

Delta T v. Kale Fans Am. S.A. De C.V.

United States District Court for the Middle District of Florida, Orlando Division

February 25, 2020, Decided; February 25, 2020, Filed

Case No: 6:20-cv-170-Orl-40EJK

Reporter

2020 U.S. Dist. LEXIS 62178 *; 2020 WL 1674328

DELTA T, LLC, Plaintiff, v. KALE FANS AMERICA S.A. DE C.V., Defendant.

Counsel: [*1] For Delta T, Llc, a Kentucky Limited Liability Company, Plaintiff: Dustin Michael Mauser-Claassen, Frederick S. Wermuth, LEAD ATTORNEYS, Taylor Flanagan Ford, King, Blackwell, Zehnder & Wermuth, PA, Orlando, FL USA; Richard L. Schwartz, LEAD ATTORNEY, PRO HAC VICE, Whitaker, Chalk, Swindle & Schwartz PLLC, Fort Worth, TX USA.

For Kale Fans America S.A. DE C.V., a Foreign Entity, Defendant: Andrew David Lockton, Edward F. McHale, Kenneth W. Cohen, LEAD ATTORNEYS, McHale & Slavin, PA, Palm Beach Gardens, FL USA.

Judges: PAUL G. BYRON, UNITED STATES DISTRICT JUDGE.

Opinion by: PAUL G. BYRON

Opinion

ORDER

This cause comes before the Court on Plaintiff's Oral Motion for Preliminary Injunction. Defendant presented an oral response at the Court's hearing on February 20, 2020. Both parties presented briefing on Plaintiff's Motion for Temporary Restraining Order. (Docs. 2, 18, 26). Defendant also moved to Modify the Temporary Restraining Order to Require Plaintiff to Post Security (Doc. 27) and entered an Oral Motion for Bond (Doc. 34). Upon due consideration, the Temporary Restraining Order shall be converted into a Preliminary Injunction and Plaintiff shall be required to post a \$150,000 bond.

I. BACKGROUND

On February 2, 2020, [*2] Plaintiff Delta T, LLC d/b/a Big Ass Fans ("BAF") filed an Emergency Motion for a Temporary Restraining Order ("TRO") and Seizure Order

against Defendant. (Doc. 2). On February 3, the Court granted the Motion and issued a TRO. (Doc. 8). The TRO enjoined Defendant from "offering for sale, selling, advertising, displaying, showing, marketing, promoting, soliciting the sale of, or otherwise engaging in the sale or prospective sale of the Infringing Products¹ to preserve the status quo until a hearing can be held for a preliminary injunction." (Doc. 9, p. 3).

On February 14, 2020, Defendant emailed AHR Expo attendees who had visited Defendant's booth before the TRO took effect. The email displayed Infringing Products and invited further communications with Defendant. At a hearing on February 20, 2020, the Court found that such emails violated the TRO.

II. LEGAL STANDARD

The grant or denial of a preliminary injunction rests in the discretion of the district court. *Canal Auth. of the State of Fla. v. Callaway*, 489 F.2d 567, 572 (5th Cir. 1974).² The district court, however, does not have unbridled discretion and must exercise that discretion in light of the "four prerequisites for the extraordinary relief of preliminary injunction." *Id.* (internal quotation marks omitted). [*3] The parties agree that the four prerequisites which Plaintiffs must establish are: (1) a substantial likelihood of success on the merits of the underlying case; (2) irreparable harm in the absence of an injunction; (3) that the harm suffered by Plaintiffs in the absence of an injunction would exceed the harm suffered by Defendants if the injunction issued; and (4) that an injunction would not disserve the public interest. *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1246-47 (11th Cir. 2002); *Miccosukee Tribe of Indians of Fla. v. United States*, 571 F.Supp.2d 1280, 1283 (S.D. Fla. 2008).

¹ "Infringing Products" includes Defendant's Eurus II, Eurus III, and Air Move fans, and any other ventilating fans for commercial and industrial use with the color yellow applied to the end of their blades. (Doc. 9, p. 2).

² The Eleventh Circuit has adopted as binding precedent all decisions rendered by the former Fifth Circuit. *Bonner v. City of Prichard, Ala.*, 661 F.2d 1206, 1209 (11th Cir. 1981) (en banc).

"[A] preliminary injunction is an extraordinary and drastic remedy not to be granted unless the movant clearly establish[es] the 'burden of persuasion' as to *each* of the four prerequisites." *Siegel v. LePore*, 234 F.3d 1163, 1176 (11th Cir. 2000) (quoting *McDonald's Corp. v. Robertson*, 147 F.3d 1301, 1306 (11th Cir. 1998) (emphasis added).

III. DISCUSSION

Based on the evidence presented, the Court finds that a preliminary injunction secured by a \$150,000 bond is appropriate.

A. Preliminary Injunction

1. BAF Has a Substantial Likelihood of Success on the Merits

The Lanham Act provides liability for trademark infringement if, without the consent of the registrant, a defendant uses "in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark . . . with which such use is likely to cause confusion, or to cause mistake, [*4] or to deceive." 15 U.S.C. § 1114(1)(a). A plaintiff must demonstrate: (1) ownership of the trademarks at issue; (2) the defendant's use of the trademarks is without the plaintiff's authorization; and (3) the defendant's use is likely to cause confusion, mistake, or deception as to the source, affiliation, or sponsorship of defendant's goods. *Id.*

The first two elements are satisfied. First, the BAF Mark is federally registered and entitled to protection under both federal and common law. (Doc. 1-5). Second, Defendant does not have authorization to use the BAF Mark. (Doc. 1 ¶¶ 31, 33; Doc. 2-1 ¶ 26).

Regarding the third element, the Eleventh Circuit applies a seven-factor test to evaluate the likelihood of consumer confusion: (1) type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties' retail outlets and customers; (5) similarity of advertising media; (6) defendant's intent; and (7) actual confusion. *See Lipscher v. LRP Publ'ns, Inc.*, 266 F.3d 1305, 1313 (11th Cir. 2001). No one factor is dispositive. *See Callaway Golf Co. v. Golf Clean, Inc.*, 915 F. Supp. 1206, 1213 (M.D. Fla. 1995) ("The appropriate weight each factor should be given varies with each case.").

a. Type (Strength) of Mark

The BAF Mark has been registered by the U.S. Patent and

Trademark Office ("USPTO"). (Doc. 1-5). "Registration [*5] of a trademark on the principal register of the USPTO is prima facie evidence of validity and establishes a [rebuttable] presumption that the mark is protectable or distinct." *Edge Sys. LLC v. Aguila*, 186 F. Supp. 3d 1330, 1347 (S.D. Fla. 2016); *see also* 15 U.S.C. § 1057(b).

Color alone can constitute a trademark "where that color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand (and thus indicates its 'source')." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 161, 115 S. Ct. 1300, 131 L. Ed. 2d 248 (1995). Secondary meaning is established by, *inter alia*, the length and manner of use, the nature and extent of advertising and promotion, the efforts made to promote a conscious connection between the mark and the product in the public's mind, and the extent to which the public actually identifies the mark with the product. *See Miller's Ale House, Inc. v. Boynton Carolina Ale House, LLC*, 745 F. Supp. 2d 1359, 1375 (S.D. Fla. 2010), *aff'd*, 702 F.3d 1312 (11th Cir. 2012).

Here, BAF produced sufficient evidence to suggest that the BAF Mark has attained secondary meaning. The BAF Mark has a distinctive appearance with a unique and non-functional yellow color in a particularized location. Since 2004, BAF has prominently and extensively advertised, marketed, and promoted products containing the BAF Mark. Moreover, BAF conducted a consumer survey³ and found that 71% of respondents associated the color yellow with BAF's fans. (Doc. 18-8, p. 84). The Court is [*6] therefore satisfied that the public is likely to associate yellow-tipped HVLS fans with BAF products.

b. Similarities

The likelihood of confusion is directly correlated with the similarity of the competing marks, products, customer bases, and marketing channels. *See Turner Greenberg Assocs., Inc. v. C & C Imps., Inc.*, 320 F. Supp. 2d 1317, 1332 (S.D. Fla. 2004); *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 976 (11th Cir. 1983). Here, both parties sell yellow-tipped HVLS fans for commercial and industrial use. Moreover, both parties attempted to exhibit, promote, and sell their products at the 2020 AHR Expo. Thus, Defendant is attempting to market virtually identical products, containing virtually identical marks, to BAF's existing and potential customers.

³The survey incorporated the research methodology outlined in Hoek and Gendall, *Colors, Brands, and Trademarks: The Marketing (and Legal) Problem of Establishing Distinctiveness*, J. Advertising Research (2010).

c. Defendant's Intent

When an alleged infringer adopts a mark "with the intent of obtaining benefit from the plaintiff's business reputation, this fact alone may be sufficient to justify the inference that there is confusing similarity." *Turner Greenberg*, 370 F. Supp. 2d at 1333. Here, even a cursory comparison of the parties' products leads to the conclusion that Defendants are copying the BAF mark. The Court also believes Defendant's follow-up emails in violation of the TRO indicate an intent to benefit from BAF's reputation—to BAF's [*7] detriment.

d. Actual Confusion

At the February 20 hearing, BAF presented evidence suggesting actual confusion. Mr. Daniel Gdowski testified that BAF staff members reported overhearing AHR Expo attendees express confusion regarding the striking similarities between BAF's and Defendant's respective booths.⁴ Moreover, where two marks are identical and used for the same goods, courts have found that a likelihood of confusion is inevitable—even if other factors weigh against such a finding. *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1056 (9th Cir. 1999) ("In light of the virtual identity of marks, if they were used with identical products or services likelihood of confusion would follow as a matter of course."); see also *New W. Corp. v. NYM Co. of Calif.*, 595 F.2d 1194, 1202 (9th Cir. 1979) (identical names, products, and distribution areas "compel" conclusion that confusion is likely).

In sum, the weight of the seven factors supports the conclusion that Defendant's products are likely to cause consumer confusion. Accordingly, BAF has a substantial likelihood of success on the merits of its federal trademark infringement claim.

2. BAF Will Suffer Irreparable Harm if Defendant is Not Restrained

"[A] sufficiently strong showing of likelihood of confusion . . . may by itself constitute a showing of . . . [a] substantial threat [*8] of irreparable harm." *Ferrellgas Partners, L.P. v. Barrow*, 143 F. App'x. 180, 191 (11th Cir. 2005) (internal quotation marks omitted)⁵; see also *Night Owl SP, LLC v.*

Dongguan Auhua Elecs. Co., No. 2:19-cv-109, 2019 U.S. Dist. LEXIS 61770, 2019 WL 1552868, *3 (M.D. Fla. Apr. 10, 2019) (holding same).

A court's "factual finding" of "likelihood of consumer confusion" is also sufficient to support a finding of irreparable harm, as the same evidence is likely to support both requirements. *Commodores Entm't Corp. v. McClary*, 648 F. App'x 771, 777 (11th Cir. 2016). Such a likelihood of consumer confusion is shown here. See also *Express Franchise Servs., L.P. v. Impact Outsourcing Sols., Inc.*, 244 F. Supp. 3d 1368, 1384 (N.D. Ga. 2017) ("Irreparable harm has previously been found to exist based on substantial threat of customer confusion and the resulting harm to the plaintiff's reputation and goodwill" and plaintiff "is suffering irreparable harm in the form of loss of control of its reputation and goodwill.").

Defendant's use of the BAF Mark is likely to (a) confuse, mislead, or deceive customers, purchasers, and members of the general public as to the origin, source, sponsorship, or affiliation of the parties and/or their respective products; (b) cause such consumers to believe in error that the infringing products have been authorized, sponsored, approved, endorsed, or licensed by BAF; (c) cause any defects, faults, or objections regarding Defendant's products to reflect negatively upon BAF; (d) result in Defendant [*9] unfairly benefiting from BAF's advertising and promotion; and (e) result in Defendant unfairly profiting from BAF's reputation and trademarks.

Defendant posits that a preliminary injunction is unnecessary because Defendant agrees to refrain from future infringement. (Doc. 18, p. 17). Under this argument, "[Defendant] has no plans to sell the allegedly infringing goods until this issue is resolved, [so BAF] cannot—as a matter of law—establish the irreparable harm necessary to prevail on its Motion." (*Id.*). However, a professed intent to "stop" infringing is not a legally adequate basis to deny a preliminary injunction. *Basic Fun, Inc. v. X-Concepts, LLC*, 157 F. Supp. 2d 449, 457 (E.D. Pa. 2001) (citing *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1151 (7th Cir. 1992)).

"A movant has no burden to prove likely repetition of the infringement to obtain an injunction." *Id.* Nonetheless, BAF presented evidence that Defendant continued infringing even after the Court issued the TRO. Defendant's follow-up emails to AHR Expo attendees flouted the TRO's prohibition of "displaying" or "showing" products containing the BAF Mark. This violation undermines Defendant's assertion that a preliminary injunction is unnecessary. The Court declines to

⁴The Court recognizes that this testimony is entirely hearsay and discounts its probative weight accordingly.

⁵Unpublished opinions are not controlling authority and are

persuasive only insofar as their legal analysis warrants." *Bonilla v. Baker Concrete Const., Inc.*, 487 F.3d 1340, 1345 (11th Cir. 2007).

take Defendant at its word.

Altogether, BAF successfully argues that Defendant's conduct—if unrestrained—will [*10] cause substantial and irreparable harm to the public, BAF, the BAF Mark, and the goodwill they represent.

3. *The Threatened Injury to BAF Outweighs the Harm to Defendant*

The Court believes that the threatened harm to BAF—namely, continued harm to its brand and reputation—outweighs any harm to Defendant. Although Defendant possibly stands to lose sales of its allegedly counterfeit and infringing products if the temporary restraining order is issued, this will not constitute a legitimate hardship because Defendant has no right to engage in counterfeiting and infringing activities. *See Night Owl*, 2019 U.S. Dist. LEXIS 61770, 2019 WL 1552868, *3 ("Night Owl argues that Defendants will not suffer any cognizable hardship from an injunction because it only seeks to prohibit unlawful activity. . . . The Court agrees. The balance of the equities strongly favors Night Owl."); *see also Callaway Golf*, 915 F. Supp. at 1215 (finding that "[a] preliminary injunction will not cause Defendants[] to suffer any legitimate harm, because they are simply being prevented from selling a product that they are not legally entitled to sell" and further finding that the "balance of the equities weighs heavily in favor of" the non-infringing plaintiff who "faces the risk of injury to its business relationships, [*11] reputation and good will; in comparison, Defendants will suffer little").

4. *The Public's Interest Is Served by Protecting the BAF Mark*

"The public has an interest in not being misled about the source of trademarked products and in an accurate trademark registry. An injunction would serve these public interests." *Night Owl*, 2019 U.S. Dist. LEXIS 61770, 2019 WL 1552868, *3. Florida policy also favors protection of businesses and their trademarks. *Cf. NACM Tampa, Inc. v. Sunray Notices, Inc.*, No. 8:15-cv-1776, 2017 U.S. Dist. LEXIS 25770, 2017 WL 2209970, *12 (M.D. Fla. Feb. 8, 2017) ("Florida's public policy favors the protection of businesses") (citation omitted), *adopted sub nom. NACM Tampa, Inc. v. Mensh*, 2017 U.S. Dist. LEXIS 25100, 2017 WL 711243 (M.D. Fla. Feb. 23, 2017); *Aquent LLC v. Stapleton*, No. 6:13-cv-1889, 2014 U.S. Dist. LEXIS 4151, 2014 WL 117095, *3 (M.D. Fla. Jan. 13, 2014) (same).

B. Bond Requirement

Defendant argues that an injunction bond is proper "given the uncertainties as to the Defendant's remedies for recovery of damages." (Doc. 27, p. 5). The Supreme Court has suggested that an injunction bond represents the upper limit of damages for which a wrongfully enjoined party can recover. *W.R. Grace & Co. v. Local Union 759*, 461 U.S. 757, 770 n.14, 103 S. Ct. 2177, 76 L. Ed. 2d 298 (1983) ("A party injured by the issuance of an injunction later determined to be erroneous has no action for damages in the absence of a bond."). BAF concedes that "there is a weight of authority" in support of this proposition but argues that "the Eleventh Circuit does not yet appear [*12] to have addressed the issue." (Doc. 36, p. 3). This contention does not meaningfully engage with Defendant's concerns—and ignores the hierarchy of the federal judiciary.

Accordingly, the Court believes that an injunction bond of \$150,000 will provide necessary security in the event that Defendant becomes entitled to damages.

IV. CONCLUSION

The intent of the Lanham Act is "[t]o protect persons engaged in . . . commerce against unfair competition" and "[t]o prevent fraud and deception in commerce." 15 U.S.C. § 1127. BAF has demonstrated that the traditional prerequisites to injunctive relief are present in this case. Specifically, BAF has demonstrated that it stands to suffer irreparable injury to its marks and reputation through the sale of counterfeit and (potentially) inferior merchandise. Further, without the requested relief, BAF would be without any legal means to prevent what is clearly a blatant infringement of their federally registered mark. The injury BAF faces to sustain outweighs any harm that relief will inflict on Defendant, and the entry of the requested relief would serve the public interest. *See Schiavo*, 403 F.3d at 1225-26.

Accordingly, it is **ORDERED AND ADJUDGED** as follows:

1. Plaintiff's Oral Motion for Preliminary [*13] Injunction (Doc. 35) is **GRANTED**.
2. Plaintiff's TRO (Doc. 9) is **CONVERTED** into a Preliminary Injunction.
3. Defendant's Motion for Modification of TRO to Require Plaintiff to Post Bond (Doc. 27) is **DENIED AS MOOT**.
4. Defendant's Oral Motion for Bond (Doc. 34) is **GRANTED IN PART**. Plaintiff **SHALL** post a bond of \$150,000 within 21 days of this order.

DONE AND ORDERED in Orlando, Florida on February
25, 2020.

/s/ Paul G. Byron

PAUL G. BYRON

UNITED STATES DISTRICT JUDGE

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