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

Proceeding	91216123
Party	Defendant Roller Bearing Company of America, Inc.
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Peer Bearing Company Opposer, v. Roller Bearing Company of America, Inc. Applicant.	)))))))))	Opposition No.: 91216123 Application No.: 78/664,362 Mark: 1621 Published: February 18, 2104 Atty. Docket No.: 1001-0021-1

Middletown, Connecticut, July 8, 2014

ANSWER AND AFFIRMATIVE DEFENSES TO NOTICE OF OPPOSITION

Applicant, Roller Bearing Company of America, Inc., a Delaware corporation, having offices at One Tribology Center, 102 Willenbrock Road, Oxford, Connecticut 06478, by its undersigned attorneys, Answers the Notice of Opposition herein as follows.

With regards to Opposer's stated grounds for Opposition, Applicant answers as follows.

1. In answer to paragraph 1 of the Notice of Opposition, Applicant **admits** that the description of goods of Applicant's U.S. Trademark Application for Registration, Serial No. 78/664,362, recites substantially as stated "machine parts, namely, thin section roller bearings," however, Applicant submits that the remaining portion of paragraph 1 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

2. In answer to paragraph 2 of the Notice of Opposition, Applicant **admits** that the 1621 mark is one of several trademarks within its 1600 SERIES™ and NICE® bearing product line, used in connection with roller bearings sold by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, and that the 1621 mark is used on and in connection with recited goods include roller bearings having a 0.50 inch bore diameter, a 1.375 inch outside diameter, and a 0.437 inch width, however, Applicant **denies** that

the 1621 mark is a part number or model number used by Applicant or by any third party providing the recited goods, and Applicant further submits that the remaining portion of paragraph 2 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

3. In answer to paragraph 3 of the Notice of Opposition, Applicant **admits** that Exhibit 1 of the Notice of Opposition appears to be a printer's proof of a portion of an undated, purported version of Opposer's product catalog including the 1621 mark and several of Applicant's related marks, including its 1600 SERIES™ mark, and Exhibit 2 of the Notice of Opposition appears to be a portion of a previously used one of Applicant's product catalogs including Applicant's 1621 mark and several of its related marks including its 1600 SERIES™ mark, used in connection with roller bearings sold by Applicant, however, Applicant **denies** that the 1621 mark is a model number or size designation and asserts that the 1621 mark, like several other of its marks within its 1600 SERIES™ and NICE® bearing product lines, is a unique identifier of the source of Applicant's goods that has been in continuous use by Applicant and its predecessors-in-interest at least since 1946, and Applicant further submits that the remaining portion of paragraph 3 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

4. In answer to paragraph 4 of the Notice of Opposition, **denied**. Applicant submits that Opposer's counsel merely presents evidence of third party distributors or resellers of Applicant's and other manufacturers' goods, evidence that was addressed during prosecution of the instant application and, when placed in proper context within the practice of the industry, was acknowledged by the Examining Division as being evidence of de minimis unauthorized uses, infringement, false marking and/or misappropriation of Applicant's mark, or other acts of unfair competition and/or confusion that these third parties are introducing to the marketplace, which Applicant has been working to correct.

5. In answer to paragraph 5 of the Notice of Opposition, Applicant **admits** that, like its 1621 mark, its 1630, 1635 and 1640 trademarks are additional marks within its 1600 SERIES™ and NICE® bearing product line, used in connection with roller bearings having stated sizes sold by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, and that the consuming public recognizes the "16xx" characteristic of the 1621, 1630, 1635 and 1640 marks, and of all other marks under Applicant's 1600 SERIES™ and NICE® brand roller bearing product line, as the primary sign of Applicant's goods that uniquely identify Applicant as the source of the roller bearings sold under the marks, however, Applicant **denies** that the 1621, 1630, 1635 and 1640 marks are model numbers or size designations, and Applicant further submits that the remaining portion of paragraph 5 merely contains legal conclusions of Opposer's counsel and, therefore, Applicant **denies** the same.

6. In answer to paragraph 6 of the Notice of Opposition, Applicant **admits** the filing of Civil Action No. 3:06-cv-01380-MRK in the United States District Court for the District of Connecticut, however, Applicant submits that the remaining portion of paragraph 6 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

7. In answer to paragraph 7 of the Notice of Opposition, Applicant submits that paragraph 7 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

8. In answer to paragraph 8 of the Notice of Opposition, Applicant submits that paragraph 8 merely contains legal conclusions of, or characterizations of the Court's finding by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

9. In answer to paragraph 9 of the Notice of Opposition, Applicant submits that paragraph 9 merely contains legal conclusions of, or characterizations of the Court's finding by, Opposer's

counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

10. In answer to paragraph 10 of the Notice of Opposition, Applicant **admits** the filing of a Demand for Arbitration against SKF USA, Inc. (American Arbitration Association Case No. 14 152 01622 09; hereinafter the "Arbitration"), for which Opposer is a wholly-owned subsidiary thereof, however, Applicant **denies** that the Arbitration relates to the 1621 mark. Even if the Board finds that the Arbitration does apply to the 1621 mark, as noted in Applicant's Second Affirmative Defense by asserting this opposition, Applicant submits that Opposer has waived any rights it may have had as a result of a majority opinion of the Arbitration panel. Moreover, Applicant submits that the remaining portion of paragraph 10 merely contains legal conclusions of, or characterizations of a majority decision of the Arbitration panel's finding by, Opposer's counsel and as such Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same. Further, Applicant submits as Exhibit A hereof a dissenting opinion of Hon. George C. Pratt[1] in the Arbitration stating that SKF USA, Inc. should be required to direct Opposer, its wholly owned subsidiary, to cease using the Series designations and to withdraw all of its oppositions to Applicant's trademark applications, and dissenting with the majority opinion of the Arbitration panel in its denial of injunctive relief against SKF USA, Inc.

11. In answer to paragraph 11 of the Notice of Opposition, Applicant **denies** that the 1621 mark is a model number, size or other designation of a bearing and asserts that the 1621 mark, like several other of its marks within its 1600 SERIES™ and NICE® bearing product line, is a unique identifier of the source of Applicant's goods that has been in continuous use by Applicant and its predecessors-in-interest at least since 1946, and Applicant further submits that the remaining portion of paragraph 11 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

[1] George Cheney Pratt, was a federal judge in the United States District Court for the Eastern District of New York and a federal appellate judge in the United States Court of Appeals for the Second Circuit.

12. In answer to paragraph 12 of the Notice of Opposition, Applicant **denies** that the 1621 mark is a model number for any bearing products, and further, Applicant submits that paragraph 12 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

13. In answer to paragraph 13 of the Notice of Opposition, Applicant **denies** that Opposer would be damaged by the registration of the 1621 mark. In addition, Applicant submits that paragraph 13 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same. Further, Applicant submits that, as was demonstrated during prosecution of the instant application, its competitors have found legitimate ways of competing with Applicant by offering roller bearings of varying characteristics and sizes of their own without using the term 1621 to designate their goods. See, for example, on-line product catalogs of General Bearing Corporation and Schatz Bearing Corporation offering similar sized bearings (e.g., 0.50" bore diameter x 1.375" outside diameter x 0.437 width bearings) under brand designations 22208 and BR 21, respectively (See Exhibit C of Applicant's May 15, 2013 Response). As the Examining Division concluded, it is inappropriate to penalize Applicant by alleging that its well-known mark is a "common" name, when in fact, Applicant's 1621 mark, like its other marks within its 1600 SERIES™ and NICE® bearing product line, is a unique identifier of the source of Applicant's goods that has been in continuous use by Applicant and its predecessors-in-interest at least since 1946.

14. In answer to paragraph 14 of the Notice of Opposition, **denied**. Applicant submits that its competitors have found legitimate ways of competing with Applicant by offering roller bearings of varying characteristics and sizes of their own without using the term 1621 to designate their goods. Moreover, the consuming public recognizes the "16xx" characteristic of Applicant's 1621 mark and of all other marks under Applicant's 1600 SERIES™ and NICE® brand roller bearing product line as the primary sign of Applicant's goods that uniquely identify Applicant as the source of the roller bearings sold under the marks.

15. In answer to paragraph 15 of the Notice of Opposition, **denied**. Applicant submits that Opposer's counsel merely restates an objection that was addressed during prosecution of the instant application and, when Applicant's use was placed in proper context, was acknowledged by the Examining Division as being registerable on the Principle Register as a federal trademark. Applicant submits that its 1621 mark is not a "common designation" of a bearing of any size or type. Moreover, Applicant submits that there is no relationship between the numerals of the 1621 mark and an ingredient, quality, characteristic, function, feature, purpose or use of the goods recited in the instant application. For example, as was asserted during prosecution of the instant application, the term "1621" used by Applicant in connection with the recited goods was arbitrarily chosen and no amount of creative interpretation of the term "1621" results in a thin section roller bearing of a particular dimension. That is, the numerals of the 1621 mark cannot be "decoded" by formula or otherwise interpreted to convey an ingredient, quality, characteristic, function, feature, purpose or use of the goods of the instant application, namely, thin section roller bearings. This is true of all other "16xx" marks used in connection with Applicant's 1600 SERIES™ and NICE® brand roller bearings. See, for example, the Declaration of Robert I. Balderston (appended to Applicant's May 15, 2013 Response as Exhibit D, and noted by the Examining Attorney in a June 17, 2013 Office Action), outlining the facts surrounding the adoption of the 1621 mark and other marks used to uniquely identify ball bearing products as being made by Nice Ball Bearing Company (at paragraphs 11 to 18). As Mr. Balderston's Declaration attests, Applicant invented a series of marks having the "16xx" characteristic for its goods, in fact, inherently distinctive marks for its 1600 SERIES™ brand of roller bearings including its 1621 brand roller bearings. Therefore, Applicant asserts that as created or "coined" terms for its goods, the 1621 mark and other "16xx" marks for its 1600 SERIES™ and NICE® brand of roller bearings were developed as **inherently distinctive trademarks** of Applicant and still perform the essential trademark function of identifying Applicant to the purchasing public as a unique source of the recited goods. See, for example, further evidence submitted by Applicant during prosecution of the instant application, including Affidavits of third party bearing distributors that recognize Applicant as the source of bearings sold under the 1621 mark and other "16xx" marks with its 1600 SERIES™ and NICE® brand of roller bearings.

16. In answer to paragraph 16 of the Notice of Opposition, **denied**. Applicant submits that its competitors have found legitimate ways of competing with Applicant by offering roller bearings of varying characteristics and sizes of their own without using the term 1621 to designate their goods. See, for example, Applicant's answer at paragraph 13 of this Answer And Affirmative Defenses To Notice of Opposition. Moreover, Applicant submits that the consuming public recognizes the "16xx" characteristic of Applicant's 1621 mark and of all other marks under Applicant's 1600 SERIES™ and NICE® brand roller bearing product line, continuously used by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, as the primary sign of Applicant's goods that uniquely identify Applicant as the source of the roller bearings sold under the marks.

17. In answer to paragraph 17 of the Notice of Opposition, Applicant **denies** that the 1621 mark is a "common designation" for any bearing products, as asserted by Opposer's counsel, and further, Applicant submits that paragraph 17 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

18. In answer to paragraph 18 of the Notice of Opposition, **denied**.

19. In answer to paragraph 19 of the Notice of Opposition, **denied**. Applicant submits that Opposer's counsel merely restates objections that were addressed during prosecution of the instant application and, when Applicant's use was placed in proper context, was acknowledged by the Examining Division as being acceptable such that the 1621 mark was registerable on the Principle Register as a federal trademark. Applicant submits that its 1621 mark is not a "common descriptive or generic term" for a bearing of any size or type. As noted in Applicant's answer at paragraph 15 of this Answer And Affirmative Defenses To Notice of Opposition, Applicant submits that there is no relationship between the numerals of the 1621 mark and an ingredient, quality, characteristic, function, feature, purpose or use of the goods recited in the instant application. The term "1621" used by Applicant in connection with the recited goods was arbitrarily chosen and no amount of creative interpretation of the term "1621" results in a thin section roller bearing of a particular dimension. Applicant asserts that as created or "coined"

terms for its goods, continuously used by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, the 1621 mark and other "16xx" marks for its 1600 SERIES™ and NICE® brand of roller bearings were developed as **inherently distinctive trademarks** of Applicant and still perform the essential trademark function of identifying Applicant to the purchasing public as a unique source of the recited goods.

20. In answer to paragraph 20 of the Notice of Opposition, Applicant **denies** that Opposer would be damaged by the registration of the 1621 mark. In addition, Applicant **denies** that the 1621 mark is a "common designation," as asserted by Opposer's counsel, for any bearing products, and further, Applicant submits that paragraph 20 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

21. In answer to paragraph 21 of the Notice of Opposition, **denied**.

22. In answer to paragraph 22 of the Notice of Opposition, **denied**. Applicant submits that Opposer's counsel merely restates an objection that was addressed during prosecution of the instant application and, when Applicant's use was placed in proper context, was acknowledged by the Examining Division as being acceptable trademark use such that the 1621 mark was registerable on the Principle Register as a federal trademark. Applicant submits that its 1621 mark is not a "common designation" for a bearing of any size or type. As noted in Applicant's answer at paragraph 15 of this Answer And Affirmative Defenses To Notice of Opposition, Applicant submits that there is no relationship between the numerals of the 1621 mark and an ingredient, quality, characteristic, function, feature, purpose or use of the goods recited in the instant application. The term "1621" used by Applicant in connection with the recited goods was arbitrarily chosen and no amount of creative interpretation of the term "1621" results in a thin section roller bearing of a particular dimension. Applicant asserts that as created or "coined" terms for its goods, continuously used by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, the 1621 mark and other "16xx" marks for its 1600 SERIES™ and NICE® brand of roller bearings were developed as **inherently**

distinctive trademarks of Applicant and still perform the essential trademark function of identifying Applicant to the purchasing public as a unique source of the recited goods.

23. In answer to paragraph 23 of the Notice of Opposition, **denied**. Applicant submits that Opposer's counsel merely restates an objection that was addressed during prosecution of the instant application and, when Applicant's use was placed in proper context, was acknowledged by the Examining Division as being acceptable trademark use such that the 1621 mark was registerable on the Principle Register as a federal trademark. Applicant submits that its 1621 mark is not being used as a "model number" or "part number" for a bearing of any size or type. For example, as was asserted during prosecution of the instant application, and as is evidenced from the product catalogs of record in the instant application, bearings sold under the 1621 mark vary depending on characteristics of use and/or manufacture. For example, some 1621 roller bearings are single shield (SS) versus double shield (DS), single sealed (SC) versus double sealed (DC), have no shielding (NS), and/or may have components, e.g., balls or retainers, comprised of particular materials, e.g., a nylon ball retainer (TN) versus a steel ball retainer (J). Accordingly, Applicant asserts that it is only when the 1621 mark is used in connection with certain informational matter as a suffix thereto (e.g., the aforementioned SS, DS, SC, DC, NS, TN and J indicators) can this combination alphanumeric designation (e.g., 1621DCTN) even remotely be seen as a "make/model number" or "grade designation" identifying a specific type of thin section roller bearings sold under the 1621 mark and the 1600 SERIES™ and NICE® brand of roller bearings. Accordingly, it is only when the mark is suffixed by such informational matter can the combined term (e.g., 1621DCTN) even remotely resemble a make/model number or grade designation, as is asserted by Opposer's counsel. In contrast, Applicant seeks registration of a "1621" trademark. As previously submitted, the term "1621" used by Applicant in connection with the goods of the instant application was arbitrarily chosen and no amount of creative interpretation of the term "1621" results in a thin section roller bearing of a particular dimension.

24. In answer to paragraph 24 of the Notice of Opposition, Applicant submits that paragraph 24 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by,

Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

25. In answer to paragraph 25 of the Notice of Opposition, Applicant submits that paragraph 25 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

26. In answer to paragraph 26 of the Notice of Opposition, Applicant **denies** that Opposer would be damaged by registration of the 1621 mark. In addition, Applicant **denies** that the 1621 mark is a "common designation," as asserted by Opposer's counsel, for any bearing products. As noted in Applicant's answer at paragraph 13 of this Answer And Affirmative Defenses To Notice of Opposition, Applicant submits that its competitors have found legitimate ways of competing with Applicant by offering roller bearings of varying characteristics and sizes of their own without using the term 1621 to designate their goods. Moreover, the consuming public recognizes the "16xx" characteristic of Applicant's 1621 mark and of all other marks under Applicant's 1600 SERIES™ and NICE® brand roller bearing product line as the primary sign of Applicant's goods that uniquely identify Applicant as the source of the roller bearings sold under the marks. Further, Applicant submits that paragraph 26 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

27. In answer to paragraph 27 of the Notice of Opposition, **denied**.

28. In answer to paragraph 28 of the Notice of Opposition, Applicant submits that paragraph 28 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

29. In answer to paragraph 29 of the Notice of Opposition, Applicant submits that paragraph 29 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by,

Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same. Applicant also submits that during prosecution of the instant application evidence was introduced, including a number of Affidavits of third party bearing distributors, demonstrating that Applicant's 1621 mark, and all other "16xx" marks for its 1600 SERIES™ and NICE® brand of roller bearings, were developed as **inherently distinctive trademarks** of Applicant and still perform the essential trademark function of identifying Applicant to the purchasing public as a unique source of the recited goods.

30. In answer to paragraph 30 of the Notice of Opposition, Applicant submits that paragraph 30 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

31. In answer to paragraph 31 of the Notice of Opposition, Applicant submits that paragraph 31 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

32. In answer to paragraph 32 of the Notice of Opposition, Applicant submits that, as the record of the instant application illustrates, it has worked diligently to keep the Examining Division apprised of all substantive decisions involving the 1621 mark. Applicant **denies** that, as Opposer appears to suggest, Applicant's alleged failure to submit decisions of the District Court or Second Circuit Court of Appeal was done with deceptive intent. In an abundance of caution, Applicant attaches hereto copies of the noted decisions, as Exhibit B and Exhibit C, respectively.

33. In answer to paragraph 33 of the Notice of Opposition, Applicant **admits** the filing of August 11, 2011 Request for Suspension, however, Applicant submits that the remaining portion of paragraph 33 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

34. In answer to paragraph 34 of the Notice of Opposition, Applicant **admits** that on August 26, 2011 the Examining Attorney suspended prosecution of the instant application, however, Applicant submits that the remaining portion of paragraph 34 merely contains legal conclusions of Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

35. In answer to paragraph 35 of the Notice of Opposition, Applicant **admits** advising the Examining Attorney that the Arbitration against SKF USA, Inc., as noted in Applicant's answer at paragraph 10 of this Answer And Affirmative Defenses To Notice of Opposition, was terminated and requesting removal of the suspension of prosecution of the instant application, however, Applicant submits that the remaining portion of paragraph 35 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

36. In answer to paragraph 36 of the Notice of Opposition, Applicant **admits** advising the Examining Attorney that the Civil Action No. 3:06-cv-01380-MRK in the United States District Court for the District of Connecticut and the Arbitration against SKF USA, Inc., as noted in Applicant's answers at paragraphs 6 and 10 of this Answer And Affirmative Defenses To Notice of Opposition, were terminated and requesting removal of the suspension of prosecution of the instant application, however, Applicant submits that the remaining portion of paragraph 36 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

37. In answer to paragraph 37 of the Notice of Opposition, **denied**. Applicant submits that paragraph 37 merely contains legal conclusions of, or mischaracterizations of the decision of the Arbitration Panel's finding by, Opposer's counsel.

38. In answer to paragraph 38 of the Notice of Opposition, **denied**. Applicant submits that paragraph 38 merely contains legal conclusions of, or mischaracterizations of the decisions of the Connecticut District Court of the Second Circuit Court of Appeals by, Opposer's counsel.

39. In answer to paragraph 39 of the Notice of Opposition, Applicant **admits** to the filing of May 15, 2013 Affidavit, however, Applicant **denies** that it made any statements that were directly contrary to any material facts. In addition, Applicant submits that the remaining portion of paragraph 39 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel and, as such, Applicant is without knowledge or information sufficient to form a belief as to the truth of the conclusions made and, therefore, **denies** the same.

40. In answer to paragraph 40 of the Notice of Opposition, **denied**. Applicant submits that paragraph 40 merely contains legal conclusions of Opposer's counsel.

41. In answer to paragraph 41 of the Notice of Opposition, **denied**. Applicant submits that paragraph 41 merely contains legal conclusions of, or mischaracterizations of Applicant's statements by, Opposer's counsel.

42. In answer to paragraph 42 of the Notice of Opposition, **denied**.

Affirmative Defenses

43. Without admitting any of the allegations of the Opposer's claims other than those specifically admitted herein and, without prejudice to Applicant's right to plead additional affirmative defenses as the facts may warrant, Applicant hereby asserts the following affirmative defenses.

44. First Affirmative Defense

The Notice of Opposition fails to state a claim upon which relief can be granted in Opposition proceedings. If Opposer, as is alleged by Opposer's counsel in paragraph 9 of the Notice of Opposition, is "forever entitled to use" the 1621 mark for bearings "in a manner

substantially identical to the use by Applicant," then Opposer is not damaged by registration of the 1621 mark. Accordingly, following Opposer's own reasoning, the Opposition is moot and without basis due at least to there being no possible injury to Opposer.

45. Second Affirmative Defense

By submitting the Notice of Opposition and instituting the present Proceedings, Opposer is in violation of both an Interim Order and a Final Order of the Panel in the Arbitration between Applicant and SKF USA, Inc. In particular, the majority of the Panel and the complete Panel in the Arbitration ordered SKF USA, Inc. to withdraw all oppositions against RBC's trademarks and enjoined SKF USA, Inc. from initiating further oppositions against Applicant's trademark applications. See, an Interim Order and Award of the Panel in the Arbitration, dated March 25, 2011 at Order Paragraph No 1, abridging pages 12 and 13 (included herein as Exhibit D), and a Final Order and Award of the Panel in the Arbitration, dated April 4, 2012 at Order Paragraph No 5 on page 25 (included herein as Exhibit E). Opposer is a wholly owned subsidiary of SKF USA, Inc. Applicant asserts that Opposer cannot participate in the present Opposition without inevitable disclosure or use of information provided by its patent company SKF USA, Inc. pursuant to a common interest privilege and without the aid, assistance and control of SKF USA, Inc. As SKF USA, Inc. has been enjoined from initiating further oppositions against Applicant's trademark applications, Opposer should also be enjoined. Accordingly, this Opposition Proceeding should be terminated and withdrawn with prejudice.

46. Third Affirmative Defense

Applicant's 1621 mark is a unique identifier of the source of the recited goods. The 1621 mark does not describe a size or type of bearing, nor is the 1621 mark a make, model or part number, nor a grade designation, nor a common or generic descriptor of any type of bearing. Rather, the 1621 mark as used by Applicant in connection with the recited goods was arbitrarily chosen and no amount of creative interpretation of the term "1621" results in a thin section roller bearing of a particular dimension. Applicant asserts that as a created or "coined" term for its goods, continuously used by Applicant and its predecessors-in-interest including the Nice Ball Bearing Company, at least as early as 1946, the 1621 mark and other "16xx" marks for its 1600 SERIES™ and NICE® brand of roller bearings were developed as **inherently distinctive**

trademarks of Applicant and still perform the essential trademark function of identifying Applicant to the purchasing public as a unique source of the recited goods. As was determined by the Examining Division during prosecution of the instant application, the 1621 mark has acquired distinctiveness and secondary meaning by its long use.

WHEREFORE, Applicant requests that the Board dismiss Opposer's Notice of Opposition in its entirety with prejudice, that the instant application be passed to issuance, and that the 1621 mark be allowed registration on the Principle Register.

Applicant hereby appoints the law firm of MKG, LLC and the individual attorneys at such law firm, namely Michael K. Kinney, United States Patent and Trademark Office (USPTO) Registration No. 42,740; John H. Mutchler, USPTO Registration No. 53,362; Elizabeth A. Galletta, USPTO Registration No. 52,941; Robert L. Rispoli, USPTO Registration No. 43,884; and Christine W. Beninati, USPTO Registration No. 37,967; as its attorneys with full power of substitution and revocation to transact all business in and to receive all correspondence from the United States Patent and Trademark Office connected therewith.

Respectfully submitted,

Date: July 8, 2014

By: / Michael K. Kinney /

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Attorney for Applicant
Roller Bearing Company of America, Inc.
and of the Bar of the State of Connecticut

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing ANSWER AND AFFIRMATIVE DEFENSES TO NOTICE OF OPPOSITION has been served by First Class mail, this 8th day of July, 2014 upon the attorney for Opposer, at the following address:

Thomas C. McDonough, Esq.
NEAL, GERBER & EISENBERG LLP
Two North LaSalle Street, Suite 1700
Chicago, Illinois 60602

With courtesy copy by email to:
Thomas C. McDonough at tmcdonough@ngelaw.com

/Michael K. Kinney/
Michael K. Kinney
MKG, LLC

Dated: July 8, 2014

/ Michael K. Kinney /
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EXHIBIT A

AMERICAN ARBITRATION ASSOCIATION
COMMERCIAL ARBITRATION TRIBUNAL

In the Matter of the Arbitration Between RBC NICE BEARINGS, INC., ROLLER BEARING COMPANY OF AMERICA, INC., and ROLLER BEARING COMPANY OF AMERICA, d/b/a NICE BALL BEARINGS, INC., Claimants, and SKF USA INC., Respondent.	AAA # 14 152 01622 09

DISSENTING OPINION
By
ARBITRATOR PRATT

I respectfully dissent. I cannot agree that SKF's claimed careful observance of "proper corporate procedures" (Maj. Op. at 14, Item 13) permits it, through Peer, not only to use and benefit from the Series designations it sold to RBC, but also to oppose RBC's trademark applications.

In the Panel's unanimous Interim Decision and Order dated March 11, 2011, we determined that by their Asset Purchase Agreement ("APA") the parties had created a special relationship when SKF transferred to RBC all of its right, title, and interest in and to the product designations ("Series designations") included in the Nice product catalog. It was because of that contractually created special relationship that the Panel ordered that "SKF withdraw all oppositions to RBC's trademark applications that it has

previously filed, and is further enjoined from any participation in the future in any PTO proceedings with respect to RBC's existing or future applications for trademark registration of product designations included in the Nice catalog referred to in the APA". The Panel also held that "RBC is entitled to be indemnified by SKF for its expenses in defending against SKF's oppositions to RBC's trademark applications to the PTO". [Interim Order at 12-13].

As set forth in the Interim Decision and Order, the remaining issue is "whether SKF's relationship to Peer is such as to warrant further relief against SKF based on Peer's conduct toward RBC". RBC contends that SKF controls Peer and that as a matter of equity and fair dealing in the circumstances here, SKF's relationship to its wholly owned subsidiary calls for additional injunctive relief against SKF. SKF contends, on the other hand, that Peer is a separate corporation, that the requirements for piercing the corporate veil have not been met, and that RBC is entitled to no additional relief.

After carefully reviewing the record, briefs, oral argument, and applicable authorities, the majority has concluded that SKF has the better of the argument and that RBC's request for additional relief against SKF should be denied. However, as a matter of equity and fair dealing, in my view when SKF acquired Peer as its wholly owned subsidiary, it brought Peer under the umbrella of SKF's ownership that was burdened by SKF's contractual obligations to RBC, and SKF should not be able, through its wholly owned subsidiary, Peer, to engage in, and reap the benefits of, conduct that SKF, itself, agreed to avoid and has been enjoined from carrying on. SKF should not be permitted to do indirectly what we have enjoined it from doing directly.

The evidence before the Panel establishes without any doubt that SKF controls Peer. It owns all of the Peer stock. All but one of Peer's five directors are either present or former employees of an SKF entity. At the Nov. 14, 2008, meeting of Peer's Board of Directors, soon after the take-over, Peer's President reported that the "3 main areas where [Peer] will be connected to SKF USA [are] (1) financial, (2) human resources, and (3) legal". [Ex. 6, p 3]. Five of Peer's seven officers are SKF employees, paid by SKF, and do not have offices at Peer's headquarters in Illinois. Indeed, three of them are in-house lawyers at SKF. Finally, Poul Jeppesen, who serves not only as CEO and a director of SKF, but also as Chairman of Peer's Board of Directors, testified that SKF controls Peer [Tr. of 9/7/11 hearing at 703].

However, SKF insists, and the majority in effect holds, that Peer is nonetheless a separate corporation, that the corporate formalities have been preserved, that Peer's Board of Directors is simply an advisory board and does not involve itself with Peer's day-to-day business operations, that SKF has never directed Peer's actions with respect to RBC's trademark applications, that Peer sells a different, less expensive, line of bearings than does SKF, and that the circumstances, therefore, do not satisfy the stringent legal standard for piercing the corporate veil.

But this is not a question of piercing the corporate veil, which is an equitable doctrine typically used to go through a subsidiary corporation to get access to assets of the parent. We have been cited to no case using the "veil" doctrine with respect to a claim such as here, where the effort is to require the parent of a controlled subsidiary to conform the subsidiary's conduct to the same standards that govern the parent's conduct.

The majority's reliance on the Delaware case of *Alliance Data Sys. Corp. v. Blackstone Capital Partners V.L.P, 963 A.2d 746 (Del. Ch. 2009), affd. 976 A.2d 170 (Del. 2009,)* ignores the significant, indeed crucial, difference here. In both cases the claimants sought to enforce their contracts in a way that would affect a non-contracting affiliate. But there, the contracting party, Aladdin, did not control its non-contracting affiliate (Blackstone), while here, in significant contrast, the contracting party, SKF, does control its non-contracting "affiliate" (wholly owned subsidiary, Peer).

I recognize that when SKF bought Peer, Peer had been using the Series designations for many years. I also recognize that by virtue of a judgment in the Connecticut U.S. District Court Peer, if it were an independent entity, would have the right to use three of the Series designations. Nevertheless, when SKF acquired 100% of Peer, SKF was under a continuing contractual obligation not to interfere with RBC's attempts to obtain trademark protection for the Series designations that SKF had sold to RBC, an obligation that should not be obliterated by the mantle of a subsidiary corporation. That obligation should extend to the limit of SKF's authority and power, which includes its power to control Peer.

It matters not that pre-acquisition, Peer had engaged on its own in the identical conduct (Cf. Maj. Op. at 6 "If this request were granted, the Panel would have to order SKF to exercise its previously unexercised control over Peer to cause it to discontinue a course of business conduct in which it had long been engaging.") What matters here is the conduct of SKF, who stands by and refuses to require its newly acquired, wholly owned subsidiary to conform to the standards that we have held bind SKF.

The question posed by the majority – "why should SKF be ordered to cause Peer to stop what it has been doing?" (Maj. Op. at 16) – has a simple answer: "Because Peer is no longer a separate, independent entity. Peer is now wholly owned and controlled by SKF, was acquired by SKF for the purpose of benefitting SKF and its stockholders, and must be operated for the ultimate benefit of SKF, which by its own agreement Is barred from the very conduct that Peer is engaging in."

The majority points out that SKF has not actually exercised control over Peer with regard to Peer's use of the Series designations and with regard to Peer's opposition in the PTO to RBC's applications (Maj. Op at 11, 14, and 22).. But It is undisputed not only that SKF could prevent Peer from continuing to do these things, but also that it has deliberately refrained from doing so. Nor is it disputed that by failing and refusing to restrain Peer, SKF benefits from Peer's actions.

I see no significance in the Majority's assertion that SKF is "*not* 'doing' what RBC claims" and that it is not taking "*any* affirmative action" (Maj. Op. at 12). Surely, intentionally withholding its restraining hand is, in this context, affirmatively "doing", albeit indirectly, precisely what we have held that SKF cannot do.

As argued by RBC, "[B]y allowing Peer to continue using the product designations, SKF is taking back the very assets it sold to RBC." [RBC PH memo at 19]. It is, frankly, unfair to permit SKF, through its affirmative action in acquiring Peer and its subsequent refusal to restrain its subsidiary, to accomplish that which we have determined SKF could not do by direct action. SKF's failure to act when it unquestionably could have done so has been a continuing violation of the obligations it assumed under the APA.

In acquiring Peer, SKF may well have had a bona fide, unrelated, business objective (See: Maj. Op. at 10, 13, and 18) and may not have acquired Peer with the intent to evade its own obligations to RBC. But SKF's subjective intent or good faith in acquiring Peer is irrelevant. This is not a tort case; it is a dispute under a contract. What controls are the objective consequences of the parties' agreement, under which SKF sold to RBC the Series designations and all of SKF's interest in them. And this Panel has held that the relevant agreement bars SKF from using the Series designations and from opposing RBC's trademark applications. It should equally bar all those under SKF's control.

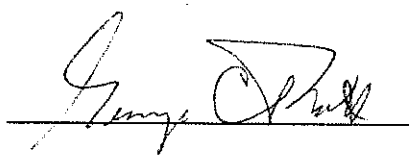
The majority also observes that additional relief to RBC would give it more than it bargained for in the APA (Maj. Op. at 18 and 24). That is not correct. RBC bought and paid for all of SKF's right title and interest in the Series designations including all rights inhering in those designations and in the good will of the Nice business. Included in that purchase was whatever trademark potential lay in the Series designations at that time as well as the right to prevent SKF from opposing the trademark applications – whether by direct action, as was the subject of the interim award, or by indirect action through Peer, which is the subject of this award.

Moreover, to the extent that Peer might successfully oppose RBC's trademark applications, the benefit of that conduct, which SKF is allowing, would inure to SKF both directly and indirectly. Directly, because SKF benefits to the extent that Peer's profits are enhanced by its use of the Series designations. And indirectly, by preventing what SKF, itself, has argued would be an expansion of the market share of RBC, now a competitor of SKF in the bearing business.

SKF should not be able to escape the burden of its contractual obligations by permitting its newly acquired, wholly owned subsidiary to continue doing what SKF itself agreed not to do and what this Panel has enjoined it from doing. SKF should be directed to require Peer, its wholly owned and controlled subsidiary, to cease using the Series designations and to withdraw all its oppositions to RBC's trademark applications.

I therefore respectfully dissent from so much of the award as denies RBC's request for additional injunctive relief against SKF (Award ¶ 1). Given the majority's ruling in ¶ 1, which effectively concludes this arbitration, I concur in the remainder of the Award.

April 4, 2012



George C. Pratt, Arbitrator

EXHIBIT B

676 F.Supp.2d 9
(Cite as: 676 F.Supp.2d 9)

H

United States District Court,
D. Connecticut.
RBC NICE BEARINGS, INC. and Roller Bearing Company of America, Inc., Plaintiffs,
v.
PEER BEARING COMPANY, Defendant.

Civil Action No. 3:06-cv-1380 (VLB).
Oct. 29, 2009.

Background: Ball bearing manufacturers brought action against competitor, alleging trademark infringement, unfair competition, advertising injury, and palming off/passing off claims under Lanham Act, copyright infringement, and Connecticut state law claims for unjust enrichment, unfair competition, and violation of Connecticut Unfair Trade Practices Act (CUTPA) and Connecticut Unfair Sales Practices Act (CUSPA). Defendant moved for summary judgment.

Holdings: The District Court, Vanessa L. Bryant, J., held that:
(1) bearing load data was not protectable by copyright;
(2) manufacturers' trademark infringement claims based upon competitor's use of bearing designations in catalog were barred by doctrine of laches;
(3) fact issues precluded summary judgment on manufacturers' trademark infringement claim against competitor based on laches;
(4) fact issues precluded summary judgment on manufacturers' trademark infringement claim against competitor; and
(5) manufacturers' state law claims for unjust enrichment, unfair competition, and violation of Connecticut Unfair Trade Practices Act (CUTPA) and Connecticut Unfair Sales Practices Act (CUSPA) were barred by Copyright Act.

Motion granted in part and denied in part.

West Headnotes

[1] Limitation of Actions 241 95(7)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(F) Ignorance, Mistake, Trust, Fraud, and Concealment or Discovery of Cause of Action
241k95 Ignorance of Cause of Action
241k95(7) k. Injuries to property. Most Cited Cases

Even if three-year statute of limitations for copyright infringement claim began to run when ball bearing manufacturers became aware of competitor's use of alleged marks, manufacturers became aware of competitor's use of marks at time that manufacturers lost sales to competitor. 17 U.S.C.A. § 507.

[2] Limitation of Actions 241 58(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k58 Liabilities Created by Statute
241k58(1) k. In general. Most Cited Cases

Continuing infringement doctrine was not available to toll ball bearing manufacturers' copyright infringement claims against competitor, where each catalog at issue was separate work. 17 U.S.C.A. § 507.

[3] Copyrights and Intellectual Property 99 51

99 Copyrights and Intellectual Property
99I Copyrights
99I(J) Infringement
99I(J)1 What Constitutes Infringement
99k51 k. Nature and elements of injury. Most Cited Cases

There are two elements to every claim of copyright infringement: (1) possession of a valid copyright, and (2) copying of those elements of the work that are copyrightable. 17 U.S.C.A. § 101.

[4] Copyrights and Intellectual Property 99

12(1)

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k12 Originality of Work; Creativity
99k12(1) k. In general. Most Cited Cases

In order to be valid, a copyright must be "original" to the author; the requisite level of originality needed to qualify for copyright protection is extremely low, and only a slight amount will suffice.

[5] Copyrights and Intellectual Property 99 12(3)

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k12 Originality of Work; Creativity
99k12(3) k. Compilations and derivative works; copies and reproductions. Most Cited Cases

Even if the elements used in the work are not protectable under copyright law standing alone, protection extends to the selection and arrangement of those unprotected elements in the final work, as long as the author's selection and arrangement are original. 17 U.S.C.A. § 101.

[6] Copyrights and Intellectual Property 99 53(1)

99 Copyrights and Intellectual Property
99I Copyrights
99I(J) Infringement
99I(J)1 What Constitutes Infringement
99k53 Acts Constituting Infringement
99k53(1) k. In general. Most Cited Cases

The copyright owner alleging infringement must demonstrate that (1) the defendant has actually copied the plaintiff's work, and (2) the copying is illegal because a substantial similarity exists between the defendant's work and the protectible elements of plaintiff's. 17 U.S.C.A. § 101.

[7] Copyrights and Intellectual Property 99 6

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k3 Subjects of Copyright
99k6 k. Pictorial, graphic, and sculptural works. Most Cited Cases

Ball bearing drawings in manufacturers' catalogs were clearly intended to be accurate depictions of bearings themselves, and thus did not warrant copyright protection. 17 U.S.C.A. § 101.

[8] Copyrights and Intellectual Property 99 10.4

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k3 Subjects of Copyright
99k10.4 k. Other works. Most Cited Cases

Numbers resulting from adjustment of load rating calculations in ball bearing manufacturers' catalog were merely mechanical derivations, and thus were not eligible for copyright protection. 17 U.S.C.A. § 101.

[9] Copyrights and Intellectual Property 99 10.4

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k3 Subjects of Copyright
99k10.4 k. Other works. Most Cited Cases

To extent that ball bearing manufacturers were seeking to copyright formula, process, or methodology used to determine load ratings in catalog, copyright infringement claim against competitor was barred by merger doctrine; manufacturers asserted that they used creativity in developing load rating information. 17 U.S.C.A. § 102(b).

[10] Copyrights and Intellectual Property 99 12(3)

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k12 Originality of Work; Creativity
99k12(3) k. Compilations and derivative works; copies and reproductions. Most Cited Cases

If information is selected or arranged in a fashion that has been done countless times before and has thus become "garden variety," it is unoriginal and not copyrightable. 17 U.S.C.A. § 101.

[11] Copyrights and Intellectual Property 99 ⚷12(3)

99 Copyrights and Intellectual Property
99I Copyrights
99I(A) Nature and Subject Matter
99k12 Originality of Work; Creativity
99k12(3) k. Compilations and derivative works; copies and reproductions. Most Cited Cases

Tabular arrangement of load bearing data was not original, and thus was not copyright protectable, as required for ball bearing manufacturers' copyright infringement claim against competitor; there were very limited ways in which data could be presented, and presenting data in table format alongside bearing numbers to which they corresponded was logical and commonplace method of presenting such data that lacked even low amount of creativity needed to qualify for copyright protection. 17 U.S.C.A. § 101.

[12] Trademarks 382T ⚷1534

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1534 k. In general. Most Cited Cases

The equitable defense of laches is a fundamental threshold matter that the Court must consider before reaching the merits of a plaintiff's trademark claims. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[13] Trademarks 382T ⚷1534

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1534 k. In general. Most Cited Cases

A trademark infringement defendant claiming laches must show that: (1) the plaintiff had knowledge of the defendant's use of its mark, (2) the plaintiff inexcusably delayed taking action with respect to that use, and (3) the defendant would be prejudiced if the court permitted the plaintiff to assert its rights belatedly. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[14] Trademarks 382T ⚷1535

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1535 k. Knowledge of facts. Most Cited Cases

Actual knowledge on the plaintiff's part is not required for defense of laches to trademark infringement; rather, the issue is whether the plaintiff knew or should have known about the alleged infringing use. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[15] Trademarks 382T ⚷1612

382T Trademarks
382TIX Actions and Proceedings
382TIX(C) Evidence
382Tk1601 Presumptions and Burden of Proof
382Tk1612 k. Defenses, excuses, and justifications. Most Cited Cases

With respect to the inexcusable delay factor for claim of laches in trademark infringement action, if the suit is brought outside the statute of limitations period, the delay is presumptively unreasonable. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[16] Equity 150 ⚿65(1)

150 Equity
150I Jurisdiction, Principles, and Maxims
150I(C) Principles and Maxims of Equity
150k65 He Who Comes Into Equity Must Come with Clean Hands
150k65(1) k. In general. Most Cited Cases

Equity 150 ⚿67

150 Equity
150II Laches and Stale Demands
150k67 k. Nature and elements in general. Most Cited Cases

Trademarks 382T ⚿1534

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1534 k. In general. Most Cited Cases

Even if a defendant delayed in bringing suit, laches may be unavailable for several reasons, foremost of which is the equitable principle that he who comes into equity must come with clean hands; this good-faith component of the laches doctrine bars the defense of laches where the defendant intentionally infringed the plaintiff's trademark. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[17] Trademarks 382T ⚿1534

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1534 k. In general. Most Cited Cases

Competitor adopted ball bearing manufacturers' alleged marks because they were commonly used in industry, rather than with fraudulent intent, and thus defense of laches was not barred by competitor's bad faith in manufacturer's trademark infringement action against competitor. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[18] Trademarks 382T ⚿1535

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1535 k. Knowledge of facts. Most Cited Cases

Trademarks 382T ⚿1536

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1536 k. Length of delay. Most Cited Cases

Trademarks 382T ⚿1537

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1537 k. Prejudice from delay. Most Cited Cases

Ball bearing manufacturers' trademark infringement claims against competitor based upon competitor's use of bearing designations in catalog were barred by doctrine of laches; manufacturers had actual or constructive knowledge of use of mark through lost sales, delay in filing suit of at least six years after learning of competitor's use of designations was unreasonable, and competitor suffered prejudice as result of delay. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[19] Trademarks 382T 1538

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1538 k. Effect of changes in defendant's use; progressive encroachment. Most Cited Cases

Under the doctrine of progressive encroachment, a trademark infringement plaintiff has some latitude in the timing of its bringing suit because the laches period begins to run, not at the first sign of a de minimis use, but rather, when the likelihood of confusion looms large; however, the doctrine of progressive encroachment only excuses delay in filing suit where defendant, after beginning its use of the mark, redirected its business so that it more squarely competed with plaintiff. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[20] Equity 150 72(1)

150 Equity
150II Laches and Stale Demands
150k68 Grounds and Essentials of Bar
150k72 Prejudice from Delay in General
150k72(1) k. In general. Most Cited Cases

A defendant has been prejudiced by a delay in bringing suit when the defendant has changed his position in a way that would not have occurred if the plaintiff had not delayed.

[21] Trademarks 382T 1535

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1535 k. Knowledge of facts. Most Cited Cases

Ball bearing manufacturers likely would have discovered competitor's use of manufacturers' bearing designations had they exercised reasonable diligence in policing mark, and thus manufacturers had constructive knowledge of use of designations, as required for laches defense to manufacturers' trademark infringement claims; manufacturers had actual knowledge of use of other marks, both manufacturers and competitor sold portion of bearings through distributors and competed in same market of original equipment manufacturers, both advertised products in catalogs that were distributed throughout industry, and manufacturers could have anticipated that competitor would have adopted additional designations used by manufacturers. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[22] Federal Civil Procedure 170A 2493

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(C) Summary Judgment
170AXVII(C)2 Particular Cases
170Ak2493 k. Copyright, trademark, and unfair competition cases. Most Cited Cases

Genuine issue of material fact existed regarding knowledge which could be imputed to ball bearing manufacturers regarding competitor's use of bearing series designations, and whether competitor was prejudiced by manufacturers' delay in bringing trademark infringement action, precluding summary judgment on manufacturers' trademark infringement claim against competitor based on laches. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[23] Trademarks 382T 1421

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

In order to prevail on a claim under the Lanham Act, a plaintiff must show that it has a valid mark entitled to protection and that defendant's use of the mark is likely to cause confusion. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[24] Trademarks 382T 1031

382T Trademarks
382TII Marks Protected
382Tk1029 Capacity to Distinguish or Signify; Distinctiveness
382Tk1031 k. Inherent distinctiveness in general. Most Cited Cases

Trademarks 382T 1037

382T Trademarks
382TII Marks Protected
382Tk1035 Descriptive Terms or Marks
382Tk1037 k. Acquired distinctiveness; secondary meaning. Most Cited Cases

Whether the mark is entitled to protection under Lanham Act depends on whether it is inherently distinctive or, if merely descriptive, has acquired secondary meaning. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[25] Trademarks 382T 1033

382T Trademarks
382TII Marks Protected
382Tk1033 k. Levels or categories of distinctiveness in general; strength of marks in general. Most Cited Cases

The protection afforded a mark under the Lanham Act depends on whether the mark is generic, descriptive, suggestive, arbitrary or fanciful. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[26] Trademarks 382T 1034

382T Trademarks
382TII Marks Protected
382Tk1034 k. Generic terms or marks. Most Cited Cases

Trademarks 382T 1036

382T Trademarks
382TII Marks Protected
382Tk1035 Descriptive Terms or Marks
382Tk1036 k. In general. Most Cited Cases

A "generic" mark is generally a common description of goods and is ineligible for trademark protection; a "descriptive" mark describes a product's features, qualities or ingredients in ordinary language, and may be protected only if secondary meaning is established. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[27] Trademarks 382T 1038

382T Trademarks
382TII Marks Protected
382Tk1038 k. Suggestive terms or marks. Most Cited Cases

Trademarks 382T 1039

382T Trademarks
382TII Marks Protected
382Tk1039 k. Arbitrary or fanciful terms or marks. Most Cited Cases

Suggestive, arbitrary or fanciful marks may be protected under Lanham Act without a showing of secondary meaning. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[28] Trademarks 382T 1038

382T Trademarks
382TII Marks Protected
382Tk1038 k. Suggestive terms or marks. Most Cited Cases

A "suggestive" mark offers suggestions of, but does not actually describe, the features of a product.

[29] Trademarks 382T 1039

382T Trademarks
382TII Marks Protected
382Tk1039 k. Arbitrary or fanciful terms or marks. Most Cited Cases

An "arbitrary" mark has an actual dictionary meaning, but that meaning does not describe the product.

[30] Trademarks 382T 1039

382T Trademarks
382TII Marks Protected
382Tk1039 k. Arbitrary or fanciful terms or marks. Most Cited Cases

A "fanciful" mark is a made-up-term.

[31] Trademarks 382T 1056

382T Trademarks
382TII Marks Protected
382Tk1050 Format or Components of Term or Mark
382Tk1056 k. Numerals. Most Cited Cases

Model numbers are generally descriptive because they serve to distinguish a single source's products from each other; this is true even if they do not refer to the physical characteristics of the item they demarcate.

[32] Trademarks 382T 1032

382T Trademarks
382TII Marks Protected
382Tk1029 Capacity to Distinguish or Signify; Distinctiveness
382Tk1032 k. Acquired distinctiveness and secondary meaning in general. Most Cited Cases

Whether a mark has acquired secondary meaning warranting protection under Lanham Act is determined by weighing the record evidence in light of the following six factors, with no single factor being determinative: (1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[33] Federal Civil Procedure 170A 2493

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(C) Summary Judgment
170AXVII(C)2 Particular Cases
170Ak2493 k. Copyright, trademark, and unfair competition cases. Most Cited Cases

Genuine issue of material fact existed regarding whether ball bearing manufacturers' mark acquired secondary meaning, precluding summary judgment on manufacturers' trademark infringement claim against competitor. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[34] Federal Civil Procedure 170A 2493

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(C) Summary Judgment
170AXVII(C)2 Particular Cases
170Ak2493 k. Copyright, trademark, and unfair competition cases. Most Cited Cases

Genuine issue of material fact existed regarding whether competitor's use of ball bearing manufacturers' alleged trademarks created likelihood of confusion, precluding summary judgment on manufacturers' trademark infringement claim against competitor. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[35] Copyrights and Intellectual Property 99 109

99 Copyrights and Intellectual Property
99II Intellectual Property
99k109 k. Remedies. Most Cited Cases

States 360 18.87

360 States
360I Political Status and Relations
360I(B) Federal Supremacy; Preemption
360k18.83 Trade Regulation; Monopolies
360k18.87 k. Copyrights and patents. Most Cited Cases

Copyright Act preempts a state law claim when (1) the particular work to which the claim is being applied falls within the type of works protected by the Copyright Act, and (2) the claim seeks to vindicate legal or equitable rights that are equivalent to the bundle of exclusive rights already protected by copyright law. 17 U.S.C.A. § 101.

[36] Copyrights and Intellectual Property 99 109

99 Copyrights and Intellectual Property
99II Intellectual Property
99k109 k. Remedies. Most Cited Cases

States 360 18.87

360 States
360I Political Status and Relations
360I(B) Federal Supremacy; Preemption
360k18.83 Trade Regulation; Monopolies
360k18.87 k. Copyrights and patents. Most Cited Cases

In order for state law claim to be preempted by the Copyright Act, the state law claim must not include any extra elements that make it qualitatively different from a copyright infringement claim. 17 U.S.C.A. § 101.

[37] Antitrust and Trade Regulation 29T 14

29T Antitrust and Trade Regulation
29TII Unfair Competition
29TII(A) In General
29Tk14 k. Preemption. Most Cited Cases

Antitrust and Trade Regulation 29T 132

29T Antitrust and Trade Regulation
29TIII Statutory Unfair Trade Practices and Consumer Protection
29TIII(A) In General
29Tk132 k. Preemption. Most Cited Cases

Implied and Constructive Contracts 205H 3

205H Implied and Constructive Contracts
205HI Nature and Grounds of Obligation
205HI(A) In General
205Hk2 Constructive or Quasi Contracts
205Hk3 k. Unjust enrichment. Most Cited Cases

States 360 18.15

360 States
360I Political Status and Relations
360I(B) Federal Supremacy; Preemption
360k18.15 k. Particular cases, preemption or supersession. Most Cited Cases

States 360 18.84

360 States
360I Political Status and Relations
360I(B) Federal Supremacy; Preemption
360k18.83 Trade Regulation; Monopolies
360k18.84 k. In general. Most Cited Cases

Trademarks 382T 1417

382T Trademarks
382TVIII Violations of Rights
382TVIII(A) In General
382Tk1417 k. Preemption. Most Cited Cases

Ball bearing manufacturers' state law claims against competitor for unjust enrichment, unfair competition, and violation of Connecticut Unfair Trade Practices Act (CUTPA) and Connecticut Unfair Sales Practices Act (CUSPA) were based upon same allegations supporting their federal trademark and copyright claims, that competitors copied from manufacturer's catalogs, and thus were barred by Copyright Act. 17 U.S.C.A. § 101; C.G.S.A. §§ 42-110a, 42-115e.

[38] States 360 18.84

360 States
360I Political Status and Relations
360I(B) Federal Supremacy; Preemption
360k18.83 Trade Regulation; Monopolies
360k18.84 k. In general. Most Cited Cases

Trademarks 382T 1010

382T Trademarks
382TI In General
382Tk1010 k. Preemption. Most Cited Cases

Lanham Act does not preempt state law. Lanham Act, § 43(a), 15 U.S.C.A. § 1125(a).

[39] Limitation of Actions 241 55(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k55 Torts
241k55(1) k. In general. Most Cited Cases

Limitation of Actions 241 58(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k58 Liabilities Created by Statute
241k58(1) k. In general. Most Cited Cases

Under Connecticut law, both the general tort statute of limitations and the Connecticut Unfair Trade Practices Act (CUTPA) statute of limitations are occurrence statutes, meaning that the limitations period begins to run from the date of the act or omission complained of, rather than the date the cause of action has accrued or the injury has occurred. C.G.S.A. § 42-110a.

[40] Limitation of Actions 241 58(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k58 Liabilities Created by Statute
241k58(1) k. In general. Most Cited Cases

To support a finding of a continuing course of conduct, as would toll statute of limitations under Connecticut Unfair Trade Practices Act (CUTPA), there must be evidence of the breach of a duty that remained in existence after commission of the original wrong related thereto. C.G.S.A. § 42-110g(f).

[41] Limitation of Actions 241 58(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k58 Liabilities Created by Statute
241k58(1) k. In general. Most Cited Cases

Statute of limitations began to run for ball bearing manufacturers' Connecticut Unfair Trade Practices Act (CUTPA) claim against manufacturer, when competitor began selling bearings using manufacturers' designations. C.G.S.A. § 42-110g(f).

[42] Limitation of Actions 241 95(16)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(F) Ignorance, Mistake, Trust, Fraud, and Concealment or Discovery of Cause of Action
241k95 Ignorance of Cause of Action
241k95(16) k. Consumers' remedies. Most Cited Cases

Three-year limitations period under Connecticut Unfair Trade Practices Act (CUTPA) was not tolled by continuing course of conduct doctrine, where ball bearing manufacturers were aware of competitor's use of designations for at least six years prior to filing suit, and allowing manufacturers to pursue claims would violate purpose of statute of limitations. C.G.S.A. § 42-110a.

[43] Federal Civil Procedure 170A 2491.9

170A Federal Civil Procedure
170AXVII Judgment
170AXVII(C) Summary Judgment
170AXVII(C)2 Particular Cases
170Ak2491.9 k. Consumer protection and unfair trade practices, cases involving. Most Cited Cases

Genuine issue of material fact existed regarding when ball bearing manufacturers acquired constructive knowledge of competitor's sales of bearings using manufacturers' designations, precluding summary judgment on manufacturers' claims against competitor under Connecticut Unfair Trade Practices Act (CUTPA) and Connecticut Unfair Sales Practices Act (CUSPA). C.G.S.A. §§ 42-110a, 42-115e.

676 F.Supp.2d 9
(Cite as: 676 F.Supp.2d 9)

Trademarks 382T ⚿1800

382T Trademarks
382TXI Trademarks and Trade Names Adjudicated
382Tk1800 k. Alphabetical listing. Most Cited Cases

1600 Series.

Trademarks 382T ⚿1800

382T Trademarks
382TXI Trademarks and Trade Names Adjudicated
382Tk1800 k. Alphabetical listing. Most Cited Cases

7500 and 7600 Series.

***15** Joseph W. Martini, Laura Ann Chubb, Wiggin & Dana, New Haven, CT, Raymond D. Thompson, Michaud-Duffy Group, Richard R. Michaud, Middletown, CT, for Plaintiffs.

David S. Monastersky, John J. Bogdanski, Howd & Ludorf, Hartford, CT, James P. Muraff, Stephen Fedo, Thomas C. McDonough, Thomas E. Williams, Neal, Gerber & Eisenberg, Chicago, IL, for Defendant.

MEMORANDUM OF DECISION AND ORDER GRANTING IN PART AND DENYING IN PART DEFENDANT'S MOTION FOR SUMMARY JUDGMENT [DOC. # 143]

VANESSA L. BRYANT, District Judge.

The plaintiffs, RBC Nice Bearings, Inc. and Roller Bearing Company of America, Inc. ("Plaintiffs"), brought this case for injunctive relief and damages against Peer Bearing Company ("Defendant" or "Peer"), asserting trademark infringement, unfair competition, advertising injury, and palming off/passing off claims in violation of Section 43(a) of the Lanham Act (15 U.S.C. § 1225(a)), a copyright infringement claim in violation of the Copyright Act (17 U.S.C. §§ 101 *et seq.*), and Connecticut state law claims for unjust enrichment, unfair competition, and violation of the Connecticut Unfair Trade Practices Act (CUTPA) (Conn. Gen.Stat. §§ 42-110a *et seq.*) and the Connecticut Unfair Sales Practices Act (CUSPA) (Conn. Gen.Stat. §§ 42-115e *et seq.*). Presently pending before the Court is the Defendant's motion for summary judgment on all counts. For the reasons set forth below, the Defendant's motion for summary judgment is GRANTED IN PART and DENIED IN PART.

I. Facts

The following facts relevant to the Defendant's motion for summary judgment are undisputed unless otherwise noted.

The Defendant, Peer, was founded in the early 1960's by Laurence Spungen. Beginning in the early 1960's, Peer began using 4-digit numbers in the "1600s" as model or part numbers for certain of its ball bearings. These part numbers designate a size and type of bearing referred to as the "1600 Series" of bearings. Plaintiffs' predecessor, the Nice Ball Bearing Company ("Nice"), created the 1600 Series bearing designation and the numbers within this series. Plaintiffs contend that the industry and consumers have recognized these designations as being associated with Nice since 1946, and that they and their predecessors spent substantial amounts of money to advertise and build up goodwill associated with these designations. However, Peer claims that it adopted the 1600 Series term and 4-digit part numbers within the series to designate its ball bearings because several other manufacturers were already selling bearings using these numbers, such that designating a group of bearings as a series and the use of the 1600 Series designations to identify a particular group of ball bearings had become an "industry standard."

***16** Peer has published various catalogs over the course of more than four decades using the terms at issue as well as other Series designations and part numbers that are not at issue in this litigation. These catalogs were published in 1963, 1968, 1973, 1978, and most recently in 2005. Plaintiffs also market their bearings through the use of catalogs. Plaintiffs and their predecessor Nice have published catalogs using the designations at issue, as well as other designations that are not the subject of this litigation, in 1957, 1966, 1975, 1997, and 1999. Only one of the catalogs that Peer allegedly infringed-Nice Catalog 240, published in 1966-was registered with the United States Copyright Office at the time that Plaintiffs filed suit against Peer. Each catalog prominently displays the name of its respective publisher.

Beginning in 2005, Peer expanded its use of the Series designations by including the term "7500 and 7600 Series" and the numbers within those series in its catalog. The Defendant has sold bearings with these numbers since at least as early as 2002, and perhaps earlier, but Peer has no sales records from prior to 2002. Nice began selling bearings with the 7500 and 7600 Series designations long before Peer began selling bearings with these designations. The 7500 and 7600 Series designations were included in Nice's Catalog 190, published in 1957. Peer also uses other bearing designations which Plaintiffs and their predecessor have long used, namely the "600 Series" and "6900 Series" designations, but Plaintiffs stipulated to a dismissal with prejudice of all claims concerning Peer's use of these designations on April 3, 2009 [Doc. # 139].

The basic 4-digit part number within each relevant bearing series "corresponds to a bearing with a defined structure and dimensions." Third Amended Complaint, ¶ 15. Plaintiffs, Peer and other companies in the industry identify their bearings having the same dimensions with the same 4-digit part numbers. However, companies in the industry use different suffixes added to the basic 4-digit part number to provide further information to the purchaser about the source and characteristics of the bearing. For instance, Peer uses the suffix "2RS" to designate a bearing within the 1600 Series as having a double seal, while Plaintiffs use the suffix "DC" to designate a bearing having a double seal. The parties also use their own unique packaging trade dress affixed with their own trademarks (Plaintiffs affix the term "NICE" to their boxes, while Defendant uses the name "PEER" along with its "P" logo).

According to Plaintiffs, in addition to adopting their Series designations and the part numbers therein, Peer also copied proprietary fixed load ratings from their registered Catalog 240, even though those ratings are calculated using factors unique to Plaintiffs' bearings that were not applicable to Peer's bearings. Peer defines "load ratings" as "the radial force a particular bearing having known geometric and physical attributes, such as the size and quantity of balls, can withstand." Def. 56(a)(1) Statement, ¶ 107. Plaintiffs submit the deposition testimony of their engineer, Mr. Pallini, who stated that while load ratings are mainly a function of the geometry of the bearing and material, certain other "life factors" enumerated in published industry guidelines influence how load ratings are determined for a particular bearing, including tolerances, material cleanliness, lubrication, hardness, and operating temperature. Pl. Ex. 11, Pallini Dep.

Approximately 80% of Peer's sales of 1600 Series bearings are directly to original equipment manufacturers ("OEMs"), and about 20% are made through distributors. By contrast, 95% of Plaintiffs sales ***17** of 1600 Series bearings are made through distributors. Customers of ball bearings typically test the bearings before purchasing them. Furthermore, Plaintiff RBC's 2006 10-K states that it's customers are "sophisticated and demanding, as our products are fundamental and enabling components to the construction or operating of their machinery." Def. Ex. 18.

Peer is currently owned by SKF, USA. ("SKF"). Prior to acquiring Peer, SKF owned the Plaintiffs' predecessor, Nice Ball Bearing Company ("Nice"). SKF sold Nice to Plaintiffs through an Asset Purchase Agreement ("APA") dated February 28, 1997. Def. Ex. 20. The APA lists the assets conveyed by SKF to Plaintiffs, but does not identify the Series terms or part numbers at issue as trademarks or other assets being transferred. Instead, Schedule 3.18(a) to the APA, which purports to identify the trademarks being transferred from SKF to Plaintiffs, lists only the following trademarks: "NICE," "Nice logo," "Nice & Diamond Design," "Nice (Canada)," and "Nice-Logo (Canada)." Def. Ex. 21. Furthermore, SKF's former general counsel, Allen Belenson, stated in a declaration that the Series designations at issue were not considered to be trademarks at any point during his 24 years of employment at SKF. Def. Ex. 19. Although Plaintiffs contend that there were extensive discussions during negotiation of the transaction regarding the ownership and transfer of these designations, no provisions emerging from those discussions were memorialized in the APA and SKF did not expressly purport to sell or convey the alleged marks to Plaintiffs.

Plaintiffs first became aware of Peer in or around 1999 when they learned that Peer was offering bearing products within the 1600 Series product line to Ariens Company, a long-time customers of Plaintiffs. Plaintiffs admit to learning of Peer's sales to Ariens Company in their Interrogatory Responses. Def. Ex. 33. In addition, Plaintiff RBC wrote a letter dated March 22,

1999 to Ariens suggesting that Ariens "[s]plit the business between Peer and Nice" in order to recapture some of the sales lost to Peer. Def. Ex. 40. Finally, Plaintiffs' deposition witness Mr. Werner testified that he recalled that Plaintiffs lost the Ariens sales to Peer in 1997 or 1998. Pl. Ex. 6, Werner Dep. Despite this evidence, the veracity of which they do not challenge, Plaintiffs assert that they were only "generally aware" of Peer in 1999 and did not truly become aware of Peer as a competitor until 2002 at the earliest. Plaintiffs' deposition witnesses have testified that they had a meeting sometime in 2002 or 2003 in which they discussed business lost to Peer. Pl. Ex. 13, Whipple Dep; Pl. Ex. 11, Pallini Dep.

As of 2004, there were at least 25 other companies selling 1600 Series bearings in competition with Plaintiffs. In 2006, Plaintiffs filed applications to register the Series designations and certain of the part numbers at issue with the United States Patent and Trademark Office ("USPTO"). The USPTO rejected each of Plaintiffs' applications to register their "number marks" (1621, 1630, 1635, and 1641), finding that these part numbers are merely descriptive for ball bearings and do not function as trademarks. Two of the examiners cited numerous third party uses of the numbers at issue to support their conclusion. Nevertheless, Plaintiffs contend that the part numbers are unique marks developed by Nice that do not describe the specifications and features of the ball bearings they sell.

Several companies in the bearing industry filed oppositions to Plaintiffs' applications to register the Series designations. Three companies-Kaydon Corporation, Schaeffler KC, and the Timken Company***18** -settled their disputes and dropped their oppositions. The settlements agreements that the Plaintiffs negotiated with these parties include language acknowledging Plaintiffs' trademark rights in the designations at issue. *See* Pl. Exs. 22-24. In addition, General Bearing Company, another competitor of Plaintiffs, entered into a negotiated settlement agreement with Plaintiffs in which it acknowledged that Plaintiffs have trademark rights in the Series naming systems used for the Nice product line. *See* Pl. Ex. 19.

Plaintiffs commenced this action against Peer on September 5, 2006. On April 30, 2009, Peer moved for summary judgment on all counts [Doc. # 143], asserting that 1) Plaintiffs' copyright claim is barred in part by the applicable statute of limitations, and barred completely because the elements of the work for which Plaintiffs seek copyright protection are not copyrightable; 2) Plaintiffs' trademark claims are barred by the doctrine of laches and because Plaintiffs' alleged marks are generic, or in the alternative, the alleged marks are descriptive and Plaintiffs have failed to provide evidence of secondary meaning and likelihood of confusion; and 3) Plaintiffs' state law claims are barred because they are preempted by the Copyright Act, because Plaintiffs have no trademark rights in the designations at issue, and because they were filed outside the applicable statutes of limitations. Plaintiffs filed their opposition to Peer's motion for summary judgment on May 29, 2009 [Doc. # 155].

II. Discussion

Summary judgment is appropriate only when "the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c). "The substantive law governing the case will identify those facts that are material, and '[o]nly disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.' " *Bouboulis v. Transp. Workers Union of Am.*, 442 F.3d 55, 59 (2d Cir.2006) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986)).

The moving party bears the burden of showing that no genuine issues exist as to any material facts. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). If the moving party meets its burden, "an opposing party may not rely merely on allegations or denials in its own pleading; rather, its response must-by affidavits or as otherwise provided in this rule-set out specific facts showing a genuine issue for trial." Fed.R.Civ.P. 56(e). "If the party moving for summary judgment demonstrates the absence of any genuine issue as to all material facts, the nonmoving party must, to defeat summary judgment, come forward with evidence that would be sufficient to support a jury verdict in its favor." *Burt Rigid Box, Inc. v. Travelers Prop. Cas. Corp.*, 302 F.3d 83, 91 (2d Cir.2002).

"The non-movant cannot escape summary judg-

ment merely by vaguely asserting the existence of some unspecified disputed material facts, or defeat the motion through mere speculation or conjecture." *Western World Ins. Co. v. Stack Oil, Inc.*, 922 F.2d 118, 121 (2d Cir.1990) (internal quotations and citations omitted). A party also may not rely on conclusory statements or unsupported allegations that the evidence in support of the motion for summary judgment is not credible. *Ying Jing Gan v. City of New York*, 996 F.2d 522, 532 (2d Cir.1993).

The court "construe[s] the evidence in the light most favorable to the non-moving party and ... draw[s] all reasonable inferences***19** in its favor." *Huminski v. Corsones*, 396 F.3d 53, 69-70 (2d Cir.2005). "[I]f there is any evidence in the record that could reasonably support a jury's verdict for the nonmoving party, summary judgment must be denied." *Am. Home Assurance Co. v. Hapag Lloyd Container Linie, GmbH*, 446 F.3d 313, 315 (2d Cir.2006).

A. Copyright Claim

On October 27, 2009, 2009 WL 3642769, this Court dismissed Plaintiffs' copyright infringement claims based upon works that were not registered with the United States Copyright Office at the time that this case was filed [Doc. # 199]. Therefore, the Court now considers only Plaintiffs' claim for infringement of their registered copyright in Nice Catalog 240. Plaintiffs allege that Peer's catalogs published in 1963, 1968, 1973, 1978, and 2005 infringe their copyright in Catalog 240. As an initial matter, Peer argues that Plaintiffs' copyright claims based on material published in it's 1963, 1968, 1973 and 1978 catalogs should be dismissed on statute of limitations grounds.

The Copyright Act states that "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." 17 U.S.C. § 507. The Second Circuit has not ruled on the issue of whether a cause of action accrues when the copyright infringement occurs or when the copyright owner discovers (or should have discovered) the infringement. *See Auscape Int'l v. Nat'l Geographic Society*, 409 F.Supp.2d 235, 242 (S.D.N.Y.2004). Courts within the Second Circuit are divided on the issue. *Id.* at 242-43. In this case, Plaintiffs' claims for infringement based on Peer's 1963, 1968, 1973 and 1978 catalogs must be dismissed under either analysis.

[1][2] Plaintiffs' sworn answer to Peer's Interrogatory No. 17 states: "Plaintiffs became aware that Peer was offering bearing products alleged to be equivalent to products included within the Nice 1600 SERIES product line to Ariens Company, a long-time customer of Plaintiff, in or about 1999." Def. Ex. 33. Peer has also cited a March 22, 1999 letter from Plaintiff RBC to Ariens suggesting that Ariens "[s]plit the business between Peer and Nice" in order to recapture some of the sales lost to Peer. Def. Ex. 40. Finally, Plaintiffs' deposition witness Mr. Werner testified that he recalled that Plaintiffs lost the Ariens sales to Peer in 1997 or 1998. Pl. Ex. 6, Werner Dep. Plaintiffs attempt to downplay the significance of this evidence and create a disputed issue of material fact by conclusorily asserting that while they were aware of Peer with respect to one customer in 1999, they did not become aware of Peer "as a competitor" until 2002-03. This argument is unpersuasive. The evidence cited by Peer clearly shows that Plaintiffs were aware that Peer was using their alleged 1600 Series marks at least as early as 1999 and, in fact, that they lost sales to Peer in 1999 or earlier. Accordingly, Plaintiffs' infringement claims based on Peer's 1963, 1968, 1973 and 1978 catalogs are barred by the statute of limitations.[FN1]

FN1. Plaintiffs also argue that they are entitled to an injunction against Peer's infringement of these four catalogs based upon the "continuing infringement" doctrine. However, the continuing infringement doctrine has been viewed with disfavor in the copyright infringement context, and the Court declines to apply it under the circumstances of this case because each catalog at issue was a separate work. *See Kregos v. Associated Press*, 3 F.3d 656, 658, 662 (2d Cir.1993).

[3][4][5] The sole remaining copyright claim for the Court to consider is Plaintiffs'***20** claim that Peer's 2005 catalog infringed their copyright in Nice Catalog 240. "There are two elements to every claim of copyright infringement: (1) possession of a valid copyright, and (2) copying of those elements of the work that are copyrightable." *Key Publications, Inc. v. Chinatown Today Pub. Enterprises, Inc.*, 945 F.2d 509, 514 (2d Cir.1991). In order to be valid, a copyright must be "original" to the author. The requisite level of originality needed to qualify for copyright protection is

extremely low-only a slight amount will suffice. *R.F.M.A.S., Inc. v. Mimi So.*, 619 F.Supp.2d 39, 51 (S.D.N.Y.2009). Even if the elements used in the work are not protectable standing alone, protection extends to the selection and arrangement of those unprotected elements in the final work, as long as the author's selection and arrangement are original. *Id.* (citing *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 348, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991)). Moreover, under 17 U.S.C. § 410(c), "the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate."

With respect to the first element, Catalog 240 was published on November 1, 1966, and was registered by Nice on November 14, 1966. Def. Ex. 14. Thus, Catalog 240 was registered within five years after publication, and Plaintiffs' copyright in Catalog 240 is prima facie valid. However, Peer has presented evidence that the arrangements, layouts, data, tables, and other information contained in Catalog 240 are substantially similar to those contained in Nice Catalog 190, which was published before Catalog 240. *Compare* Def. Ex. 12 to Def. Ex. 13. Peer further contends that the registration for Catalog 190 was not renewed, and that as a result Catalog 190 passed into the public domain and the information contained therein is not copyright protectable. Based upon the apparent similarities between Catalog 240 and the previously published Catalog 190, the Court finds that there is a genuine issue of material fact as to whether Plaintiffs have a valid copyright in Catalog 240. *See Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 763-64 (2d Cir.1991) (presumption of copyright validity may be rebutted by evidence that work was copied from the public domain).

[6][7] With respect to the second element, the copyright owner must demonstrate that "(1) the defendant has actually copied the plaintiff's work; *and* (2) the copying is illegal because a substantial similarity exists between the defendant's work and the protectible elements of plaintiff's." *Fisher-Price, Inc. v. Well-Made Toy Mfg. Corp.*, 25 F.3d 119, 122-23 (2d Cir.1994). Peer does not contest that it copied information from Plaintiffs' Catalog 240 and included this information in its 2005 Catalog. Peer argues, however, that the elements it is alleged to have copied are elements for which there is no copyright protection. In response, Plaintiffs assert that Peer copied "bearing load ratings" into its 2005 Catalog that are "proprietary and unique to RBC's bearings, and apparently not even applicable to Peer's bearings." [FN2] Plaintiffs claim that ***21** this load rating information is copyright protectable because Plaintiffs used "creativity" in developing and compiling it. Peer argues, on the other hand, that bearing data are numerical facts representing the physical dimensions of Plaintiffs' bearings and the manufacturing tolerance target range applied to those dimensions, and therefore are not copyrightable. *See Feist Pubs., Inc. v. Rural Telephone Serv.*, 499 U.S. 340, 344-45, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991) ("That there can be no valid copyright in facts is universally understood.").

FN2. Plaintiffs also alleged in the Third Amended Complaint that Peer copied other information from Plaintiffs Catalog 240 in addition to bearing data, including "original drawings, unique layouts, designs and organization[.]" In addition, in their Supplemental Interrogatory Responses, Plaintiffs asserted that Peer copied their alleged trademarks. However, in their opposition to Peer's motion for summary judgment, Plaintiffs have presented no argument or evidence to rebut Peer's contention that these elements are not entitled to copyright protection, and indeed, any arguments they could present would appear to be unavailing. The bearing drawings are clearly intended to be accurate depictions of the bearings themselves, and therefore do not warrant copyright protection. *See, e.g., ATC Distribution Group v. Whatever It Takes Transmissions & Parts, Inc.*, 402 F.3d 700, 708-09 (6th Cir.2005). Plaintiffs' alleged trademarks, the Series terms and part numbers therein, are merely words and short phrases that are not subject to copyright. *See New York Mercantile Exchange v. IntercontinentalExchange, Inc.*, 389 F.Supp.2d 527, 543-44 (S.D.N.Y.2005); *see also ATC Distribution Group*, 402 F.3d at 708-09 (holding that transmission part numbers were not eligible for copyright protection). Finally, with respect to the "layouts, designs, and organization" of the catalog, it is undisputed that Peer only copied particular information on certain pages of the catalog and did not copy the catalog wholesale or copy a substantial portion of the cat-

> alog. Therefore, Peer cannot be liable for copying the arrangement of elements in the catalog as a whole.

The extent to which numbers such as the load ratings at issue here are copyrightable has not been fully clarified by the Second Circuit. In *CCC Information Services, Inc. v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir.1994), the Second Circuit held that the Red Book, a compilation of estimated projections for used car prices, merited copyright protection. Rather than simply finding that the Red Book as a whole warranted copyright protection because of the original selection and arrangement of the data contained therein, the Second Circuit further stated that "[t]he valuations themselves are original creations of [Red Book's publisher]." *Id.* at 67. In so holding, the Second Circuit relied upon evidence that the valuations represented predictions by the Red Book editors of future prices estimated to cover specified geographic regions that were based on professional judgment and expertise, and were not merely reports of historical prices or mechanical derivations of historical prices. *Id.*

Later, in *New York Mercantile Exchange, Inc. v. Intercontinental Exchange, Inc.*, 497 F.3d 109 (2d Cir.2007), the Second Circuit confronted the issue of whether NYMEX settlement prices for energy commodities futures contracts are copyright protectable. A majority of the Second Circuit began by expressing the view that the market for futures contracts is an "empirical reality" or economic fact about the world. *Id.* at 115. Under this view, the majority noted, there is a "strong argument" that the settlement prices were facts being discovered, not predictions or estimates, and therefore lacked the requisite originality necessary for copyright protection. *Id.*[FN3] In a footnote, the Second Circuit characterized the Court's statement in *CCC* that the Red Book valuations themselves are original as arguably dicta because the Court in *CCC* found that the ***22** Red Book was a compilation deserving of protection due to the original selection and arrangement of data therein, and therefore it was not necessary to hold that the individual estimates were copyrightable. *Id.* at 115 n. 5. The Second Circuit also distinguished *CCC* on its facts, finding that the used car prices at issue in *CCC* were editors' predictions of expected values for "average" vehicles, whereas settlement prices for futures contracts can be seen as " 'preexisting facts' about the outside world which are discovered from actual market activity." *Id.* However, the Second Circuit ultimately declined to resolve the question of whether the settlement prices were sufficiently original to warrant copyright protection because it affirmed summary judgment on the basis of the merger doctrine. *Id.* at 116.

> FN3. In a concurring opinion, Judge Hall disagreed with the majority's assertion that there is a "strong argument" that the settlement prices are not copyrightable. In Judge Hall's view, there was an issue of material fact with respect to whether the prices were entitled to protection because these prices "arise from the integration of data sources" as well as "professional judgment or expertise," and thus were sufficiently creative to merit copyright protection.

[8] Although the state of the law regarding the copyrightability of numbers remains unclear, based upon the guidance provided by the Second Circuit in *New York Mercantile Exchange*, the Court finds the bearing load data at issue in this case to be unprotectable facts. Mr. Pallini, Plaintiffs' engineer, testified that load ratings are mainly a function of the geometry of the bearing and material. Pl. Ex. 11, Pallini Dep. Mr. Pallini further testified that certain other "life factors" influence how load ratings are determined for a particular bearing, including tolerances, material cleanliness, lubrication, hardness, and operating temperature, and that these factors are enumerated in published industry guidelines. Pl. Ex. 11, Pallini Dep. Therefore, Mr. Pallini's testimony confirms Peer's view that the bearing load ratings are essentially a numerical representation of the physical characteristics of a particular bearing. Plaintiffs' argument that creativity is used in developing the load ratings appears to be based upon the fact that certain bearing manufacturers use the various "life factors" enumerated above to adjust their load rating calculations from a standard calculation based only upon the geometrical features of the bearings. Pl. 56(a)(2) Statement, ¶ 14. While there may be some level of judgment involved in selecting which particular "life factors" to utilize in adjusting the standard load rating calculation, based upon the record before the Court such judgment is very minimal given that the relevant life factors are published in industry guidelines. The level of judgment necessary to calculate the load rating information is undoubtedly no more than that

needed to determine the settlement prices at issue in *New York Mercantile Exchange,* which were determined based upon the prices and circumstances of trading during the day as well as the opinion of a committee that reviewed market data. And certainly, the facts in this case are distinguishable from *CCC* because the Red Book used car valuations were predictions of expected values for theoretical "average" vehicles, whereas the load ratings at issue in this case represent physical characteristics of a tangible product.[FN4] Therefore, the Court finds that ***23** the numbers resulting from the adjustment of load rating calculations are merely mechanical derivations and are not eligible for copyright protection.

> FN4. The cases cited by Plaintiffs do not dictate a contrary result. For instance, in *Marshall & Swift v. BS & A Software,* 871 F.Supp. 952, 959-60 (W.D.Mich.1994), the Western District of Michigan found, as a matter of law, that the plaintiff's cost estimating tables for real estate valuations warranted copyright because the plaintiff used judgment and creativity in selecting which figures and values to utilize in order to develop the estimates listed in its tables. Similarly, in *Eckes v. Card Prices Update,* 736 F.2d 859, 862-63 (2d Cir.1984), the Second Circuit held that a baseball card collectors' price guide merited copyright protection because the publisher varied the prices based on the condition of the card and labeled certain cards as premium. According to the Second Circuit, the publisher exercised sufficient creativity and judgment in the process of determining which of the 18,000 cards included in the guide were premium. *Id.* These cases are inapposite to the issue before the Court. Here, Plaintiffs are not claiming that the particular categories of information appearing in the tables that display the load ratings were included as the result of an original selection process. Instead, they assert that the actual load rating numbers themselves are copyrightable because creativity was used in developing them.

[9] Even assuming that the load bearing ratings are expressions rather than facts, summary judgment on Plaintiffs' copyright claim would still be warranted in this case due to the application of the merger doctrine, which bars copyright protection for expressions that "merge" with the underlying idea. "It has long been accepted that copyright protection does not extend to ideas; it protects only the means of expression employed by the author." *New York Mercantile Exchange,* 497 F.3d at 116; *see also* 17 U.S.C. § 102(b) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."). "To ensure free access to ideas, courts have applied the merger doctrine such that even expression is not protected in those instances where there is only one or so few ways of expressing an idea that protection of the expression would effectively accord protection to the idea itself." *New York Mercantile Exchange,* 497 F.3d at 116-17 (internal quotation marks omitted). To the extent that Plaintiffs are seeking to copyright the formula, process, or methodology used to determine load ratings, their claim is clearly barred by the merger doctrine. If the "idea" is instead formulated as the radial force that a particular bearing can withstand, as Peer defines load ratings, then it cannot be disputed that all possible expressions take the form of a number. The question then becomes whether the range of possible load ratings for a particular bearing "is broad enough that any possible expression will not necessarily be substantially similar." *Id.* at 117. As in *New York Mercantile Exchange,* Plaintiffs here have not met their burden of demonstrating a range of possible variations in the load ratings for a particular bearing that would preclude application of the merger doctrine. *See id.* at 117-18. Instead, Plaintiffs merely assert that they use "creativity" in developing load rating information. This type of conclusory statement absent illustrative or demonstrative facts cannot defeat a motion for summary judgment. *See Colavito v. Organ Donor Network, Inc.,* 486 F.3d 78, 81 (2d Cir.2007) ("A party may not defeat a Rule 56 motion based on conjecture alone.").

[10] Finally, Plaintiffs also assert, without elaboration, that they use creativity in "compiling" the load rating information. In Catalog 240, this information is arranged in tabular form listing each individual part number within a particular series along with the bearing information pertaining to each part number in columns to the right of the part number. As the Second Circuit has explained, "when it comes to the selection or arrangement of information, creativity inheres in

making non-obvious choices from among more than a few options." *Matthew Bender & Co., Inc. v. West Pub. Co.*, 158 F.3d 674, 682 (2d Cir.1998). If information is selected or arranged in a fashion that has been done countless times before and has thus become "garden variety," it is unoriginal and not copyrightable. *Id.* For example, ***24** in *PIC Design Corp. v. Sterling Precision Corp.*, 231 F.Supp. 106, 111 (S.D.N.Y.1964), the Southern District of New York held that a tabular arrangement of data detailing the physical and mathematical characteristics of precision gears was not subject to copyright protection. The Court found that the substantial similarities that appeared between the plaintiff's table and the defendant's table resulted to some extent because there are very few ways of listing this type of information and the general method used by both parties was logical and to be expected. *Id.* Similarly, in *Victor Lalli Enterprises v. Big Red Apple, Inc.*, 936 F.2d 671, 673 (2d Cir.1991), the Second Circuit affirmed the district court's entry of summary judgment in favor of the defendant on the basis that charts compiling horse racing statistics were not entitled to copyright protection. Publishers of the charts used a common format, displaying the results of horse races for periods of thirteen months with the months of the year in a row across the top of the chart and the numbers 1 to 31 in a vertical column to indicate the day of the month. According to the Second Circuit, the plaintiff's charts arranged factual data in "purely functional grids that offer no opportunity for variation. The format of the charts is a convention: [the plaintiff] exercises neither selectivity in what he reports or creativity in how he reports it." *Id.* at 673. Thus, the Second Circuit found that the plaintiff had failed to demonstrate the minimal originality necessary to merit copyright protection. *Id.*

[11] Here, as in *PIC* and *Victor Lalli*, the tabular arrangement of load bearing data cannot be considered sufficiently original so as to create an issue of material fact precluding summary judgment. There are very limited ways in which this data could be presented, and presenting the data in a table format alongside the bearing numbers to which they correspond is a logical and commonplace method of presenting such data that lacks even the low amount of creativity needed to qualify for copyright protection.

Therefore, the Court concludes that the load rating data that Plaintiffs seek to protect are facts describing the characteristics of the bearings that have not been selected or arranged in an original fashion, and thus they are not copyright protectable. Furthermore, even if the load ratings are assumed to be expressions, Plaintiffs' copyright infringement claim is still barred by application of the merger doctrine.

B. Trademark Claims

Plaintiffs assert trademark claims under Section 43(a) of the Lanham Act based upon Peer's use of the 1600, 7500, and 7600 Series terms as well as the part numbers within each series. Peer argues that summary judgment should be granted on all of Plaintiffs' trademark claims for the following reasons: 1) these claims are precluded by the doctrine of laches; 2) Plaintiffs' alleged marks are generic and therefore not entitled to trademark protection; 3) the alleged marks have not acquired secondary meaning; and 4) Plaintiffs have failed to demonstrate sufficient evidence of likelihood of confusion to withstand summary judgment.

[12][13][14][15] The equitable defense of laches is a fundamental threshold matter that the Court must consider before reaching the merits of Plaintiffs' trademark claims. *See Argus Research Group, Inc. v. Argus Media, Inc.*, 562 F.Supp.2d 260, 272 (D.Conn.2008). "A defendant claiming laches must show that: 1) the plaintiff had knowledge of the defendant's use of its mark; 2) the plaintiff inexcusably delayed taking action with respect to that use; and 3) the defendant would be prejudiced if the court permitted the plaintiff to assert its rights belatedly." *Id.* "Actual knowledge on the ***25** plaintiff's part is not required; rather, the issue is whether the plaintiff knew or should have known about the alleged infringing use." *Id.* With respect to the inexcusable delay factor, if the suit is brought outside the statute of limitations period, the delay is presumptively unreasonable. *Id.* (citing *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir.1996)). Because the Lanham Act does not include a statute of limitations, the most analogous statute of limitations applies, which in this case is Connecticut's three-year statute of limitations for fraud. *See id.*

[16] Even if a defendant delayed in bringing suit, however, laches may be unavailable for several reasons, foremost of which is the equitable principal that "he who comes into equity must come with clean hands." *Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107 (2d Cir.2000). This good-faith

component of the laches doctrine bars the defense of laches where the defendant intentionally infringed the plaintiff's trademark. *Id.*

[17] In this case, Plaintiffs argue that Peer is precluded from invoking the doctrine of laches because it intentionally infringed Plaintiffs' alleged marks. According to Plaintiffs, Peer's founder and President Laurence Spungen expressed an intent to infringe their alleged marks during his deposition testimony. In particular, Plaintiffs contend that Mr. Spungen testified that Peer adopted the marks "because of the reputation that RBC had built up." Pl. Sur-reply at 4. However, Mr. Spungen's actual testimony with respect to his reasons for adopting the 1600 Series term and part numbers fails to demonstrate bad faith. The relevant testimony is as follows:

Q: Did the fact that Nice was using the 1600 series in 1961 or 1962 have anything to do with your decision to choose the 1600 series for the sale of Peer's bearings?

A: I would say that had some influence, because it was a common-people knew the numbering system, so that was only one of the reasons....

Q: In 1961 were you aware that customers for the 1600 series bearings associated Nice with the 1600 series?

A: I think that may only be one reason. Sometimes they go by dimension and not refer to it as a Nice bearings, but they will say I want a dimension and they will give you a dimension.

Q: But are you aware that in 1961, in the 1961-'62 period, were you aware that customers in some respect associated Nice with the 1600 series bearings?

A: In some respect.

Q: And did that fact have anything to do with your decision to make Peer's bearings 1600 series bearings?

A: It's possible. I mean, it's-it may not have been the main-main reason, because if it's-everybody's catalog, everybody is calling the 1600 series, it was not because Nice is doing it. It's because it's there.

Pl. Ex. 1, Spungen Dep., at 84-85. Mr. Spungen's testimony clearly suggests that while he was aware when he adopted the 1600 Series bearings that customers in some respect associated these bearings with Nice, his primary reason for using the 1600 Series to designate his bearings was because everyone in the industry was already using these designations. Furthermore, Mr. Spungen later testified that, at the time he adopted the 1600 Series designations, he did not believe that Nice bearings were good quality because the tolerances for the Nice bearings were below industry standard. *Id.* at 89. This testimony belies any inference that Mr. ***26** Spungen wanted customers to confuse or otherwise associate his bearings with Nice bearings. Thus, when viewed in its entirety, Mr. Spungen's testimony indicates that he adopted Plaintiffs' alleged marks because they were commonly used in the industry, not due to a "fraudulent intent to capitalize on a competitor's reputation or good will." *Argus*, 562 F.Supp.2d at 276. Plaintiffs have presented no further evidence of bad faith on the part of Peer. Accordingly, the Court will consider the elements of Peer's laches defense on the merits.

[18][19] The Court first addresses Defendant's laches defense as it applies to the 1600 Series designations. With respect to the first factor of the laches defense, as discussed previously in the context of Plaintiffs' copyright infringement claim, there can be no dispute that Plaintiffs had actual or constructive knowledge of Peer's use of the 1600 Series designations in 1999.[FN5] In their Interrogatory Responses, Plaintiffs admit to becoming aware of Peer's sales of 1600 Series bearings to Ariens Company, a customer of Plaintiffs, in 1999. Def. Ex. 33. In addition, Plaintiff RBC wrote a letter dated March 22, 1999 to Ariens suggesting that Ariens "[s]plit the business between Peer and Nice" in order to recapture some of the sales lost to Peer. Def. Ex. 40. Finally, Plaintiffs' deposition witness Mr. Werner testified that he recalled that Plaintiffs lost the Ariens sales to Peer in 1997 or 1998. Pl. Ex. 6, Werner Dep. Indeed, it is likely that Plaintiffs had at least constructive knowledge of Peer's use of the 1600 Series designations much earlier than 1999, given that these designations appeared in Peer's 1963 catalog and Peer has sold bearings in the 1600 Series continuously since the early 1960's.

FN5. Plaintiffs claim that although they knew of Peer with respect to one customer in 1999, they were not aware of Peer as a

> competitor until 2002 or 2003. To the extent Plaintiffs are attempting to rely upon the doctrine of progressive encroachment, their argument must fail. "Under the doctrine of progressive encroachment, a plaintiff has some latitude in the timing of its bringing suit because the laches period begins to run, not at the first sign of a *de minimus* use, but rather, when the likelihood of confusion looms large." *Black Diamond Sportswear, Inc. v. Black Diamond Equipment, Ltd.*, --- Fed.Appx. ----, ----, 2007 WL 2914452, at *2 (2d Cir.2007). However, "the doctrine of progressive encroachment only excuses delay in filing suit where defendant, after beginning its use of the mark, *redirected* its business so that it more squarely competed with plaintiff." *Id.* Here, it is undisputed that Peer's bearings competed directly with Plaintiffs' bearings at least as early as 1999.

Second, the Court finds that Plaintiffs' delay in filing suit of at least six years after learning of Peer's use of the 1600 Series designations to be unreasonable. Since the suit was brought outside the most analogous statute of limitations period of three years, Plaintiffs' delay in filing suit is presumed to be unreasonable, and Plaintiffs have failed to present any justification for the delay in order to rebut that presumption.

[20] Finally, the Court concludes that Peer was prejudiced by Plaintiffs' delay in filing suit. A defendant has been prejudiced by a delay when the defendant "has changed his position in a way that would not have occurred if the plaintiff had not delayed." *Conopco*, 95 F.3d at 192. Here, Peer relied upon Nice's and later Plaintiffs' failure to police and protect their alleged interests in the Series designations and part numbers at issue and their apparent acquiescence in the widespread use of these designations within the bearing industry for the preceding four decades prior to the filing of this lawsuit. Peer relied upon this inaction to adopt other lines of ***27** bearings used by Plaintiffs, namely the 7500 and 7600 Series, and amended its catalog to include these lines of bearings. Had Plaintiffs brought this action in a more timely manner, Peer may well have chosen some alternative method of identifying its bearings and would not have been in the position of defendant its longstanding practice of using Plaintiffs' alleged trademarks. *See id.* at 193 ("Had [plaintiff] brought this action in a more timely manner, [defendant] might well have chosen some alternative position rather than fight a court battle ...").

Moreover, having used the 1600 Series designations for decades, Peer will obviously be prejudiced if it is now required to develop new designations for this line of bearings and to educate its customers with respect to these new designations. *See Argus*, 562 F.Supp.2d at 274 (holding that defendant would be prejudiced by permitting plaintiff to belatedly raise trademark claims where defendant had made allegedly infringing information an important component of its publications for many years without objection from plaintiff).

This case exemplifies the rationale underlying the laches defense. As the Supreme Court stated long ago, "The doctrine of laches is based upon grounds of public policy, which require for the peace of society the discouragement of stale demands; and where the difficulty of doing entire justice by reason of the death of principal witness or witnesses, or from the transactions having been obscured by time, is attributable to gross negligence or deliberate delay, a court of equity will not aid a party whose application is thus destitute of conscience, good faith, and reasonable diligence." *Mackall v. Casilear*, 137 U.S. 556, 566, 11 S.Ct. 178, 34 L.Ed. 776 (1890). Because the 1600 Series designations were adopted by Peer in the early 1960's, most if not all of the individuals who would have knowledge regarding the issues relevant to this case are now dead, and much of the relevant physical evidence, such as sales or publication records, no longer exists.

Due to the foregoing considerations, the Court holds that Plaintiffs' trademark claims based upon the 1600 Series designations are barred by the doctrine of laches.

The analysis is somewhat more difficult with respect to the 7500 and 7600 Series designations. Bearings with the 7500 and 7600 designations first appeared in Peer's 2005 Catalog. Peer admits that it has no evidence of sales of these bearings prior to 2002. Plaintiffs' deposition witnesses have testified that they had a meeting sometime in 2002 or 2003 in which they discussed business lost to Peer. Pl. Ex. 13, Whipple Dep; Pl. Ex. 11, Pallini Dep. The exact date of this meeting does not appear in the record before

the Court. Nor is there any evidence of what specifically was discussed at the meeting. Accordingly, there is no evidence that Plaintiffs were actually aware of Peer's sales of these bearings, and therefore the Court must consider whether the record evidence demonstrates that Plaintiffs had constructive knowledge of Peer's use of the 7500 and 7600 Series designations more than three years prior to filing suit. *See* Black Diamond Sportswear, Inc. v. Black Diamond Equipment, Ltd., --- Fed.Appx. ----, ----, 2007 WL 2914452, at *3 (2d Cir.2007) ("A trademark owner is chargeable with such knowledge as he might have obtained upon due inquiry.").

In *Black Diamond,* the plaintiff brought suit alleging that the defendant infringed its use of the "Black Diamond" trademark on ski wear. The plaintiff was aware as early as 1990 that the defendant was selling ski equipment using the Black Diamond mark. *Id.* However, the plaintiff did not know until several years later that the ***28** defendant was also selling ski wear with the Black Diamond mark and thus infringing upon the plaintiff's use of the mark. *Id.* The Second Circuit affirmed the district court's holding that the plaintiff's claim was barred by laches on the basis that the plaintiff should have known of the defendant's infringing use of the mark on its ski wear products. *Id.* The Second Circuit reasoned that the plaintiff was aware of the defendant's use of the Black Diamond mark on ski equipment as early as 1990 and that, had it exercised due diligence in policing its mark, the plaintiff would have readily discovered that the defendant was also selling ski wear in direct competition with the plaintiff's ski wear. *Id.* The Second Circuit noted that the plaintiff marketed its products in widely distributed catalogues, at yearly trade shows in which both companies participated, and through retail stores nationwide. *Id.* Thus, "had [the plaintiff] policed any of these obvious distribution channels from 1990 onwards, it would have known that the likelihood of confusion with [the defendant's] ski wear products loomed large." *Id.*

[21] As in *Black Diamond,* the Court finds here that Plaintiffs likely would have discovered Peer's use of the 7500 and 7600 Series designations had it exercised reasonable diligence in policing its mark prior to 2003. Plaintiffs had actual knowledge of Peer's use of the 1600 Series designations in 1999. Both Plaintiffs and Peer sell at least a portion of their bearings through distributors, and they compete in the same market of OEMs. Therefore, it appears that Plaintiffs had readily accessible means of ascertaining the nature and scope of Peer's use of their alleged marks. In addition, both Plaintiffs and Peer advertise their products in catalogs that are distributed throughout the industry. Although the 7500 and 7600 Series designations did not appear in Peer's catalog until 2005, Peer's earlier catalogs contained other Series designations and corresponding part numbers used by Plaintiffs, including the 1600 Series, the 600 Series and the 6900 Series.[FN6] *See* Def. Exs. 6-9. Thus, had they investigated Peer in 1999 when they became aware of Peer's use of the 1600 Series designations, they likely would have discovered Peer's longstanding practice of using multiple Series designations and specific part numbers that appeared in the Nice catalog. In these circumstances, it was "hardly far-fetched" for Plaintiffs to have anticipated that Peer would adopt additional designations used by Plaintiffs, and they likely would have discovered Peer's use of the 7500 and 7600 Series designations had they exercised reasonable diligence in policing their alleged marks because they competed in the same market. *Black Diamond,* ---Fed.Appx. at ----, 2007 WL 2914452 at *3.

FN6. The parties have previously stipulated to the dismissal of all claims with respect to the 600 and 6900 Series designations. *See* Doc. # 139.

[22] Based upon the foregoing analysis, the Court is inclined to conclude that a presumption of laches applies with respect to Plaintiffs' claims based upon the 7500 and 7600 Series designations. However, because of the marked difference in the manner in which the parties' bearings were sold and the paucity of facts concerning the bearings market in the record, the Court finds that there are genuine issues of material fact concerning the knowledge which can be imputed to Plaintiffs regarding Peer's use of the 7500 and 7600 Series designations. While both plaintiffs and Peer sell at least a portion of these bearings through distributors, there is no evidence that Peer uses the same distributors as Plaintiffs, and therefore, construing the ***29** evidence in the light most favorable to Plaintiffs, the Court cannot infer for purposes of this motion that Plaintiffs would have been able to determine Peer's use of the designations by asking a common distributor. *See Hermes Int'l,* 219 F.3d at 109 (finding that the district court erred in holding that laches precluded plaintiff from recovering for seven

types of knockoff handbags sold by the defendant where there was no evidence to suggest that Plaintiffs knew of the defendant's sales of six of the seven knockoffs).

Furthermore, as noted above, the record indicates that other Series designations and part numbers initially used by Nice to identify its bearings were also used by Peer and by other manufacturers. These sketchy facts raise an issue not adequately addressed by the parties for purposes of this decision as to whether laches applies not just to the 1600 Series designation and part numbers within that series, but to the system of using Series designations and part numbers within a series to identify bearings in general. The Court notes that Plaintiffs can only avoid a presumption of laches if the trier of fact does not conclude that laches applies not just to a particular Series or part number, but rather to the Series designation and part number system first established by Nice and replicated by others in the ball bearing industry.

In addition, there is also an issue of material fact with respect to whether Peer suffered prejudice from Plaintiffs' delay in filing suit for infringement of the 7500 and 7600 Series designations. As discussed above, Peer argues that it was prejudiced by Plaintiffs' delay because it adopted the 7500 and 7600 Series designations in reliance on Plaintiffs' inaction, and because it had been using Plaintiffs' designations since the 1960s and most if not all witnesses with information relevant to the case are now dead. However, these arguments relate only to the 1600 Series designations. Peer has not presented any argument as to how it has been prejudiced by any delay on the part of Plaintiffs in filing suit for trademark violations with respect to the 7500 and 7600 Series designations. Peer did not publish a catalog using these terms until 2005, within the applicable limitations period. Also, since the evidence on the record indicates that Peer first began selling 7500 and 7600 Series bearings in 2002, it must be inferred that there are witnesses available with relevant information with respect to these bearings who can testify at trial in this case. Accordingly, the Court will consider the merits of Plaintiffs' trademark claims with respect to the 7500 and 7600 Series designations.

Before proceeding to consider the merits of Plaintiffs' claims, however, the Court addresses a particular threshold issue that the parties have not directly addressed in their briefs. The issue is whether SKF actually transferred ownership of the 7500 and 7600 Series designations to Plaintiffs pursuant to the APA in 1997.[FN7] Section 2.01(i) of the APA states that SKF is transferring to RBC "all of [Nice's] patents, copyrights, trademarks, trade names, service marks, service names, designs, know-how, processes, trade secrets, inventions, and other proprietary data[.]" Def. Ex. 20. However, the APA also includes a schedule purporting to list the trademarks being transferred to Plaintiffs, and this schedule does not list any Series terms or part numbers. *See* Def. Ex. 21. In the context of their secondary meaning argument, Plaintiffs present an affidavit from Michael Gostomski, Executive Vice President of Roller Bearing Company. Mr. Gostomski states that, when SKF sold the ***30** Nice business to RBC, both parties agreed that SKF would transfer to RBC all intellectual property associated with the Nice business, including the ownership of the Series designations. According to Mr. Gostomski, during negotiation of the APA, there were "extensive discussions" regarding transfer of the Series designations at issue and that the ownership of these designations was a "key item." Pl. Ex. 20. Notwithstanding the alleged centrality of these assets, the APA makes absolutely no mention of them, although it does list the specific trademarks which were intended to be sold. *See* Def. Ex. 21. Relying on the declaration of SKF's former general counsel Allen Belenson, Defendants contend, on the other hand, that SKF never considered the Series designations or part numbers to be trademarks and thus did not contemplate or discuss transferring them to Plaintiffs. Def. Ex. 19. Therefore, marginally there is an issue of material fact with respect to whether the APA transferred ownership of the alleged marks to Plaintiffs. At trial, Plaintiffs will need prove that they own the designations at issue as a threshold matter.

> FN7. Given the Court's finding of laches with respect to the 1600 Series designations, this issue is now relevant only to the 7500 and 7600 Series designations.

[23][24][25][26][27][28][29][30] With respect to the merits of Plaintiffs' trademark claims, Peer first argues that the alleged trademarks at issue are generic. Peer further argues that, should the Court instead find the alleged marks to be descriptive, they are not entitled to protection because they have not acquired secondary meaning. In order to prevail on a claim

under the Lanham Act, Plaintiffs must show that they have a valid mark entitled to protection and that Peer's use of the mark is likely to cause confusion. *Arrow Fastener Co., Inc. v. Stanley Works*, 59 F.3d 384, 390 (2d Cir.1995). "Whether the mark is entitled to protection depends on whether it is inherently distinctive or, if merely descriptive, has acquired 'secondary meaning.' " *Id.* Under Second Circuit law, "the protection afforded a mark depends on whether the mark is generic, descriptive, suggestive, arbitrary or fanciful." *Id.* "A generic mark is generally a common description of goods and is ineligible for trademark protection. A descriptive mark describes a product's features, qualities or ingredients in ordinary language, and may be protected only if secondary meaning is established." *W.W.W. Pharm., Inc. v. Gillette Co.*, 984 F.2d 567, 572 (2d Cir.1993) (internal citations omitted). "Suggestive, arbitrary or fanciful marks may be protected without a showing of secondary meaning. A 'suggestive' mark offers suggestions of, but does not actually describe, the features of a product. An arbitrary mark has an actual dictionary meaning, but that meaning does not describe the product. A fanciful mark is a made-up-term." *Arrow Fastener*, 59 F.3d at 391 (internal citations omitted).

[31] Model numbers are "generally descriptive because they serve to distinguish a single source's products from each other." *Id.* This is true even if they do not refer to the physical characteristics of the item they demarcate. *Id.* Peer contends that Plaintiffs' alleged marks are generic because Plaintiffs and their predecessor Nice allowed longstanding use by third parties and have therefore abandoned them. However, Peer's arguments relate primarily to the 1600 Series designations. Peer has not submitted evidence regarding the extent of third party usage of the 7500 and 7600 Series designations, which Peer itself did not include in its catalog until 2005. As stated earlier, the record suggests, but is insufficiently developed to establish at this stage, that the longstanding practice by companies in the bearing industry of using Series designations and corresponding part numbers to designate their bearings was so widely followed as to ***31** become a generic means of identifying ball bearings. Plaintiffs, on the other hand, argue that the Series designations and part numbers are not generic or descriptive because they do not describe the physical dimensions of the bearings. However, as the Second Circuit noted in *Arrow Fastener*, 59 F.3d at 391, model numbers are generally descriptive even if they do not refer to the physical characteristics of the product they demarcate. Because Plaintiffs have presented no evidence to show that the 7500 and 7600 Series designations are used for any other purpose than to designate particular bearings, the Court will assume for purposes of this motion that the alleged marks are descriptive. This conclusion is supported by the findings of the Trademark Examiner which rejected Plaintiffs' attempts to register certain numbers within the 1600 Series as trademarks on the basis that these numbers merely identified particular bearings and were thus descriptive. Def. Exs. 23-26. Assuming that the designations at issue are descriptive, they can only be protected if they have acquired secondary meaning.

[32] Whether a mark has acquired secondary meaning is determined by weighing the record evidence in light of the following six factors, with no single factor being determinative: "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and (6) length and exclusivity of the mark's use." *ITC Ltd. v. Punchgini, Inc.*, 518 F.3d 159, 162 (2d Cir.2008). The existence of secondary meaning raises factual questions usually inappropriate for summary judgment. *See DC Comics Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24, 26-27 (2d Cir.1982).

[33] Plaintiffs submit that they have adduced evidence of secondary meaning with respect to factors (1), (2), (5) and (6). First, Plaintiffs have provided advertising expenditures for their catalog and website as a whole, although they have not broken down expenditures for the particular designations at issue because advertising expenditures are not accounted for in such a fashion in the bearing industry. Second, while Plaintiffs did not conduct any consumer studies, they point to the testimony of Mr. White, a bearing distributor, who testified that he recognized the designation "1602" as a NICE bearing. Plaintiffs have not presented any evidence of customer recognition of the 7500 and 7600 Series designations, however. Plaintiffs also submit that the bearing industry has recognized the designations, including the 7500 and 7600 designations, as being associated with Plaintiffs because certain competitors who filed oppositions to Plaintiffs' trademark applications have since settled and withdrawn their oppositions and acknowledged Plaintiffs' rights in those designations. Third, Plaintiffs argue that Peer has plagiarized their alleged

marks and that Peer's President did so with the intent to confuse bearing customers. Finally, there is evidence in the record that Plaintiffs and their predecessors have used the 7500 and 7600 Series designations since at least as early as 1957, the date of publication of Nice Catalog 190 which includes these designations.

There are certain problems with the evidence on which Plaintiffs rely to establish secondary meaning. For instance, Plaintiffs' evidence of customer recognition relates to 1600 Series designations, and therefore is not probative of customer recognition of the 7500 and 7600 Series designations. Similarly, the evidence of industry recognition in settlement agreements with certain third parties that Plaintiffs submit as exhibits should be accorded little probative weight because the reason why ***32** the third parties entered into these agreements is not apparent or even implicit in the record and they may very well have had legitimate reasons for settling with Plaintiffs apart from the merits of their oppositions. Peer has admitted to adopting Plaintiff's 7500 and 7600 Series designations for their bearings, but there is no evidence that it did so with the intent to confuse customers as to the source of the bearings and the bearings were sold directly to commercial purchasers through catalogs displaying prominently the Peer name and including other Peer bearings that as far as the record indicates were used exclusively by Peer. Furthermore, as Peer correctly points out, Plaintiffs have not submitted any evidence of unsolicited media coverage or sales figures for the 7500 and 7600 Series bearings.

Nevertheless, viewing the evidence in the light most favorable to Plaintiffs, the Court finds that there are issues of material fact with respect to secondary meaning that militate against granting summary judgment in favor of Peer on this issue. In particular, the Court credits Plaintiffs' evidence of the length of time that it has used the 7500 and 7600 Series designations. These designations appeared in Nice Catalog 190, published in 1957. Peer argues that, while Plaintiffs have demonstrated the length of their use of the alleged marks, such use has not been exclusive. However, Peer's evidence of use by other bearing manufacturers relates to the 1600 Series designations, not to the 7500 and 7600 Series designations. As far as the record indicates, Peer itself began using these designations in 2002, and there is no evidence that other bearing manufacturers used these designations during the sixty-plus year span in which Plaintiffs were using them. Additionally, Plaintiffs have submitted advertising expenditures for their catalogs, and the fact that they have not broken down these expenditures by designation cannot be weighed against them because they have submitted evidence that this method of advertising is standard in the bearing industry. The specific weight to be accorded to each of the six factors enumerated by the Second Circuit in light of the evidence presented in this case is a determination more properly made by the trier of fact than by this Court at the summary judgment stage.

[34] Peer further argues that Plaintiffs have not demonstrated that Peer's use of their alleged trademarks has created a likelihood of confusion. Assuming that Plaintiffs are able to establish at trial that the 7500 and 7600 Series designations have acquired secondary meaning, in order to recover on their Lanham Act claims they must further demonstrate that Peer's use of these designations has created a likelihood of confusion on the part of customers. The Second Circuit has developed an eight factor test to be used in determining likelihood of confusion. *See* *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 494-95 (2d Cir.1991). The eight *Polaroid* factors are: "(1) the strength of the mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the prior owner will 'bridge the gap'...; (5) actual confusion; (6) the defendant's good faith in adopting its mark; (7) the quality of the defendant's product; and (8) the sophistication of the buyers." *Arrow Fastener*, 59 F.3d at 391. "This list of *Polaroid* factors is not exclusive and the analysis of the factors is not a mechanical process." *Id.* (internal quotation marks omitted). And while questions regarding the likelihood of confusion are normally factual in nature, "summary judgment is appropriate if the court is satisfied that the products or marks are so dissimilar that no question of fact is presented." ***33***Universal Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112, 116 (2d Cir.1984).

Here, the Court concludes that there are issues of material fact with respect to several of the *Polaroid* factors. For instance, the inquiry regarding the strength of a mark parallels the inquiry concerning the mark's validity. *See* *Arrow Fastener*, 59 F.3d at 391. Thus, whether the 7500 and 7600 Series designations have acquired secondary meaning is relevant to the determination of the strength of these marks, and the

Court has already concluded that there are issues of material fact with respect to secondary meaning. Similarly, Peer uses the same number designations within the 7500 and 7600 Series for its bearings, but the parties utilize their own unique packaging trade dress and use different suffixes for their bearings, which raises a question of fact as to whether the similarity of the marks is likely to cause confusion among potential customers, especially because buyers are commercial entities and not retail customers. The third and fourth factors appear to favor Plaintiffs, because both Plaintiffs and Peer sell ball bearings and ultimately compete in the same market, although Plaintiffs sell primarily through distributors while Peer mostly sells directly to OEMs. By contrast, the fifth and eighth factors appear to favor Peer. Plaintiffs have provided no evidence of actual confusion involving the 7500 and 7600 Series designations, and the single instance they do cite involved an unidentified company that had been selling 1600 Series bearings in Plaintiffs' Nice boxes, which does not at all support a finding that Peer's sales of bearings in its own unique packaging caused any customers to be confused as to their source. With respect to the sophistication of customers, Peer has presented evidence that bearing customers tend to test the bearings before purchasing them, and RBC's 10-K expressly states that their customers are sophisticated. The sixth and seventh factors do not appear to favor either party at this stage. With respect to the sixth factor, the parties have not made the Court aware of any evidence bearing on the issue of why Peer adopted the 7500 and 7600 Series designations specifically, and therefore Peer's good faith (or lack thereof) cannot be ascertained. The seventh factor "is primarily concerned with whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality." *Id.* at 398. While there is evidence in the record to suggest that Peer's bearings were in fact higher quality than Plaintiffs' bearings when Peer adopted the 1600 Series designations in the 1960's, the parties have failed to submit evidence as to the respective quality of the Plaintiffs' 7500 and 7600 Series bearings in comparison to the quality of Peer's 7500 and 7600 Series bearings. Thus, given that the *Polaroid* factors used to determine likelihood of confusion do not clearly favor either party, the Court holds that the weighing of the factors is more appropriately left to the trier of fact.

Therefore, because there are issues of material fact with respect to secondary meaning and likelihood of confusion, the Court denies summary judgment as to Plaintiffs' trademark claims based upon Peer's use of the 7500 and 7600 Series designations.

C. State Law Claims

In addition to its federal claims under the Copyright Act and Lanham Act, Plaintiffs also bring Connecticut state law claims for unjust enrichment, unfair competition, and violation of CUTPA and CUSPA. Peer argues that summary judgment should be granted on these claims because they are preempted by the Copyright Act, because Plaintiffs have no trademark rights in the Series terms and part ***34** numbers at issue, and because they are barred by the applicable statutes of limitations.

[35][36] Under Second Circuit law, the Copyright Act preempts a state law claim when (1) "the particular work to which the claim is being applied falls within the type of works protected by the Copyright Act," and (2) "the claim seeks to vindicate legal or equitable rights that are equivalent to the bundle of exclusive rights already protected by copyright law." *Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc.*, 373 F.3d 296, 305 (2d Cir.2004). The state law claim must not include any extra elements that make it qualitatively different from a copyright infringement claim. *Id.* The Second Circuit takes a "restrictive view" of the extra elements that transfer an otherwise equivalent claim into one that is qualitatively different from a copyright infringement claim. *Id.* at 306.

[37] A review of the Third Amended Complaint reveals that Plaintiffs' state law claims are based upon the same allegations supporting their federal trademark and copyright claims. Furthermore, Plaintiffs' Interrogatory Responses indicate that they plan to rely upon virtually the same evidence to support each of their claims. Def. Exs. 34 and 35. Plaintiffs make no attempt in either the Third Amended Complaint or in their Interrogatory Responses to distinguish the separate elements of each of their state law claims. Instead, Plaintiffs argue in their sur-reply that Peer's "bad faith copying goes above and beyond the elements of copyright infringement." However, the Second Circuit has held that awareness and intent are not extra elements that make a state law claim qualitatively different from a copyright infringement claim. *Briarpatch*, 373 F.3d at 306. Accordingly, Plaintiffs' state law claims are preempted by the Copyright Act insofar as they rely upon Peer's copying from Plain-

tiffs' catalogs. *See ATC Distribution Group, Inc. v. Whatever It Takes Transmissions*, 402 F.3d 700, 713-14 (6th Cir.2005) (citing *NBA v. Motorola, Inc.*, 105 F.3d 841, 849 (2d Cir.1997)).[FN8]

> FN8. The fact that the Court has granted summary judgment on Plaintiffs' copyright claim does not preclude the preemption of their state law claims. *See NBA*, 105 F.3d at 849 ("As long as a work fits within one of the general subject matter categories of sections 102 and 103 [of the Copyright Act], the bill prevents the States from protecting it even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain.").

[38] The Lanham Act does not preempt state law, and therefore Plaintiffs state law claims are not preempted to the extent that they assert Peer's violation of Plaintiffs' alleged trademark rights. *See 20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 747 F.2d 81, 93 n. 15 (2d Cir.1984). However, Peer argues that these claims are barred by the applicable statutes of limitations. CUTPA, upon which Plaintiffs rely in part for several of their state law claims, has a statute of limitations of three years. Conn. Gen.Stat. § 42-110g(f). CUSPA does not have a specific statute of limitations, nor is there a specific Connecticut statute of limitations for unfair competition and unjust enrichment, and therefore the general Connecticut statute of limitations for any action based in tort of three years applies to these claims. Conn. Gen.Stat. § 52-577.

[39][40] Under Connecticut law, both the general tort statute of limitations and the CUTPA statute of limitations are occurrence statutes, meaning that the limitations period begins to run from the date of the act or omission complained of, rather than the date the cause of action has accrued or the injury has occurred. *See* ***35** *Fichera v. Mine Hill Corp.*, 207 Conn. 204, 541 A.2d 472, 475-76 (1988). As Plaintiffs correctly state, these statutes of limitations may be tolled by a continuing course of conduct. To support a finding of a continuing course of conduct, "there must be evidence of the breach of a duty that remained in existence after commission of the original wrong related thereto." *Argus Research Group, Inc. v. Argus Media, Inc.*, 562 F.Supp.2d 260, 281 (D.Conn.2008) (quoting *Neuhaus v. DeCholnoky*, 280 Conn. 190, 905 A.2d 1135, 1143 (2006)). Where courts have held "that a duty continued to exist after cessation of the act or omission relied upon, there has been evidence of either a special relationship between the parties giving rise to such a continuing duty or some later wrongful conduct of a defendant related to the prior act." *Id.* However, the continuing course of conduct doctrine has been found inapplicable where the plaintiff was aware of the alleged violation yet failed to file suit to enforce its claims. *See S. Pope Inc. v. Pope Exterminating*, No. 66712, 1993 WL 489708, at *2 (Conn.Super.Ct. Nov. 17, 1993) (citing *Beckenstein v. Potter & Carrier, Inc.*, 191 Conn. 150, 464 A.2d 18, 25 (1983)).

[41][42] As discussed in detail above in the context of the Court's copyright analysis, Peer began selling bearings using the 1600 Series designations in the 1960's, and Plaintiffs were aware that Peer was using these designations to sell its bearings no later than 1999. Therefore, the statute of limitations for Plaintiffs' state law claims based upon Peer's use of the 1600 Series designations commenced in the early 1960's and has long expired. The continuing course of conduct doctrine cannot apply on the record before the Court because Plaintiffs were aware of Peer's use of the 1600 Series designations in 1999. *See Pope*, 1993 WL 489708, at *3 (rejecting defendants' argument that the continuing course of conduct doctrine tolled the statute of limitations for their trademark claims because allowing the defendants to pursue these claims after knowing of the alleged violations for almost a decade "would violate the purpose of a statute of limitations, which is to prevent the unexpected enforcement of stale claims concerning which the persons interested have been thrown off their guard by want of prosecution"). Accordingly, Plaintiffs' state law claims are time-barred to the extent they rely upon Peer's use of the 1600 Series designations.

[43] By contrast, the evidence in the record suggests that Peer did not begin selling bearings using the 7500 and 7600 designations until 2002, and these designations did not appear in Peer's catalog until 2005. The occurrence that triggered running of the statute of limitations for Plaintiffs' state law claims was Peer's first sale of bearings using the 7500 and 7600 Series bearings, which ostensibly occurred in 2002. However, Plaintiffs have alleged wrongful conduct by Peer that took place after the initial oc-

currence, most notably publication of the 2005 catalog including these designations. Therefore, the continuing course of conduct doctrine tolls the statute of limitations with respect to claims based upon the 7500 and 7600 Series designations. As discussed above in the context of Plaintiffs' trademark claims, there is no evidence in the record to suggest that Plaintiffs were actually aware of Peer's use of the 7500 and 7600 Series designations. Furthermore, there is a question of material fact with respect to when Plaintiffs acquired constructive knowledge of Peer's sales of bearings using these designations. Thus, Plaintiffs state law claims will be allowed to proceed to trial only insofar as they rely upon allegations that Peer violated***36** their trademark rights in the 7500 and 7600 Series designations.

III. Conclusion

Based on the above reasoning, the Defendant's motion for summary judgment on all counts is GRANTED IN PART and DENIED IN PART. Plaintiffs' copyright claim is dismissed. Plaintiffs' trademark claims and state law claims will permitted to go forward only insofar as they rely upon violation of their alleged trademark rights in the 7500 and 7600 Series designations.

IT IS SO ORDERED.

D.Conn.,2009.
RBC Nice Bearings, Inc. v. Peer Bearing Co.
676 F.Supp.2d 9

END OF DOCUMENT

EXHIBIT C

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(Not Selected for publication in the Federal Reporter)
(Cite as: 410 Fed.Appx. 362, 2010 WL 5151233 (C.A.2 (Conn.)))

United States Court of Appeals,
Second Circuit.
RBC NICE BEARINGS, INC., Roller Bearing Company of America, Plaintiffs–Counter–Defendants–Appellants,
v.
PEER BEARING COMPANY, Defendant–Counter–Claimant–Appellee.

No. 10–0383–cv.
Dec. 15, 2010.

Background: Trademark holder brought federal trademark infringement action and related state claims against competitor, alleging that competitor had adopted the same "1600" series designation that holder had long used for its equivalent inch-based ball bearings more than three years before it filed suit. The United States District Court for the District of Connecticut, Vanessa L. Bryant, J., 676 F.Supp.2d 9, entered summary judgment in favor of competitor, and holder appealed.

Holdings: The Court of Appeals held that:
(1) trademark holder knew or should have know that competitor had adopted the same "1600" series designation that holder had long used for its equivalent inch-based bearings more than three years before it filed suit, and thus presumption of laches applied;
(2) presumption of prejudice applied to support competitor's laches defense;
(3) competitor did not act in bad faith; and
(4) each alleged act of trademark infringement did not create a new limitations period for the state law claims.

Affirmed.

West Headnotes

[1] Trademarks 382T 1612

382T Trademarks
382TIX Actions and Proceedings
382TIX(C) Evidence
382Tk1601 Presumptions and Burden of Proof
382Tk1612 k. Defenses, excuses, and justifications. Most Cited Cases

Applying Connecticut's analogous three-year statute of limitations for fraud claims, trademark holder knew or should have know that its competitor had adopted the same "1600" series designation that holder had long used for its equivalent inch-based ball bearings more than three years before it filed suit, and thus presumption of laches applied and burden was on holder to demonstrate its inapplicability in its trademark infringement action; allegedly infringing conduct had begun over 40 years earlier, and had holder made even the most limited inquiry about its competition, it would easily have discovered competitor's catalogs, which for many years had openly advertised its "1600" series bearings.

[2] Trademarks 382T 1612

382T Trademarks
382TIX Actions and Proceedings
382TIX(C) Evidence
382Tk1601 Presumptions and Burden of Proof
382Tk1612 k. Defenses, excuses, and

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justifications. Most Cited Cases

Presumption of prejudice applied to support competitor's laches defense in trademark holder's infringement action, based on competitor's use of the same "1600" series designation that holder had long used for its equivalent inch-based ball bearings; competitor had used the same series designation for more than 40 years, and many of the individuals with knowledge regarding relevant issues were dead, including the competitor's employee who participated in the naming of the "1600" series and had intimate knowledge of competitor's trademark practice.

[3] Trademarks 382T 1534

382T Trademarks
382TVIII Violations of Rights
382TVIII(D) Defenses, Excuses, and Justifications
382Tk1533 Delay in Assertion of Rights; Laches
382Tk1534 k. In general. Most Cited Cases

Trademark holder's competitor did not act in bad faith when it adopted the same "1600" series designation that holder had long used for its equivalent inch-based ball bearings, so as to preclude competitor from raising laches defense in holder's trademark infringement action; although competitor was aware of holder's trademark when it adopted its "1600" series designation, its catalogs and packaging always clearly and prominently labeled its bearings with its corporate name and logos, and there was no evidence that competitor acted to free-ride on holder's reputation or confuse customers about the origin of its product.

[4] Limitation of Actions 241 58(1)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(A) Accrual of Right of Action or Defense
241k58 Liabilities Created by Statute
241k58(1) k. In general. Most Cited Cases

Limitation of Actions 241 95(7)

241 Limitation of Actions
241II Computation of Period of Limitation
241II(F) Ignorance, Mistake, Trust, Fraud, and Concealment or Discovery of Cause of Action
241k95 Ignorance of Cause of Action
241k95(7) k. Injuries to property. Most Cited Cases

Under Connecticut's three-year limitations period applicable to state claims related to alleged trademark infringement, each alleged act of trademark infringement did not create a new limitations period, where trademark holder knew or should have known of the alleged acts of infringement more than three years before filing suit.

Trademarks 382T 1800

382T Trademarks
382TXI Trademarks and Trade Names Adjudicated
382Tk1800 k. Alphabetical listing. Most Cited Cases

1600 Series.

***363** Appeal from the United States District Court for the District of Connecticut (Vanessa L. Bryant, Judge).
UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the

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judgment of the district court is AFFIRMED.***364**

Joseph W. Martini (Aaron S. Bayer, on the brief), Wiggin and Dana LLP, New Haven, CT, for Appellants.

Thomas C. McDonough (James P. Muraff, Thomas E. Williams, and Stephen Fedo, on the brief), Neal, Gerber & Eisenberg, LLP, Chicago, IL, for Appellee.

PRESENT: GERARD E. LYNCH, DENNY CHIN, Circuit Judges, EDWARD R. KORMAN, District Judge.[FN*]

FN* Honorable Edward R. Korman of the United States District Court for the Eastern District of New York, sitting by designation.

SUMMARY ORDER

****1** Plaintiffs-counter-defendants-appellants RBC Nice Ball Bearing and Roller Ball Bearing Company of America (together, "Nice") appeal from that portion of an October 29, 2009 judgment of the United States District Court for the District of Connecticut (Bryant, *J.*) granting summary judgment on Nice's federal trademark claims to defendant-counter-claimant-appellee Peer Bearing Company ("Peer") on the basis of laches and dismissing Nice's related Connecticut state law claims as barred by the applicable statutes of limitations. We assume the parties' familiarity with the underlying facts and the procedural history of the case, which we reference only as necessary to explain our decision.

DISCUSSION

I. *Trademark Claims*

Summary judgment is appropriate when, drawing all reasonable inferences in favor of the non-moving party, "there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed.R.Civ.P. 56(a); *see also Miller v. Wolpoff & Abramson, L.L.P.*, 321 F.3d 292, 300 (2d Cir.2003). Though this Circuit has not yet settled on the appropriate standard to review a grant of summary judgment based on laches, *compare Hermes Int'l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107 (2d Cir.2000) (applying de novo review), *with Eppendorf–Netheler–Hinz GMBH v. Nat'l Sci. Supply Co.*, 14 Fed.Appx. 102, 105 (2d Cir.2001) (applying abuse of discretion review), in this case the precise standard is immaterial: we reach the same conclusions as the district court and so we would affirm its decision regardless of the applicable standard.

Laches bars a claim for relief under federal trademark law where (1) the "plaintiff had knowledge of [the] defendant's use of its marks" and "inexcusably delayed in taking action," and (2) the "defendant will be prejudiced by permitting [the] plaintiff ... to assert its rights at this time." *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir.1980) (internal quotation marks omitted). The "burden of proving or rebutting the defense [of laches]" is determined by reference to "analogous [state] statutes of limitation." *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir.1996) (internal quotation marks omitted). "When a suit is brought within the time fixed by the analogous statute, the burden is on the defendant" to demonstrate the applicability of the laches defense. *Id.* (internal quotation marks omitted). "On the other hand, when the suit is brought after the statutory time has elapsed, the burden is on the complainant to aver and prove the circumstances making it inequitable to apply laches to his case." *Id.* (internal quotation marks omitted). As the district court found, Connecticut's three-year statute of limitations for fraud determines ***365** which party has the burden of proving the applicability or inapplicability of the laches defense in this case. *RBC Nice Bearings, Inc. v. Peer Bearing Co.*, 676 F.Supp.2d 9, 25 (D.Conn.2009); *see also Argus Res. Group, Inc. v. Argus Media, Inc.*, 562 F.Supp.2d 260, 273 (D.Conn.2008), citing *Conopco*, 95 F.3d at 191. Nice filed its complaint on September 5, 2006 and so the pertinent date for laches purposes is September 5, 2003.

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A. *Knowledge of Peer's Use of 1600 Series Designation*

****2** [1] Nice's claims revolve around Peer's adoption of the same 1600 Series designation Nice had long used for its equivalent inch-based bearings. The only reasonable inference that can be drawn from the record is that Nice should have known of Peer's allegedly infringing conduct—which began no later than 1961—well before September 5, 2003. Nice's argument that it was "at most ... aware of Peer's sale of *equivalent* bearings ... and not Peer's infringing sale of bearings actually using the 1600 SERIES trademark" misses the point. Actual knowledge of Peer's allegedly infringing conduct is not required: the applicable limitations period is triggered once Nice "should have known" about it. *ProFitness Physical Therapy Ctr. v. Pro–Fit Orthopedic & Sports Physical Therapy P.C.*, 314 F.3d 62, 70 (2d Cir.2002). "[T]he law is well settled that where the question of laches is in issue the plaintiff is chargeable with such knowledge as he might have obtained upon inquiry, provided the facts already known by him were such as to put upon a man of ordinary intelligence the duty of inquiry." *Johnston v. Standard Min. Co.*, 148 U.S. 360, 370, 13 S.Ct. 585, 37 L.Ed. 480 (1893); *see also Polaroid Corp. v. Polarad Elecs. Corp.*, 182 F.Supp. 350, 356 (E.D.N.Y.1960), *aff'd*, 287 F.2d 492 (1961).

By 2002, Nice was aware that some of its largest customers had begun sourcing their 1600 Series bearings from Peer instead. (Indeed, Nice was aware of at least one such sale as early as 1997.) Nice was also aware that Peer was marketing its products as equivalent to Nice's 1600 Series bearings. Had Nice made even the most limited inquiry about its competition, as a reasonable business would have, it would easily have discovered Peer's catalogs, which for many years had openly advertised its 1600 Series bearings. We conclude, as did the district court, that any reasonable factfinder would be compelled to find that Nice should have known about Peer's allegedly infringing conduct well before September 5, 2003 and, as a result, the presumption of laches applies and the burden is on Nice to demonstrate its inapplicability to this case.

B. *Unreasonable Delay in Filing Suit*

Nice offers no evidence to rebut the presumption of unreasonable delay and therefore its more than five-year delay before filing suit was unreasonable as a matter of law.

C. *Prejudice*

[2] Peer strengthens the presumption of prejudice in its favor by noting its continuous use of the 1600 Series designation for nearly half a century and the difficulties posed by defending this action after so many years have passed. Not only have memories faded and documents been lost, but, as the district court found, many of the "individuals who would have knowledge regarding the issues relevant to this case are now dead," *RBC Nice Bearings, Inc.*, 676 F.Supp.2d at 27, including Robert Balderston, a Nice employee from 1940 until 1972 who participated in the naming of the 1600 Series and had intimate knowledge of Nice's trademark practices, and ***366** died in 2008. Nice fails to adequately rebut this evidence or to raise a material issue of fact that would undermine the presumption of prejudice in this case.

D. *Bad Faith as a Bar to Raising Laches Defense*

Nice argues that the district court erred in permitting Peer to raise laches as a defense. As Nice points out, Laches cannot be raised by "one tainted with inequitableness or bad faith relative to the matter in which he seeks relief." *Precision Instrument Mfg. Co v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814, 65 S.Ct. 993, 89 L.Ed. 1381 (1945). In the trademark context, bad faith requires a showing that the junior user "inten[ded] to promote confusion or exploit [the senior user's] good will or reputation." *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 388 (2d

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Cir.2005). As this Court stated in *Hermes*, the laches defense is inapplicable where the junior user "intentionally traded off the [senior user's] name and protected products." 219 F.3d at 107.

****3** [3] Nice cobbles together words and phrases from the deposition of Peer's founder, Laurence Spungen ("Spungen")—who made the decision to adopt the 1600 Series designation as Peer's own—that it believes show bad faith. Spungen testified that, in adopting the 1600 Series designation, he was aware that Nice was using the same designation and that customers "in some respect" associated Nice with 1600 Series bearings. He also admitted that Nice's use of the 1600 Series designation "had some influence" on his decision to adopt the same designation.

While Spungen's deposition demonstrates his knowledge of Nice's prior use of the mark, more than mere knowledge is required; to forestall the laches defense, there must be a finding of the infringer's intent "to promote confusion or exploit [plaintiff's] good will or reputation." *Star Indus.*, 412 F.3d at 388. Nothing in the record contradicts Spungen's disavowal of such an intention, and much evidence corroborates it. For example, it is undisputed that Peer's catalogs and packaging always clearly and prominently labeled its bearings with Peer's corporate name and logos, which Nice does not claim are similar to its own. Moreover, "Spungen later testified that, at the time he adopted the 1600 Series designations, he did not believe that Nice bearings were good quality," which the district court concluded "belie[d] any inference that [he] wanted customers to confuse or otherwise associate his bearings with Nice bearings." *RBC Nice Bearings*, 676 F.Supp.2d at 25–26. (In fact, it is undisputed that Peer's 1600 Series bearings met the applicable Annular Bearing Engineering Committee standard, while Nice's bearings did not.) Furthermore, Nice does not contest Peer's evidence that the sophisticated purchasers who are both companies' customers independently test the quality of bearings they receive, so that the series number matters much less than whether the specific bearing purchased meets the customer's requirements. On this record, no factfinder could conclude that Spungen adopted the 1600 Series designation in order to free-ride on Nice's reputation or confuse customers about the origin of his product. Peer was therefore free to raise laches as a defense to Nice's claims of infringement.

II. *Connecticut State Law Claims*

[4] Nice alleges various state law causes of action predicated on the same factual assertions as its federal trademark claims. While conceding that a three-year limitations period applies to these claims and that the limitations period accrues on the date of infringement, Nice insists that each allegedly infringing action creates a new three-year limitations period and so ***367** its claims are not time-barred insofar as they reference allegedly infringing actions taken by Peer within three years of Nice's 2006 complaint.

Nice fails to identify a single case applying Connecticut law in the manner it suggests to the causes of action at issue in this case. Nor could it. In a closely analogous case addressing a counterclaim alleging ongoing violations of the Connecticut Trademark Statute, fraud, unfair trade practices, tortious interference, and breach of contract, a Connecticut state court held that "to allow the defendants to now come forward and pursue these allegations ... after knowing of the violations for almost a decade would violate the purpose of a statute of limitations, which 'is to prevent the unexpected enforcement of stale claims.' " *S. Pope Inc. v. Pope Exterminating*, No. 66712, 1993 WL 489708, at *3 (Conn.Super.Ct. Nov. 17, 1993), quoting *Vilcinskas v. Sears, Roebuck & Co.*, 144 Conn. 170, 174–75, 127 A.2d 814 (1956); *see also Argus Research Group*, 562 F.Supp.2d at 279–81; *Roberto's, Inc. v. Mirafrore*, No. CV 940312295S, 1996 WL 150379, at *2 (Conn.Super.Ct. Mar. 12, 1996). The same is certainly true here. Furthermore, under Connecticut law, "[t]he doctrine of

laches applies where a trademark owner has ignored a known infringer of his mark for a considerable length of time." *Roberto's*, 1996 WL 150379, at *2, citing *Polaroid*, 287 F.2d at 492. *But see P & S Contractors v. Tig HitCo, Inc.*, No. HHBCV085010760S, 2009 WL 1424612, at *5 n. 9 (Conn.Super.Ct. Mar. 31, 2009) ("As for whether laches may be a defense ... the law is unsettled."). We therefore affirm the district court's dismissal of Nice's state law claims as time-barred.

CONCLUSION

****4** We have considered all of Nice's remaining arguments and find them to be without merit. Accordingly, the judgment of the district court is AFFIRMED.

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END OF DOCUMENT

EXHIBIT D

AMERICAN ARBITRATION ASSOCIATION

In the Matter of the Arbitration Between	AAA # 14 152 01622 09
RBC NICE BEARINGS, INC., ROLLER BEARING COMPANY OF AMERICA, INC., and ROLLER BEARING COMPANY OF AMERICA, d/b/a NICE BALL BERINGS, INC., Claimants, and SKF USA INC., Respondent.	

Before:
Hon. Arlin M. Adams, Chairman
Hon. George C. Pratt, Arbitrator
Hon. E. Norman Veasey, Arbitrator

INTERIM AWARD AND ORDER

Claimants ("RBC") commenced this arbitration against Respondent ("SKF") by filing a demand for arbitration on September 15, 2009, claiming that SKF had breached provisions in the Asset Purchase Agreement ("APA"), under which RBC had purchased SKF's "Nice" roller-bearing business in 1997. RBC sought compensatory and punitive damages, indemnification, and injunctive relief against SKF and "its affiliates, subsidiaries, servants and/or agents", based on claimed improper use of product designations in the Nice catalog and improper opposition to RBC's trademark applications to the United States Patent and Trademark Office ("PTO").

Answering the demand, SKF denied RBC's claims and argued primarily that RBC did not, under the APA, receive exclusive rights to the product designations. Pointing out that RBC's then-pending lawsuit against Peer Bearing Company in Connecticut District Court could eliminate RBC's claim to the product designations, SKF requested a stay of the arbitration pending judgment in the Peer action. The Panel reserved decision on SKF's stay request.

Peer obtained summary judgment against RBC on one of the product designations, the "1600 SERIES", and to facilitate its appeal, RBC agreed to voluntarily dismiss its remaining claims in the action. Both the appeal and this arbitration then proceeded. On December 15, 2010 the United States Court of Appeals for the Second Circuit affirmed the District Court, which had dismissed RBC's claim concerning the 1600 SERIES designation on the ground of laches. Whether Peer's right to use some of the product designations, as a result of the Connecticut District Court action, is a factor that impinges upon RBC's applications for trademark registration now pending in the PTO is a question that may have to be addressed by the PTO. It is not, however, an issue for this arbitration panel to determine.

The arbitration hearing was held on November 22-23, 2010. Post-hearing briefing was completed on January 31, 2011, and on February 3, 2011, with the Panel's consent, the AAA Case Manager reported that the arbitration panel had declared the hearing closed as of January 31, 2011. However, in granting that consent, the Panel had inadvertently overlooked a ruling made near the end of the hearing at RBC's request [See Tr. at 504-508]. Since RBC had not, until the second day of the hearing, received a copy of the agreement whereby SKF acquired Peer, RBC requested that the

hearing be kept open for the purpose of receiving additional evidence relating to SKS's acquisition of Peer and of SKF's control over Peer. Since the Panel expressly granted that request, it was error for the Panel to have allowed the record to be closed.

Background

In the 1997 APA, SKF sold its Nice roller-bearing business to RBC for $6.8 million. As part of the transaction, SKF sold the "transferred assets" to RBC, which included

> all right, title and interest of [SKF] in, to and under the following, to the extent used, owned by, leased by or in the possession of [SKF] in connection with Business at the time of Closing:
>
> * * *
>
> "(m) all goodwill associated with the Business or the Transferred Assets; [and]
> (n) all product designations used in [SKF's] catalog with respect to the Products.

[APA §2.01]

In the APA SKF represented and warranted to RBC that it had "the right to sell, assign, transfer and convey" the transferred assets to RBC [APA §3.09]; and that it "either owns the entire right, title and interest in, to and under, or has the legally enforceable right to use all Transferred assets." [APA §3.18]

Under a separate, simultaneous agreement with RBC, SKF became the exclusive distributor of designated Nice products. By an amendment to that agreement in July 2000, the distributorship was to end on Dec. 31 , 2008. However, in 2006 RBC terminated the distributorship agreement. The agreement had no arbitration clause, and litigation between the parties over the agreement is pending elsewhere.

Beginning in late 2004 RBC had begun seeking from the PTO trademark registrations for its product designations. SKF, which was then still serving as RBC's exclusive distributor, did not oppose RBC's first application that related to the 1600 SERIES. Peer, which for some time had been using the SERIES designations, did oppose RBC's trademark applications, and in March 2006 RBC brought its Connecticut action against Peer, seeking injunctive relief and damages based on Peer's allegedly infringing use of nine of the SERIES designations.

In April 2007, its distributorship arrangement with RBC having ended, SKF filed in the PTO a number of notices of opposition to RBC's various applications for trademark registration of the product designations. Then, in September 2008, SKF acquired Peer as a wholly owned subsidiary and supported Peer's defense against RBC's action in Connecticut District Court as well as Peer's oppositions in the PTO. All of the proceedings in the PTO are still pending.

In this arbitration RBC claims that SKF has breached its obligations under the APA by opposing its trademark applications, by permitting Peer to use RBC's product designations, and by refusing RBC's demand that it execute a formal assignment of what RBC claims were SKF's common-law trademark rights in the product designations. RBC seeks relief preventing SKF from opposing RBC's trademark applications; preventing SKF from permitting Peer to use the designations and to oppose RBC's trademark applications; ordering SKF to complete the common-law trademark assignment; indemnifying RBC for its expenses in defending its trademark applications; and awarding RBC its fees and costs for this arbitration.

SKF presents a number of defenses. Its principal argument boils down to the contention that no one, including SKF and RBC, could have an exclusive right to use the product designations. SKF claims it could not transfer to RBC exclusive rights that it (SKF) did not own. Therefore, what RBC received under the APA was only a non-exclusive right to use those designations, a right that it shares with the rest of the world. Consequently, according to SKF, the product designations cannot be trademarked, and RBC has not been harmed either by Peer's and SKF's oppositions to the trademark applications, or by SKF's support of Peer's use of the designations and its litigation against SKF.

RBC's response is two-pronged: (1) whether the product designations can be trademarked is a decision to be made by the PTO, not this arbitration panel; and (2) even if trademark protection is ultimately found to be not available, the APA created a "special relationship" between SKF and RBC that makes SKF different from every other bearing manufacturer, because SKF transferred to RBC everything it had and used in connection with the Nice business, including SKF's non-exclusive right to use the product designations. RBC argues that having sold that right to RBC, SKF could not, under specific provisions in the APA and under the implicit good faith and fair dealing clause, thereafter use or interfere with RBC's efforts to make use of the product designations through its trademarking efforts. Nor could it, according to RBC, circumvent the effect of the APA by causing a subsidiary company to use the product designations and to oppose RBC's trademark applications.

It is to be noted the Panel concluded that admissible parol evidence could be considered, as the APA is ambiguous. Thus, the Panel received into evidence numerous documents and oral testimony.

Discussion

We turn first to the basic liability issues. When SKF transferred to RBC the product designations and goodwill of the Nice business, did RBC acquire exclusive rights to the product designations, or, alternatively, did RBC acquire whatever rights to use the product designations that SKF then possessed? And if RBC did not in the APA acquire the right to exclude others from using the product designations, did it nonetheless acquire the right to exclude SKF from using them, and did RBC thereby also acquire the right to preclude SKF from directly or indirectly interfering with RBC's efforts to obtain trademark protection?

SKF seeks to make this a trademark case, which it is not. Whether the product designations are entitled to trademark protection is not an issue for this Panel. SKF's argument (that RBC has suffered no harm because in any event the product designations cannot receive trademark protection) seeks a decision on the trademark issue, which is for the PTO, not this panel, to resolve. The Panel, therefore, does not decide whether RBC has trademark rights, either registered or common law, in the product designations. Consequently, if RBC's claims in this arbitration required a determination that it possesses exclusive trademark rights in the product designations, those claims would have to be dismissed. However, RBC's alternative argument, that the APA created a "special relationship" between the parties with respect to the product designations, fares better.

The APA not only specifically listed as a transferred asset "all product designations in [SKF's] catalog"; it also transferred to RBC all of SKF's goodwill associated with the business. And with respect to both, SKF sold "all" of its "right, title and interest". We note, however, that the concept of "special relationship" appears nowhere in the APA or the documents or testimony that the Panel considered as part of the parol evidence needed to resolve this ambiguous contract.

Whatever rights other bearing manufacturers might have with respect to the product designations, SKF is, as RBC contends, in a "special relationship" with RBC arising out of the APA. RBC argues that, at the very least, SKF gave up to RBC its own right, whether as owner of the Nice business, or as a member of the public, to use the product designations. The Panel agrees with this contention. Because of that "special relationship", under which SKF divested itself of any interest in or right to use the product designations, the Panel concludes that after the APA, SKF no longer had any right to use or interest in the product designations and that SKF's subsequent opposition to RBC's efforts to obtain trademark protection, was inconsistent with its obligations to RBC under the APA.

The Panel, therefore, finds and concludes that SKF has interfered with RBC's trademarking efforts in violation of SKF's obligations under the APA and that injunctive and compensatory relief is called for. The next question, then, is what specific relief should be granted. The answer to this question requires consideration of the effect of the Panel's conclusion on SKF's own conduct and on SKF's conduct with respect to its wholly owned subsidiary, Peer. RBC's claims for relief can best be addressed in two

groups: (A) relief based on SKF's direct opposition to RBC's trademark applications , and (B) relief based on Peer's conduct.

A. Relief based on SKF's direct opposition to RBC's trademark applications.

RBC seeks (1) an injunction against SKF's opposition to the trademark applications, (2) a requirement that SKF complete the requested assignment of common-law trademark rights, and (3) indemnification for RBC's expenses in defending its trademark applications.

(1) Request for Injunction v. SKF re Trademark Opposition.

This request is granted. As indicated above, whether RBC has or can obtain trademark rights in the product designations that SKF sold to RBC in the APA is an issue for the PTO to determine. Therefore, RBC is not, at this time, entitled to injunctive relief from this Panel on a premise that RBC does possess trademark rights. Nevertheless, as against SKF, RBC acquired through the APA all of SKF's interest in the product designations so that as a party with no interest in the trademark proceedings, SKF's filing of oppositions to RBC's trademark applications and its activities in urging other bearing manufacturers to do the same, were without any sound justification. Consequently, SKF will be ordered to withdraw the oppositions to RBC's trademark applications that it has previously filed, and will be further enjoined from any participation in the future in any PTO proceedings with respect to RBC's existing or future applications for trademark registration of product designations included in the Nice catalog referred to in the APA.

(2) Request to order SKF to complete the assignment to RBC of the common law trademarks.

This request is denied. On August 7, 2009, RBC's counsel wrote SKF's counsel enclosing a form of assignment that described nine claimed common-law "SERIES" trademarks, and requested that the assignment be executed by SKF. SKF refused. RBC based its request on §§ 7.01 and 7.02 of the APA, which required SKF to cooperate, provide information, and provide additional documents "necessary or desirable" "in connection with the consummation of the transactions contemplated by the [APA]".

SKF has insisted throughout this arbitration that the product designations simply were not capable of being the subject of trademark protection, common-law or registered. As noted elsewhere, the Panel leaves that question for determination by the PTO. Moreover, one might well question whether a written assignment of the common-law trademarks was needed by RBC, because SKF expressly had transferred to RBC all of the goodwill in the business, which, by operation of law, would include the transfer of any common-law trademarks. SKF's refusal to execute a formal document of transfer may not, therefore, have been a material breach of SKF's obligations.

Furthermore, RBC's claim to a written assignment is not supported by the two sections in the APA relied on by RBC, §§ 7.01 and 7.02. Those sections trigger SKF's obligation only "in connection with the consummation of the transactions contemplated by [the APA]", and those transactions were "consummated" some 12 years before RBC requested the assignment. RBC has not made a sufficiently strong presentation to

warrant granting the affirmative injunctive relief requested with respect to a written assignment.

(3) Indemnification

RBC has claimed that SKF is responsible for all of the expenses it has incurred in defending its trademark applications, whether the defense was related to opposition by SKF, by Peer, or by other bearing manufacturers who were goaded by SKF. RBC is entitled, at least, to be indemnified by SKF for its expenses in defending against SKF's oppositions. RBC's claims for indemnification for its defense against oppositions by Peer or by other manufacturers is considered below. The final award will include an amount, plus interest, for RBC's defense expenses against SKF's oppositions.

B. Relief based on Peer's conduct

Whether the relief to be granted should result from Peer's conduct presents more difficult questions, particularly because (1) Peer was apparently using the product designations both when the APA was signed in 1997 and when SKF acquired Peer in 2008, and (2) RBC has apparently lost its entire action against Peer in the Connecticut District Court (the 1600 Series by adjudication of laches, and the other series by RBC's withdrawal with prejudice), with the result that Peer apparently would have the right to use the product designations at issue in that suit even if the PTO should ultimately grant RBC's applications.

When SKF sold its interest in the product designations to RBC in 1997, Peer was using those designations. Not until nine years later, in 2006, did RBC bring suit against Peer for infringement of RBC's rights to the designations. The suit ended in 2010 with

a dismissal with respect to the SERIES 1600 designation on the ground of laches, and a voluntary dismissal with respect to the other designations at issue in the case. While the circumstances of the Peer adjudication did not create any collateral estoppel effect against RBC with respect to RBC's trademark rights as against other possible users of the product designations, it did determine that RBC may not prevent Peer from continuing to use the product designations in issue in that case. In short, whatever trademark rights RBC might have in the product designations, it is not able to enforce those rights against Peer.

A problem for this arbitration is created by the fact that in 2008, while RBC's action against Peer was pending, SKF acquired Peer as a wholly owned subsidiary. This raises the question of whether SKF is responsible for Peer's conduct after the acquisition.

RBC contends that because of certain express provisions in the APA and by virtue of the good-faith-and-fair-dealing clause that is implied in every contract, once SKF had acquired Peer, it had the contractual duty to require Peer to conform to the same obligations toward RBC that SKF had with respect to the product designations. On this theory, RBC seeks to enjoin SKF from allowing Peer to continue to oppose RBC's PTO applications, and to enjoin SKF from allowing Peer to continue using the product designations, RBC also seeks to be indemnified by SKF for its costs incurred since 2008 in defending against Peer's continued opposition to RBC's PTO applications.

Understandably, the APA did not contain any provision that would have prevented SKF from competing with RBC, because at the same time SKF was agreeing

to become RBC's exclusive distributor for certain products. Whatever the reason for there being no non-compete provision in the APA, the absence of such a provision left SKF free to compete freely with RBC once the Sales and Supply Agreement was terminated in 2006. After the termination, the only limitation on SKF's ability to compete with RBC was that SKF had no right to use the product designations in the Nice catalog referred to in the APA, having transferred all of those rights to RBC under the APA.

Peer, on the other hand, was using the product designations long before it was acquired by SKF. The Panel has thus far not been provided with evidence that would warrant sanctioning SKF for its control of Peer after it became Peer's parent. RBC asserts, however, that the SKF / Peer acquisition agreement that was belatedly produced only during the hearing, plus other, related evidence of SKF's control of Peer is the very evidence for which the hearing was to be left open. Therefore, until RBC has a fair opportunity to present that additional evidence and SKF has a fair opportunity to respond, the Panel is unable to rule on RBC's claims for relief against SKF based on what Peer did or did not do. Because some of the opposition by the other manufacturers may have been caused by SKF acting through Peer, determination of any indemnification for those expenses is also left for the final award to be entered after completion of the additional proceedings contemplated by this Interim Decision.

Accordingly, for the reasons set forth in this Interim Decision and Order, it is ORDERED that

1. SKF withdraw all oppositions to RBC's trademark applications that it has previously filed, and is further enjoined from any participation in the future in any PTO proceedings with respect to RBC's existing or future applications for

trademark registration of product designations included in the Nice catalog referred to in the APA;

2. RBC is entitled to be indemnified by SKF for its expenses in defending against SKF's oppositions to RBC's trademark applications to the PTO, and the amount of the indemnification, plus interest, will be included in the final award to be entered in this arbitration;
3. The order closing the hearing as of January 31, 2011, is vacated;
4. The record remains open for the purpose of receiving further evidence and argument from both sides on the issue of whether SKF's relationship to Peer is such as to warrant further relief against SKF based on Peer's conduct toward RBC;
5. The Accelerated Exchange Program for direct exchange of communications between counsel and the Panel is reestablished;
6. A determination of allocation of attorney's fees and costs of the arbitration shall await the final award; and
7. The parties are directed to confer and by April 4, 2011 submit to the Panel an agreed proposal for the remaining proceedings, and absent agreement, each party shall submit its separate proposal.

March 25, 2011

Arlin M. Adams, Chairman

George C. Pratt, Arbitrator

E. Norman Veasey, Arbitrator

EXHIBIT E

AMERICAN ARBITRATION ASSOCIATION
COMMERCIAL ARBITRATION TRIBUNAL

In the Matter of the Arbitration Between	)	
	)	
RBC NICE BEARINGS, INC., ROLLER BEARING COMPANY OF AMERICA INC., and ROLLER BEARING COMPANY OF AMERICA, d/b/a NICE BALL BEARINGS, INC.	)	AAA # 14 152 01622 09
Claimants,	)	
	)	**FINAL AWARD AND ORDER**
and	)	
SKF USA INC.,	)	
Respondent.	)	

Before:
Hon. Arlin M. Adams, Chairman
Hon. George C. Pratt, Arbitrator
Hon. E. Norman Veasey, Arbitrator

ADAMS AND VEASEY, ARBITRATORS, FOR THE MAJORITY:

BACKGROUND

Prior Proceedings

In our unanimous Interim Award and Order dated March 25, 2011 ("Interim Award"), the Panel determined that, by their Asset Purchase Agreement ("APA"), the parties had created a "special relationship" when SKF[1] transferred to RBC all of its right, title, and interest in and to the product designations ("Series designations") included in

[1] The Identities and descriptions of the parties and other matters as set forth in the Interim Award are continued in this Final Award and Order.

the Nice product catalog. RBC had bought the Nice business from SKF, including the Series designations in the Nice catalog. SKF agreed in the APA to sell to RBC:

> all the assets, ... rights, ... claims, of every kind and description ..., whether tangible or intangible, ..., that are used [or] owned by [SKF] in connection with the Business ... including without limitation all right title and interest of [SKF] in and under the following ...:
>
> > (i) all of [SKF's] patents, copyrights, trademarks ... and other proprietary data;
> >
> > (m) all goodwill associated with the Business or the Transferred Assets; [and]
> >
> > (n) all product designations used in SKF's catalog with respect to the Products ..."[2]

In APA § 3.09 SKF represented and warranted to RBC that it had "the right to sell, assign, transfer and convey" to RBC "all of the Transferred Assets free and clear of all Liens ...."

Accordingly, in the Interim Award, the Panel held: "Because of that 'special relationship,' under which SKF divested itself of any interest in or right to use the product designations, the Panel concludes that after the APA, SKF no longer had any right to use or interest in the product designations and that SKF's subsequent opposition to RBC's efforts to obtain trademark protection was inconsistent with its obligations to RBC under the APA."[3]

The Panel then ordered that "SKF withdraw all oppositions to RBC's trademark applications that it has previously filed, and is further enjoined from any participation in

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[2] APA § 2.01.

[3] Interim Award at 7.

the future in any PTO proceedings with respect to RBC's existing or future applications for trademark registration of product designations included in the Nice catalog referred to in the APA." The Panel also held that "RBC is entitled to be indemnified by SKF for its expenses in defending against SKF's oppositions to RBC's trademark applications to the PTO..."[4]

Further, in the Interim Award, with respect to RBC's request for relief against SKF based on the conduct of Peer and other bearing manufacturers, the Panel held that "[t]he record remains open for the purpose of receiving further evidence and argument from both sides on the issue of whether SKF's relationship to Peer is such as to warrant further relief against SKF based on Peer's conduct toward RBC."[5] It is this issue that the Panel now addresses.

Peer Issue As Discussed in the Interim Award

In leaving open the question whether RBC is entitled to further relief against SKF based on certain activities of Peer, the Panel outlined the then-known facts and described this issue as follows:

> Whether the relief to be granted should result from Peer's conduct presents more difficult questions, particularly because (1) Peer was apparently using the product designations both when the APA was signed in 1997 and when SKF acquired Peer in 2008, and (2) RBC has apparently lost its entire action against Peer in the Connecticut District Court (the 1600 Series by adjudication of laches, and the other series by RBC's withdrawal with prejudice), with the result that Peer apparently would have the right to use the product designations at issue in that suit even if the PTO should ultimately grant RBC's applications.

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[4] *Id.* at 12-13.

[5] *Id.*

When SKF sold its interest in the product designations to RBC in 1997, Peer was using those designations. Not until nine years later, in 2006, did RBC bring suit against Peer for infringement of RBC's rights to the designations. The suit ended in 2010 with a dismissal with respect to the SERIES 1600 designation on the ground of laches, and a voluntary dismissal with respect to the other designations at issue in the case. While the circumstances of the Peer adjudication did not create any collateral estoppel effect against RBC with respect to RBC's trademark rights as against other possible users of the product designations, it did determine that RBC may not prevent Peer from continuing to use the product designations in issue in that case. In short, whatever trademark rights RBC might have in the product designations, it is not able to enforce those rights against Peer.

A problem for this arbitration is created by the fact that in 2008, while RBC's action against Peer was pending, SKF acquired Peer as a wholly owned subsidiary. This raises the question of whether SKF is responsible for Peer's conduct after the acquisition.

RBC contends that because of certain express provisions in the APA and by virtue of the good-faith-and-fair-dealing clause that is implied in every contract, once SKF had acquired Peer, it had the contractual duty to require Peer to conform to the same obligations toward RBC that SKF had with respect to the product designations. On this theory, RBC seeks to enjoin SKF from allowing Peer to continue to oppose RBC's PTO applications, and to enjoin SKF from allowing Peer to continue using the product designations. RBC also seeks to be indemnified by SKF for its costs incurred since 2008 in defending against Peer's continued opposition to RBC's PTO applications.

Understandably, the APA did not contain any provision that would have prevented SKF from competing with RBC, because at the same time SKF was agreeing to become RBC's exclusive distributor for certain products. Whatever the reason for there being no non-compete provision in the APA, the absence of such a provision left SKF free to compete freely with RBC once the Sales and Supply Agreement was terminated in 2006. After the termination, the only limitation on SKF's ability to compete with RBC was that SKF had no right to use the product designations in the Nice catalog referred to in the APA, having transferred all of those rights to RBC under the APA.

Peer, on the other hand, was using the product designations long before it was acquired by SKF. The Panel has thus far not been provided with evidence that would warrant sanctioning SKF for its control of Peer after it became Peer's parent. RBC asserts, however, that the SKF/Peer

> acquisition agreement that was belatedly produced only during the hearing, plus other, related evidence of SKF's control of Peer is the very evidence for which the hearing was to be left open. Therefore, until RBC has a fair opportunity to present that additional evidence and SKF has a fair opportunity to respond, the Panel is unable to rule on RBC's claims for relief against SKF based on what Peer did or did not do. Because some of the opposition by the other manufacturers may have been caused by SKF acting through Peer, determination of any indemnification for those expenses is also left for the final award to be entered after completion of the additional proceedings contemplated by this Interim Decision.[6]

After the Panel issued its Interim Award, the parties engaged in further discovery on the Peer issue. The Panel held an evidentiary hearing on September 7-8, 2011, at which the parties adduced evidence on the relationship between SKF and Peer and on certain of RBC's costs. After receiving post-hearing memoranda, the Panel heard final oral argument on January 18, 2012. This is the Final Award and Order of the Panel.

SUMMARY OF THE CONTENTIONS OF THE PARTIES RELATING TO RBC'S APPLICATION FOR FURTHER INJUNCTIVE RELIEF

RBC contends that, because SKF has the power to control Peer and, whether or not it has exercised that power, as a matter of equity and fair dealing, additional injunctive relief against SKF should be ordered to prohibit "SKF from doing indirectly through Peer that which it cannot do directly under the APA."[7]

SKF, of course, contests RBC's contentions with respect to the facts, the law, and the equities. SKF emphasizes: the corporate separateness of Peer and SKF and their independent operation, despite SKF's ability to control Peer; Peer's conduct challenged by RBC long predates the SKF's acquisition of Peer; SKF itself is not using the Series

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[6] *Id.* at 12.

[7] *See, e.g.*, RBC Opening Brief (ROB) at 12.

designations or interfering with RBC's trademark efforts, nor has SKF exercised its control over Peer in any way involving the conduct challenged by RBC; and RBC has not satisfied the requirements for piercing the corporate veil or otherwise proving that Peer is the alter ego of SKF.[8]

As set forth above, this Panel found in its Interim Award that "(1) Peer was apparently using the product designations both when the APA was signed in 1997 and when SKF acquired Peer in 2008; and (2) RBC has apparently lost its entire action against Peer in the Connecticut District Court ... When SKF sold its interest in the product designations to RBC in 1997, Peer was using those designations ...."[9]

Nevertheless, RBC seeks to prevent SKF "from allowing Peer to breach the APA."[10] If this request were granted, the Panel would have to order SKF to exercise its previously unexercised control over Peer to cause it to discontinue a course of business conduct in which it had long been engaging. Specifically, the relief RBC seeks would constitute a mandatory injunction directing SKF: (a) to stop Peer from opposing RBC's trademark efforts with respect to the product designations included in the Nice catalog; and (b) to stop Peer from using the product designations.[11]

To support this request for a mandatory injunction, RBC claims that Peer's action opposing RBC's trademark efforts and its use of the product designations results in SKF

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[8] See, *e.g.*, SKF Answering Brief (SAB) at 1-2.

[9] Interim Award at 10.

[10] ROB at 1.

[11] *Id.*

"doing indirectly through Peer that which it cannot do directly under the APA."[12] In support of its contentions and prayers for injunctive relief, RBC asserts that the record shows "the overwhelming control SKF asserts over" its wholly-owned subsidiary Peer, and that SKF has "substantial involvement in Peer's overall and day-to-day business affairs."[13]

As some of the evidence of SKF's power to control Peer, RBC points to the facts that Peer's senior management and its board of directors include a number of current or former executives of SKF or its affiliates; the board changed Peer's bylaws; SKF's personnel on Peer's board and in its executive offices advised Peer on its corporate strategy, such as business opportunities, inventory control, and the like; SKF asserted with Peer a community of legal interest in the Peer litigation against RBC; and SKF controlled Peer's financial and tax affairs.[14]

RBC's legal argument is, essentially, that by possessing control over Peer, SKF is "circumventing" its obligations under the APA through Peer's activities and thus SKF would keep for itself the very assets it sold to RBC. RBC maintains, however, that this is not a veil-piercing case because RBC does not seek to "reach the assets" of one entity to remedy some wrong that another entity committed against RBC. Instead, RBC's central argument is that SKF's inaction in not stopping Peer is inequitable and violates the implied covenant of good faith and fair dealing in the APA. Further, RBC argues that, even if this were a veil-piercing case, it should prevail because of SKF's control over

[12] *Id.*

[13] *Id.* at 2-4.

[14] *Id.* at 5-15.

Peer and the principle that the veil-piercing and alter ego doctrines are grounded in equity.[15]

SKF disputes much of the above and contends that: (a) Peer is a separate juridical entity that is not dominated and controlled by SKF; (b) to the extent SKF has the power to control Peer, it has not exercised that power in relation to the conduct challenged by RBC, including the fact that it is primarily Peer personnel, not SKF personnel, who continue, post-acquisition, to be responsible for managing Peer's day-to-day business operations; (c) Peer has been in the bearing business for many years predating the APA; (d) Peer operates independently of, and even in competition with, SKF; (e) Peer and SKF sell different quality bearings; (f) Peer has used Series designations since the early 1960s; (g) Peer contested RBC's trademark efforts before SKF acquired Peer; (h) Peer is not a party either to the APA or this arbitration; (i) no provision in the APA reaches the activities of Peer; and (j) RBC would be obtaining broad relief for which it did not bargain if this Panel were to order SKF to cause Peer to stop what it has been doing for years.[16]

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[15] *Id.* at 17-23. In addition to the injunctive relief it seeks, RBC seeks indemnification from SKF for its fees and expenses in defending trademark applications before the US PTO. *Id.* at 23-24. For reasons stated hereafter, we need not reach the question of indemnification.

[16] SAB at 22-40. Also, SKF denies that RBC is entitled to any indemnification for its expenses (which SKF also contends are excessive). *Id.* at 41-45. Finally, SKF seeks reconsideration of the Panel's Interim Award. *Id.* at 46-52. The Panel sees no basis to reconsider the Interim Award, particularly at this late date and in the context of the matters currently before the Panel.

SUMMARY OF THE CONCLUSION OF THE MAJORITY OF THE PANEL

Based on the fact that the Panel has ruled that SKF may not use the Series designations or oppose RBC's trademark quest, RBC asks this Panel affirmatively to order SKF to stop Peer from using the designations and to stop Peer from interfering with that quest and from using the designations. The majority of the Panel has concluded that RBC's argument is a non sequitur and should be denied, based on the facts and the law.

As set forth below, Pennsylvania law requires a "clear right to relief" for the "extreme" remedy of a mandatory injunction. Under the circumstances presented in this case, the majority finds no basis for entering an unprecedented and extraordinary mandatory injunction ordering SKF to direct Peer to stop using the Series designations or opposing RBC's efforts at the USPTO. This is a contract case, and the Panel is called upon to interpret, not re-write, the parties' contract.

The APA is a comprehensive, integrated, commercial contract between sophisticated parties, comprising 47 single-spaced pages plus schedules and exhibits of another 48 pages. Despite the absence of *express* provisions in the APA mandating its decision, the Panel in its Interim Award has already significantly extended the provisions of the APA by finding that the APA includes an implicit term—a "special relationship" based on the notion that SKF sold for valuable consideration the entire business and cannot take it back. But this interpretation of RBC's contract rights, as found by the Panel, extended only so far as the relationship between RBC and SKF. There is no express provision in the comprehensive APA extending to any of SKF's after-acquired subsidiaries the restrictions imposed on SKF. The Panel's Interim Award found no

implied provision to that effect, and the majority finds no such provision that can reasonably be implied here under the facts in this record.

We have heard no evidence that trademark possibilities for the Series designations were ever the subject of pre-closing discussion or negotiation leading up to the APA. Uncontradicted evidence in the record does, however, support a finding that SKF acquired Peer in 2008, long after Peer had been using the Series designations, long after the 1997 APA, and also after Peer had begun opposing RBC's trademark efforts. Moreover, the acquisition was premised on the business plan of SKF USA, Inc. and its parent, AB SKF, to augment SKF's high quality, high price, ball bearing product line by entering the medium-quality, medium-priced market. Despite Peer's status as a wholly owned subsidiary of SKF, however, Peer continues to operate independently of — and in partial competition with — SKF. Peer, not SKF, was (and remains) solely responsible for its day-to-day operations.[17]

In this arbitration, RBC—one sophisticated party to the 1997 comprehensive, integrated, commercial APA—seeks to persuade the Panel to extend the terms of the APA to imply yet another new term. That new term would reach Peer, a non-party to the APA, by resulting in the issuance of a mandatory injunction requiring the only other party to the APA—SKF—to cause Peer to change its conduct.

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[17] *See* text and record references marshaled in SKF's Opening Brief at 7-12; *see also* transcript of January 18, 2012, oral argument ("TR") at 48-54. RBC significantly overstates this record in several ways, including its unsupported statement that the record "demonstrates the overwhelming control SKF exerts over Peer" and that "SKF executives are also heavily involved in controlling Peer's day-to-day operations." (ROB at 3).

The sole grounds on which RBC rests its request for such an unprecedented and extraordinary mandatory injunction from this Panel are: (1) SKF's acquisition of the stock of Peer, as a wholly owned subsidiary of SKF, after the APA; (2) SKF's resulting possession of power to control Peer (although SKF has not exercised that power in a manner related to the conduct challenged by RBC), and (3) RBC's claim that "allowing" Peer to continue its historic activities would be "unfair" or "inequitable" to RBC, by allowing SKF to do indirectly (through Peer) that which it cannot do directly.

The thrust of RBC's contentions and the view of the dissent is that, when SKF acquired Peer and became the owner of all of its stock, it thereby subjected Peer to the same restrictions vis-à-vis RBC that applied to SKF under the APA. Therefore, the argument goes, SKF could not, through its wholly owned subsidiary, Peer, engage in and reap the benefits of, conduct that was off limits to SKF, even though, pre-acquisition, Peer had engaged in the identical conduct.

RBC acknowledged that it is undisputed that SKF has not actually exercised control over Peer with regard to Peer's use of the Series designations and opposition to RBC's trademark efforts. Nevertheless, RBC contends that it is undisputed that SKF *could* prevent Peer from doing those things, and has deliberately refrained from doing so.

Finally, RBC and the dissent conclude essentially as follows: What controls the outcome here are the undisputed *consequences* — namely, that SKF *benefits* indirectly as the owner of all of Peer's stock through Peer's use of the designations and its opposition to RBC's trademark efforts. Therefore, the essence of RBC's claim is that SKF is *doing* indirectly what it cannot do directly. But the majority of the Panel concludes that RBC's contention does not follow from its premise.

The short answer to these contentions is that SKF is *not* "doing" what RBC claims. SKF is not taking *any* affirmative action. SKF is not altering what Peer had been doing before it was acquired by SKF. Moreover, it is not clear what are the "benefits" to SKF, other than the presumed indirect financial benefits that a parent ball bearing company would have from owning a subsidiary that uses Series designations. There was no evidence adduced by RBC that would quantify the vague notion that SKF benefitted from Peer's use of the product designations or the opposition to RBC's trademark quest. SKF is not gaining the benefit of using Series designations for SKF-branded products by its direct furtherance of the use of the Series designations. Peer's use of those designations is the same as it has always been and the same is true for its opposition to RBC's trademark efforts. That is, Peer's current actions do not change the competitive environment that pre-existed SKF's acquisition of Peer.

In the view of the majority, it is the grant of the requested injunction, not its denial, that would imbalance the inequities. RBC is attempting an end run around trademark law through an argument that conflates trademark-type concerns with contract law principles, which would be distorted by an undue expansion of RBC's rights under the express or reasonably implied terms of the APA.

In short, the injunction sought by RBC cannot responsibly be based solely on the "consequences" of what Peer has been doing or the presumed indirect benefits to SKF. What Peer has been doing, long before SKF acquired it, is *not* what SKF is doing. To say that Peer's doing is SKF's doing is to beg the very question this Panel is called upon to decide. What needs to be shown is that Peer is SKF. That is, Peer is SKF's alter ego. The facts show otherwise.

RBC would have the Panel set aside or diminish the central and *undisputed* facts of this case, which not only do not support *any* right to relief, but also fall far below the Pennsylvania standard requiring that a request for the "extreme" remedy of a mandatory injunction, which is rarely granted, must be established by showing a "clear right to relief." That clear right to relief has not been shown, and the undisputed facts in this record showing otherwise include the following:

(1) Peer used the Series designations *well before* the 1997 APA between SKF and RBC and *well before* SKF acquired the stock of Peer;

(2) Peer opposed RBC's trademark efforts before SKF acquired Peer;

(3) Peer is not a party to the APA or to this arbitration and there is no provision in the APA reaching Peer or imposing SKF's restrictions on its affiliates;

(4) Since being acquired by SKF, Peer has not been doing anything vis-à-vis the Series designations or RBC's USPTO proceedings that is more than or different from what it has historically done;

(5) SKF's acquisition of Peer does not alter the extent of any injury (if indeed there is any injury) to RBC as a result of Peer's conduct;

(6) SKF acquired Peer in the exercise of SKF's and its parent company's business judgment to gain the benefits of Peer's expertise and market share in the medium-quality, medium-price bearing market, while SKF's business has concentrated on the high-end bearing market;

(7) There is no evidence that SKF acquired Peer in order to circumvent the APA;

(8) SKF has not engaged in, or interfered with, Peer's day-to-day business operations;

(9) SKF and Peer operated in different markets, independently of each other, and in partial competition with each other;

(10) Although SKF has the power to control Peer, there is no evidence that SKF has exercised its control over Peer in connection with the use of the Series designations or the opposition to RBC's USPTO efforts;

(11) The senior officers who carry out the day-to-day, operational management of Peer's business are not SKF employees; all four of the senior executives of Peer who manage its day-to-day operations, including Peer's chief executive officer, are Peer employees, not SKF employees, and only one of them has ever been employed by any SKF-affiliated company;[18]

(12) Although the five-person Peer board of directors includes three people who are employed by SKF or its affiliates, the board does not control Peer's day-to-day management of the business;[19]

(13) SKF and Peer have exercised proper corporate procedures that are expected of parent and subsidiary corporations (e.g. separate boards, corporate documents, proper minutes, accounting, capitalization, and the like);

(14) There is no evidence whatsoever that SKF has operated or now operates Peer as an "alter-ego," or as a "sham" to circumvent or evade the APA.

In addition to requiring the Panel to ignore the above facts, granting RBC the relief it seeks would require the Panel to substitute its notion of what is "fair" and "equitable" for the bargained-for terms of a contract negotiated between sophisticated commercial parties.

After carefully reviewing the record, briefs, oral argument, and applicable authorities, the majority has concluded, on balance, that RBC has not demonstrated a "clear right" to the relief it seeks, and that SKF has the better of the argument on the

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[18] *See* Tr. 50-53. Other Peer officers, who fulfill corporate governance-oriented roles such as Secretary and Assistant Treasurer, are employees of SKF. See *supra* note 17, noting RBC's overstatement of the record regarding Peer's day-to-day business operations.

[19] *Id.* at 54-55.

matter currently before the Panel. Therefore, the majority of the Panel will not take the extraordinary step of ordering the mandatory injunctive relief sought by RBC.

LEGAL DISCUSSION

Pennsylvania Standard for a Mandatory Injunction

A party seeking a mandatory injunction—an "extreme" remedy[20] that "command[s] the performance of some positive act"—must satisfy a very high burden, and mandatory injunctions are rarely granted.[21] The Pennsylvania Supreme Court has stated that mandatory injunctions should be issued "more sparingly" than injunctions that are "merely prohibitory," and that a party seeking a mandatory injunction must establish a "clear right to relief."[22]

Discussion of the Merits

RBC has not satisfied its burden of showing a "clear right" to the "extreme" remedy of a mandatory injunction ordering SKF to direct Peer to refrain from using the Series designations or opposing RBC's efforts in the USPTO. The parties have not cited, and the Panel has not independently found, a comparable case. That is, we have found no case where one party to a contract (which is silent on the point in question) seeks injunctive relief — let alone mandatory injunctive relief — against the other party to

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[20] *Big Bass Lake Cmty. v. Warren*, 950 A.2d 1137, 1145 (Pa. Commw. Ct. 2008).

[21] *Mazzie v. Commonwealth*, 432 A.2d 985, 988 (Pa. 1981).

[22] *Id.*; *see also Sovereign Bank v. Harper*, 674 A.2d 1085, 1092 (Pa. Super. Ct. 1996) ("Because a mandatory injunction compels the defendant to perform an act, rather than merely refraining from acting, courts will only grant a mandatory injunction upon a very strong showing that the plaintiff has a 'clear right' to relief.").

cause it to terminate conduct of the latter party's after-acquired, wholly-owned subsidiary where the subsidiary is not a party to either the contract or the tribunal's proceeding and its unchanged, continuing conduct that predated the contract.

As noted above, long before it was owned by SKF, Peer had been using the product designations (as have others in the bearing business) and it had opposed RBC's trademark efforts (as have others in the bearing business). In the Interim Award, the Panel ordered SKF itself not to engage in these activities directly because the Panel found, by implication in this very ambiguous contract, that a "special relationship"[23] existed between SKF and RBC. As a result, the Panel ruled that SKF divested itself of the Nice business and product designations it sold to RBC. But the question that remains and that is now before the Panel is the following: why should SKF be ordered to cause Peer to stop what it has been doing?

Peer uses and has been using Series designations for decades. SKF had also been using the designations when it sold the Nice business to RBC and entered into the APA. There is no evidence—and no reason to believe based on the contract itself—that RBC thought it was purchasing from SKF the designations used by Peer. SKF did not have any "right, title, [or] interest" in Peer's use of the designations that it could sell.[24] Hence, Peer's entitlements were unaffected by the APA, as interpreted in the Interim Award.

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[23] Interim Award at 7.

[24] APA § 2.01.

RBC claims that it is not seeking a traditional veil-piercing analysis.[25] Instead, it argues that equitable considerations compel the result it seeks. As the Panel understands this argument, it has two components. The first component is the argument that the Panel should apply equitable considerations to prevent SKF from using Peer to "circumvent" the Panel's Interim Award. The second component is related to the first and rests on the implied covenant of good faith and fair dealing.

As to the general equitable argument, RBC basically contends that SKF should not be entitled to do indirectly what it cannot do directly and that an injunction will restore RBC to "the value of its purchase."[26] RBC relies primarily on two cases: *Guth v. Guth Chocolate Co.*[27] and *Levitt Corp. v. Levitt.*[28] Both cases are significantly distinguishable and do not support RBC's argument under these facts. And cases of this genre are inherently fact intensive.

Guth and *Levitt* each involved a seller who had sold the use of his name for the purpose of selling a product, and then later used or permitted the use of his name in the

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[25] ROB at 22. Indeed, in this context, applying a veil-piercing analysis to assert an alter ego theory would be particularly unusual, because it would involve "downstream" piercing—that is, it would be seeking to obtain a remedy that would affect the conduct of the subsidiary, Peer, based on an alleged violation of an obligation by the parent, SKF. Downstream veil piercing is more controversial and less frequently applied than "upstream" veil piercing. *See, e.g.*, Michael Richardson, Comment and Casenote, *The Helter Skelter Application of the Reverse Piercing Doctrine*, 79 U. CIN. L. REV. 1605, 1606, 1615-16 (2011).

[26] ROB at 18.

[27] 224 F. 932 (4th Cir. 1915).

[28] 593 F.2d 463 (2d Cir. 1979).

promotion of a competing venture.[29] The *Levitt* court, like the *Guth* court, held on the specific facts before it that injunctive relief was warranted to prevent a seller of the name and goodwill of a business from "arrogat[ing] to himself the trade reputation for which he received valuable consideration."[30]

Those situations are different from the situation here which involves materially different facts and legal principles. In the case before us, SKF sold to RBC its interest in using the Series designations. Then SKF later acquired Peer, which, before the acquisition, had been using Series designations to sell Peer products for decades and had also opposed RBC's efforts before the USPTO. SKF's ownership of Peer does not change the landscape in which Series designations are being and have been used following SKF's sale of its use of Series designations to RBC in the APA. There is no evidence in this record that SKF created or acquired Peer to evade SKF's obligations under the APA. If the Panel were to order SKF to cause Peer to stop using Series designations or cease resistance to RBC's trademark efforts, however, RBC would get more than it bargained for in the APA.

As to the implied covenant of good faith and fair dealing, RBC has not cited a comparable case or adduced proof that SKF acquired Peer to "evade the spirit of the bargain" between RBC and SKF or that it was dishonest or engaged in bad faith

[29] *Levitt*, 593 F.2d at 466; *Guth*, 224 F. at 934.

[30] *Levitt*, 593 F.2d at 468.

conduct.[31] Here the facts show that SKF acquired Peer in good faith and endeavored to permit it independently to operate much as it had previously.

It is well established that only parties to a contract are bound by the contract.[32] In *Alliance Data Sys. Corp. v. Blackstone Capital Partners V L.P.*,[33] the Delaware Court of Chancery applied this principle and rejected common control as a basis for finding that a party to a merger agreement, Aladdin, had a duty to cause its affiliate that was not a party to the agreement to take certain actions to facilitate the closing of the merger.[34]

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[31] *See Donahue v. Federal Express Corp.*, 753 A.2d. 238, 242 (Pa. Super. Ct. 2000) ("Good faith has been defined as 'honesty in fact in the conduct or transaction concerned.'"); *Somers v. Somers*, 613 A.2d 1211, 1213 (Pa. Super. Ct. 1992) (describing bad faith in the performance of contractual duties as including "evasion of the spirit of the bargain").

[32] *See, e.g., First Realvest, Inc. v. Avery Builders, Inc.*, 600 A.2d 601, 603 (Pa. Super. Ct. 1991) ("The law in Pennsylvania is clear that where a party enters into a contract with a corporation, no action will lie against the shareholders of that corporation individually for a breach of that contract '[T]he breach of the contract is the breach of a promise made by the corporation, and not the breach of any promise extended by the corporation officer.' Shareholders, officers and directors are not held liable for the corporation's breach of a contract, absent an establishment of participation theory or the successful assertion of the equitable doctrine of piercing the corporate veil." (citations omitted; alteration in original)); *see also, e.g., Alliance Data Sys. Corp. v. Blackstone Capital Partners V L.P.*, 963 A.2d 746, 768 (Del. Ch. 2009), *aff'd* 976 A.2d 170 (Del. 2009).

[33] 963 A.2d 746 (Del. Ch. 2009).

[34] *Id.* at 768-69; *see also id.* at 769 ("A huge amount of wealth generation results from the use of distinct entities by corporate parents to conduct business. This allows parents to engage in risky endeavors precisely because the parents can cabin the amount of risk they are undertaking by using distinct entities to carry out certain activities. Delaware law respects corporate formalities, absent a basis for veil-piercing, recognizing that the wealth-generating potential of corporate and other limited liability entities would be stymied if it did otherwise. To follow this traditional practice here works no unfairness to ADS. ADS knew with whom it was contracting and with whom it was not. The bottom line for ADS is that it only contracted with Aladdin . . . . The fact that ADS wishes it had struck a bargain with Blackstone directly does not change the reality that ADS knew that the Merger Agreement did not impose obligations on Blackstone directly.").

Recognizing that Peer is not a party to the APA, and that Peer itself therefore has no obligations under the APA, RBC claims that it is seeking to hold SKF to its obligations under the APA. That is precisely the argument rejected by the court in *Alliance Data*.

The majority of the Panel concludes that SKF is not circumventing any obligation it had under the contract. As noted above, SKF did not agree to sell to RBC any Series designations used by Peer. Peer was a stranger to the APA entered into between RBC and SKF before SKF acquired Peer. So, Peer's pre-APA and post-APA activities and the question whether Peer should stop its activities complained of now by RBC was not within the reasonable or "justified expectations of the parties" — an oft-cited element of the implied covenant of good faith and fair dealing.[35]

The APA also does not contain any agreement by SKF that it would not acquire control of any company that was using Series designations, or that it would use best efforts (or any efforts at all) to prevent any company that it ever controlled from using Series designations. RBC could have negotiated for such terms, but it did not. The Panel should not "imply a term not explicitly contemplated by the contract" or otherwise rewrite the parties' contract.[36]

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[35] See Restatement (Second) Contracts § 205(a).

[36] *See, e.g., John B. Conomos, Inc. v. Sun Co.*, 831 A.2d 696, 706-07 (Pa. Super. Ct. 2003) ("As this obligation of good faith is tied specifically to and is not separate from the [express] duties a contract imposes on the parties, it cannot imply a term not explicitly contemplated by the contract. Both the implied covenant of good faith and the doctrine of necessary implication are principles for courts to harmonize the reasonable expectations of the parties with the intent of the contractors and the terms in their contract." (citation and internal quotations omitted; alteration in original)); *Middletown Carpentry, Inc. v. Arena & Co.*, 2003 Phila. Ct. Com. Pl. LEXIS 57, at *25 (Pa. Ct. Com. Pl. Nov. 18, 2003) (refusing to impose obligation not contemplated by parties' contract).

In whatever manner RBC's argument relating to the SKF's unexercised control over Peer is phrased, whether as a matter of equitable fairness or as veil-piercing, RBC needs to show that Peer is SKF's alter ego and vice versa. This showing has not been made.[37]

To support its contention that Peer is SKF's alter ego, RBC points to the factors described by the court in *Simeone v. Bombardier-Rotax GMBH*.[38] In *Simeone*, the court conducted an alter ego analysis in order to conclude that Rotax, a wholly-owned subsidiary of Bombardier, was subject to personal jurisdiction in Pennsylvania. The court identified ten non-exclusive factors that Pennsylvania courts consider when determining whether an alter ego relationship exists.[39] The court concluded that Rotax was an alter ego of Bombardier, based in part on the facts that Bombardier management, rather than Rotax management, made major business decisions for Rotax; Rotax sold approximately 45% of its product to Bombardier; Rotax could not develop a new product without authorization from Bombardier; and Bombardier held itself and Rotax out to the

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[37] *See, e.g., Lumax Indus. Inc. v. Aultman*, 669 A.2d 893, 895 (Pa. 1995) ("[T]here is a strong presumption in Pennsylvania against piercing the corporate veil. Also, the general rule is that a corporation shall be regarded as an independent entity even if its stock is owned entirely by one person." (citations omitted)); *Jiffy Lube Int'l, Inc. v. Jiffy Lube of Pa., Inc.*, 848 F. Supp. 569, 580-81 (E.D. Pa. 1994) (discussing the requirements for piercing the corporate veil on an alter ego theory under Pennsylvania law).

[38] 360 F. Supp. 2d 665 (E.D. Pa. 2005).

[39] *Id.* at 675.

public as a single entity.[40] The facts here are different, as demonstrated by the fourteen points summarized above.[41]

Although it is undisputed that SKF has the power to control Peer, there is no evidence that SKF has *exercised* that control in a matter warranting disregard of SKF's and Peer's separate corporate existence. SKF and Peer have publicly maintained their separate identities, and Peer management decides how to operate the business. As SKF points out, under Pennsylvania law there must be "a very high showing of domination and control" and "there is a strong presumption ... against piercing ..." that can be overcome only if the separate corporate status is "ignored" where "separate existence was a mere sham."[42] RBC has not satisfied that high standard, and the *Simeone* analysis is distinguishable.

In support of its contention that veil piercing and a finding of alter ego status is warranted, RBC asserts, among other things, that SKF designees comprise a majority of the Peer board and that SKF personnel comprise a large percentage of Peer's senior management. SKF disputes RBC's calculation of the prominence of SKF personnel in Peer's business and contends not only that Peer personnel occupy a significant percentage of Peer's management, but also that Peer operates independently of SKF.

As noted above, RBC has significantly overstated the record, asserting, among other things, that the record 'demonstrates the overwhelming control SKF exerts over Peer" and that "SKF executives are heavily involved in controlling Peer's day-to-day

[40] *Id.* at 676-78.

[41] See pp. 13-14 supra.

[42] SAB at 28.

operations."[43] Also, as noted above, Peer's senior officers who carry out the day-to-day management of Peer's business are not SKF employees; all four of the senior executives of Peer who manage day-to-day operations, including Peer's chief executive officer, are Peer employees, not SKF employees and only one of them has ever been, but is not currently, employed by any SKF-affiliated company. Other Peer officers, who fulfill corporate governance-oriented roles such as Secretary and Assistant Secretary, are employees of SKF.[44] Although the five-person Peer board of directors includes three people who are employed by SKF or its affiliates, there is no evidence that the Peer board of directors has exercised control over Peer's day-to-day management of the business.[45]

In the view of the majority, however, even if RBC's calculations of Peer's officer and director ranks are correct, no basis for veil piercing has been established. By either RBC's count or SKF's count, such configurations of board and senior management are often common in parent/subsidiary relationships. Wholly owned subsidiaries with such configurations are not necessarily the alter egos or mere instrumentalities of their parents.[46] To conclude otherwise would turn longstanding law of separate corporate existence on its head.[47]

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[43] *See supra* note 17 and accompanying text.

[44] *See supra* note 18 and accompanying text.

[45] *See supra* text accompanying note 19.

[46] See SAB at p. 11, n. 48 (citing HARRY G. HENN & JOHN R. ALEXANDER, LAWS OF CORPORATIONS AND OTHER BUSINESS ENTERPRISES 355 (1983)); *see also, e.g.*, *Shared Commc'ns Servs. of 1800-80 JFK Boulevard, Inc. v. Bell Atlantic Props. Inc.*, 692 A.2d 570, 573 (Pa. Super. Ct. 1997) ("Although a parent and a wholly owned subsidiary do share common goals, they are still recognized as separate and distinct legal entities."); *Commonwealth v. Vienna Health Products, Inc.*, 726 A.2d 432, 434 (Pa. Commw. Ct.

RBC has not pointed to an obligation of SKF under the APA that is violated by SKF's ownership of a subsidiary that has long been engaging in the conduct at issue.[48] SKF argues that granting the mandatory injunction RBC requests would give RBC more than it bargained for.[49] The majority of the Panel agrees. Such an injunction would allow RBC to eliminate Peer's long standing use of Series terms and its opposition to RBC's trademark quest, without RBC having bargained for those terms when purchasing the Nice business from SKF.

Indemnification

There is no indemnification owing to RBC under paragraph 2 of the Interim Award because, under § 9.01 of the APA, the amount of indemnification that RBC would be entitled to receive from SKF under paragraph 2 of the Interim Award did not exceed the $100,000 minimum threshold.

CONCLUSION

NOW, THEREFORE, this 4th day of April, 2012, for the reasons set forth in the first Interim Award and Order and in this Final Award and Order, IT IS ORDERED that:

1. RBC's request for an injunction against SKF regarding the Peer activities is DENIED;

1999) ("The general rule in Pennsylvania is that a corporation is to be treated as a separate and independent entity even if its stock is owned entirely by one person . . . .").

[47] See text and authorities cited *supra* at 17-19.

[48] SKF is not allowing its branding to be used on products sold with series designations by another company.

[49] SAB at 26.

2. RBC's request for indemnification by SKF of its costs occasioned by Peer's actions is DENIED;

3. SKF's request that the Panel reconsider its Interim Award is DENIED;

4. RBC's request for indemnification under paragraph 2 of the Interim Award is DENIED;

5. Paragraphs 1, 3, 4 and 6 of the Interim Award and Order are REAFFIRMED and the remaining paragraphs are moot or are dealt with in this Final Award and Order; and

6. Each party is to pay its own costs, expenses and attorneys' fees. The administrative filing fees of the AAA, totaling $3,625.00, and the fees and expenses of the arbitrators, totaling $401,636.53, shall be borne as incurred

7. This Award is in full settlement of all claims and counterclaims submitted to this Arbitration. All claims not expressly granted herein are hereby, denied.

8. This Award may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute together one and the same instrument.

FOR THE MAJORITY:

Arlin M. Adams, Chairman

E. Norman Veasey, Arbitrator

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