of confusion weighs against finding a likelihood of confusion.

The second digit the Court analyzes is the similarity between the two marks. The Court determines similarity of marks by comparing the marks’ appearances, sounds, and meanings. *Elvis Presley Enters.*, 141 F.3d at 201. The parties’ marks are distinguished by the “II” and the uppercase “L” in Jensen’s mark. Besides those distinctions, the marks look and sound similar. The Court finds

⁵ The Court takes judicial notice that as of August 22, 2009, a search for “booklab” results in 151,000 results. *See* Fed. R. Evid. 201.

that the marks Booklab and BookLab II are similar, and this digit weighs in favor of finding a likelihood of confusion.

The third digit the Court analyzes is the similarity of the parties' products and services. The parties need not compete directly for a court to find a likelihood of confusion. *Id.* at 202. "The danger of affiliation or sponsorship confusion increases when the junior user's services are in a market that is one into which the senior user would naturally expand." *Id.* The parties' products and services are similar to the extent that they both involve books, but the similarity ends there. Booklab, Inc. prints on-demand children's books. Its mark is also registered for computer software and publication of books. Jensen binds and preserves books and creates housings for rare and special books. Slosar testified that "publication of books" overlaps with bookbinding. He stated that Booklab, Inc. can provide binding services and that depending on a customer's needs, such binding might be related to book preservation. However, Booklab, Inc. produced no evidence that it ever has provided such services or responded to inquiries from customers about such services. The Court finds that to the extent "publication" can be perceived as overlapping with binding services, such overlap is negligible in Booklab, Inc.'s business. The Court finds that the products and services provided by Booklab, Inc. and Jensen are not similar, and this digit weighs against finding a likelihood of confusion.

The fourth digit the Court analyzes is the similarity of identity of retail outlets and purchasers. The record does not reflect the parties sell their products or services at retail outlets. Regarding purchasers, Slosar testified that Booklab, Inc.'s customers include nonprofit entities and major league baseball. Jensen's customers include libraries, universities, and small specialized presses. Booklab, Inc. produced no evidence showing the identity of the parties' customers overlap.

To the extent purchasers exist seeking both specialty bookbinding services and on-demand children's book printing, such purchasers would probably be unlikely, given their level of awareness, to be confused. The Court finds that there is no similarity in identity of the purchasers of Booklab Inc.'s and Jensen's products and services, and this digit weighs against finding a likelihood of confusion.

The fifth digit the Court analyzes is the identity of the advertising media used by the parties. There is little evidence in the record that the parties advertise; however, both parties maintain Internet websites. Slosar testified that he has spent money on search-engine optimization, so that Booklab, Inc. appears as the first result on a Google results list. Slosar speculates that Jensen benefits from doing business as BookLab II, because it enables him to "piggyback" on Booklab Inc.'s advertising expenditures. However, Jensen testified that before Booklab, Inc. entered the marketplace, BookLab II was the first search result on Google. Booklab, Inc. produced no evidence that Jensen does anything to maintain his website as the second result on Google, and Slosar testified that he is not aware of Jensen selling any products with Booklab, Inc.'s trademark on them. Besides maintaining a website, the record does not reflect that Jensen actively advertises; instead, Jensen's business is driven largely by the reputation he has developed in his field over decades of experience. The Court finds that because of the nature of a Google search results page and the ease of traversing the Internet, to the extent a potential Booklab, Inc. customer is confused by the BookLab II Google listing, it would take a matter of minutes, if not seconds, for such customer to realize he had reached the wrong website. The Court therefore finds that this factor weighs against finding a likelihood of confusion.

The sixth digit the Court considers is Jensen's intent. Booklab, Inc. produced no evidence of Jensen's intent to cause confusion as to the affiliation between his business and Booklab, Inc. The

Court finds that Jensen has no intent to cause confusion by his use of the mark BookLab II, and the Court finds that this digit weighs against finding a likelihood of confusion.

The seventh digit the Court considers is evidence of actual confusion. Slosar testified that Jensen's website has diverted business from Booklab, Inc.'s website and that he has received emails from customers asking which website is which. Such emails are not in evidence, and Booklab, Inc. has produced no evidence besides Slosar's vague statements and speculation regarding diverted business. Slosar's speculation is not enough to show actual confusion. Jensen testified that he has never had contact with a customer who thought he was Booklab, Inc. The Court therefore finds no evidence of actual confusion, and this digit weighs against a finding of a likelihood of confusion.

Having assessed all the digits of confusion, the Court finds that although Booklab and BookLab, II are similar marks and both parties operate Internet websites, the Booklab mark is relatively weak, there is no similarity between the parties' products and services, no similarity in their customer base, no intent that Jensen intended to create confusion, and no evidence of actual confusion. Accordingly, the Court finds no likelihood of confusion as to the source, affiliation, or sponsorship of Jensen's products or services. Booklab, Inc. has therefore failed to prove its federal and state trademark-infringement and unfair-competition causes of action and the Court will order that Booklab, Inc. take nothing by such causes of action against Jensen.

D. Fraud

To prevail on a fraud cause of action under Texas law, a plaintiff must prove (1) a speaker made a material representation that was false, (2) the speaker knew the representation was false or made the statement with reckless disregard for the truth of the statement, (3) the speaker intended to induce the other party act on the representation, and (4) the other party relied upon the

misrepresentation, to its detriment. *Ernst & Young, L.L.P. v. Pacific Mut. Life Ins. Co.* 51 S.W.3d 573, 577 (Tex. 2001).

The record shows that Slosar and Jensen communicated sporadically over the course of a few months in late 2004 and early 2005 about the sale of the booklab.com domain name and that they eventually consummated the sale. The Court finds that Slosar did not communicate clearly his desire to procure an entire corporate “wrapper” for Booklab, Inc., including trademark rights. Slosar testified that he avoided addressing trademark rights with Jensen for fear Jensen would raise the domain-name price. The Court finds that the parties have differing recollections of their phone conversations, but at no time did Jensen make a material false representation for the purpose of inducing Slosar to buy the booklab.com domain name. The emails between Jensen and Slosar only refer to a domain-name sale. If Slosar was misled, it was because of his erroneous assumptions and failure to adequately research and document the transaction into which he entered. Additionally, Booklab, Inc. has produced no evidence besides Slosar’s speculation and vague recollections to substantiate the allegation that he has been damaged by Jensen’s conduct. The Court finds that Booklab, Inc. has produced no evidence to support any of the elements of fraud and will order that Booklab, Inc. take nothing as to its fraud cause of action.

E. Violation of the Texas Antidilution Statute

A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C., or a mark or trade name valid at common law, regardless of whether there is competition between the parties or confusion as to the source of goods or services.

Tex. Bus. & Comm. Code § 16.29. Texas’s antidilution statute, like those of many other states, is based upon language contained in Section 12 of the 1964 United States Trademark Association

Model State Trademark Bill. *Exxon Corp. v. Oxxford Clothes, Inc.*, 109 F.3d 1070, 1081 (5th Cir. 1997). Booklab, Inc. has not cited, and the Court has not found, a Texas Supreme Court case applying the Texas antidilution statute, but federal courts have interpreted it by drawing from the general law of dilution that has evolved in jurisdictions with similar statutes. *Id.* To establish dilution, a plaintiff must show both ownership of a distinctive mark and likelihood of dilution. *Sefton*, 201 F.Supp.2d at 750.

Under Texas law, to determine whether a mark is distinctive enough for dilution, the court considers . . . whether the mark is arbitrary, the length of time the user has employed the mark, the scope of the user's advertising and promotions, the nature and extent of the first user's business, and the scope of the first user's reputation. [Additionally,] "a somewhat stricter standard is to be applied in determining strength in dilution analysis than in likelihood of confusion analysis."

Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car, Co., 238 F.3d 378, 381 (5th Cir. 2001) (internal citation and quotations omitted).

The Court has determined that the Booklab mark is relatively weak and is not arbitrary. *See Union Nat. Bank of Laredo v. Union Nat. Bank of Austin*, 909 F.2d 839, 845 (5th Cir. 1990) (stating arbitrary mark is ordinary word that does not suggest or describe the services involved). Booklab, Inc. has employed the mark since it applied for registration on March 31, 2005, a short period of time. The record shows that Booklab, Inc. advertises and promotes only through its Internet website. There is no evidence in the record showing the extent of Booklab, Inc.'s business or the scope of its reputation. Therefore, applying the *Advantage Rent-A-Car* factors, the Court finds that the Booklab mark is not distinctive enough to merit protection from any alleged dilution, and Booklab, Inc. fails to prove that Jensen violated the Texas antidilution statute.

Booklab, Inc. has failed to prove by a preponderance of the evidence any of its causes of action, and the Court will render a take-nothing judgment in Jensen's favor.

SIGNED this 9th day of December, 2009.



LEE YEAKEL
UNITED STATES DISTRICT JUDGE

EXHIBIT B

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED
2010 FEB -3 AM 8:59
CLERK US DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY _____
DEPUTY

BOOKLAB, INC.,
PLAINTIFFS,

V.

CRAIG JENSON, D/B/A BOOKLAB II,
DEFENDANT.

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CAUSE NO. A-07-CA-536-LY

ORDER

Before the Court are Defendant Craig Jensen's Motion for Award of Attorney's Fees filed December 18, 2009 (Clerk's Document No. 76); Motion by Plaintiff Booklab, Inc. for Extension of Time to Respond to Defendant's Motion for Award of Attorney's Fees filed December 28, 2009 (Clerk's Document No. 77); and Booklab, Inc.'s Response to Defendant Craig Jensen's Motion for Attorney's Fees filed January 8, 2010 (Clerk's Document No. 78). The Court will grant Plaintiff's motion for extension of time. Having reviewed the motion and response, the Court is of the opinion that the motion for attorney's fees should be denied.

On June 3, 2009, this Court called this cause for bench trial on Plaintiff Booklab, Inc.'s claims against Defendant Craig Jensen, d/b/a Booklab II, for trademark infringement, unfair competition, fraud, and violation of the Texas anti-dilution statute. On December 4, 2009, this Court found that Booklab, Inc. failed to prove by a preponderance of the evidence that Jensen infringed Booklab, Inc.'s trademark, engaged in unfair competition, defrauded Booklab, Inc., or violated the Texas antidilution statute.

Defendant Craig Jensen seeks an award of attorney's fees pursuant to the Lanham Act, which provides that the Court "in exceptional cases may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a)(3). The prevailing party bears the burden of demonstrating the

exceptional nature of the case by clear and convincing evidence. *Bd. of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 491 (5th Cir. 2008). To demonstrate that a case is exceptional a defendant must show that the plaintiff brought the case in bad faith. *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 490 (5th Cir. 2004). A district court should consider the objective merits of the suit in determining whether the plaintiff acted in bad faith. *Id.* However, a party has not acted in bad faith simply by predicating its legal claim on a controversial and unsettled legal theory. *Id.* Thus, attorneys's fees for prevailing defendants are unavailable *unless* a showing is made that the suit was brought in bad faith.

The fact that Jensen prevailed at trial does not render Plaintiff's suit without merit or in bad faith. The Court finds that this case does not meet the "exceptional" requirement necessary to award attorney's fees. Therefore, the Court determines that Jensen's motion for attorney's fees will be denied.

IT IS THEREFORE ORDERED that Motion by Plaintiff Booklab, Inc. for Extension of Time to Respond to Defendant's Motion for Award of Attorney's Fees filed December 28, 2009 (Clerk's Document No. 77) is **GRANTED**.

IT IS FURTHER ORDERED that Defendant Craig Jensen's Motion for Award of Attorney's Fees filed December 18, 2009 (Clerk's Document No. 76) is **DENIED**.

SIGNED this 2nd day of February, 2010.


LEE YEAKEL
UNITED STATES DISTRICT JUDGE