

Docket No. 10-55624 (consolidated with No. 10-55976)

IN THE
UNITED STATES COURT OF APPEALS
FOR THE
NINTH CIRCUIT

CELS ENTERPRISES, INC., a New York Corporation, **ROBERT GOLDMAN**, an individual,

Defendants-Counterclaimants-Appellants,

v.

ROCK AND ROLL RELIGION, INC., a California Corporation,

Plaintiffs-Counterdefendants-Appellees.

ROCK AND ROLL RELIGION, INC., a California Corporation,
and **DEFIANCE U.S.A., INC.**, a California Corporation,

Plaintiffs-Counterdefendants-Appellees,

v.

CELS ENTERPRISES, INC., a New York Corporation, **ROBERT GOLDMAN**, an individual,

Defendants-Counterclaimants-Appellants.

Appeal from a Decision of the United States District Court for the Central District of California
Case No.: 09 CV 05258 R (PLAx)

RESPONSE BRIEF OF APPELLEES
ROCK AND ROLL RELIGION, INC. AND DEFIANCE U.S.A., INC.

THE LAW OFFICES OF SHAWN A. MCMILLAN, A.P.C.
SHAWN A. MCMILLAN, ESQ. (SBN: 208529)
STEPHEN D. DANER, ESQ. (SBN: 259689)
4955 Via Lapis
San Diego, California 92122

Attorneys for Plaintiffs-Counterdefendants-Appellees **ROCK AND ROLL RELIGION, INC.**
and **DEFIANCE U.S.A., INC.**

CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rules of Appellate Procedure 26.1, Appellees Rock & Roll Religion, Inc. and Defiance U.S.A., Inc., have no parent corporation and no publicly-owned shareholders.

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I. INTRODUCTION

Appellants do not claim any proprietary right in the word “laundry” standing alone. Yet, the only similarity between Appellees’¹ “English Laundry” marks² and Appellants’ “Chinese Laundry” marks is the word “laundry.” Significant third-party usage of the word “laundry” on apparel products in commerce, either standing alone or as part of a composite mark, cannot be denied. Rather, Appellants admit that use of “laundry-formatives” is widespread in the clothing and apparel market. However, they essentially seek to pilfer the common word “laundry” from the public domain which is permeated with numerous marks using a “laundry-formative” in relation to clothing.

Appellants present no evidence of actual confusion between the marks, no expert analysis to determine any potential likelihood of confusion, and ignore the distinguishing trade dress of the marks as they appear in the marketplace.

Appellants failed to meet their burden to show specific facts raising a triable issue as to likelihood of confusion between English and Chinese “laundry.” Summary

¹Rock and Roll Religion, Inc. and Defiance U.S.A., Inc., the declaratory relief plaintiffs and Counterdefendants below shall be referred to hereafter as “Rock&Roll.”

²The Third Amended Counterclaim alleges infringement by Rock&Roll’s marks: 1) English Laundry; 2) English Rose by English Laundry; 3) English Heroes by English Laundry; 4) The People’s Army by English Laundry; 5) Work Shirt by English Laundry; 6) Clean Laundry by English Laundry; 7) The Chelsea Boot Company by English Laundry; 8) Washable Shoes by English Laundry; 9) English Laundry Forged Metal.

judgment was appropriately granted.

II. JURISDICTIONAL STATEMENT

The core action arises under the Lanham act. The Notice of Appeal was timely filed.

III. STATEMENT OF ISSUES TO BE PRESENTED FOR REVIEW

1. Whether the uncorroborated and self-serving declarations of Appellants are sufficient to raise a triable issue of material fact warranting reversal of the District Court's Judgment where those declarations are self-controverting;
2. Whether Appellants' motion for partial summary judgment was moot in light of the District Court's finding that there was no likelihood of confusion between the marks.
3. Whether in light of Appellants' admissions before the United States Patent and Trademark Office ("USPTO") regarding the widespread use of "laundry formatives," among other things, the District Court was correct in its finding that Appellants' counterclaim was "exceptional," thereby entitling Rock&Roll to recover its attorneys' fees.

IV. STATEMENT OF THE CASE

On November 4, 2008, Appellants served a demand letter on Rock&Roll

accusing it of infringing on Appellants' marks. (SER II, 368-369).³ On November 24, 2008, Appellants filed a Petition for Cancellation of the English Laundry mark with the USPTO. (AER V, 766-777).

Rock&Roll filed its suit for declaratory relief December 18, 2008, in the U.S. District Court (Southern District). (AER V, 752-756). On March 9, 2009, Appellants filed their answer and Counterclaims alleging Rock&Roll infringed the Chinese Laundry and CL Chinese Laundry marks. (AER V, 735-751).

Rock&Roll filed a motion to dismiss under F.R.C.P., Rule 12(b)(6) on March 30, 2009.⁴ (Docket #16). On April 20, 2009, Appellants amended their Counterclaim. (Docket #23; AER V, 718-734). On April 28, 2009, Appellants moved to transfer the case to the Central District. (Docket #27). The case was transferred on July 21, 2009. (Docket #36).

On September 28, 2009, by stipulation, Appellants filed their Second Amended Counterclaim adding Defiance U.S.A., Inc. as a party.⁵ (AER V: 700-717). Rock&Roll moved to dismiss the Counterclaim. Appellants opposed the

³Rock&Roll's Supplemental Excerpts of the Record, consisting of three volumes containing pages numbered 1 through 790, shall be referred to herein as "SER."

⁴Concurrently Rock&Roll filed a motion to strike the Answer, which Appellants opposed.

⁵Throughout the remainder of this brief Defiance U.S.A., Inc. and Rock&Roll Religion, Inc. will be referred to as Rock&Roll unless otherwise indicated.

motion. (Docket #45, #53). The motion was granted with leave to amend. (Docket #61).

Appellants Third Amended Counterclaim was filed December 1, 2009. (AER V, 677-699). Rock&Roll again moved to dismiss. Appellants opposed the motion. (Docket #69, #70). On January 4, 2010, the Court converted Rock&Roll's motion to one for summary judgment and ordered the parties to file cross-motions for summary judgment by March 5, 2010. (AER IV, 674:12-24).

Rock&Roll timely filed its summary judgment motion asserting: 1) there was no likelihood of confusion between the English Laundry and Chinese Laundry marks, and 2) Appellants' could not meet their burden to prove a protectable interest in the "Chinese Laundry" mark for goods other than shoes. (Docket #82). Appellants timely filed their cross-motion. (Docket #104). On March 22, 2010 the court found no likelihood of confusion between the marks "English Laundry" and "Chinese Laundry."⁶ The court entered its order on April 20, 2009. (AER I, 9-20). Judgment was entered. (AER I, 6-9). On April 23, 2010 Appellants filed their Notice of Appeal. (AER II, 40-41).

Rock&Roll filed its motion for costs and attorney's fees May 4, 2010. Appellants opposed the motion. (Docket #152, #154). The motion was granted.

⁶The ruling included the related derivative marks of the parties. (AER I, 7:15-21).

(Docket #163). The order was entered June 8, 2010. (AER I, 2-6). On June 17, 2010, Appellants filed their Notice of Appeal of this order. (AER II, 32-33). The two appeals were consolidated.

V. STATEMENT OF THE FACTS

Appellants admit they do not own the word “laundry,” or possess exclusive rights to use it on apparel products. (SER II, 276:12-20). L.C. Licencing, Inc. has registered the “Laundry” mark for clothing. (SER II, 471-472). Moreover, clothing bearing the word “Laundry” is readily available for purchase in commerce. (SER I, 14:14-14:20,85-87).

Importantly, for purposes of this Court’s analysis, the use of “Laundry-formatives” is very widespread, and “Laundry” is in common use by many clothing manufactures. (AER IV, 588-589; SER I, 18-89; SER III, 678-689). Presently, numerous trademarks include the word “Laundry.” (SER II, 277:11-25; USPTO List: SER II, 350-351).

Rock&Roll’s first use of “English Laundry” in commerce occurred May 30, 2000. The “Chinese Laundry” mark concurrently existed in commerce. (SER I, 109:15, 152; 119:15-16). These marks have coexisted for a decade without any known instances of actual confusion between them. (SER II, 291:15-292:1, 296:14-24, 297:2-17, 298:23-299:21, 300:3-301:2, 302:2-303:8). Despite the

absence of actual confusion, Appellants did not conduct an expert survey to establish likelihood of confusion between the marks. (SER II, 328:2-18, 330:6-24). Rock&Roll's use of its "English Laundry" marks has had no impact on the Appellants sales revenue of Chinese laundry products. The opposite is true. Appellants' sales revenue has consistently increased year over year since 2004. (SER III, 526:21-530:25; 531:21-24).

Appellants' primary product under the Chinese Laundry mark are women's designer shoes. (AER II, 59:15-17; SER II, 334:6-12; SER III, 598:7-599:14). Appellants only began to license the Chinese Laundry mark for use on clothing and accessories in 2003. (SER II, 491:(Pg. 15)6-11). Prior to 2003, Appellants used "Chinese Laundry" exclusively on women's shoes and a few promotional items. (SER II, 494:(Pg. 77)9-17).

The "Chinese Laundry" branded products are directed toward fashion motivated young female consumers who want to dress in a very fashionable way. (AER III, 307:5-23; SER II, 485(Pg. 161):3-6). Specifically, Appellants target consumer is a sophisticated fashion conscious twenty-six year old woman. (SER II, 485(Pg. 161):3-6). "Chinese Laundry" products are not marketed, advertised, or directed toward men; nor does the mark appear on men's clothing or apparel. (SER II, 281:10-17).

Rock&Roll advertises, markets, distributes, and sells over ninety percent of its “English Laundry” branded products to men. (AER III, 216:20-21; SER I, 109:16-18). Rock&Roll does not market, advertise, or sell women’s shoes under any of the “English Laundry” marks, nor is there any intent to do so. (AER II, 71:9-10; AER III, 226:16-25). All “English Laundry” products are high quality designer goods. (SER I, 105:9-106:26).

The appearance of the “Chinese Laundry” mark on Appellants’ products (including licensed products) is rigidly controlled as prescribed in Appellants’ “Brand Guide.” (SER III, 521:13-22, 535-588). In most instances the mark appears in conjunction with a bright pink and white floral scene, with an image of a single hummingbird, and/or a black oval with “Chinese Laundry” in white letters. (SER I, 94, 124, 126(hummingbird on button), 128, 130, 132, 134-136; SER III, 564-568, 571, 691-695, 700-716). In contrast, the “English Laundry” marks usually appear with an ornate family crest, an image of the British Union Jack Flag, the words “Elegant, Arrogant, English,” and/or other images or terms relating to “England;” i.e. crowns and English Lions. (SER I, 167-205, 209-217; SER II, 357-366, 371-378, 382; SER III, 721-722, 742-743, 745, 747).

“English Laundry” and “Chinese Laundry” look and sound different. (SER I, 227:25-236:23). “English Laundry” and “Chinese Laundry” are further

distinguished from each other by their distinctive font styles. (SER I, 224:1-225:6).

Rock&Roll and Appellants operate their own “brick and mortar” stores and websites where the other’s products are not sold. (SER I, 221:8-223:15).

However, the internet does not comprise a substantial marketing or advertising channel for Rock&Roll. “English Laundry” products are mostly marketed through personal interaction, print advertisement, and magazines. (SER I, 116:9-11).

Appellants knew “English Laundry” existed in August 2004. (SER II, 272:24-273:8). However, Appellants took *no* action against Rock&Roll until November 2008. (AER V, 766-777; SER II, 368-369). There is no likelihood of consumer confusion between the marks. The District Court properly granted summary judgment.

V. STANDARD OF REVIEW

1. Review of Order Granting Rock&Roll’s Motion for Summary Judgment

The decision to grant summary judgment is reviewed *de novo*. *Survivor Media, Inc. v. Survivor Productions*, 406 F.3d 625, 630 (9th Cir. 2005). A district court may properly grant summary judgment where “no genuine issue” exists regarding likelihood of confusion. See *Thane International v. Trek Bicycle Corp.*,

305 F.3d 894, 901 (9th Cir. 2002).

Importantly, “only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment;” Factual disputes that are irrelevant or unnecessary should not be considered. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986).

A. *Appellants Failed to Meet Their Burden Before the Trial Court, and Fail to Meet Their Burden Here.*

Courts must be mindful of the underlying standards and burdens of proof. See *Anderson*, 477 U.S. at 252. Appellants, as Counterclaimants, bear the burden of proof at trial to show likelihood of confusion. Where the nonmoving party will bear the burden of proof at trial on a dispositive issue, FRCP Rule 56(e) requires that party to “designate specific facts showing that there is a genuine issue for trial.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-324, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986); *Federal Insurance Co. v. Burlington Northern & Santa Fe Railway Co.*, 270 F. Supp. 2d 1183, 1185 (C.D. Cal. 2003).

Appellants had a burden to “do more than simply show that there is some metaphysical doubt as to the material facts.” *Matsushita Electric Industries Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986).

To defeat Rock&Roll's motion, Appellants were required to present "significant probative evidence tending to support the complaint." *Chrysler Corporation v. Vanzant*, 44 F. Supp. 2d 1062, 1067 (C.D. Cal. 1999). A "scintilla of evidence" is not enough, "there must be evidence on which the jury could reasonably find for the [Appellants]." *Anderson*, 477 U.S. at 252.

Moreover where, as here, the parties tell two different stories, one of which is blatantly contradicted by the record, "so that no reasonable jury could believe it," the court should not adopt that version of the facts for purposes of ruling on a motion for summary judgment. *Scott v. Harris*, 550 U.S. 372, 380, 127 S. Ct. 1769, 167 L. Ed. 2d 686 (2007).

B. Only Reasonable Inferences Can Properly be Drawn From the Evidence

It is true that Appellants's evidence is to be believed, and all "justifiable" inferences are to be drawn in their favor. However, there is a limit to the extent of the inferences that may be drawn from the "specific facts" shown; otherwise, Rule 56(e)'s requirement of "'specific facts' would be entirely gutted." *T.W. Electrical Service, Inc. v. Pacific Electrical Contractors Association*, 809 F.2d 626, 631 (9th Cir. 1987).

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C. The Court Should Disregard Appellants' Uncorroborated and Self-Serving Testimony

This court has refused to find a 'genuine issue' where the only evidence presented is "uncorroborated and self-serving' testimony." *Villiarimo v. Aloha Island Air, Inc.*, 281 F.3d 1054, 1061 (9th Cir. 2002). No triable issue should be found where "[Appellants'] claim is supported solely by [their] own self-serving testimony, unsupported by corroborating evidence, and undermined either by other credible evidence, physical impossibility or other persuasive evidence." *Johnson v. Washington Metro. Area Transit Authority*, 883 F.2d 125, 128 (D.C. Cir. 1989). Here, Appellants evidence is internally contradictory, as described in greater detail below. This evidence, particularly the self-serving declaration of Myrian Nogueira, cannot raise a triable issue.

2. Review of Order Deeming This Case "Exceptional" and Awarding Attorney's Fees

The District Court's determination of the amount of attorney's fees awarded is reviewed for abuse of discretion. See *Stephen W. Boney, Inc. v. Boney Services, Inc.*, 127 F.3d 821, 825 (9th Cir.1997). The determination of whether a case is "exceptional" is reviewed *de novo*. *Id.*

VII. SUMMARY OF THE ARGUMENT

There is no likelihood of confusion between any English Laundry mark and

any Chinese Laundry Mark. This case is exceptional in its utter lack of any merit. Not only do Appellants fail to show any likelihood of confusion between the marks, but they also fail to establish a protectable trademark interest for any goods, other than shoes.

Appellants' admitted to the USPTO that the "laundry" designation is highly suggestive of clothing because of the widespread use of differing laundry-formatives, in the clothing field. These admissions undercut Appellants' arguments here. The clothing and apparel market is permeated with other "laundry" marks – and Appellants' know it. The field is crowded in every sense of the word. Hence, any mark using the word "laundry" is inherently weak, as least insofar as that mark is applied to apparel.

A direct comparison of the English Laundry and Chinese Laundry marks, in their entirety and as they appear in the marketplace, obviates any claim of similarity between them. The marks are distinguished through the use of the parties' particularized accompanying trade dress, among other things.

The English Laundry mark is not a new mark, rather it has coexisted in commerce with the Chinese Laundry mark for ten years. After such an appreciable length of time, it is telling that there are no known instances of actual confusion between the marks. Nor is there any evidence that Appellants have experienced a

decrease in sales or lost any customers due to the existence of the English Laundry mark. This lack of actual confusion is due, in part, to the high degree of care used by consumers when purchasing English Laundry and Chinese Laundry designer products.

The District Court's granting of summary judgment and awarding of attorney's fees was appropriate. This Court should affirm this order.

VIII. ARGUMENT

1. **Appellants' Attack on The Court's Evidentiary Rulings is Unsupported and Therefore Waived**

This Court should "not consider any claims that were not actually argued in appellant's opening brief." *Independent Towers of Washington v. Washington*, 350 F.3d 925, 929 (9th Cir. 2003). Rather the Court should "review only issues which are argued specifically and distinctly in a party's opening brief."

Significantly, "[a] bare assertion of an issue does not preserve a claim." *Id.* at 929. Appellants' cannot preserve an issue by raising it in a footnote.

Appellants' Opening Brief does not specifically and distinctly argue that Rock&Roll's evidence is "irrelevant or inadmissible," nor does Appellants' Opening Brief cite to any legal authority supporting such a proposition.

(Appellants' Opening Brief, Pg. 32-33). Because Appellants fail to point out any

purported error – or abuse of discretion – by the District Court in its evidentiary rulings, the issue is waived. *Independent Towers of Washington v. Washington*, 350 F.3d at 930 (“the Federal Rules of Appellate Procedure require the opening brief to contain the ‘appellant's contentions and the reasons for them, with citations to the authorities and parts of the record on which the appellant relies.’”)

2. There is No Likelihood of Confusion Between the English Laundry and Chinese Laundry Marks

To evaluate any purported likelihood of confusion, Courts analyze the following factors: (1) strength of the mark; (2) relatedness or proximity of goods; (3) similarity in appearance, sound, and meaning; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) Defendants’ intent in selecting the mark, and; (8) likelihood of expansion of the product lines. *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-349 (9th Cir. 1979).

The test is a pliant one; some factors are much more important than others, and the relative importance of each individual factor is case-specific. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999). Furthermore, “it is often possible to reach a conclusion with respect to likelihood of confusion after considering only a subset of the factors.”

Id. at 1054; see also *Thane International v. Trek Bicycle Corp.*, 305 F.3d 894, 901 (9th Cir. 2002).

In arguing summary judgment is appropriate “only” where the products or marks are entirely dissimilar, Appellants misinterpret *Brookfield* and *Universal Studios, Inc. v. Nintendo Co., Ltd.*, 746 F.2d 112 (2nd Cir. 1984). (Appellants’ Opening Brief, Pg. 18). These cases stand for no such thing. Rather, they teach that where two marks are entirely dissimilar the remaining *Sleekcraft* factors need *not* be considered because there can be no likelihood of confusion.⁷ See *Brookfield Communications, Inc.*, 174 F.3d at 1054; see also *Universal City Studios, Inc.*, 746 F.2d at 116 (“summary judgment is appropriate if the court is satisfied that the products or marks are so dissimilar that no question of fact is presented.”).

Appellants’ reliance on *White v. Samsung Electronics Am.*, 971 F.2d 1395, 1401 (9th Cir. Cal. 1992) is also misplaced as that Court went to great lengths to refrain from creating a rule of general application to preclude summary judgment in every case: “[W]e stress that we reach this conclusion in light of the peculiar facts of this case.” (*Id.*)

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⁷ *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 633 (9th Cir. 2008) held this language as dicta, but *Brookfield Communications, Inc.* has not been overruled.

A. *Appellants' Admissions to the USPTO are Powerful Evidence Against Them*

Appellants admitted to the USPTO that the use of “laundry formatives” was widespread, and that the term “laundry” had no “*source indicating significance*,” among other things. (AER IV, 623-624; emphasis added). These statements were truthfully made. (SER II, 319:7-18, 320:2-17). Yet, Appellants take a completely contradictory position here, and this Court should weigh Appellants’ 180 degree reversal against it. *Brookfield Communications, Inc.*, 174 F.3d at 1054.

i. The “Laundry” Designation is Highly Suggestive of Clothing Because of the Widespread use of Differing Laundry-Formatives, in the Clothing Field

In 2004 and 20005, the USPTO initiated two office actions against Appellants. The USPTO initially refused the registration for the mark “Little Laundry” and “CL by Laundry” because it perceived a likelihood of confusion with the marks “Laundry” and “Laundry Leather.” (AER IV, 577-575; and 578). To obtain these registrations, Appellants were required to file formal responses. (AER IV, 572-575, 577-584). Appellants’ admissions are important because they address the use of “laundry-formatives” in other trademarks in the same marketplace.

Appellants authorized their attorney to act as their attorney-in-fact to

specifically prosecute and address any issues associated with the federal trademark registration applications for “Little Laundry” and “CL by Laundry.” (AER IV, 595-596, 627-628; SER II, 304:9-14, 317:6-25). Appellants attorney-in-fact filed formal responses to the office action. (AER IV, 586-620, 622-670; SER II, 305:22-25, 306:5-21, 319:1-18).

Appellants’ response to the USPTO affirmatively stated that there was no likelihood of confusion between “Little Laundry” and “Laundry” because: (1) the use of “Laundry-formatives in the field of clothing is very widespread, (2) the only common element - “Laundry” is in common use by many clothing manufactures and is reasonably to be considered as highly suggestive of clothing and “weak” in determining likelihood of confusion, (3) “Laundry,” per se, is a weak mark, and is not entitled to a wide scope of protection against a mark which differs, in commercial impression, when viewed in its entirety, (4) the “Laundry” designation is highly suggestive of clothing because of the widespread use of differing Laundry-formatives, in the clothing field; the marks are clearly different in terms of sound, appearance, meaning, and commercial impression. (AER IV, 588-590). Appellants, further affirmed that there was no likelihood of confusion between “CL by Laundry” and “Laundry Leather” because: (1) the only term in common –Laundry– is widely used in the clothing field, and has, by itself, “little, if any,

source - indicating significance.” (AER IV, 623).

These statements by Appellants may be held against them to show a “crowded market.” *Freedom Card, Inc. v. JP Morgan Chase & Co.*, 432 F.3d 463, 476 (3d Cir. Del. 2005). Appellants’ own representations to the USPTO severely undercut their current arguments; and should not simply be ignored. *Petro Stopping Ctrs., L.P. v. James River Petroleum*, 130 F.3d 88, 94 (4th Cir. 1997); *Broadcasting Publications, Inc. v. Burnup & Sims, Inc.*, 582 F. Supp. 309, 315 (S.D. Fla. 1983). There is no need for this Court to ponder whether or not Appellants’ statements are true as of today, as in *Hansen Beverage Co. v. Cytosport, Inc.*, 2009 U.S. Dist. LEXIS 120508, 24 (N.D. Cal. 2009), because Appellants have admitted that they are. (SER II, 277:11-25). Appellants also affirmed their obligation to be honest with the USPTO, and that their statements were true. (SER II, 319:7-18, 320:2-17);

Appellants’ prior statements to the USPTO constitute evidentiary admissions. As a general rule statements made by an attorney authorized by a party to mark a statement or concerning a matter within his scope of employment may be admissible against the party retaining that attorney. Fed. R. Evid. 801(d)(2)(c)-(d). As Appellants’ voluntarily chose an attorney as their representative in USPTO actions, they cannot avoid the consequences of the acts

of their freely selected agent. *Link v. Wabash R. Co.*, 370 U.S. 626, 633 - 634, 82 S. Ct. 1386, 8 L. Ed. 2d 734 (U.S. 1962). They should be bound by their prior statements.

B. Appellants' Marks are Rendered Weak by the "Crowded Field" of Laundry Marks That Permeate the Marketplace

Appellants argue that the District Court failed to properly evaluate the strength of the Chinese Laundry mark, in that it ignored their evidence on the issue. (Appellants' Opening Brief, Pg. 29). Not so. The District Court evaluated the evidence before it and found the mark to be suggestive. (AER I, 15:5-9). However, the strength of the Chinese Laundry mark is necessarily diminished by the crowded field of other "laundry" marks that permeate the marketplace. (See AER I, 15:10-18). Appellants proffered no controverting evidence on this point.

i. Appellants' Failed to Establish Actual Marketplace Recognition of their "Chinese Laundry" Mark

"[S]uggestive marks are presumptively weak." *Brookfield Communications, Inc.*, 174 F.3d at 1058. To overcome this presumption Appellants were required to present sufficient evidence to establish "actual marketplace recognition" of the Chinese Laundry mark; e.g. substantial advertising expenditures. *Id.* at 1058.

Appellants contend that substantial sums were invested "to advertise and promote the CHINESE LAUNDRY Marks," and that "Appellants advertise their

products in a variety of national fashion magazines and at annual trade shows.” (Appellants Opening Brief, Pg. 31). However, this evidence is in the form of uncorroborated and self-serving conclusions. (AER II, 192: 6-10; 349:23-350:8). This type of “evidence” does not create a genuine issue of material fact. *Villiarimo*, 281 F.3d at 1061. The absence of corroborating evidence is particularly notable, because Appellants’ advertising expenditures, sales volume figures, and marketing records evidencing the extent and type of promotion of the Chinese Laundry brand, were available. Yet, for whatever reason, Appellants did not provide this evidence to the District Court. Tellingly, as late as 2005, Appellants’ Marketing Director, Jack Tauber, stated that no money was spent on advertising. (SER III, 628:3-10).

Appellants’ rely on *Fortune Dynamics, Inc. v. Victoria's Secret Stores Brand Mgmt.*, for the proposition that their uncorroborated self-serving conclusions are sufficient to raise a triable issue. (Appellants Opening Brief, Pg. 31). Their reliance is misplaced. In *Fortune Dynamics* the record contained specific evidence detailing the Plaintiff’s advertising and marketing expenditures (\$350,000.00 per year), their sales volume figures between 2005-2007 (12,000,000 pairs of shoes sold); and evidence of advertisements in twelve fashion magazines. *Fortune Dynamics, Inc.*, 2010 U.S. App. LEXIS 17269, 19 (9th Cir.

2010). The record before this Court lacks the detailed and specific evidence present in *Fortune Dynamics, Inc.*, because Appellants failed to meet their burden to provide “specific facts” to support their self serving and conclusory declarations.

ii. *Appellants Have no Survey Data to Suggest a Likelihood of Consumer Confusion*

Appellants’ cannot rely on the declaration testimony of Christopher Lowery. He’s not an expert. There is no evidence in this record to suggest Lowery is competent to offer any form of expert opinion. (SER III, 620:15-20).

Moreover, there is no foundation to suggest that his survey is either admissible or otherwise meaningful in any regard as it was not conducted for the purpose of establishing consumer confusion. Perhaps more importantly, Appellants’ failed to identify Christopher Lowery as a potential witness or potential expert witness as to any issue in their FRCP, Rule 26(a) initial disclosures. (SER I, 2:10 - 3:11).⁸ The time within which to designate expert witnesses and provide expert witness reports passed on February 3, 2010. FRCP 26(a)(2)(C)(I); (SER I, 7).

Nonetheless, what Lowery did discover, and admit is telling. Appellants’

⁸ Appellants’ Rule 26(a) initial disclosures were never supplemented during the entirety of this case.

marks “Chinese Laundry” and “CL by Laundry” were two of the brands subject to Lowery’s shopper, retail salesclerk, and retail purchasing agent interviews. (AER II, 129:10-15). From these interviews, Lowery concluded that people did not recognize Appellants’ two “laundry” marks as emanating from a single source. (SER III, 615:6-616:9).

iii. Appellants Chinese Laundry Marks Exist in a Crowded Field of “Laundry” Marks on Clothing and Apparel

The strength of a trademark is further evaluated in relation to other marks in the marketplace. Under the “crowded field” doctrine, “[w]hen similar marks permeate the marketplace, the strength of the mark decreases.” *One Industries, LLC. v. Jim O’Neil Distributing, Inc.*, 578 F.3d 1154, 1164 (9th Cir. 2009). A mark “hemmed in on all sides,” as is the case here, cannot be very ‘distinctive.’ “It is merely one of a crowd of marks.” *Miss World (UK) Ltd. v. Mrs. Am. Pageants, Inc.*, 856 F.2d 1445, 1449 (9th Cir. 1988), abrogated in part on other grounds as recognized in *Eclipse Assocs. Ltd. v. Data Gen. Corp.*, 894 F.2d 1114 (9th Cir. 1990)(quotations omitted).

The record is replete with representative samples of clothing and apparel products that are sold and marketed under labels that include the term “laundry,” including: (1) “G Great Laundry” (SER I, 9:2-10:24; SER I, 17-25 and 30-37); (2)

“Crystalline by Laundry” (SER I, 9:21-26; SER I, 27-28); (3) “Coin Laundry” (SER I, 12:13 - 13:26; 55-75); (4) “White Laundry” (SER I, 10:25-12:12; 39-53); (5) “New York Laundry” (SER I, 13:27-14:6; 77-79); (6) “Laundry Industry” (SER I, 14:7-13, 81-83); (7) “Laundry” (SER I, 14:14-14:20; 85-87); (8) “Laundry by Shelli Segal” (SER III, 675:11-17; 682-689); (9) “French Laundry” (SER III, 675:11-17; 678-680); (10) “English Laundry” (SER I, 164-207); and (11) “Chinese Laundry” (SER I, 124-136). Rock&Roll was even able to proffer evidence showing that substantial amounts of “Coin Laundry” branded products were sold to some of the same outlets where English and Chinese Laundry products are sold, i.e. Nordstoms. (SER III, 657-673).

In such a crowd of related marks, prospective customers are “not likely be confused between any two of the crowd and may have learned to carefully pick out one from the other.” *Miss World (UK), Ltd.*, 856 F.2d at 1449.

Appellants’ incorrectly assert that *Moose Creek, Inc. v. Abercrombie & Fitch Co.*, 331 F.Supp.2d 1214, 1224 (C.D. Cal. 2004), holds “the existence of third party marks is relevant only to the extent that it shows . . . the marks are recognized by consumers in the market place.” (Appellants’ Opening Brief, Pg. 32). This modifying language appears nowhere in the *Moose Creek, Inc.* decision. Even *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F2d 1167 (2d Cir 1976)

(cited by Appellants) does not favor Appellants' position here. *Scarves by Vera, Inc.* turned on the District Court's finding that the "VERA" mark was weakened solely by the existence of third party "registrations." *Id.* at 1173-1174. Unlike the record before this Court, there was *no* evidence of actual third party usage in *Scarves by Vera, Inc.*

Furthermore, Appellants incorrectly assert that "Chinese Laundry" is the only "Laundry" mark appearing on shoes. (Appellants' Opening Brief, Pg. 33). The record shows women's shoes are also sold under the mark "Laundry by Shelli Segal," and that, Appellants are aware of this fact. (SER III, 675:18-27; 686-689).

iv. Evidence of Federal Trademark Registrations are Relevant to Prove That a Common Element of a Composite Mark is Relatively Weak

Federal Trademark registrations are relevant to prove that some segment of the composite marks in question "has a normally understood and well-recognized descriptive or suggestive meaning, leading to the conclusion that that segment is relatively weak." *First Savings Bank, F.S.B. v. First Bank Systems*, 101 F.3d 645, 654 (10th Cir. 1996).

The record includes sixteen additional Federal Trademark Registrations or published applications for trademarks that include the term "laundry" for use on clothing and apparel products: See (1) "Money Laundry," (2) "Summa Cum

Laundry,” (3) “Vintage Laundry,” (4) “Naked Laundry,” (5) “Detroit Laundry Company,” (6) “Clean Laundry,” (7) “T-Shirt Laundry,” (8) “Gym Tan Laundry,” (9) “French Laundry,” (10) “Dirty Laundry,” (11) “Laundry by Shelli Segal,” (12) “N.Y.L. New York Laundry,” (13) “Mondays Laundry,” (14) “Laundry Industry,” (15) “Laundry,” and (16) “Coin Laundry.” (SER II, 418-474).

This Court may properly consider these registrations as uncontroverted evidence that the “laundry” segment of the Appellants’ composite mark has a normally understood or well-recognized meaning. Such wide use of laundry formatives renders Appellants’ marks relatively weak.

C. The English Laundry and Chinese Laundry Marks are Dissimilar as Presented in The Marketplace

“[T]he similarity of the marks -- has always been considered a critical question in the likelihood-of-confusion analysis.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000). The “court assesses the similarity of marks in terms of their sight, sound, and meaning” and “in their entirety and as they appear in the marketplace.” *Brookfield Communications, Inc.*, 174 F.3d at 1054. The District Court performed this analysis and found in Rock&Roll’s favor. (AER I, 13:7-8). The District Court further held that the prefatory words “English” and “Chinese” are very distinct in sight, sound, and meaning; and do not

create a likelihood of confusion. (AER I, 16:16-22; citing *SG Services Inc. v. God's Girls Inc., et al.*, 2007 U.S. Dist. LEXIS 61670, 18 (C.D. Cal. 2007).).

Appellants' Opening Brief merely restates its argument before the District Court: "Both [marks] contain the identical term "LAUNDRY" modified by a single-word description of national origin," hence, *ipso facto*, there is a likelihood of confusion. (Appellants Opening Brief, Pg. 39). The law does not support this proposition. Just because the English and Chinese Laundry marks contain the identical word "laundry" does not make them 'similar' for purposes of assessing likelihood of confusion. See *Mattel, Inc. v. MCA Records, Inc.*, 28 F. Supp. 2d 1120, 1147 (C.D. Cal. 1998).

Appellants' argument does not consider the marks in their entirety. Instead, they seek to inappropriately juxtapose only fragments of each mark, the common word "laundry" – then claim they are confusingly similar; but this does not demonstrate that the marks as a whole are confusingly similar. See e.g. *Universal City Studios, Inc.*, 746 F.2d at 117. Appellants ignore the evidence showing how the English and Chinese Laundry brands appear in the marketplace; and go so far as to deny the existence of 'secondary design elements,' and the importance of their own "Brand Guide." (Appellants' Opening Brief, Pg. 37); (SER III, 512:14-513:3, 521:13-22, 535-588).

Even *Hansen Beverage Co. v. Cytosport, Inc.*, does not support Appellants' arguments when read in conjunction with the evidence. (Appellants' Opening Brief, Pg. 35). There, in comparing the marks "Monster Energy" and "Monster Milk," in their entirety, the court recognized a similarity in the marks' font and background, and gave great weight to the fact that each mark lead with the same words, i.e. "Monster." *Hansen Beverage Co. v. Cytosport, Inc.*, 2009 U.S. Dist. LEXIS 120508, 37 (N.D. Cal. 2009). A circumstance that does not exist here. Regardless, the use of a similar term by two trademarks, does *not* – on its own – raise a question of fact on the likelihood of confusion. *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 118 (2d Cir. 1984)(Summary judgment upheld on appeal for the Defendant in trademark infringement between "King Kong" and "Donkey Kong.").

Appellants reliance on *Pacific Telesis Group v. International Telisis Communications*, 994 F.2d 1364 (9th Cir. 1993), and their footnote citations do not offer much guidance as those cases are distinguishable. (Appellants' Opening Brief, Pg. 35-36). Moreover, Appellants' footnote string citation fails to address or acknowledge the factual case specific differences; *i.e.* the only usage of the word "*Telesis*" in modern times is in connection with Pacific Telesis Group, so the mark was considered arbitrary and afforded high level of protection. *Pacific*

Telesis Group, 994 F.2d at 1369. Similar differences are present in each of the Appellants' footnoted cases.

i. *The English Laundry Marks and the Chinese Laundry Marks Compared in Their Entirety are Visually Dissimilar*

Because any likelihood of confusion in this case would occur as consumers select clothing at the point of purchase, i.e. inside a store or during online browsing, sight is significantly more important when comparing these marks than sound or meaning. See *One Industries, LLC*, 578 F.3d at 1162. The marks are to analyzed under the "subjective eyeball test." *Miss World (UK), Ltd.*, 856 F.2d at 1451. "[I]n considering the degree of similarity between the two marks, courts should analyze each mark within the context of other identifying features." *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 633 (9th Cir. 2005).

The appearance of Chinese Laundry with its accompanying trade dress in the marketplace is established in the record. For example, Appellants' employ and ensure compliance with a rigid branding guide that prescribes how the Chinese Laundry marks are to be presented to consumers in the marketplace. (SER III, 521:13-22, 535-588). The role of the Appellants' Brand Guide is to promote consistency of appearance of the Chinese Laundry marks; this includes the use of a hummingbird, the unifying symbol for all Chinese Laundry brands. (SER III,

537-538). The Chinese Laundry core logo consists of the customized logo typeface, accompanied by the hummingbird icon; this core logo is used whenever possible. (SER II, 416; SER III, 541). An alternative cartouche core logo contained within a black oval is also used to prevent background interference. (SER III, 548-549). Composed key artwork that incorporates all branding elements upon an elaborate pink and white floral scene depicting a woman's face is also used. (SER III, 554).

Appellants rely on their own self-serving and uncorroborated testimony when they suggest the Chinese Laundry marks appear in the marketplace "unadorned" by their trade dress. (Appellants' Opening Brief, Pg. 37). The only support for this proposition comes from the conclusory and self serving declaration of Appellants' FRCP 30(b)(6) deponent, Myrian Nogueira. Nogueira's testimony is directly contradicted by the photographs of Chinese Laundry products appearing in the record – some of which were adduced by Appellants themselves. Specifically, the Chinese Laundry marks and accompanying trade dress appear: (1) on product hangtags (SER I, 124, 126, 130; SER III, 700-708); (2) on the Appellants' website (SER I, 134-136); (3) on the Appellants' shoeboxes (SER I, 94; SER III, 564-566, 694-695, 709-712); (4) on Appellants' shopping bags (SER III, 571, 694-695); (5) on Appellants' store front

signage (SER III, 691-693); (6) on Appellants' product packaging (SER III, 713-716); (7) in Appellants' advertisements (SER III, 567-568); and (8) is even integrated into Appellants products, e.g. front button of jeans and sunglasses carrying case (SER I, 128, 132). In light of the foregoing evidence, Appellants' self-serving (and self-controverted) declarations are insufficient to raise an issue of material fact. See *Villiarimo*, 281 F.3d at 1061.

Appellants also claim that the English Laundry marks "often appear in the marketplace . . . completely unadorned by any secondary elements." (Appellants' Opening Brief, Pg. 37). This is simply not true. The English Laundry marks appear in the market place alongside several identifying features; e.g. an "English Laundry" crest, the British Union Jack Flag, the slogan "Elegant, Arrogant, English," other images relating to "England," i.e. royal crown, English lions, and the name of the designer "Christopher Wicks" (SER I, 107:17-22, 108:8-12, 109:19-25; 110:4-7, and 107:10-12). The inclusion of "by Christopher Wicks" is important, because "[w]hen a challenged mark is accompanied by the logo of the manufacturer, confusion is unlikely." *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 633 (9th Cir. 2005); (SER I, 107:10-12; 110:8-17).

The English Laundry marks also appear with the accompanying trade dress in the marketplace on: (1) product hangtags (SER I, 175, 189-191, 201; SER II,

382; SER III, 742-743, 745); (2) on the Rock&Roll's website (SER II, 357-366); (3) on clothing labels (SER III, 721-722); (4) on the Appellees' store signage (SER I, 205); (5) in Appellees' advertisements (SER II, 371-377); (6) on Appellees' product packaging (SER I, 179-187; SER III, 747); and (7) is integrated into Appellees' clothing and apparel products themselves (SER I, 167-177, 189, 193-199, 203-205, 209-217; SER II, 378; SER III, 747).

Comparison of the visual appearance of two marks can involve consideration of color of lettering and/or background, font or typeface, and the overall style or appearance of the marks. *PlayMakers, LLC v. ESPN, Inc.*, 297 F. Supp. 2d 1277, 1282 (W.D. Wash. 2003); affirmed by *PlayMakers LLC v. ESPN, Inc.*, 376 F.3d 894 (9th Cir. 2004). The evidence here shows, that the two marks employ a different font and typeface. Appellants admit this. (SER I, 224:1-225:6).

The distinct trade dress that accompanies each mark highlights the uniqueness and separation between the English and Chinese Laundry marks. It would be incongruent with established law to isolate the word laundry and hold that a similarity exists where, as identified above, a clear distinction can be drawn between the marks with a glance at the accompanying trade dress as they appear in the marketplace.

ii. The Marks, When Read Aloud Sound Totally Different

The sound analysis considers whether the two marks bear a phonetic similarity. *Miss World (UK), Ltd.*, 856 F.2d at 1451. In accordance with the anti-dissection rule the marks cannot be viewed in their component parts, rather the phonetic similarity examines the marks in their entirety. *Official Airline Guides v. Goss*, 6 F.3d 1385, 1392 (9th Cir. 1993).

A phonetic examination of the English and Chinese laundry marks as a whole reveals no similarity in sound. The mere fact that the marks feature the commonplace term “Laundry” does not create a phonetic similarity; rather the prefatory words “Chinese” and “English” possess very distinct sounds and render the marks as a whole dissimilar. *SG Services Inc. v. God's Girls Inc.*, 2007 U.S. Dist. LEXIS 61970 (C.D. Cal. 2007).

Moreover, Appellants’ admit that English Laundry and Chinese Laundry are phonetically different. (SER I, 227:25-232:23). Appellants’ are unable to escape this admission. Pursuant to FRCP 36(b) a parties admission in response to a request for admission is “conclusively established.” *999 v. C.I.T. Corp.*, 776 F.2d.2d 866 (9th Cir. 1985).

iii. The Marks Have Distinct Meanings

Whether a similarity in meaning exists can be determined through an

examination of the “psychological imagery evoked by the respective marks.”

Vornado, Inc. v. Breuer Electric Manufacturing Co., 390 f.2d 724, 728 (C.C.P.A. 1968). Many people view China as the epitome of eastern culture and one of the last remnants of Communism, while in stark contrast England is viewed as a staple of western culture and renown for its Parliamentary Democracy. (SER I, 106:27-107:9)

In addition, the phrase “Chinese Laundry” is a commonly understood stereotype that laundry services are operated by people of Chinese ancestry. Appellants recognize this stereotype, and used it in the creation of the “Chinese Laundry” mark. (AER III, 303:1-9). Of note, the yellow pages list four laundry services in the Los Angeles area that use the stereotypical phrase “Chinese Laundry” in the name of their business. (SER III, 730).

This Court may also use standard dictionary definitions in determining the meaning of a mark. *Hancock v. American Steel & Wire Co.*, 203 F.2d 737, 740, 40 C.C.P.A. 931(C.C.P.A. 1953). The standard dictionary definitions of the dominant prefatory words “English” and “Chinese” possess entirely different meanings, as Appellants admit. (SER I, 226:12-24; SER III, 735-738).

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D. The Lack of Survey Data Coupled With the Lack of Actual Confusion Between the Marks Indicates There is No Likelihood of Confusion

Appellants are correct that “failure to prove instances of actual confusion is not dispositive against a trademark plaintiff.” *Brookfield Communications, Inc.*, 174 F.3d at 1050. However, the absence of evidence of actual confusion can be weighed *heavily* “when the particular circumstances indicate that such evidence should have been available.” *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 353 (9th Cir. 1979). In other words, the “lack of evidence about actual confusion after an ample opportunity for confusion can be a powerful indication that the junior trademark does not cause a meaningful likelihood of confusion.” *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 843 (9th Cir. 2002)(citations omitted); 3 *McCarthy* 23:18; see also *Brookfield Communications, Inc.*, 174 F.3d at 1050.

The English Laundry mark has been used in commerce for nearly a decade. (AER III, 252:9-18; AER III, 254:4-10; SER I, 109:15, 152). For the entirety of this period, the Chinese Laundry mark has been in existence. (AER. II, 59:13-14). After a decade of coexisting in commerce, Appellants admit there have been no instances of actual confusion between any English Laundry mark and any Chinese Laundry mark. (SER II, 291:15-292:1, 297:2-17, 296:14-24, 298:23-299:21, 300:3-301:2, 302:2-303:8). The full impact of Appellants’ admission is

significant. Over the last decade no wholesaler buyer, retail buyer, magazine editor, reporter, customer, competitor, courier, advertiser, and/or anybody else for that matter, expressed any actual confusion between the marks. (SER II, 291:15-292:1, 296:14-24, 297:2-17, 298:23-299:21, 300:3-301:2, 302:2-303:8).

Appellants suggest a decade of coexistence in commerce without consumer confusion should be ignored. They argue the Court should focus only on the two and a half year period after October 2007, when “English Rose by English Laundry” was first used on women’s clothing. (Appellants’ Opening Brief, Pg. 41 - 42; AER III, 258:14-18; SER I, 156). Appellants’ argument is not tenable for two reasons: (1) a two and a half year period is ample time for any actual confusion, let alone a single instance, to occur, but there have been no reported instances of actual confusion during this period, and (2) notably, for the decade that the marks coexisted in commerce, the Appellants received no inquiry, comment, letter, or email that related to expansion of the Chinese Laundry mark into men’s apparel.

There is no set cutoff for what constitutes an appreciable length of time. While *Brookfield* stated five years was enough, other courts found three years sufficient; “no evidence of confusion for over a three-year period, during which substantial sales occurred, is a strong indicator that the likelihood of confusion is

minimal.” *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1006 (2d Cir. 1983). Regardless, some evidence of actual confusion should have become available if the marks were sufficiently similar. Yet, Appellants fail to provide even a single consumer or retailer who has been confused.

The lack of any actual confusion over nearly a decade, is a powerful indication that no likelihood of confusion exists between the English and Chinese “laundry” marks. The District Court correctly evaluated the absence of confusion, recognized the appreciable length of time for any instance of actual confusion to develop, and properly weighed this factor heavily in favor of Rock&Roll. (AER I, 16:24-17:7).

Appellants’ failure to conduct a consumer survey when they knew there was no actual confusion between the marks – and their failure to designate a corresponding expert – is significant. (SER I, 3:1; SER II, 322:10-15; 323:15-16; 323:24-328:18). Appellants are a substantial corporation with the means to undertake such a survey or perform an investigation to establish consumer confusion. Yet, in the intervening seventeen months since Appellants’ filed their petition for cancellation before the USPTO, all the way through to the entry of Summary Judgment, Appellants did nothing to marshal evidence essential to prove their claims. (AER V, 766-777). It may be appropriate to infer there is no

likelihood of consumer confusion where survey evidence is absent. See *Universal City Studios v. T-Shirt Gallery*, 634 F. Supp. 1468, 1478 (S.D.N.Y. 1986).

Appellants' bear the burden of proof at trial, yet no survey data exists to suggest a likelihood of consumer confusion exists between the marks, or that any confusion is likely to occur in the future. (SER II, 322:10-15; 323:15-16; 323:24-328:18). Moreover, the use of the English Laundry marks in commerce has not had any impact on the Appellants' sales revenue for any Chinese Laundry branded product. On the contrary, Appellants' sales revenue has "consistently" increased year over year since 2005. (SER III, 328:21-329:16; 330:10-331:22). Nor have Appellants' experienced any loss of customers due to the English Laundry mark. (SER III, 532:10-13, 21-25).

The combination of the absence of actual confusion between the marks, the Appellants' failure to conduct a consumer survey to establish likelihood of confusion, and Appellants' consistent sales revenue growth for Chinese Laundry branded products, strongly suggests there is no likelihood of confusion. *Moose Creek, Inc.*, 331 F.Supp.2d at 1230.

E. Consumers are Likely to Exercise a High Degree of Care When Purchasing English or Chinese Laundry Products

The critical question in the 'degree of care' inquiry is "whether a

‘reasonably prudent consumer’ would take the time to distinguish between the two product lines.” *Survivor Media, Inc. v. Survivor Products*, 406 F.3d 625, 634 (9th Cir. 2005).

A purchaser will be more discerning, and less likely to be confused, when the products being purchased are more expensive. *Brookfield*, 174 F.3d at 1060. The Court should examine the prices of the products in relation to the type of product being purchased. *Garcoa, Inc. v. PH Beauty Labs, Inc.*, 2009 U.S. Dist. LEXIS 125205, 25-26 (C.D. Cal. 2009). For example, the non-sale price of \$125.00 for a men’s button up dress shirt bearing the English Laundry mark is relatively expensive. (AER IV, 495; SER I, 110:14-17). The same can be said for a pair of women’s shoes bearing the Chinese Laundry mark that retail for as much as \$150.00. (AER II, 192:1-2). A customer that is set to purchase a \$125.00 men’s dress shirt or a \$150.00 pair of women’s shoes will be more discerning and utilize a high degree of care. Moreover, English Laundry watches retail for as much as \$360.00; and English Laundry Suits have a non-sale price over \$400.00. (AER IV, 530, 532).

Appellants’ products target fashion motivated young women who “want to dress in a very fashionable way.” (AER III, 108:5-23; SER II, 485(Pg. 161):3-6). This archetypical Chinese Laundry consumer must be ever cognizant of the

rapidly changing fashion world. By definition, *this* woman exercises a higher degree of sophistication when making any clothing, apparel, or shoe purchase.

Moreover, common sense dictates that both clothing and shoes are inherently personal in nature. Customers normally would check shoes and clothing closely – prior to purchase – if for no reason other than to ensure they fit properly.

“[P]ersons purchasing clothing generally exercise a relatively high degree of care.”

Saks & Co. v. Hill, 843 F. Supp. 620, 624 (S.D. Cal. 1993); summarizing *Jordache Enterprises v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1487 (10th Cir. 1987)

“[C]ustomers are likely to exercise a high degree of care in purchasing clothing that costs between fifteen and sixty dollars.”⁹

Customers will exercise a high degree of care when purchasing English Laundry and Chinese Laundry products because both are designer goods. (SER I, 105:9-106:26; SER II, 249; SER II, 339-345; SER II, 334:6-12; SER, III, 598:7-599:14). In *Surfvivor* this Court held that “[n]o clear standard exists for analyzing moderately priced goods, such as non-designer clothing.” *Surfvivor Media, Inc.*, 406 F.3d at 634. In the converse, it makes sense that purchasers of the designer clothes at issue here *are* likely to be discriminating and to exercise a high degree

⁹These prices affixed to English Laundry and Chinese Laundry products exceeds the clothing prices examined in *Jordache*.

of care. This is especially true of a “fashion motivated young woman.” (AER III, 108, ln. 5-23; SER II, 485(Pg. 161):3-6).

Despite Appellants’ protest, the uncontroverted evidence establishes that the English Laundry and Chinese Laundry products are designer goods. (Appellants Opening Brief, Pg. 43). In fact, Appellants’ “person most knowledgeable” testified that Chinese Laundry shoes and apparel are “designer” products. (SER II, 249; SER II, 339-345; SER II, 334:6-12; SER, III, 598:7-599:14).

A determination of what constitutes a designer product does not require case law. Rather, the definitions for both a “designer,” to describe a fashion designer, and “designer,” to describe a designer product, are both readily available in any standard dictionary. (SER III, 732-733). A fashion designer is one who designs and manufactures high fashion clothing; Christopher Wicks is a fashion designer. (SER III, 732-733; SER I, 105:9-106:26). A designer product displays the name, signature, or logo of the designer or manufacturer; English Laundry clothing products are designer goods and the English Laundry mark appears in conjunction with “by Christopher Wicks.” (SER III, 732-733; SER I, 105:9-106:26; SER I, 107:10-12; SER I, 165, 177-185, 201, 207, 209). The high end department store Neiman Marcus considers Christopher Wicks to be a “signature series,” and

carries English Laundry products where the “by Christopher Wicks” is larger than the English Laundry label. (AER III, 278:24-279:4).

F. Rock & Roll Had No Nefarious Intent When it Adopted English Laundry

The District Court correctly found that Appellants “provided no evidence regarding [Rock&Roll’s] intent in adopting and/or using the English Laundry marks.” (AER I, 17:24-26).

Appellants’ admit they do not possess information regarding the creation of the English Laundry marks. (SER III, 517:14-20). Instead, Appellants’ argue that Rock&Roll’s continued use of its “English Laundry” mark after actual notice of the existence of the Chinese Laundry mark on shoes, constitutes an intent to deceive. (Appellants’ Opening Brief, Pg. 45). *How could this possibly be so?* Appellants’ bald and unsupported assertion is utterly without merit.

Rock&Roll first became aware of “Chinese Laundry” in November 2008 when it received Appellants’ “cease and desist” letter. (AER II, 71:12-72:6). Three weeks after receipt of the demand letter, Appellants’ filed a Petition for Cancellation in the USPTO against the English Laundry mark. (AER V, 766-777). Rock&Roll evaluated the marks and in response filed suit seeking a declaration from the District Court that the English Laundry mark was not infringing upon any

of the Appellants' marks. (AER V, 752-756). Rock&Roll's response was both reasonable and appropriate, and demonstrates Rock&Rolls' good faith belief that there is no likelihood of confusion. The filing of the underlying suit is evidence of Rock&Roll's total lack of "intent to deceive." See *Garcoa, Inc.*, 2009 U.S. Dist. LEXIS 125205 at 28; citing *McCarthy* §23:120. In fact, where marks are not very similar, and all indications are that a party has a good faith belief that its use of a present mark is not infringing, the court will not presume willful intent. *Garcoa, Inc.*, 2009 U.S. Dist. Lexis 125205 at 28.

Appellants' suggest that Rock&Roll adopted a pink and white striped color scheme after knowledge of Chinese Laundry's pink and white floral scene. (Appellants Opening Brief, Pg. 45-46). There is no evidence to support such an inference. There is a large disconnect between a simple striped pattern and an intricate floral scene. The pink and white hangtag, referenced by Appellants, is not even an English Laundry hangtag. Its an "English Rose by English Laundry" hangtag, i.e. "ERII by English Laundry." (Appellants Opening Brief, Pg. 45-46);(AER IV, 570). Appellants' fail to point to any specific evidence to show when Rock&Roll first learned of CELS' pink and white floral scene or when Rock&Roll adopted the pink and white *striped* pattern. In order to draw the inferences requested by Appellants here would require too many leaps of faith and

would eviscerate the requirements of FRCP 56(e), i.e. that the opposing party present “specific facts” to raise a triable issue.

G. The Existence of a Slight Overlap of Marketing Channels Does Not Suggest Consumer Confusion

The District Court concluded that there is a slight overlap in the marketing channels, but that the overlap is substantially negated because the products are predominantly segregated by department in the stores that carry both brands. (AER I, 17:9-13).

An examination of the marketing channels used must take into consideration where, how, and to whom the parties’ products are sold. *Frehling Enterprises, Inc. v. International Select Group, Inc.*, 192 F.3d 1330, 1339 (11th Cir.1999). Dissimilarities between the predominant consumers of English Laundry and Chinese Laundry goods lessen the possibility of confusion, mistake, or deception. *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 262 (5th Cir. 1980); cert. denied, 449 U.S. 899, 101 S. Ct. 268, 66 L. Ed. 2d 129 (1980). Most customers of English Laundry products are men. (AER III, 216:20-21; SER I, 109:16-18). Customers of Chinese Laundry products are women. (SER II, 485(Pg. 160):2-6). Department stores’ separate English Laundry and Chinese Laundry products into different departments. (SER I, 91-93, 96, 98-99).

Rock & Roll and Appellants both operate and maintain separate and distinct “brick and mortar” stores, where the other parties’ products are not sold. (SER I, 109:12-14; SER II, 221:8-223:15; SER I, 108:24-109:3). The separation between these stores is further distinguished through the store front signage; which, contrary to the appellants argument, includes the parties’ respective accompanying trade dress. (Appellants’ Opening Brief, Pg. 37);(See Supra; SER I, 205; SER III, 691-693).

Rock&Roll operates an English Laundry by Christopher Wicks store in Shanghai, China. (AER III, 226:3-9). There are no international Chinese Laundry stores. (AER III, 348:17-24).

i. Use of the Internet is not substantial

Use of the internet is a factor to be considered in the marketing channel’s analysis. “[S]ome use of the Internet for marketing, however, does not alone and as a matter of law constitute overlapping marketing channels.” *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1151 (9th Cir. 2002). The focus of this inquiry is whether the parties use the internet as a *substantial* marketing and advertising channel. *Id.* at 1151(emphasis added). There is no evidence suggesting that Appellants derive a “substantial” amount of business from online sales. Nor is there any evidence to suggest “substantial” online advertising expenditures by

Appellants. Without these sales and financial figures this Court cannot determine whether the parties use of the internet is *substantial*. Rather the record merely indicates that, to an unidentifiable extent, both parties' goods are available online.

Further, Rock&Roll was not aware of the existence of the websites newegmall.com and designerstudios.com, and was unsure whether the products displayed were original English Laundry branded products.¹⁰ (AER III, 248:9-10; AER III, 249:5-23). More importantly, Rock&Roll does not use the internet as a substantial marketing or advertising channel. (SER I, 116:9-11). Rather English Laundry is mainly promoted in person and print materials; and the advertising is conducted in the street to the end user. (SER I, 116:9-11; AER III, 292:6-7).

The record contains insufficient evidence to support the argument that the parties use the internet in a substantial manner to affect the overlapping marketing channels analysis.

ii. *There is Insufficient Evidence to Support an Inference of Similarity in Advertising*

Courts may consider a "similarity in advertising as one factor" in the analysis. *Nutri/System, Inc. v. Con-Stan Industries, Inc.*, 809 F.2d 601, 606 (9th

¹⁰ Contrary to Appellants' statement, the record does not contain any evidence that English Laundry products are sold through "designerapparel.com." (Appellants' Opening Brief, Pg. 25).

Cir. 1987). Appellants' evidence of "Chinese Laundry" advertisements amounts to conclusory and uncorroborated self-serving testimony. (AER III, 349:23-350:8). Without sufficient evidence of Appellants' actual advertisement data and promotional materials, this Court cannot properly conduct the required analysis into a similarity in advertising.

Appellants claim that Chinese Laundry is promoted at the MAGIC trade show is unsupported by corroborating evidence and does not address the fact that the MAGIC trade show is specifically divided into a show for menswear and a separate show for women's wear. (AER III, 350:4-8; SER III, 653-656).

Rock&Roll promotes "English Laundry by Christopher Wicks" menswear at the annual MAGIC trade show. (SER I, 114:25-115:8 : SER III, 371-373).

Moreover, the dissimilarity between the appearance of the English and Chinese Laundry marks, and the fact that the market is crowded with clothing labels that use the term "laundry," helps to minimize the importance of this factor.

H. Customers are Not Likely to Associate English Laundry and Chinese Laundry Products as Emanating From a Single Source

The proper standard in deciding whether the parties' goods are "related" is whether customers are "likely to associate" the two product lines. *Survivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 633 (9th Cir. 2005). This requires

consideration of whether the buying public could reasonably conclude that the products came from the same source. *Id.* at 633. As stated above, the record suggests that no member of the public has associated the parties' product lines as being from the same source; i.e. no actual confusion and no survey data. (See *supra*, (VIII)(2)(D)). What the evidence *does* show is that customers and retailers alike do not recognize that Chinese Laundry and CL by Laundry emanate from a single source, even though these marks are both used on shoes. (SER III, 615:6-616:9).

Proximity of the parties' goods may be found where they are (1) complementary, (2) sold to the same class of purchasers, or (3) are similar in use or function. *Sleekcraft*, 599 F.2d at 350.

As stated above, the predominant customers of English Laundry products are men, and the predominate customers of Chinese Laundry products are women. (AER III, 216:20-21; SER I, 109:16-18; SER II, 485(Pg. 160):2-6). In fact, the evidence shows that, no products under the Chinese Laundry mark are specifically targeted toward men. (SER II, 281:10-17). In addition, the Supreme Court previously examined the relationship between men's shoes, women's shoes, and children's shoes, and held that the "product lines are recognized by the public; each line is manufactured in separate plants; each has characteristics peculiar to

itself rendering it generally noncompetitive with the others; and each is, of course, directed toward a distinct class of customers.” *Brown Shoe Co. v. United States*, 370 U.S. 294, 326, 82 S. Ct. 1502, 8 L. Ed. 2d 510 (1962). Under this guidance, this Court may properly determine that as the products are predominantly sold to separate and distinct classes of customers, men vs. women, the goods are not related.

Appellants’ are incorrect that it was error for the District Court to rely on *Brown Shoe Co.* (Appellants’ Opening Brief, Pg. 23). *Brown Shoe Co.* answers the question of whether the goods are related. Under *Brown Shoe Co.* the fact that English Laundry and Chinese Landry products are sold to different consumers, i.e. men v. women, is dispositive. Considered together, *Brown Shoe Co.* and *Sleekcraft* yield the conclusion that the goods in question here are not related.

Moreover, the proximity of goods analysis bears a direct correlation to whether customers are “likely to associate” the two product lines. *Survivor Media, Inc.*, 406 F.3d at 633. The dissimilarity between the English and Chinese Laundry marks, and the fact that the market is crowded with clothing labels that use the term “laundry,” militates against a finding of similarity. A reasonable customer is not likely to believe the English Laundry and Chinese Laundry products originate from a single source.

At least one Ninth Circuit District Court determined that the prominent display of the parties trademarks upon their products can alleviate any public confusion as to the source, even where the dispute was between two t-shirt manufacturers. *Adidas America, Inc. v. Michael D. Calmese*, 2009 U.S. Dist. LEXIS 94763, 25-26 (D. Or. 2009). It bears note that the English Laundry mark is prominently displayed on all Rock&Roll's products.

I. There is no Substantial Evidence to Support the Inference That There is a Likelihood of Expansion

Likelihood of expansion is only relevant where two companies do not compete to a significant extent. *Brookfield Communications*, 174 F.3d at 1060. Likelihood of expansion of the product lines requires a "strong possibility" that a party will expand their business to compete with the other party. *Sleekcraft*, 599 f.2d at 354. However, where a party has only expressed an interest in expansion, it will be considered mere speculation; mere speculation is not evidence of expansion. *Survivor Media, Inc. v. Survivor Productions*, 406 F.3d 625, 634 (9th Cir. 2005). Concrete evidence of expansion plans is required. *Survivor Media, Inc.*, 406 F.3d at 624.

The record does not contain any "concrete" evidence showing a strong possibility that Appellants will expand their Chinese Laundry product line into

menwear within the next year. (AER III, 314:21-315:8; SER III, 551:20-552:1).

Rather, the evidence shows that Appellants are merely open to the idea of expansion – this is nothing more than speculation – this is not evidence of a strong possibility. (AER III, 314:21-315:8; SER II, 331:4-20).

Evidence of Rock&Roll’s interest in replacing the “English Rose by English Laundry” mark with the “English Laundry by Christopher Wicks” mark is vague and ambiguous at best. (AER III, 232:18-20). Such evidence does not “show” a “strong possibility” of anything. This failure of proof is further evidenced by the fact that English Rose by English Laundry still appears in commerce on perfume and on Rock&Roll’s website under the tab titled “English Rose.” (SER I, 185; SER II, 364-365).

Appellants also incorrectly assert that Rock&Roll is planing to offer women’s underwear and dormwear. (Appellants’ Opening Brief, Pg. 28). Rather, Rock&Roll’s underwear line is “only for men,” and they are “not thinking about a ladies’ underwear line at this point in time.” (AER III, 272:7-14; AER III, 273:24-274:1). Chistopher Wick’s statement that he would not rule out the possibility of producing women’s dormwear is not evidence of any intent to expand. It is merely evidence that Mr. Wicks maintains an open mind. (AER III, 272:20-23). But, he did express a complete and absolute lack of desire and/or plan to expand

“English Laundry by Christopher Wicks” into the women’s shoe market. (AER III, 226:16-25).

Appellants’ complaint about their “converse-style” washable shoe is somewhat misleading. Appellants fail to disclose in their brief that the shoe appears to be offered under a separate and distinct “Chinese Laundry Wash” mark. (AER V, 769). Regardless, contrary to Appellants assertion, Rock&Roll does not currently have a specific plan to offer a “Converse-style” washable shoe. (Appellants’ Opening Brief, Pg. 29). Rather, Rock&Roll has merely had discussions about such an offering, but the discussion “didn’t go very far;” moreover any such product would be under the “Washable Shoes by English Laundry” label. (AER III, 277:9-12; AER III, 275:7-10).

The evidence does reflect that Rock&Roll is in the process of entering into a license for *men’s* shoes, however the shoes will be adorned with the full “English Laundry by Christopher Wicks” label. (AER III, 223:23-224:7; AER III, 278:8-9). Women’s shoes are not covered by the license. (AER III, 226:16-25). As noted, men’s and women’s shoes possess characteristics peculiar to themselves and are generally noncompetitive. *Brown Shoe Co.*, 370 U.S. at 326.

Absent specific evidence detailing either Rock&Roll’s or Appellants’ expansion plans, any argument that such “concrete plans” exist, must fail as

unsupported by the evidence.

4. Appellants Failed to Show a Protectable Trademark Interest for Goods not Named in the Registration:

To prevail on a claim for trademark infringement, Appellants must demonstrate they have a protectable trademark interest. *Chrysler Corporation v. Vanzant*, 44 F. Supp. 2d 1062, 1067 (C.D. Cal. 1999). The protectability of the trademark must be shown independent of the likelihood of confusion analysis.

A. Appellants Cannot Simply Rely on the Federal Registration of the Chinese Laundry Mark for Use upon Shoes, to Establish a Protected Interest in Chinese Laundry on Clothing and Apparel Generally

“[R]egistration constitutes prima facie evidence of a protected interest with respect to the goods specified in the registration only.” *Levi Strauss v. Blue Bell, Inc.*, 778 F.2d 1352, 1354 (9th Cir. 1985)(en banc); 15 U.S.C. §1115. That is, “[w]here an owner of the alleged trademark has registered the mark, such registration affords it a presumption of protectability in cases brought against someone who has used the mark on goods covered by the registration.” *Chrysler Corporation*, 44 F. Supp. 2d at 1067. “But in cases brought against someone who has used the mark on ‘related goods’ not covered by the registration, the Ninth Circuit applies the ‘related goods rule.’” *Id.* at 1067-1068.

Pursuant to this rule, the owner of a registered mark can bring an

infringement claim against the maker of related goods bearing an identical or similar mark. But, the registrant “must prove affirmatively that the mark covered in the registration is protectable in the related goods market; it may not rely upon the statutory presumption of protectability.” *Id.* at 1067-1068; summarizing *Levi Strauss*, 778 F.2d at 1354. Appellants’ mark is protectable only as to those goods for which it has established “secondary meaning” in the minds of the public. *Chrysler Corporation*, 44 F. Supp. 2d at 1073; summarizing *Levi Strauss*, 778 F.2d at 1354.

Hence, Appellants were required to show that secondary meaning was established in the Chinese Laundry mark “(1) as to the particular line of goods in question [and] (2) prior to the date that the alleged infringer began using the mark.” *Chrysler Corporation*, 44 F. Supp. 2d at 1067; summarizing *Levi Strauss*, 778 F.2d at 1357-1358. Specifically, Appellants must affirmatively prove that the minds of the public associated the Chinese Laundry mark with clothing and apparel products, besides shoes; and this association must have existed prior to the first use of the English Marks upon clothing; May 2000. (AER III, 252: 9-18; SER I, 109:15, 152).

Appellants’ have utterly failed to meet this burden. There is no evidence to suggest Appellants’ marks – any of them – acquired secondary meaning as applied

to apparel products in 2000. The Appellants' inability to make this showing is directly correlated to the fact that prior to 2003 the degree to which the Chinese Laundry mark appeared on goods, besides shoes, was extremely limited.

Prior to 2003, the Chinese Laundry mark was not licensed or registered for use on any clothing or apparel products. (SER II, 491(Pg. 15):6-11; SER II, 365:1-10). In addition, prior to December 31, 2003, Appellants described themselves solely as a wholesaler and buying agent of "women's shoes." (SER II, 493(Pg. 29):1-12). Prior to June 26, 2003, Appellants only used the Chinese Laundry mark on shoes, and a upon handful of promotional products. (SER II, 494(pg. 77):5-12). Regardless, there is no evidence showing the extent of Appellants' promotional efforts or the effect of such efforts on the "mind's eye of the public," i.e. there is no indication of the actual quantity of promotional items used or expenditures made.

Appellants' are unable to affirmatively demonstrate any public awareness of the transference of any good will associated with the Chinese Laundry mark to apparel prior to 2003, let alone in 2000 when English Laundry was first used in commerce. There is simply no evidence to suggest Appellants met their burden to show they have a protectable trademark right to any goods besides shoes.

i. Incontestability of a Trademark Carries a Conclusive Presumption of Exclusive Right to Use a Mark Only on the Goods Specified in the Registration Certificate

Pursuant to Section 15 U.S.C. §1115(b), a trademark that has become incontestable under 15 U.S.C. §1065, “shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the registered mark in commerce.” 15 U.S.C. §1115(b). But, “[s]uch conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the [section 15] affidavit filed under the provisions of 15 USC §1065.” 15 U.S.C. §1115(b). Simply stated, incontestability is limited to use of the mark only as to the specific goods listed in the section 15 affidavit.

McCarthy on Trademarks and Unfair Competition, §32:152, pg. 302.

Appellants’ U.S. Trademark Reg. No. 1,861,027 section 15 affidavit is only for “all the goods recited in the certificate of registration.” (SER II, 390). Both U.S. Trademark Reg. No. 1,861,027 and the Appellants’ registration application identify “shoes” as the *only* good upon which the Chinese Laundry mark will be applied. (SER II, 387, 392).

Therefore, incontestability would carry a conclusive presumption of the Appellants’ exclusive right to use its Chinese Laundry mark only on *shoes*; but not

on any other products. *Avon Shoe Co. v. David Crystal, Inc.*, 279 F.2d 607, 613 n.7 (2d Cir. 1960)(Incontestable status will not transfer from shoes to clothing). These protections are limited to the goods stated in the registration, and will not transfer to any related goods absent a showing of awareness of the transference in the minds' of the public.

ii. *The Record Does not Contain Evidence That Appellants' CL Chinese Laundry Trademark is Valid*

Appellants are incorrect that the federal trademark registration No. 3,065,149 for CL Chinese Laundry is presumed valid for use on clothing and apparel products. (Appellants Opening Brief, Pg. 48). That prima facie presumption, only pertains to the whole mark, rather than to any individual portion of the mark. *Igloo Prods. Corp. v. Brantex, Inc.*, 202 F.3d 814, 817 (5th Cir. 2000). In this case, Appellants' CL Chinese Laundry trademark with Registration No. 3,065,149 is a registered design mark that specifically consists of "the large stylized letters "CL" behind the mark." (AER III, 354). Appellants are cognizant of this distinction. (SER III, 648:15-649:4). Therefore, the presumption of validity for this CL Chinese Laundry mark only attaches where the mark appears in the exact format as shown and described in the registration. The record is devoid of any evidence that Appellants' CL Chinese Laundry mark, as specifically

depicted in the Registration, is still used in commerce.

More importantly, the evidence suggests the mark was abandoned. In 2005 the Chinese Laundry marks were redesigned. Appellants' ensure compliance with this redesigned mark through an intricate brand guide. (SER III, 521:13-22, 535-588). Appellants Brand Guide does not allow for the use of the CL Chinese Laundry design. (SER III, 535-588). Hence, it cannot be presumed that the CL Chinese Laundry mark with Registration No. 3,065,149 is valid. Rather, the Appellants were required to affirmatively prove that it is a valid mark. They have failed to do so.

Under the circumstances discussed above, if any presumption were to attach to the CL Chinese Laundry mark with Registration No. 3,065,149 it would be one of abandonment. Under the Lanham Act, a presumption of abandonment will attach where the mark has not been used in the ordinary course of trade for three consecutive years. 15 U.S.C. §1127.

5. The District Court Correctly Found This to be an “Exceptional” Case and Appropriately Awarded Attorney’s Fees

“The Lanham Act permits, but does not mandate, an award of attorneys’ fees to a prevailing party in ‘exceptional circumstances.’” 15 U.S.C. § 1117(a); *Gracie v. Gracie*, 217 F.3d 1060, 1071 (9th Cir. Cal. 2000). Exceptional

circumstances can be found when the non-prevailing party's case "is groundless, unreasonable, vexatious, or pursued in bad faith." *Id.* This "standard for exceptional circumstances applies to prevailing defendants as well as prevailing plaintiffs under the Lanham Act." *Id.* The District Court considered the evidence before it and found that the counterclaims were groundless and pursued in bad faith. (AER I, 5-7).

A. *Appellants Lacked Probable Cause to Pursue a Trademark Infringement Claim*

It is difficult to crawl inside their heads to ascertain Appellants' underlying motives in bringing suit; but in assessing the litigation conduct of Appellants it is hard to come up with any laudable motive. Where Appellants' claims are meritless, "Bad Faith" can be inferred. Here, Appellants knew, or should have known, their claims were not well grounded in fact. *New Sensor Corp. v. CE Distribution LLC*, 367 F.Supp.2d 283, 288 (E.D.N.Y. 2005).

Probable cause to bring a counterclaim is lacking when the prospective Counterclaimant and counsel do not have evidence sufficient to uphold a favorable judgment or information affording an inference that such evidence can be obtained for trial. *Daniels v. Robbins*, 182 Cal.App.4th 204, 223 (Cal. App. 4th Dist. 2010). When a party initiates a counterclaim without probable cause or

continues to prosecute an action after becoming aware that the action lacks probable cause, malice can be inferred. *Daniels*, 182 Cal.App.4th at 226.

Here, the evidence shows that Appellants are unable to demonstrate a likelihood of confusion. Nonetheless, Appellants initiated and continued to litigate the counterclaim; at great expense to Rock&Roll. Appellants and counsel knew, or in the exercise of reasonable diligence as is required under FRCP, Rule 11 should have known, that there was no substantial evidence to support a *prima facie* case against Rock&Roll for trademark infringement. This conduct raises an inference of malice. *Daniels*, 182 Cal.App.4th at 226.

If malice can be inferred from the Appellants actions, then it is not a stretch to find that the counterclaim was brought and pursued in bad faith. Appellants' bad faith pursuit of their counterclaims, in the face of a known dearth of supporting evidence, brings this case within the "exceptional" circumstances contemplated by the Lanham Act. Appellants had ample opportunity to reevaluate and reflect on the merits of their claims. Yet, Appellants chose to file a Third Amended Counterclaim, the fourth overall counterclaim. Which was subsequently adjudicated against them on the merits, by Summary Judgment.

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B. The Absence of Actual Confusion and Appellants' Conscious Decision to not Conduct a Consumer Confusion Survey Indicates Bad Faith

The fact that Appellants possess no evidence of actual confusion between the marks, and did not conduct a consumer confusion survey is an indication of bad faith. Appellants' justification for failing to conduct a consumer survey is simple: Their attorneys told them not to. (SER II, 330:13-25).

The trial date was set for May 4, 2010. (SER I, 7). As such, the expert witness disclosure/designation cut-off-dates, i.e. the date by which all survey data analysis was to be completed, was February 3, 2010. (FRCP, Rule 26(a)(2)(A); Rule 26(a)(2)(B); and Rule 26(a)(2)(C)(I). This February 3rd cut-off-date was wholly independent of the summary judgment filing date of March 5, 2010. (AER IV, 674:12-24). Appellants weren't "forced" into anything.

Now for the first time, on appeal, Appellants' claim that somehow during the seventeen months that passed between their initial assault on Rock&Roll and the entry of judgment against them, they were prevented from conducting discovery because Rock&Roll filed too many motions. (See Appellants' Opening Brief, Pg. 14). Appellants' complaints are both inconsistent with the record and with the requirements set out in the Federal Rules of Civil Procedure. If Appellants really needed more time to conduct discovery, they could have filed for

relief under FRCP 56(f). They failed to do so. In reality, Appellants could have – and perhaps should have – commissioned a consumer confusion survey in November 2008.¹¹

Appellants and their counsel, continued to pursue this case knowing there was no evidence of actual confusion after ten years of coexistence in commerce, and intentionally refrained from conducting a consumer confusion survey. (SER II, 330:6-24). The fact Appellants initiated and continued this lawsuit knowing essential evidence did not exist, shows they ignored their duty to exercise reasonable diligence, as is required – at least of their counsel – under FRCP, Rule 11.

C. Appellants' Admissions to the United States Patent and Trademark Office Indicate a Lack of Legal Support

Appellants' statements to USPTO are probative of their prior knowledge of the baselessness of their lawsuit. Appellants ask this Court to ignore these statements as being simple changes in their legal position, however, statements made to the USPTO should not simply be ignored. *Broadcasting Publications, Inc.*, 582 F. Supp. at 315. Appellants stated that “laundry-formatives” are common in the clothing field. (AER IV:at 588-589). Appellants' echo similar

¹¹ This is the date of Appellants' Petition to Cancel the English Laundry trademark.

sentiment even today. (SER II, 277:11-25). And yet, they continue to pursue this action, even on appeal.

D. The Four Years Appellants Waited to Bring a Claim for Trademark Infringement Against Rock&Roll was Unreasonable

Appellants first became aware of the existence of the English Laundry mark in August 2004. (SER II, 272:24-273:8). Appellants took no steps to contact Rock&Roll regarding the English Laundry marks until November 2008. (SER II, 368-369). Appellants' did not officially bring a challenge to the English Laundry mark until late November 2008. (AER V, 766-777).

At all times from 2004 until 2008, Appellants employed a trademark watch service. (SER II, 282:20-283:9). Appellants also ensure that their trademark is correct and is defended from infringement. (SER II, 287:6-10). Yet, Rock&Roll was not contacted for four years. Appellants' four year delay in challenging the English Laundry mark is a purposeful delay tactic to ensure Rock&Roll achieved significant sales volume that is on par with the Appellants' level of sales. (SER II, 289:10-290:2).

Appellants' four year delay in bringing this trademark infringement claim was unreasonable, and further supports the proposition that this case was brought in bad faith. This is especially so given the fact that Appellants' intentionally

watched and waited for Rock&Roll to reach a high level of sales – presumably so that Rock&Roll could afford a shakedown. The District Court finding is supported by the evidence.

This Court “may affirm a judgment on any ground supported by the record, regardless of whether the district court relied upon, rejected, or even considered that ground.” *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1039 (9th Cir. 2000).

E. The District Court Properly Awarded a Reasonable Hourly Rate

Appellants’ opening brief does not contain any specific argument or citation to case law that addresses the District Court’s determination of a “reasonable fee,” as awarded to Rock&Roll. Therefore, Appellants have waived review of the fees and rates awarded. Regardless, the District Court’s fee rate was reasonable and within its discretion.

In granting attorney’s fees, the District Court properly considered the hourly rate of prevailing attorneys with similar skill and for similar services. (AER I, 4:1-3). The District Court then determined reasonable number of compensable hours spent by counsel, and awarded appropriate fees to Rock&Roll. (AER I, 4:4-6). In doing so, the District Court specifically reviewed “the detailed billing records” provided by Rock&Roll, and appropriately exercised its discretion in evaluating which time entries did and did not relate to Rock&Roll’s motion for motion

summary judgment against the counterclaims. (AER 4, 7-10). There is nothing in the record to suggest that the District Court abused its discretion in reaching its conclusion.

6. Appellants' Failed to Meet Their Burden of Proof in Moving for Partially Summary Judgment; Alternatively the Motion is Moot

Appellants' motion for partial summary judgment was brought in relation to their trademark infringement claim; it is within this context that the issue of ownership is raised. Appellants' complaint contains no declaratory relief action as to ownership of the Chinese Laundry mark. (AER, 695:11-697:11). Thus, the issue of "ownership" is only relevant to the extent "ownership" of the mark is a necessary element of any trademark infringement claim.

As to the claim of trademark infringement, Appellants bear the burden of proof at trial. "The party who has the burden of proof on a dispositive issue cannot attain [partial] summary judgment unless the evidence that he provides on that issue is conclusive." *Vargas v. Cummings*, 149 F.3d 29, 36 (1st Cir. 1998). That is, where a movant also bears the burden of proof on an issue at trial they must establish the claim beyond peradventure. *Fontenot v. Upjohn Co.*, 780 F.2d 1190, 1194 (5th Cir. 1986). The evidence adduced by Appellants fails to meet this burden.

Regardless, once the determination was made that there is no likelihood of confusion between the marks, Appellants' cross-motion for partial summary judgment became moot. There was no need for the District Court to even evaluate Appellants claims of ownership.

IX. Conclusion

For all of these forgoing reasons, this Court should affirm the decision of the District Court in its entirety.

DATED this 3rd day of November, 2010

Respectfully submitted,
The Law Offices of Shawn A. McMillan, A.P.C.

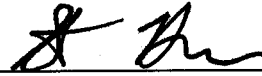


Shawn A. McMillan, Esq.
Stephen D. Daner, Esq.
Attorneys for
Plaintiff/Counterdefendants/Appellees
Rock & Roll Religion, Inc. and
Defiance U.S.A., Inc.

CERTIFICATE OF COMPLIANCE

I, Stephen D. Daner, certify that pursuant to Fed. R. App. P. 32(a)(7)(C) and Ninth Circuit Rule 32-1, that the attached Response Brief is proportionally spaced, has a typeface of 14 points or more, and contains 13,663 words.

Dated: November 3, 2010




Stephen D. Daner

STATEMENT OF RELATED CASE

No other cases in this Court are deemed related to this case pursuant to
Circuit Rule 28-2.6.

Dated: November 3, 2010

A handwritten signature in black ink, appearing to read "S. Daner", is written above a horizontal line.

Stephen D. Daner, Esq.

PROOF OF SERVICE § 1013

*Rock And Roll Religion, Inc., v. Cels Enterprises, Inc. And Robert Goldman
United States District Court, Case No. CV09-5258-R (PLAx)
U.S. Court of Appeals, Docket No. 10-55624 consolidated with 10-55976*

I am employed in the County of San Diego, State of California. I am over 18 years of age and am not a party to the within action. My business address is 4955 Via Lapid, San Diego, California 92122.

On November 3, 2010, I served the foregoing documents described as:

1. **RESPONSE BRIEF OF APPELLEES ROCK AND ROLL RELIGION, INC. AND DEFIANCE U.S.A., INC.;**
2. **EXCERPTS OF RECORD OF APPELLEES ROCK AND ROLL RELIGION, INC. AND DEFIANCE U.S.A., INC. - VOLUME I;**
3. **EXCERPTS OF RECORD OF APPELLEES ROCK AND ROLL RELIGION, INC. AND DEFIANCE U.S.A., INC. - VOLUME II;**
4. **EXCERPTS OF RECORD OF APPELLEES ROCK AND ROLL RELIGION, INC. AND DEFIANCE U.S.A., INC. - VOLUME III;**
5. **APPELLEES' NOTICE OF FILING UNDER SEAL.**

on the interested parties in this action by placing a true copy of the original thereof enclosed in a sealed envelope addressed as follows:

Rod S. Berman, Esq.
Susan Allison, Esq.
Jessica C. Bromall, Esq.
Jeffer, Mangels, Butler & Mitchell LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067-4308

Attorneys for Defendants/Counterclaimants
- Appellants:
Cels Enterprises, Inc. and Robert Goldman
TEL: (310) 203-8080
FAX: (310) 203-0567

 X (BY MAIL) I placed a true and correct copy of the original thereof in a sealed envelope addressed as indicated above, and I caused such envelope to be deposited in the mail at San Diego, California. The envelope was mailed with postage thereon fully prepaid. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after the deposit for mailing in the affidavit.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 3 rd day of November, 2010, at San Diego, California.


Shawn McMillan

PROOF OF SERVICE