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

Proceeding	91176619
Party	Plaintiff Trace Minerals Research, L.C.
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Submission	Motion to Suspend for Civil Action
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Date	06/13/2007
Attachments	motion to suspend.pdf (55 pages)(2078757 bytes)

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

TRACE MINERALS RESEARCH, L.C., Opposer, vs. MINERAL RESOURCES INTERNATIONAL, INC., Applicant.	Opposition No. 91176619 Mark: CONCENSEA Application Serial No. 78/917034 Published: February 13, 2007
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Commissioner for Trademarks
P. O. Box 1451
Alexandria, Virginia 22313-1451

MOTION TO SUSPEND PENDING INTER PARTES PROCEEDING

Opposer Trace Minerals Research, L.C. (“Opposer”) moves to suspend the above-captioned proceeding pending disposition of Civil Action 1:06-CV-00068, filed by Opposer against Applicant Mineral Resources International, Inc. (“Applicant”) in the U.S. District Court for the District of Utah.

Applicant has applied for federal registration of its trademark CONCENSEA (Application Serial No. 78/917034). Opposer has filed a Notice of Opposition to Application Serial No. 78/917034, claiming the mark is confusingly similar to Opposer’s mark, ConcenTrace®.

Opposer filed a civil action on June 15, 2006, charging Applicant with infringement of its trademark rights. The pleadings in the civil action are attached hereto as Exhibit “A”. In

paragraph 72 of the Third Amended Complaint filed in that action, Opposer alleges that "MRI is using in commerce the trademarks CONCENSEA™ . . . which [is] confusingly similar to TMR's ConcenTrace® . . .".

In granting the Opposer's Motion for Partial Summary Judgment in the civil action, the District Court stated that "MRI admitted that TMR owns the federally registered trademark ConcenTrace". See Order and Memorandum Decision at pg. 4. That judicial finding directly contradicts the position asserted by Applicant in its Answer to Notice of Opposition which states that "Opposer does not own the CONCENTRACE mark, and/or Applicant's rights in the mark are senior to those of Opposer, in whole or in part." See Answer to Notice of Opposition at ¶ 5.

Disposition of the civil action will determine who has superior rights to the mark ConcenTrace® and whether Applicant is entitled to register the confusingly similar mark ConcenSea. Accordingly, it is respectfully submitted that all further proceedings in Opposition No. 91176619 be suspended pending disposition of Civil Action No. 1:06-CV-00068.

DATED this 13th day of June, 2007.

CALLISTER NEBEKER & McCULLOUGH

/s/ John H. Rees

John H. Rees

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*Attorneys for Opposer Trace Minerals Research,
L.C.*

CERTIFICATE OF SERVICE


I hereby certify that a true and correct copy of MOTION TO SUSPEND PENDING
INTER PARTES PROCEEDING was served by United States mail, first class postage prepaid,
on the 13th day of June 2007, on the following:

Arthur B. Berger, Esq.
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/s/ John H. Rees

EXHIBIT A

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FILED
U.S. DISTRICT COURT
2007 APR 16 P 12: 29
DISTRICT OF UTAH
BY:  DEPUTY CLERK

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

TRACE MINERALS RESEARCH, L.C., a
Utah Limited Liability Company,

Plaintiff,

vs.

MINERALS RESOURCES
INTERNATIONAL, INC., a Utah corporation;
BRUCE ANDERSON, an individual; and
NORTH SHORE LIMITED PARTNERSHIP, a
Utah limited partnership,

Defendants.

MINERAL RESOURCES INTERNATIONAL,
INC.,

Counterclaim Plaintiff,

vs.

TRACE MINERALS RESEARCH, L.C.;
ELEMENTS OF NATURE, INC.; MATT
KILTS; CRAIG MILES, SCOTT PERKES;
JAMES CRAWFORD; and JOHN DOES 1
through X,

Counterclaim and Third Party
Defendants.

THIRD AMENDED COMPLAINT

Civil No. 1:06CV00068

Judge Tena Campbell

Plaintiff Trace Minerals Research, L.C. (the "Plaintiff" or "TMR") complains against the Defendants as follows:

INTRODUCTION

1. Plaintiff TMR paid Defendants more than \$2,000,000 for the ownership and intellectual property rights associated with a health products business founded by the owners of Defendant MRI. As part of the sale, the parties entered into a Supply Agreement that gave MRI a "right of first refusal" to manufacture certain mineral-based products "for TMR under TMR's labels". In addition to those products, the Agreement also gave TMR the right to sell "Bulk" minerals supplied by MRI. Bulk sales comprise a relatively small percentage of TMR's business.

2. After purchasing all right to the TMR trademarks, Plaintiff granted MRI a limited license for the "continued use of TMR's trademarks with MRI's existing accounts" in those foreign countries where MRI had a customer using the trademarks before the April 1999 sale. The license was limited to (1) the type of use made by MRI's existing customer before the sale; (2) in the foreign country where that customer was operating at the time of the sale.

3. Without the consent of TMR, MRI used and authorized others to use TMR's trademarks beyond the scope of the license granted to MRI by TMR.

4. When TMR demanded that MRI cease that unauthorized use, Defendant MRI retaliated by refusing to fill orders for Bulk products that MRI had been supplying to Plaintiff for more than four years without objection. TMR notified MRI in writing that MRI's refusal to fill TMR's Bulk product orders would force TMR to purchase Bulk minerals from alternate sources until MRI resumed shipments to TMR. TMR in fact purchased Bulk minerals from an alternate source after MRI continued its refusal to fill Bulk orders.

5. TMR attempted to work with MRI to resolve MRI's unauthorized use of TMR trademarks and the dispute over Bulk sales. MRI continued to ignore TMR's trademark concerns and then drastically increased the pressure on TMR by cutting off the supply of all products. The threat of losing its supply of non-Bulk products forced TMR to offer a compromise on the Bulk issue in order to preserve its business with the non-Bulk customers that constitute the vast majority of TMR's business.

6. MRI rejected TMR's compromise offer on the Bulk sales, and the substantial payments it would have received from TMR until the Agreement expired in April 2007, in order to eliminate TMR as a competitor while TMR was still vulnerable to the supply constraints caused by MRI's wrongful refusal to supply product. MRI converted the product that had been wrongfully withheld from Plaintiff into a "new product line" and added to its trademark misuses by adopting the name "CONCENSEA" in a brazen attempt to misappropriate the goodwill associated with the trademark CONCENTRACE® that MRI had sold to Plaintiff.

7. MRI also used the customer relationships that Defendant Anderson had developed as a paid sales representative of TMR to steal those customers from TMR by misrepresenting to the customer that TMR did not have the right to sell mineral products.

8. This Complaint seeks damages for Defendants' scheme to eliminate TMR as a future competitor by misappropriating and infringing upon the goodwill, customer relationships and intellectual property that Defendants sold to Plaintiff for more than \$2,000,000.

JURISDICTION AND VENUE

9. This is a civil action for trademark infringement and false designation of origin in violation of the United States Trademark Act of 1946 (the "Lanham Act"), as amended, 15 U.S.C. §§ 1114 and 1125(a); trademark infringement under Utah law (Utah Code Ann. § 70-3a-

402); and for unfair competition under Utah Code Ann. § 13-5a-103, Utah common law and for breach of contract.

10. This Court has subject matter jurisdiction over Plaintiff's claims for relief for violation of the Lanham Act pursuant to 15 U.S.C. § 1121(a); and 28 U.S.C. §§ 1331 and 1338(a).

11. Pursuant to 28 U.S.C. § 1338(b), this Court has original and/or supplemental jurisdiction over Plaintiff's state-law claims, insofar as those claims are joined with substantial and related claims under the Lanham Act, as amended, 15 U.S.C. § 1051 et seq.

12. This Court also has supplemental jurisdiction over Plaintiff's state-law claims pursuant to 28 U.S.C. § 1367(a), insofar as all of Plaintiff's claims arise out of a common nucleus of facts.

13. Venue is proper in this district pursuant to 28 U.S.C. § 1391(a), (b) and (c) because, *inter alia*, Defendants are engaged in infringing conduct in this state and district.

THE PARTIES

14. Plaintiff is a Utah limited liability company having its principal place of business in Ogden, Utah.

15. Defendant Mineral Resources International, Inc. is a Utah corporation with its principal place of business in Ogden, Utah ("Defendant" or "MRI").

16. Defendant Bruce Anderson is a resident of Utah and one of the owners of MRI. Mr. Anderson also received commissions from TMR for sales made to TMR customers.

17. Defendant Northshore Limited Partnership ("Northshore") is a Utah limited partnership that is operated and controlled by the owners of MRI. MRI represents to the public that it "manages" and "controls" the "mineral harvesting operation" that is otherwise referred to

as "Northshore". A unity of interest and ownership exists between MRI and Northshore such that Northshore is the alter ego of MRI. The owners of Northshore played a role in the conduct alleged herein.

GENERAL ALLEGATIONS

18. Defendant MRI is engaged in the manufacture, production and sale of trace minerals, herbs, vitamins and other health-related products.

19. MRI and its previous owners sold their interest in TMR to the present owners in April 1999 pursuant to a Stock Purchase Agreement dated April 5, 1999 (the "Stock Purchase Agreement"). MRI's owners received more than \$2,000,000 for the sale of TMR to its present owners in the form of stock purchase consideration and royalty payments.

TMR's Trademarks and Rights Under the Supply Agreement

20. As part of that sale, MRI and its previous owners sold all their right, title and interest in certain intellectual property to TMR, including the tradename Trace Minerals Research, the trademark CONCENTRACE® and the trademarks listed in Exhibit E to the Supply Agreement, effective April 6, 1999 (hereinafter referred to as the "Supply agreement I"). TMR also owns the trademark, "CMD". A true and correct copy of that list of trademarks is attached hereto as Exhibit "A" and incorporated by reference herein.

21. The following TMR trademarks (collectively, "TMR Registered Trademarks") were granted federal registration by the United States Patent and Trademark Office:

CONCENTRACE®	Registration No. 1,714,977
TRACE MINERAL RESEARCH®	Registration No. 2,011,381

22. TMR also acquired and is using in commerce the following trademarks and has applied to register them with the United States Patent and Trademark Office (together with TMR

Registered Trademarks and the TMR Utah Trademarks (as defined below), the "TMR Trademarks"):



TRACE MINERALS RESEARCH (and design)	Serial No. 78/881,822
ARTH-X	Serial No. 78/881,713
STRESS-X	Serial No. 78/881,404

23. TMR was also granted registration for the marks TRACE MINERAL DROPS (and design), Registration No. 2514775-0190, and CONCENTRACE MINERAL TABLETS (and design), Registration No. 2514773-0190, in the State of Utah (the "TMR Utah Trademarks"). The TMR Trademarks are valid and protectable under common law.

24. As part of the sale transaction, TMR granted MRI a limited license for "MRI's continued use of TMR's trademarks with MRI's existing accounts." As consideration for that limited license, MRI agreed to pay TMR a license fee of one percent (1%) of MRI's sales to such accounts, with an annual cap of \$7,500.00.

25. The Stock Purchase Agreement drafted by MRI refers to an "Exhibit K" for a list of the countries in which MRI had an "existing account" for purposes of the limited license granted to MRI in Section 5.4 of that agreement. Although MRI failed to include an Exhibit K on the Stock Purchase Agreement executed by the parties, in a subsequent memorandum prepared by MRI's president, titled "Matrix of Disclosures of MRI's Use of TMR Logo/Trade Names", MRI represented that the following countries were not "listed in K file" for purposes of qualifying for the "continued use" license set forth in Section 5.4 of the Stock Purchase

Agreement: England, Korea, South Africa, China, Hungary, Sweden, Ireland, Iceland, Norway, Denmark, Thailand and Hong Kong.

26. TMR and MRI also entered into the Supply Agreement I pursuant to which MRI agreed to supply products to TMR for sale by TMR in the Total Licensed Area as defined therein.

27. Pursuant to Section 16.2 of the Supply Agreement I, the parties agreed "not to intentionally use, employ or attempt to register any trademark or trade name which it knows or should know to be confusingly similar to the trademarks or trade names of the other" without "the prior written consent of the other."

TMR's Exclusive Right to Sell Products to Health Food Stores in the United States

28. In addition to the intellectual property TMR also purchased the exclusive right to sell products to and through health food stores in the United States.

29. On or about April 5, 2004, TMR and MRI entered into a second supply agreement that included many of the provisions contained in Supply Agreement I, including the provision prohibiting MRI from using or attempting to register any trademark or trade name of TMR (hereafter referred to as "Supply Agreement II").

30. Section 2.1 of Supply Agreement II grants TMR the exclusive right to market and sell "**PRODUCTS**" to and through Health Food Stores in the "**EXCLUSIVE TERRITORY**."

31. "**PRODUCTS**" are defined in Supply Agreement II as "those products manufactured by MRI for TMR, under TMR's labels as listed on the items listed in an attached Exhibit C" and any other items "having the ingredient contents listed on Exhibit I" which contents are "currently manufactured by MRI".

32. **"HEALTH FOOD STORE"** is defined in Supply Agreement II to mean "any commercial establishment that is primarily engaged in direct retail sales of products at a commercial site where a minimum of seventy-five percent (75%) of gross revenues came from sales of dietary or nutritional supplements."

33. MRI agreed to supply Products to TMR for sale by TMR to Health Food Store customers in the **EXCLUSIVE TERRITORY**, as defined therein, for a "period of (3) years".

Bulk Sale Customers Acquired by TMR

34. In addition to **HEATH FOOD STORE** customers in the **EXCLUSIVE TERRITORY**, MRI agreed that "all of TMR's customers existing as of the effective date of this Agreement shall be grandfathered into this contract." The grandfathered customers are identified in Exhibit D to Supply Agreement II (referred to hereafter as "Exhibit D Customers"). MRI expressly agreed not to "knowingly solicit or sell to those customers."

35. The Exhibit D customers purchased primarily Bulk products from TMR. Supply Agreement II defined "Bulk Sales" as MRI-manufactured product "in larger quantities or containers than are intended for retail purchase by end-user consumers . . . in units or quantities such as gallons, barrels (or larger containers), unbottled tablets, unbottled product powders and unlabeled product."

36. MRI expressly agreed that the Exhibit D customers "shall be considered within the **EXCLUSIVE TERRITORY**" and acknowledged that those customers "have been granted licensing agreements by MRI that specifically include the ability to sell to **HEALTH FOOD STORES**."

37. Following the sale of TMR to the present owners in 1999, additional customers were classified by the parties as Exhibit D customers. Defendant Bruce Anderson worked as a

sales representative of TMR and used TMR funds and resources to solicit those customers. Mr. Anderson was paid a sales commission by TMR based on a percentage of the Bulk product purchased by those customers from TMR.

38. Prior to July 2004 when TMR first expressed concern about MRI's use of TMR's intellectual properties, MRI supported TMR in its efforts to sell Bulk product to Exhibit D customers and other Bulk customers of TMR. MRI supplied Bulk product to TMR and was aware that the Bulk product was being used by TMR's customers to manufacture and market products to **HEALTH FOOD STORES** in the United States. MRI confirmed by its course of conduct that TMR was authorized and licensed to sell Bulk product to those customers and that those customers were considered part of TMR's **EXCLUSIVE TERRITORY**.

Unauthorized Uses of TMR's Trademarks Beyond the Scope of the License

39. On or about July 8, 2004, TMR notified Bruce Anderson of MRI by email that customers searching the internet for TMR's trademark product CONCENTRACE® were being directed to the MRI website where reference was made to "Mineral Resources International - The Source of ConcenTRace®". TMR requested that MRI remove this reference to TMR's trademark "as soon as possible."

40. When TMR first expressed concern to MRI about the unauthorized use of TMR's trademarks, TMR was not aware of the extent to which MRI was violating TMR's intellectual property rights.

41. TMR was not aware that on November 12, 1999, less than seven months after MRI sold TMR all rights to the trademarks CONCENTRACE® and TRACE MINERALS RESEARCH and agreed "not to attempt to register" any trademark or trade name of TMR without TMR's written consent, MRI provided TPPIZ Horse International Trading Co. ("Horse

Trading") with a "formal authorization" purporting to authorize Horse Trading to register the trademarks CMD™, CONCENTRACE® and TRACE MINERAL RESEARCH in China.

42. TMR is informed and believes and on that basis alleges that MRI has attempted to register and/or registered TMR's trademarks in other countries in direct violation of the Supply Agreement.

43. Nor was TMR aware that MRI was routinely authorizing customers to use TMR Trademarks on accounts that did not qualify for the "continuing use" license set forth in Section 5.4 of the Stock Purchase Agreement.

44. Those countries where MRI has admitted that TMR's Trademarks were not being used at the time of the Stock Purchase Agreement include England, Korea, South Africa, China, Hungary, Sweden, Ireland, Iceland, Norway, Denmark, Thailand and Hong Kong.

45. TMR is informed and believes and on that basis alleges that MRI is using and authorizing the use of TMR's Trademarks by other customers not authorized by TMR to use those marks under the license provided in the Stock Purchase Agreement.

46. The license granted by TMR to MRI also limits the use of TMR's Trademarks by MRI's "existing accounts" to the "continued use" made by those accounts prior to the sale of MRI's interest in that intellectual property to TMR. MRI has encouraged, approved, facilitated and permitted uses by those accounts beyond the scope of the license, including but not limited to the use of TMR's Trademarks to market and sell products via the internet.

47. MRI has used and continues to use TMR's Trademarks on its own website without the approval or consent of TMR. MRI has refused to comply with TMR's repeated requests to remove TMR's Trademarks from its website.

48. TMR is informed and believes and on that basis alleges that MRI has contracted with internet search providers to have its website receive preference as a "sponsor" for internet searches involving TMR's Trademarks, including searches for TRACE MINERAL RESEARCH®, LIQUID VITA MINERALS™ and CONCENTRACE®.

49. Without the knowledge or consent of TMR, MRI has advertised TMR's Trademarks at trade shows and in trade publications directed at customers in TMR's **EXCLUSIVE TERRITORY.**

50. TMR requested that MRI and its customers execute trademark license agreements for the uses of TMR's trademarks that were not authorized by the limited license granted by TMR to MRI.

51. After MRI continued to ignore TMR's requests for license agreements, TMR notified MRI on March 9, 2005 that it was canceling the license between MRI and TMR. MRI ignored that notice of cancellation and continued to use TMR's trademarks without authorization.

52. In a letter to TMR dated February 10, 2006, Bruce Anderson admitted that MRI had breached the license agreement in that MRI had purported to authorize accounts "which started purchasing product from MRI after April 1, 1999" to use the TMR trademarks "without the advance notification or agreement" of TMR. Mr. Anderson argued, however, that this use was justified because MRI was willing to pay TMR a license fee, unilaterally determined by MRI, for the unauthorized use of TMR's trademarks.

53. TMR refused to accept the nominal license fee proposed by MRI for its unauthorized use and exploitation of TMR's trademarks.

MRI's Attempts to Coerce TMR Into Allocating Customers and Relinquishing Its Intellectual Property Rights By Cutting Off the Supply of Products

54. Shortly after TMR objected to MRI's misuse of the TMR Trademarks, MRI began to accuse TMR of breaching the Supply Agreement. For the first time since MRI sold the company in 1999, MRI began refusing to fill TMR's orders for Bulk product.

55. On or about March 15, 2005, TMR notified MRI in writing that it would "be forced to find alternate suppliers" if MRI persisted in its refusal to fill orders for TMR's customers.

56. When MRI continued to withhold Bulk product from TMR, TMR proceeded to make arrangements to purchase Bulk minerals from alternate sources. TMR's principals formed the Utah corporation, Elements of Nature, to service the TMR customers for which MRI refused to supply product.

57. Although Section 9.4 of the Supply Agreement II provides that "TMR shall not obtain any sea water, Great Salt Lake Water and/or trace mineral complex products or product components from any source other than MRI" during the term of the Agreement, that contractual "right of first refusal" does not prevent TMR from obtaining Bulk product from other sources that MRI refuses to supply or chooses not to sell to TMR. Nor does the Supply Agreement preclude TMR from selling non-MRI products outside the EXCLUSIVE TERRITORY.

58. While the antitrust laws allow certain vertical agreements between a manufacturer and a distributor to divide customers and territories "solely involving the manufacturer's commodity or service," (U.C.A. § 76-10-920(1)(b)) horizontal agreements to divide territories or allocate customers with respect to commodities not supplied by the manufacturer are unlawful.

59. Despite that prohibition, MRI construes the Supply Agreement as prohibiting TMR from selling non-MRI products outside the EXCLUSIVE TERRITORY. In an October 12, 2005 email from MRI's owners to a TMR sales representative, Matthew Andersen accused TMR of attempting "to steal a customer" of MRI by offering to sell non-MRI products to that customer. When the TMR sales representative objected to that threat on the ground that TMR has the right to sell products that are not sourced from MRI, Mr. Andersen replied that TMR "crossed the line" by offering to sell non-MRI products to "any of our existing customers".

60. As TMR resisted MRI's attempts to coerce TMR into (1) relinquishing its Intellectual Property rights and (2) dividing territories and customers, MRI increased the pressure on TMR by informing TMR on March 31, 2006 that "MRI is ceasing all **PRODUCT** and **BULK SALES PRODUCT** shipments to TMR effective immediately."

61. The purported justification given by MRI for the termination of all supply was that TMR was violating the exclusivity requirements of the Supply Agreement.

62. TMR notified MRI that its termination of all shipments was in direct breach of Section 19.2 of Supply Agreement II which requires that any party declaring a default under Supply Agreement II provide the defaulting party with "written Notice of Default and Opportunity to Cure." The Agreement expressly provides that "the defaulting party is entitled to thirty (30) days from the date said notice is received in which to cure the default."

63. TMR urged MRI to resume shipment of **PRODUCT** for TMR's **HEALTH FOOD STORE** customers while the parties attempted to negotiate a solution to the legal dispute over whether TMR was entitled to purchase Bulk minerals from alternative sources where MRI refused to sell Bulk minerals to TMR.

64. TMR further advised MRI that its use of Utah Commercial Code § 2-609 to cut off all supply of both **PRODUCTS** and **BULK PRODUCTS** was not commercially reasonable where the Supply Agreement expressly limits the remedy for the breaches alleged by MRI to the payment of a fee or the suspension of particular Bulk licenses.

65. In a good faith effort to resolve this dispute, TMR met with Defendants Anderson and MRI to provide them with information concerning TMR's purchase of Bulk from alternate suppliers. While TMR contends that the Supply Agreement allows TMR to purchase Bulk minerals from alternate sources when MRI declines to fill such orders, TMR informed MRI that it was willing to discuss this issue with MRI in an attempt to persuade MRI to resume the shipment of product to TMR. TMR urged MRI to commence delivery of **PRODUCT** so that TMR could satisfy the needs of its **HEALTH FOOD STORE** customers that were not the subject of the dispute over Bulk sales.

66. Despite TMR's good faith efforts to resolve the dispute over Bulk sales, MRI continued to withhold **PRODUCT** that TMR desperately needed to fill the growing backorders of its **HEALTH FOOD STORE** customers.

67. Defendants MRI and Northshore further attempted to suppress competition from TMR by threatening potential suppliers of mineral products that MRI refused to supply to TMR. MRI threatened at least one supplier with legal action based on the bad faith assertion of agreements not to compete and other provisions that MRI misapplied to eliminate and hinder competition.

68. On July 26, 2006, MRI filed with the Utah Division of Forestry and State Lands an opposition to the mineral salts lease application of Salt Lake Minerals in an effort to prevent that company from harvesting salt minerals from the Great Salt Lake. MRI's conduct is

intended to eliminate competition so that it can maintain supra-competitive prices for products containing Great Salt Lake minerals, effectively depriving the State of Utah of the royalty revenues from mineral harvesters excluded from the lake by MRI's conduct.

MRI's Scheme to Destroy TMR and Misappropriate Its Customers

69. Plaintiff is informed and believes and on that basis alleges that MRI is using the dispute over Bulk sales as a pretext to terminate all supply to TMR so that MRI can misappropriate TMR's Exhibit D customers and gain entry into the **HEALTH FOOD STORE** market.

70. While MRI was purporting to negotiate a resolution of the Bulk dispute, it was in fact taking steps to enter the market for **HEALTH FOOD STORES** in the United States.

71. On July 14, 2006, MRI issued a press release directed at **HEALTH FOOD STORES**, announcing that it was severing its relationship with TMR to pursue selling Great Salt Lake-derived mineral products directly to **HEALTH FOOD STORES**.

72. In conjunction with its entry into the **HEALTH FOOD STORES** market, MRI is using in commerce the trademarks **CONCENSEA™** and **HEALTH SOLUTIONS INLAND SEA WATER**, which are confusingly similar to TMR's **CONCENTRACE®** and **INLAND SEA WATER™** marks.

73. MRI is also disparaging TMR and its products by issuing "press releases" and advertising that contains statements of fact that MRI knows are false and misleading.

74. Although the State of Utah rejected MRI's attempt to prevent the issuance of a mineral salts lease to a competitor of MRI that supplies Great Salt Lake minerals to TMR, MRI continues to falsely represent to consumers that "it is the only government inspected food grade harvester of minerals from Utah's Great Salt Lake."

75. MRI also represents that the Andersen family has been "harvesting from the Great Salt Lake" for the past 31 years using the same processing methods to "naturally process the mineral product formerly manufactured for TMR under the brand name ConcenTrace."

76. In fact, prior to 1996, a large portion of the Great Salt Lake minerals used by MRI in its food supplement products were purchased from a manufacturer of industrial salt, not "harvested" by the Andersen family as stated in MRI's advertisements.

77. As a result of MRI's wrongful refusal to supply product, and its campaign to discredit and falsely malign TMR's products, TMR has suffered damages in the forms of lost sales, loss of valuable customer relationships and loss of premium shelf position with TMR customers.

78. TMR has also lost business and sales from customers in TMR's **EXCLUSIVE TERRITORY** who contacted MRI after being directed to the MRI website in response to internet searches using the TMR Trademarks.

79. In April 2005, the parties executed a Tolling Agreement to facilitate discussions to resolve various disputes. The agreement provides that "all statutes of limitations regarding claims between the parties will be extended" until either party provides notice that the Tolling Agreement is terminated. The Tolling Agreement has not been terminated by either party.

FIRST CLAIM FOR RELIEF
(Trademark Infringement Against MRI)
(Lanham Act § 32)

80. Plaintiff realleges and incorporates by reference the allegations of paragraph 1 through 79, as set forth herein.

81. Plaintiff is the registrant and sole and exclusive owner of the CONCENTRACE® mark and the other TMR Trademarks referred to in paragraphs 21, 22 and 23, and uses the TMR Trademarks in commerce.

82. Plaintiff has obtained federal registration of and uses in commerce the TMR Trademarks identified in paragraph 12.

83. Defendant MRI is using the TMR Trademarks beyond the scope of its license by using and authorizing others to use those marks in ways that do not qualify as "continuing use" by "existing accounts."

84. Defendant MRI is using TMR's registered trademarks on its website and in other advertising materials for the promotion and sale of its products to the general public.

85. MRI is also using in commerce the trademark CONCENSEA™, which is confusingly similar to TMR's registered trademark CONCENTRACE®.

86. Defendant's conduct, all without the authorization, license or permission of TMR, is likely to cause confusion, mistake, or deception as to the source, origin or approval of TMR's goods, in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114. Specifically, Defendant's activities are intended to, and are likely to, lead the public to conclude, incorrectly, that Defendant's manufacture and sale of products associated with the CONCENTRACE® mark and the other TMR Trademarks has been authorized, licensed, and/or endorsed by TMR, to the damage and harm of TMR.

87. Defendant's unauthorized use of the TMR Trademarks on its products will cause such products to be attributed to having emanated from TMR. TMR is damaged thereby because TMR has no control over the nature and quality of the products sold by Defendant, and TMR is likely to lose sales of its products, and lose rights to the TMR Trademarks.

88. TMR is entitled to recover Defendant's profits and reasonable royalties together with TMR's damages, each of which may be trebled, as well as costs of the action and reasonable attorneys' fees pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. §§ 1117(a) and (b).

89. Defendant's intentional and willful activities have caused, and will continue to cause, irreparable harm to TMR, for which TMR has no adequate remedy at law in that: (i) the TMR Trademarks are unique and valuable property rights; (ii) Defendant's infringement constitutes an interference with TMR's goodwill and customer relationships, and will substantially harm TMR's reputation and the TMR Trademarks as a source of high quality products and services as well as dilute the substantial value of the TMR Trademarks; and (iii) Defendant's wrongful conduct, and the damages resulting to TMR, are continuing.

90. Accordingly, TMR is entitled to permanent injunctive relief pursuant to 15 U.S.C. § 1116(a).

91. Defendant's unlawful and willful conduct renders this case an exceptional case, further entitling Plaintiff to recover its attorneys' fees and costs of suit pursuant to 15 U.S.C. § 1117.

SECOND CLAIM FOR RELIEF
(Trademark Infringement/False Designation Of Origin Against MRI)
(Lanham Act § 43(a))

92. TMR realleges and incorporates by reference the allegations of paragraphs 1 through 91, as set forth herein.

93. MRI's advertising contains false and misleading descriptions of fact that misrepresents the nature, characteristics, qualities and origin of TMR's goods.

94. MRI's sale of products using the TMR Trademarks is also beyond the scope of the license granted to MRI by TMR.

95. MRI is using the trademark HEALTH SOLUTIONS INLAND SEA WATER™ which is confusingly similar to TMR's INLAND SEA WATER mark.

96. These actions constitute a false designation of origin and a false representation in that TMR's customers and the public likely will be led to believe that TMR has authorized or approved of Defendant's sale of product using the TMR Trademarks. TMR is being damaged by such false designation of origin in that MRI's actions have deprived TMR of the opportunity to control the nature and quality of the products sold under Plaintiff's marks, which could result in confusion of existing and potential customers, a loss of TMR's goodwill, and a loss of sales of TMR's product.

97. TMR is entitled to recover Defendant's profits and reasonable royalties together with TMR's damages, each of which may be trebled, as well as costs of the action and reasonable attorneys' fees pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. §§ 1117(a) and (b).

98. Defendant's intentional and willful activities have caused, and will continue to cause, irreparable harm to TMR, for which TMR has no adequate remedy at law in that: (i) the TMR Trademarks are unique and valuable property rights; (ii) Defendant's infringement constitutes an interference with TMR's goodwill and customer relationships, and will substantially harm TMR's reputation and the TMR Trademarks as a source of high quality products as well as dilute the substantial value of the TMR Trademarks; and (iii) Defendant's wrongful conduct and the damages resulting to TMR, are continuing.

99. Accordingly, TMR is entitled to permanent injunctive relief pursuant to 15 U.S.C. § 1116(a), and to an order under 15 U.S.C. § 1118 directing the impound of all copies of infringing products. TMR also is entitled, *inter alia*, to the cost of corrective advertising.

THIRD CLAIM FOR RELIEF
(Trademark Infringement Under Utah Law Against MRI)
(Utah Code § 70-3a-402)

100. Plaintiff realleges and incorporates by reference the allegations of paragraph 1 through 99, as set forth herein.

101. Plaintiff is the registrant and sole and exclusive owner of the TMR Trademarks referred to in paragraph 23.

102. MRI's conduct, all without the authorization, license or permission of TMR, is likely to cause confusion, mistake, or deception as to the source, origin or approval of the Defendant's services, in violation of Utah Code § 70-3a-402.

103. Defendant should be ordered to pay to TMR three time Defendant's profits from, and three times all damages suffered by TMR, by reason of the Defendant's wrongful conduct referenced herein.

FOURTH CLAIM FOR RELIEF
(Unfair Competition Against MRI)
(Utah Code § 13-5a-103 and Common Law)

104. Plaintiff realleges and incorporates by reference the allegations in paragraph 1 through 103, as set forth herein.

105. Defendant's acts have impaired TMR's goodwill, have created a likelihood of confusion, and have otherwise adversely affected TMR's business and reputation by use of unfair and fraudulent business practices, namely, Defendant's wrongful use of the TMR Trademarks for commercial gain. These acts were and are intentional, unfair and infringe upon

TMR Trademarks, constituting unfair competition and unfair business practices under Utah Code § 13-5a-101 et seq., the analogous statutes of other states, and Utah common law.

106. Absent injunctive relief, TMR has no means by which to control Defendant's deceptive and confusing use of the TMR Trademarks. TMR is thus entitled to injunctive relief prohibiting Defendant from continuing such acts of unfair competition. TMR also is entitled to recover Defendant's profits, as well as TMR's costs and attorneys' fees.

107. In performing the conduct described herein, Defendant acted despicably and with oppression, fraud or malice, intending to injure Plaintiff and wrongfully to advantage itself at Plaintiff's expense. By reason thereof, Plaintiff is entitled to an award of punitive and exemplary damages against Defendant, sufficient to punish and deter them from engaging in such conduct in the future, in an amount to be ascertained at trial.

**FIFTH CLAIM FOR RELIEF
(Breach of Contract Against MRI)**

108. Plaintiff realleges and incorporates by reference the allegations in paragraphs 1 through 107, as set forth herein.

109. MRI entered into Supply Agreements with TMR in which it agreed "not to intentionally use, employ or attempt to register any trademark or trade name which it knows or should know to be confusingly similar to the trademarks or trade names" of TMR.

110. The Supply Agreements further provided a right to Notice of Default and Opportunity to Cure any alleged defaults before termination or effective termination of the Agreement. The Supply Agreement expressly states that with respect to other remedies set forth in any sections of the Agreement, "if a section does not state whether notice must be given or not, then the standard shall be that notice is required."

111. Section 2.1 of the Supply Agreement grants TMR the exclusive right to sell **PRODUCT** to **HEALTH FOOD STORES** in the United States.

112. Pursuant to Exhibits A and D of the Supply Agreement, MRI agreed that "all of TMR's customers existing as of the effective date of this Agreement shall be grandfathered into this contract and shall be considered within the **EXCLUSIVE TERRITORY** i.e. MRI will not knowingly solicit or sell to those customers"

113. The Supply Agreement also provides that MRI "will charge TMR fifteen percent (15%) less than it charges other (non-sister company) accounts for all BULK products".

114. TMR has performed all conditions and terms of the Supply Agreements.

115. MRI breached the Supply Agreement by engaging in the following acts:

A. MRI facilitated the registration of the TMR Trademarks in China and other countries without the prior written consent of TMR;

B. MRI used the TMR Trademarks in an unauthorized manner to divert customers and sales from TMR, including but not limited to the inclusion of the TMR Trademarks on MRI's website, the distribution of advertising materials containing references to the TMR Trademarks and other uses not authorized under the limited license granted to MRI;

C. MRI solicited TMR customers in breach of Section 2.1 of the Agreement as defined and clarified by Exhibit A and D;

D. MRI formed Ionic Health Solutions as a **HEALTH FOOD STORE** to market and sell Products in TMR's **EXCLUSIVE TERRITORY**, including but not limited to sales to former **HEALTH FOOD STORE** customers of TMR;

E. MRI ceased all shipments of products to TMR without providing TMR with Notice and an Opportunity to Cure as required by the Agreement;

F. MRI terminated TMR's Bulk licenses under Section 2.4 of the Supply Agreement without providing TMR with Notice and an Opportunity to Cure.

G. MRI violated the Agreement on BULK pricing by charging TMR significantly higher prices than the prices it charges other non-sister company accounts.

116. As a direct result of MRI's aforesaid breaches, TMR has suffered damages in an amount to be established at trial.

SIXTH CLAIM FOR RELIEF
(Breach of Covenant of Good Faith, Loyalty and Fair Dealing
Against Defendant MRI)

117. Plaintiff realleges and incorporated by reference the allegations in paragraphs 1 through 116, as set forth herein.

118. Based upon the contract between MRI and TMR, there exists express and implied covenants and enforceable obligations upon Defendant MRI to deal fairly and in good faith with TMR.

119. Defendant MRI has breached these express and implied covenants to deal fairly and in good faith with TMR by engaging in the conduct herein alleged including but not limited to:

- A. Soliciting business from customers that Defendants agreed not to solicit;
- B. Falsely inferring or stating to customers that TMR had no legal right to offer or sell Bulk minerals;
- C. Attempting to coerce TMR into relinquishing its valuable Intellectual Property rights by cutting off all supply of **PRODUCT** and Bulk product to TMR;
- D. Using TMR's trademarks in a manner not authorized by TMR; and

E. Purporting to authorize third parties to register TMR's trademarks in China.

F. Failing to disclose that it was charging lower prices to other accounts and attempting to hide this information from TMR through (1) confidentiality provisions with the favored purchasers that prohibit the disclosure of information that MRI had a duty to disclose to TMR, and (2) requests that the State of Utah deny TMR and other interested parties access to royalty payment information submitted by MRI that could be used to determine the prices charged by MRI for the minerals it harvested from the Great Salt Lake.

120. As a result of the breaches of these covenants by Defendants, TMR has sustained damages in an amount to be determined at trial.

**SEVENTH CLAIM FOR RELIEF
(Interference with Contractual Relations and Prospective Economic
Advantage Against All Defendants)**

121. Plaintiff realleges and incorporates by reference the allegations in paragraphs 1 through 120, as set forth herein.

122. TMR had contracts and prospective economic relationships with Exhibit D customers, other customers in TMR's **EXCLUSIVE TERRITORY**, parties interested in purchasing the right to use TMR's trademarks, and potential suppliers of minerals for use by TMR in products that MRI chose not to manufacture or otherwise refused to supply to TMR.

123. Improper means were utilized by Defendants to interfere with TMR's existing and prospective contracts and economic relationships as set forth herein, including but not limited to, trademark infringement, the unauthorized registration of TMR's Trademarks in China, and making false representations to customers that TMR had no legal right to sell Bulk minerals.

124. TMR is informed and believes and on that basis alleges that Defendants engaged in the conduct heretofore alleged for the improper purpose of restraining competition by preventing TMR from obtaining minerals from other sources to compete against MRI's products in territories outside the EXCLUSIVE TERRITORY. Representatives of MRI and Northshore threatened and instituted litigation in bad faith, intending only to harass Salt Lake Minerals and deter that supplier from competing against MRI and Northshore.

125. TMR has been damaged as a result of the Defendants' tortious interference with TMR's existing and prospective economic relationships as alleged herein, all in an amount to be determined at trial.

126. Defendants' conduct was willful and malicious, and TMR is entitled to exemplary damages.

EIGHTH CLAIM FOR RELIEF
(Breach of Fiduciary Duty Against Defendant Anderson)

127. Plaintiff realleges and incorporates by reference the allegations in paragraph 1 through 126, as set forth herein.

128. As an agent of TMR for the purpose of selling Bulk products to Exhibit D and other customers for whom Defendant Anderson was paid commissions by TMR, Anderson had a duty of loyalty not to commit acts that would injure TMR's relationships with those customers.

129. Anderson breached that fiduciary duty by:

- A. Falsely informing those customers that TMR had no right to sell Bulk minerals;
- B. By encouraging the customers to leave TMR and purchase products from MRI, a company in which Anderson has a significant ownership interest; and

C. By failing to disclose to TMR that MRI intended to take those customers from TMR to facilitate its entry into TMR's **EXCLUSIVE TERRITORY**.

130. As a direct and proximate result of Defendant Anderson's breach of his fiduciary duties to TMR, TMR has sustained damages in an amount to be proven at trial.

131. In committing these tortious breaches, Anderson acted willfully and in total disregard for the interests of TMR with respect to those customer relationships that TMR entrusted to Anderson and for which he was paid a commission.

NINTH CLAIM FOR RELIEF
(Civil Conspiracy Against All Defendants)

132. Plaintiff realleges and incorporates by reference the allegations in paragraph 1 through 131, as set forth herein.

133. In his role as an agent for TMR in soliciting and servicing Bulk customers for TMR, Anderson was acting as a distinct legal entity separate from his relationship with MRI.

134. In his capacity as an agent for TMR, Anderson conspired with MRI to engage in the misconduct alleged herein.

135. Defendants engaged in overt acts in furtherance of the objects of their conspiracy.

136. TMR has been damaged as a proximate result of the Defendants' conspiracy in an amount to be determined at trial.

137. Defendants' conduct was willful and in total disregard for TMR's legal rights, entitling TMR to exemplary damages.

TENTH CLAIM FOR RELIEF
(Price Fixing Against All Defendants)

138. Plaintiff realleges and incorporates by reference the allegations in paragraphs 1 through 137, as set forth herein.

139. On or about May 1, 1996, the owners and representatives of MRI and Northshore entered into an agreement with their sole competitor in the market for the sale of food grade mineral products from the Great Salt Lake that prohibited that source from selling mineral products described or represented as originating from the Great Salt Lake for a period of five years from the date of the agreement.

140. The effect of the agreement between MRI/Northshore and its competitor was to maintain supracompetitive prices for the products sold by MRI/Northshore to TMR. MRI charged TMR in excess of \$30.00 per gallon for liquid minerals originating from the Great Salt Lake. That price decreased to less than \$8.00 per gallon after another competitor was finally able to enter the market despite MRI's efforts to exclude that competitor through threats intimidation and the filing of objections opposing that competitor's applications for approval from the State of Utah.

141. While the horizontal agreement to restrain price was in effect, TMR and MRI entered into Supply Agreement I which required TMR to purchase "Great Salt Lake water and/or trace mineral complex products" from "MRI/Northshore" for "as long as MRI is competitive on a supplement grade level."

142. MRI did not disclose to TMR that it had previously entered into an agreement with a competitor that effectively eliminated competitive pricing for Great Salt Lake minerals.

143. By eliminating price competition through the horizontal agreement with a competitor, MRI wrongfully prevented TMR from obtaining products at the "competitive" price that TMR was entitled to receive under Section 9.4 of the Supply Agreement.

144. As a result of MRI's anticompetitive conduct, TMR and consumers have paid MRI significantly higher prices for products than would have been paid but for MRI's agreement to restrain price competition.

145. The agreement between MRI and its competitor constitutes a per se unlawful agreement to fix prices in violation of 15 U.S.C. § 1 and Utah Code Ann. § 76-10-914.

146. While MRI charged TMR more than \$30.00 per gallon for liquid minerals harvested from the Great Salt Lake, when negotiating royalty payments with the State of Utah, MRI represented that it was paying only \$1.00 per gallon for the product, which MRI claimed "is about 6 times the fair market value that is established by arm's length transactions in the marketplace."

147. Section 6A of the Royalty Agreement requires the payment of a five percent royalty to the State on the "gross value" received by Northshore at the "point of sale . . . for all mineral salts and by-products produced pursuant to royalty agreement purposes and sold pursuant to an arm's length contract, whether or not such products are produced through chemical or mechanical treatment or processing".

148. In order to avoid application of Section 6A, which would require the payment of a five percent royalty on the price paid by MRI's customers for magnesium chloride harvested by Northshore from the Great Salt Lake, Northshore represented to the State that Section 6A did not apply because of Northshore's "less than fully arm's length relationship with our primary customer".

149. By representing to the State that there is a unity of interest between MRI and Northshore such that the sale of minerals to MRI did not constitute an "arms length transaction", Northshore persuaded the State to allow the payment of royalties "based on what we actually

receive for the minerals or the formula in #6B", instead of the higher "gross value" received by MRI from its customers.

150. By excluding competition in the market for the harvesting and sale of food grade minerals from the Great Salt Lake, MRI has reaped supracompetitive profits while depriving the State of Utah of royalty payments that would have been paid but for MRI's exclusionary conduct.

WHEREFORE, Plaintiff prays for the following relief:

1. That this Court enter a judgment as follows against Defendants:
 - A. That Defendant MRI has infringed the rights of TMR in the TMR Trademarks;
 - B. That Defendant MRI has used false designations of origin, and false representations in commerce, which are likely to cause confusion, or to cause mistake, or to deceive as to the origin, sponsorship or approval under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a));
 - C. That Defendant MRI has used unfair and fraudulent business practices adversely to affect Plaintiff's rights under Utah Code § 13-5a-101 et seq.;
 - D. That Defendant MRI has breached the agreement with TMR;
 - E. That Defendant MRI's license to use the TMR Trademarks is terminated;
 - F. That Defendants have breached their duties of good faith, loyalty and fair dealing to TMR;
 - G. That Defendants have tortiously interfered with TMR's current and prospective economic relationships; and
 - H. That Defendant Anderson has breached his duty of loyalty to TMR.

2. That this Court issue a permanent injunction against Defendant and its officers, agents, servants, employees, and all others in active concert or participation with them with notice thereof, enjoining and restraining them from the following:

A. Using TMR's Trademarks on the MRI website or to otherwise use such marks to promote, sell, offer for sale, advertise or distribute any goods or products;

B. Engaging in any other activity constituting an infringement of: (i) the TMR Trademarks; (ii) any other of TMR's rights in the TMR Trademarks; (iii) TMR's right to use or to exploit the TMR Trademarks; and (iv) engaging in any other activity which dilutes, blurs, tarnishes or infringes the TMR Trademarks, name, reputation or goodwill;

C. Using any false designation of origin or false description which can or is likely to lead the trade or public, or individual members thereof, erroneously to believe either that any service or product manufactured, distributed, offered for sale, sold, licensed, sponsored, approved, endorsed, or authorized by Defendant was manufactured, distributed, offered for sale, sold, licensed, sponsored, approved, endorsed or authorized by TMR, or that Defendant or its affiliates are affiliated, connected and/or associated with TMR; and

D. Assisting, aiding or abetting any other person or entity in engaging in or performing any of the activities referred to in subparagraphs A through C above.

3. That this Court order Defendant to deliver up to Plaintiff all materials which violate the foregoing in Defendant's possession, custody or control.

4. That this Court order Defendants to pay to Plaintiff's general, special, actual and/or statutory damages, according to proof at trial.

5. That this Court order Defendants to pay restitution of their profits from the above-described activities.

6. That the damages awarded to Plaintiff for Defendant's infringement be trebled pursuant to 15 U.S.C. § 1117(b) and Utah Code § 70-3a-404.
7. That this Court order Defendant to pay Plaintiff both the costs of this action and the reasonable attorneys' fees incurred by Plaintiff in prosecuting this action.
8. That the damages awarded to Plaintiff be trebled pursuant to 15 U.S.C. § 15(a) and Utah Code Ann. § 76-10-919.
9. For punitive and exemplary damages.
10. For pre-judgment and post-judgment interest.
11. For such other relief as this Court deems just, equitable and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED this 16 day of April, 2007.



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IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

<p>TRACE MINERALS RESEARCH, L.C., a Utah Limited Liability Company,</p> <p>Plaintiff,</p> <p>vs.</p> <p>MINERAL RESOURCES INTERNATIONAL, INC., a Utah corporation; BRUCE ANDERSON, an individual; and JOHN DOES I through X,</p> <p>Defendants.</p>	<p>ORDER AND MEMORANDUM DECISION</p> <p>Case No. 1:06-CV-00068 TC</p>
<p>MINERAL RESOURCES INTERNATIONAL, INC.,</p> <p>Counterclaim Plaintiff,</p> <p>vs.</p> <p>TRACE MINERALS RESEARCH, L.C.; ELEMENTS OF NATURE, INC.; MATT KILTS; CRAIG MILES; SCOTT PERKES; JAMES CRAWFORD; and JOHN DOES I through X,</p> <p>Counterclaim and Third Party Defendants.</p>	

Plaintiff Trace Minerals Research, L.C. and the individual Plaintiffs, Matt Kilts, Craig Miles, Scott Perkes, and James Crawford (collectively "TMR") seek partial summary judgment and injunctive relief prohibiting Defendants Mineral Resources, International, L.C. and Bruce Anderson (collectively "MRI") from using TMR's trademark ConcenTrace to divert Internet traffic to MRI's website and from describing itself as "the source of ConcenTrace." TMR has

also asked the court to hold, as a matter of law, that MRI has infringed TMR's trademark.

Finally, TMR has moved for partial summary judgment on MRI's claim that TMR breached its contracts with MRI when TMR obtained products from a source other than MRI.

TMR's motion for partial summary judgment is DENIED IN PART AND GRANTED IN PART.¹ Genuine disputes of material fact exist on the questions of whether MRI breached its agreements by using TMR's trademark beyond the scope of use permitted by the agreement and whether TMR breached the agreements by obtaining and selling products obtained from a source other than MRI. TMR's motion is GRANTED IN PART because the evidence shows that MRI's right to use of TMR's trademark ended when TMR terminated MRI's license on March 10, 2005. But certain remedial actions taken by MRI moot TMR's request for injunctive relief.

I. FACTUAL BACKGROUND

The factual background is set forth at length in the written submissions of the parties. The court will repeat only those facts necessary to explain its decision. In light of the standard governing summary judgment motions, the following factual exposition is largely confined to material that the parties do not dispute. Any disputed facts, or facts derived from challenged evidentiary sources, are identified and are either not considered or resolved in favor of the nonmoving party.

A. Before the Sale of TMR

TMR and MRI were once both under the umbrella of the Anderson family group of companies. MRI obtains minerals and trace minerals from the Great Salt Lake, using them to

¹The court did not consider any contested portions of Mr. Miles' affidavit in its analysis because it was not necessary to reach its decision. Accordingly, MRI's motion to strike portions of Mr. Miles' affidavit is DENIED. MRI's Rule 56(f) motion is also DENIED because the court does not need further testimony to reach its decision regarding TMR's partial summary judgment motion.

manufacture a variety of dietary supplements. Bruce Anderson was President/CEO of Mineral Resources International, Inc. from 1996 to 1999 and later from 2005 through the present day. Mr. Anderson also served as President of TMR from its inception in 1996 through its sale in 1999.

TMR was the marketing arm of the Anderson family group of companies in the United States, while MRI served as the manufacturer of all the products and the marketing arm for all other markets outside the United States health food market. In May 1998, the principals of TMR and the principals of MRI signed a Supply Agreement (“Original Supply Agreement”), which memorialized the roles of TMR and MRI, outlined the various duties TMR owed to MRI, and the corresponding duties that MRI owed to TMR.

TMR granted MRI a license to use the TMR trademarks, including ConcenTrace, in the Original Supply Agreement. The Original Supply Agreement stated that use of the trademarks licensed to MRI was “on a fully paid and royalty free basis, in perpetuity, for as long as this Agreement remains in effect.” (Original Supply Agreement at § 17.3, attached as Ex. B to Anderson Aff. (which is attached as Annex A to Mem. in Opp’n to Mot. for Partial Summ. J. and for Inj. Relief and in Supp. of MRI’s Rule 56(f) Mot. (“Opp’n Mem.”))).)

In his affidavit, Mr. Anderson testified that he directed the creation of TMR’s website in approximately 1996. He stated that at the time of the website creation, MRI and TMR mutually shared in the benefits of combined marketing efforts, such as trade shows and the use of the Internet.

B. The Sale of TMR

In April 1999, TMR’s owners sold their membership interest in TMR to Matt Kilts, Scott Perkes and Craig Miles for more than \$2,000,000. A document titled “Trace Minerals Research

Stock Purchase Agreement” (hereinafter “Stock Purchase Agreement”) details the terms of the sale.

Section 5.4 of the Stock Purchase Agreement states that “[i]n consideration of MRI’s continued use of TMR’s trademarks with MRI’s existing accounts, MRI agrees to pay TMR 1% of MRI’s sales to such accounts, with an annual cap of \$7,500. That agreement is attached as Exhibit K.” (Trace Minerals Research Stock Purchase Agreement at § 5.4, attached as Ex. C to Anderson Aff.) Exhibit K was circulated among the parties at the time the Stock Purchase Agreement was executed but Exhibit K was never executed. Notably, MRI admitted that TMR owns the federally registered trademark ConcenTrace. (See Opp’n Mem. at v.)

C. The Supply Agreements

In connection with the 1999 sale, the parties agreed to enter into a second Supply Agreement entitled AGREEMENT BETWEEN MINERAL RESOURCES INTERNATIONAL AND TRACE MINERALS RESEARCH (“Supply Agreement I”). The parties did not sign the Supply Agreement I until 2001, although they agreed that it was to take effect retroactively as of April 6, 1999. They also agreed that Supply Agreement I replaced and superceded the Original Supply Agreement.

WHEREAS, TMR has been wholly owned by the Anderson family in the past and a majority control of TMR is being sold to investors . . . , and such change of ownership and voting control has facilitated the need to negotiate and sign a new version of this Supply Agreement, superseding the previous supply agreement that has been in effect between TMR and MRI since May at, 1998;

(Supply Agreement I at p. 3, attached as Ex. C to Anderson Aff.) In § 27.1, TMR and MRI reiterated that Supply Agreement I superceded the Original Supply Agreement. (Id. at § 27.1.)

In April 2004, MRI and TMR entered into yet another agreement, Supply Agreement II, which expressly superceded Supply Agreement I: “[T]his AGREEMENT supersedes and cancels

all prior agreements, verbal or written, between MRI and TMR in relation to the subject matter contained herein, except for all non-disclosure/confidentiality agreements signed prior to the effective date of this Agreement.” (Supply Agreement II at § 27.1, attached as Ex. G to Anderson Aff.)

The parties agreed in Supply Agreement II that TMR would purchase certain “PRODUCTS” from MRI to be sold only in the Exclusive Territory, which is defined as Health Food Stores in the United States. (*Id.* at § 2.1.) Additionally, TMR agreed to purchase “BULK minerals” from MRI for sale to BULK accounts that MRI had previously licensed to use the minerals in the manufacture of that customer’s own food supplement products. (See *id.* at §§ 9.4-9.6.)

Section 9.4 of Supply Agreement II reads:

Notwithstanding section 9.1 above, TMR shall not obtain any sea water, Great Salt Lake water, and/or trace mineral complex products or product components from any source other than MRI/Northshore for as long as TMR remains MRI’s exclusive distributor in the Health Food Store Channel, and for as long as MRI is competitive on a supplement grade level. As soon as TMR believes that MRI is not competitive, then TMR will provide notice to MRI along with proof and documentation and MRI shall have thirty (30) days for MRI to become competitive. After that 30 day period, if MRI is still not competitive, then TMR will provide another 30 day notice to MRI that TMR intends to source such components elsewhere, in which case then MRI shall have the right to become competitive at any time during that second 30 day period.

(*Id.* at § 9.4 (emphasis added).)

In Supply Agreement II, the parties agreed that they would not use the other’s trademarks “without the prior written consent of the other.” (*Id.* at § 16.2.)

II. STANDARD OF REVIEW

Federal Rule of Civil Procedure 56 permits the entry of summary judgment “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the

affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); see Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250-51 (1986); Adler v. Wal-Mart Stores, Inc., 144 F.3d 664, 670 (10th Cir. 1998). The court must “examine the factual record and reasonable inferences therefrom in the light most favorable to the party opposing summary judgment.” Applied Genetics Int’l, Inc. v. First Affiliated Sec., Inc., 912 F.2d 1238, 1241 (10th Cir. 1990). The nonmovant must set forth “specific facts showing that there is a genuine issue for trial.” Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986). “The mere existence of a scintilla of evidence in support of the plaintiff’s position will be insufficient [to overcome a motion for summary judgment]; there must be evidence on which the jury could reasonably find for the plaintiff.” Liberty Lobby, 477 U.S. at 252; see also Anderson v. Coors Brewing Co., 181 F.3d 1171, 1175 (10th Cir. 1999) (“A mere scintilla of evidence supporting the nonmoving party’s theory does not create a genuine issue of material fact.”).

III. ANALYSIS

A. Rule 56(f) Motion

MRI’s Rule 56(f) motion is denied because the court does not need further testimony to reach its decision regarding TMR’s partial summary judgment motion.

B. Motion to Strike Portions of Craig Miles’ Affidavit

The court did not consider any contested portions of Mr. Miles’ affidavit in its analysis because it was not necessary to reach its decision. Accordingly, MRI’s motion to strike portions of Mr. Miles’ affidavit is denied.

C. TMR’s Motion for Partial Summary Judgment

TMR asks the court to find that (1) MRI breached Section 5.4 of the Stock Purchase

Agreement by using TMR's trademarks beyond the scope of use permitted by that section and continuing to use those marks after TMR terminated the license; (2) MRI committed trademark infringement and unfair competition because MRI caused consumer confusion when it used TMR's trademarks to direct consumers to its website; and (3) TMR did not breach the Supply Agreement by selling products obtained from another source after MRI refused to supply those products to TMR. TMR is also asking that MRI be permanently enjoined from using or displaying any of TMR's trademarks.

1. Breach of the Stock Purchase Agreement

Section 5.4 of the Stock Purchase Agreement recites "[i]n consideration of MRI's continued use of TMR's trademarks with MRI's existing accounts, MRI agrees to pay TMR 1% of MRI's sales to such accounts, with an annual cap of \$7,500. That agreement is attached as Exhibit K." (Stock Purchase Agreement at § 5.4 (emphasis added), attached as Ex. C to Anderson Aff.) The parties agree that Section 5.4 is a license agreement. And MRI admitted that TMR owns the federally licensed trademark ConcenTrace.

TMR maintains that MRI breached Section 5.4 of the Stock Purchase Agreement in two separate ways. First, TMR contends that MRI used its trademark ConcenTrace beyond the scope of use permitted in Section 5.4. Specifically, TMR argues that MRI violated Section 5.4 when MRI used ConcenTrace as a metatag to divert Internet traffic to MRI and when it posted the following statement on its website: "Mineral Resources International—The Source of ConcenTrace." Second, TMR argues that MRI breached Section 5.4 when MRI continued to use those marks after TMR terminated MRI's license on March 9, 2005.

a. "continued use"

Trademark license disputes are governed by general rules of contract interpretation. 2 J.

Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, § 18:43 (4th ed. 2006) (hereinafter “McCarthy on Trademarks”). In Utah, a court may enter summary judgment on the issue of contract interpretation if the language of the contract is unambiguous. Gomez v. American Elec. Power Serv. Corp., 726 F.2d 649, 651 (10th Cir. 1984). A contract provision is not ambiguous merely because the parties have offered different interpretations. See Beaver Creek Coal v. Nevada Power Co., No. 89-4114, 1992 WL 113747 (10th Cir. 1992) (citing Plateau Mining Co. v. Utah Div. of State Lands, 802 P.2d 720, 725 (Utah 1990).)

The parties dispute whether the term “continued use” in Section 5.4 is ambiguous. TMR contends it is not; MRI contends it is. MRI argues that “continued use” is ambiguous in two ways: (1) whether that phrase restricted the use to a particular type or types of use; and (2) whether “continued” means perpetual or something else.

According to TMR, the phrase “MRI’s continued use of TMR’s trademarks with MRI’s existing accounts” clearly limits MRI’s use of the trademarks to the type of uses existing when the license was executed on April 6, 1999. TMR argues that MRI’s use of ConcenTrace as a meta keyword to divert Internet traffic to the MRI website and MRI’s description of itself as the source of ConcenTrace goes beyond the “continued use” limitation of Section 5.4. TMR relies on evidence that MRI did not establish its website until June 29, 1999, more than two months after the Stock Purchase Agreement was executed. Because Section 5.4 defines MRI’s permitted use as “continued use . . . with existing accounts,” TMR argues that the use of TMR’s trademarks as metatags to divert Internet traffic to an MRI website that did not even exist when the license was granted goes beyond the scope of the license.

MRI disagrees, claiming that when Mr. Anderson directed the creation of the TMR website in approximately 1996, MRI and TMR mutually shared in the benefits of combined

marketing efforts, including the use of the Internet. So, according to MRI, its use of the trademark on its own website is a “continued use” under Section 5.4. In his affidavit, Mr. Anderson stated that:

At the time of the sale, MRI used the Internet as a tool for its marketing to international markets and other non-health food store domestic markets while the TMR division of the Anderson family companies used the Internet primarily for marketing to its Health Food Stores in the United States.

(Anderson Aff. ¶ 10.)

TMR further argues that because MRI was not using the phrase “source of ConcenTrace” on the Internet before April 1999, that its use is not a “continued use.” But MRI maintains that the use of the phrase “the source of ConcenTrace” on its website was within the scope of MRI’s license. MRI argues that its use of the phrase is an implied right inherent in the license that TMR granted to MRI because “if MRI received a license to use the ConcenTrace trademark, but was prohibited from claiming the status of [the] ‘source’ of the product, the license becomes severely limited, which is directly contradicted by the broad and unqualified terms of the Original Supply Agreement” (See Opp’n Mem. at 4.) But the Original Supply Agreement was expressly cancelled and superceded by Supply Agreement I and the new license negotiated by the parties in Section 5.4 allows only “continued use . . . with existing customers.” Furthermore, courts have consistently rejected attempts by licensees to expand the scope of the license to include “implied” rights that are not expressly authorized by the license. See Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc., 88 F. Supp. 2d 914, 921-22 (C.D. Ill. 2000) (“The license is a limited grant of authority to use the trademark in a defined way. Another use is not authorized by the grant and is a breach”).

The term “continued use” in Section 5.4 is ambiguous. Given the foregoing conflicting evidence, the court cannot decide whether MRI did, in fact, go beyond the rights granted by

Section 5.4. Accordingly, TMR's request for summary judgment on the claim that MRI breached Section 5.4 of the Stock Purchase Agreement by using TMR's trademarks beyond the scope of use permitted is denied.

b. MRI's use of the Trademark after March 9, 2005

On March 9, 2005, TMR wrote to MRI that "MRI continues to misappropriate TMR's IP—names, designations, products—through its website and worldwide marketing and sales. . . Effective March 10, 2005, the IP agreement is cancelled based upon MRI's breach." (Letter from TMR to MRI (Mar. 9, 2005), attached as Ex. I to Anderson Aff.)

TMR maintains its termination of MRI's license was effective on March 10, 2005. But MRI argues that TMR's purported termination was not effective because (1) it had a license to use TMR's trademarks in perpetuity; and (2) TMR acquiesced to post-termination usage.

1. Terminable at Will

MRI contends that "continued use" means perpetual, commercially reasonable use of the trademarks, which is directly supported by the Original Supply Agreement. (Opp'n Mem. at 2.) MRI claims that "continued use of TMR's trademarks" is a reference to that license. The Original Supply Agreement stated that use of the trademarks licensed to MRI was "on a fully paid and royalty free basis, in perpetuity, for as long as this Agreement remains in effect." (Original Supply Agreement at § 17.3.)

But the parties agreed that Supply Agreement I replaced and superceded the Original Supply Agreement:

WHEREAS, TMR has been wholly owned by the Anderson family in the past and a majority control of TMR is being sold to investors . . . , and such change of ownership and voting control has facilitated the need to negotiate and sign a new version of this Supply Agreement, superseding the previous supply agreement that has been in effect between TMR and MRI since May at, 1998[.]

(See Supply Agreement I at p. 3.) And then Supply Agreement II provides: “[T]his AGREEMENT supersedes and cancels all prior agreements, verbal or written, between MRI and TMR in relation to the subject matter contained herein, except for all non-disclosure/confidentiality agreements signed prior to the effective date of this Agreement.” (Supply Agreement II at § 27.1.) These provisions prove that the “perpetual” license that MRI is asserting as a basis for its refusal to comply with TMR’s termination demand (see Original Supply Agreement at § 17.3) was superceded and canceled by Supply Agreement I and Supply Agreement II. Instead, MRI’s license to use ConcenTrace was governed by Section 5.4 of the Stock Purchase Agreement, which is silent as to duration.

“The term of the license should be specifically stated in the license because the law of some states provides that a license without a stated term is terminable at the will of either party upon reasonable notice.” 2 McCarthy on Trademarks § 18:43.² If the term of the license is not provided, trademark license contract disputes are governed by the general rules of contract interpretation. Id. A license containing no time frame is generally terminable at will. Bunn-O-Matic Corp., 88 F. Supp. 2d at 922; Dial A Mattress Operating Corp. v. Mattress Madness, Inc., 847 F. Supp. 18, 20 (E.D.N.Y. 1994).

Accordingly, because Supply Agreement II did not provide a time frame for the duration of the license, the license was terminable at will. And TMR effectively terminated MRI’s license

²Citing First Flight Associates, Inc. v. Professional Golf Co., Inc., 527 F.2d 931 (6th Cir. 1975) (“Contracts silent on time of termination are generally terminable at will by either party with reasonable notice.”); Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc., 847 F. Supp. 18, n. 1 (E.D. N.Y. 1994) (“An agreement conferring a license to use a trademark for an indefinite time, whether oral, written or by implication, is terminable at will by the licensor. . . . Although such termination may require reasonable advance notice. . . .”); Bunn-O-Matic Corp. v. Bunn Coffee Serv., Inc., 88 F. Supp. 2d 914 (C.D. Ill. 2000) (“A license containing no time frame is generally terminable at will.”); Arthur L. Corbin, Corbin on Contracts, § 96; UCC § 2-309(2).

on March 10, 2005.

MRI violated the license provision of the Stock Purchase Agreement on several occasions after TMR terminated its license, including when it used the TMR trademark ConcenTrace on its website and continued to use ConcenTrace as a metatag on its website. MRI admitted that as of January 4, 2007, the source html of the home page of MRI's website www.mineralresources.com reflected the word "ConcenTrace" as a metaname keyword. (See Opp'n Mem at xx.)

2. *Acquiescence*

MRI claims that even if TMR establishes breach of the license agreement, trademark infringement or unfair competition, TMR's claims are still barred by the doctrine of acquiescence or waiver. Acquiescence is an affirmative defense that requires a "finding of conduct on the plaintiff's part that amounted to an assurance to the defendant express or implied, that plaintiff would not assert his trademark rights against the defendant." Creative Gifts, Inc. v. UFO, 235 F.3d 540, 547-48 (10th Cir. 2000) (quoting Kellogg Co. v. Exxon Corp., 209 F.3d 562, 569 (6th Cir. 2000).) Acquiescence may be shown by evidence of course of dealing for so long a time that knowledge and acquiescence may be presumed. See Lowder v. Holley, 233 P.2d 350, 354 (Utah 1951) (regarding the implied authority given to an agent by the conduct of the principal). To establish acquiescence, MRI must show that TMR by word or deed conveyed its implied consent to MRI to use TMR's trademarks. Bunn-O-Matic Corp., 88 F. Supp. 2d at 925 (citing TMT North Am., Inc. v. Magic Touch GmbH, 124 F.3d 876, 885 (7th Cir. 1997).) "While as a general matter, consent is a defense only with respect to acts undertaken before an effective termination of the consent, reliance on the consent or acquiescence of the trademark owner can create an estoppel which will preclude an effective termination of the consent." 5 McCarthy on Trademarks § 31:42.

MRI's contends that TMR acknowledged MRI's right to continued use of the trademarks. MRI points to an e-mail from Matt Kilts to Mr. Anderson sent July 9, 2004, in which Mr. Kilts stated:

We are not fighting you using Concentrace on your site however we have the right to control how it is used. I know we can come up with a creative way to do that on our future joint promotions and we understand we have all bogged down due to other pressing issues. However, MRI will need to remove from its site "The source of Concentrace" (which can easily be done) on MSN, which should not matter to your customers as Concentrace is listed threw out [sic] your site.

(E-mail from Matt Kilts to Bruce Anderson (July 9, 2004) (emphasis added), attached as Ex. H to Anderson Aff.)

But this ignores TMR's repeated requests after March 2005 that MRI cease using its trademarks. For example, on June 24, 2005, TMR owner Craig Miles sent the following e-mail to Rhonda Boren and Bruce Anderson:

We are also very frustrated and angry at the lack of respect MRI is showing TMR with regards to the "cease and desist" order given back in early March. TMR was very clear about its issue with MRI's unauthorized use of its "IP." MRI's website is a great example of this. ConcenTrace is fluttered all over MRI's website. Search engines lead people to your websites when they are looking for our company and our products. The term "MRI-The Source of ConcenTrace" couldn't be more damaging. We have requested on many occasions that MRI stop exploiting our IP to their benefit. That request continues to be ignored. Obviously MRI sees a value to having that on their website and in their marketing otherwise it would have been removed by now.

(E-mail from Craig Miles to Rhonda Boren and Bruce Anderson (June 24, 2005), attached as Ex. K to Miles Aff.)

MRI tries to show acquiescence by noting that TMR accepted MRI's payment of \$7,500 in April 2005 for the annual trademark licensing fee and provided MRI with an invoice for the same. (See Opp'n Mem. at xxvi; Ex. L, attached to Anderson Aff.) MRI seems to argue (without expressly doing so) that this was payment for the 2005 license, stating that "MRI also

continued to use the trademarks after March 2005 without objection from TMR.” (Opp’n Mem. at 6.)

But the fact that TMR accepted a royalty payment from MRI on April 28, 2005, is not evidence that TMR withdrew the March 10, 2005 termination. TMR provides evidence that MRI’s payment covered its use of the trademark for the previous year. TMR points to the language in Section 5.4, which sets the fee at “1% of MRI’s sales . . . with an annual cap of \$7,500,” and argues that the fee cannot be determined or paid until the end of the year after the amount of sales is established. TMR further maintains that it rejected all payments offered by MRI for post-termination usage and continued to demand that MRI cease all use of its trademarks. Indeed, MRI acknowledged that TMR returned MRI’s checks that were intended to cover the annual intellectual property licensing fee under the Stock Purchase Agreement. On March 29, 2005, Mr. Anderson sent Mr. Kilts a letter stating that:

We note that we recently sent checks to Trace Minerals Research to cover the annual intellectual property licensing fee under the Stock Purchase Agreement and the amount that we anticipated would be the fee to cover our unlicensed use of Trace Minerals Research intellectual property. Those checks were returned to us and I received an email from Scott Perkes dated February 8, 2006 in which he stated that TMR would not accept payment on IP licensing until the licensing issues are resolved.

(Letter from Bruce Anderson to Matt Kilts (Mar. 29, 2006), attached as Ex. S to Miles Aff. (emphasis added).)

MRI also tries to show acquiescence by pointing to the Deoksu Trading Transaction. (See Opp’n Mem. ¶¶ 17-23.) In August 2005, Mr. Chung, a Korean buyer for Deoksu Trading Co., Ltd. (“Deoksu”), submitted an e-mail to TMR’s international bulk sales manager, James Crawford, stating that his company was interested in importing and distributing ConcenTrace in Korea. (See Ex. A, attached to J. Giles Aff. (which is attached as Annex C to Opp’n Mem.).)

Mr. Crawford responded that “we can’t sell to you because of an exclusive [agreement] and license agreements we have in Korea with this product.” (Id.)

MRI maintains that TMR’s rejection of Deoksu’s inquiries clearly demonstrates TMR’s acknowledgment of MRI’s right to continued use of the trademarks even after TMR attempted to terminate the license. But TMR responds that its decision to prohibit customers from using trademarks pending resolution of MRI’s claim that it has a “perpetual” license to use the marks in certain areas does not constitute evidence that TMR relinquished its rights. The court agrees.

For the reasons noted above, the court rejects MRI’s assertion that TMR’s claims of breach of license agreement and trademark infringement are barred by the doctrine of acquiescence or waiver. And the court grants partial summary judgment on the claim that MRI continued to use TMR’s trademark ConcenTrace after TMR terminated its license.

2. Trademark Infringement and Unfair Competition

The undisputed facts also establish that MRI committed trademark infringement and unfair competition after TMR terminated MRI’s trademark license in March 2005. MRI’s admitted use of the TMR trademarks after the license was terminated constitutes trademark infringement as a matter of law. “In sum, the law is simple. If, as a matter of contract law, a service mark or trademark license has ended, the licensee has no right to continue use of the mark. Any such use is without the trademark licensor’s consent and constitutes infringement.” 4 McCarthy on Trademarks § 25:31 (citing Bunn-O-Matic Corp., 88 F. Supp. 2d at 922 (“The likelihood of confusion exists as a matter of law if a licensee continues to use marks owned by the licensor after termination of the license.”)). See also Universal Money Ctrs., Inc. v. American Tel. & Tel. Co., 22 F.3d 1527, 1529 (10th Cir. 1994) (“The unauthorized use of ‘any reproduction, counterfeit, copy, or colorable imitation’ of a registered trademark in a way that ‘is

likely to cause confusion' in the marketplace concerning the source of the different products constitutes trademark infringement under the Lanham Act."); 15 U.S.C. § 114(1)(a)-(b) (2005).

MRI raises two theories in its defense. First, MRI argues that where MRI was both the manufacturer of the product and also the licensee of the ConcenTrace trademark, MRI's use of the phrase the "source of ConcenTrace" constitutes fair use that was within the scope of MRI's license. (Opp'n Mem. at 4; Anderson Aff. ¶ 13.) But the fact that MRI had a limited contractual right to manufacture ConcenTrace for TMR, does not make it the "source" of ConcenTrace. See Australian Gold, Inc. v. Hatfield, 436 F.3d 1228, 1238 (10th Cir. 2006) (stating that the unauthorized use of a registered trademark in a way that is likely to cause confusion in the marketplace concerning the source of different products constitutes trademark infringement under the Lanham Act). The fair use defense does not apply because likelihood of confusion "exists as a matter of law if a licensee continues to use marks owned by the licensor after termination of the license." See Bunn-O-Matic Corp., 88 F. Supp. 2d at 922.

Second, MRI claims that TMR's trademark infringement claims are barred by the doctrine of "unclean hands." To succeed on its defense, MRI must show that TMR's alleged inequitable conduct is sufficiently related to the substance of its trademark claim to give rise to an unclean hands defense. See Worthington v. Anderson, 386 F.3d 1314, 1320 (10th Cir. 2004) ("the 'unclean hands' doctrine does not empower a court of equity to deny relief for any and all inequitable conduct on the part of the plaintiff."). For the reasons stated below, the court is denying TMR's request for injunctive relief and so no analysis of this equitable defense is required.

For the foregoing reasons, because MRI used TMR's trademark ConcenTrace after TMR terminated its license, MRI committed trademark infringement.

3. Injunctive Relief

TMR also seeks injunctive relief for MRI's trademark infringement. Under the Lanham Act, this court has the "power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent . . . a violation [of the Act]." 15 U.S.C. § 1116(a). TMR requests injunctive relief similar to the remedy affirmed in Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006). Specifically, it is asking the court to enjoin MRI from displaying any of TMR's trademarks or names on the Internet, using any of TMR's names and trademarks in the html code or displaying any false or misleading statements on any of its websites. See id. at 1242.

MRI stated that it has removed all references to ConcenTrace on its website and that all metatags using ConcenTrace have been removed from MRI's html code. (Opp'n Mem. at xx; Anderson Aff. ¶ 43.) The court accepts MRI's representation. If TMR discovers that MRI has not removed all references to ConcenTrace, it shall notify the court. The court is under the impression that when MRI stated that it has removed all references to ConcenTrace on its website it includes any reference to itself as the "source of ConcenTrace."

Given the above assurances from MRI, TMR's request for injunctive relief is denied as moot.

4. Breach of the Supply Agreement

TMR seeks summary judgment on MRI's claim that TMR violated Supply Agreement II because it obtained source minerals from a source other than MRI. TMR does not deny that it obtained the source materials from someone else, but it contends that it had the right to do so because MRI became "noncompetitive" under the agreement thereby releasing TMR of its contractual obligations. Section 9.4 of Supply Agreement II states:

TMR shall not obtain any sea water, Great Salt Lake water, and/or trace mineral complex products or product components from any source other than MRI/Northshore for as long as TMR remains MRI's exclusive distributor in the Health Food Store Channel, and for as long as MRI is competitive on a supplement grade level.

(Supply Agreement II at § 9.4 (emphasis added).)

According to TMR, MRI was not competitive because it refused to grant or renew licenses to end users of BULK products, which were necessary for TMR to fill its orders for BULK product. Section 9.2 provides the meaning of noncompetitive under the agreement:

TMR shall be bound to source any products or items from MRI if, but only if, MRI can, taking into account any new product complexity and developmental time and cost, produce a competitive product with a combination of price, production schedule, and quality, that is competitive with what is available in the open marketplace.

(Id. at § 9.2.)

But MRI provides evidence that it did not completely stop shipping BULK products to TMR. In a March 15 2006, letter from TMR's former attorney to MRI, TMR demanded that MRI ship orders for ten specific customers and stated in that "MRI has not responded to TMR's requests to fill these orders." (Letter from Mr. Waterfall to Mr. Lindley (Mar. 15, 2005) (emphasis added), attached as Ex. N to Miles Aff.) And MRI provides evidence that it did continue to ship orders for BULK products for TMR's customers that were properly licensed. (See Anderson Aff. ¶ 31.) According to testimony from Mr. Anderson, MRI did ship orders to two of the customers listed in the March 15 2006 letter from TMR's former attorney, and that the remaining eight customers listed in that letter either presented reasonable concerns to MRI that such customers would violate potential licenses or that they refused to complete the bulk license applications. (Id.)

Furthermore, MRI claims that TMR's interpretation of "competitive" is not reasonable

because it would cause MRI to be non-competitive any time MRI sought to enforce TMR's obligations under Supply Agreement II. MRI argues that the better interpretation of "competitive" focuses on MRI's obligation to "produce a competitive product," meaning the product must be "competitive in the open marketplace" as to "price, production schedule, and quality." (Opp'n Mem. at 13-14.)

The court finds that the meaning of "noncompetitive" under the Supply Agreement II is ambiguous. The agreement fails to provide specific language as to when a party may terminate under the contract. And, as noted above, genuine disputes of material fact exist as to whether MRI ceased filling BULK product orders under Supply Agreement II in violation of that agreement. Accordingly, TMR's partial summary judgment motion on this claim is denied.

ORDER

For the foregoing reasons, the court ORDERS as follows:

1. TMR's Motion for Summary Judgment or, Alternatively, for Partial Summary Judgment (Dkt. # 39) is DENIED IN PART AND GRANTED IN PART.
 2. MRI's Rule 56(f) Motion (Dkt. # 50) is DENIED.
 3. MRI's Motion to Strike Certain Portions of the Affidavit of Craig Miles (Dkt. # 45) is DENIED.
 4. TMR's request for Injunctive Relief is DENIED as moot.
- SO ORDERED this 1st day of June, 2007.

BY THE COURT:

Jena Campbell

TENA CAMPBELL
Chief Judge