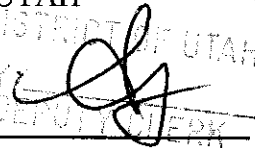


IN THE UNITED STATES COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

FILED
CLERK, U.S. DISTRICT COURT
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DISTRICT OF UTAH
BY: 
DEPUTY CLERK

KLEIN-BECKER USA, a Utah limited liability company, AND WESTERN HOLDINGS, a Wyoming limited liability company

Plaintiffs,

vs.

NDS NUTRITION, a Nebraska limited liability company, AND CORY WIDEL, an individual,

Defendants.

ORDER

Case No. 2:04CV00776 TC

Plaintiffs Klein-Becker USA, LLC (“Klein-Becker”) and Western Holdings, LLC, (“Western Holdings”)¹ have brought this lawsuit against Defendants NDS Nutrition, LLC, (“NDC”) and Corey Widel. Plaintiffs contend that NDS’ anti-stretch mark/wrinkle cream, Strive-V.C.N, infringes the trademark and trade dress rights in their anti-stretch mark/wrinkle cream, StriVectin-SD. The matter is now before the court on Plaintiffs’ motion to enjoin NDS from selling or advertising its allegedly infringing product. For the reasons set forth below, the motion is GRANTED IN PART and DENIED IN PART.

¹Klein Becker was the sole plaintiff in the original complaint. Western Holdings joined as plaintiff in the first amended complaint.

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FINDINGS OF FACT

I. Background.

The Parties and the Products at Issue.

Western Holdings, a Wyoming limited-liability company, is the owner of the StriVectin-SD trademark. Klein-Becker is a Utah limited-liability company engaged in the sale of nutritional and cosmetic products. Klein-Becker is the exclusive licensee for StriVectin-SD. (Klein-Becker and Western Holdings will be referred to collectively as "Plaintiffs" except when necessary to differentiate between the two.) Plaintiffs' StriVectin-SD product is an over-the-counter skin cream. Originally, StriVectin-Sd was developed to reduce the appearance of stretch marks after pregnancy. Later, consumers began buying and using StriVectin-SD as an aid in reducing wrinkles, crowsfeet, and other facial lines.

On September 2, 2003, Western Holdings obtained federal registration for the "StriVectin-D" trademark. (A copy of the Registration is attached as an exhibit to the First Amended Complaint.) The trademark has been continuously used in interstate commerce since August 2002.

NDS, a Nebraska limited liability company, is in the business of distributing and selling weight loss and muscle building products. It sells only one cosmetic product, Strive-V.C.N. It is this product that Plaintiffs contend infringes the StriVectin-SD trademark. NDS began selling and distributing Strive-V.C.N. in approximately June 2004. Defendant Corey Widell is the

president and CEO of NDS.²

Plaintiffs market and sell StriVectin-SD on the internet, in department stores, and in GNC stores and franchises. NDS sells Strive-V.C.N. primarily through GNC franchises. Plaintiffs have spent millions of dollars advertising and marketing StriveVectin-SD. The product has been extremely successful, receiving significant publicity in publications such as Woman's World Magazine, Star Magazine, and Self Magazine. NDS has spent no money on advertising, marketing, or promoting Strive-V.C.N., yet in the relatively short time Strive-V.C.N. has been on the market, NDS has sold approximately 6,000 units of the product. The retail price for StriVectin-SD is \$135. According to Mr. Widel, who testified at the hearing on the motion for injunctive relief, the retail price of Strive-V.C.N. was \$149.

One of Plaintiffs' advertisements claims that StriVectin-SD is an "antiAging Breakthrough," and that it is "Better than Botox?" (Ex. 22.)³ One of NDS' franchisees has published a similar advertisement for Strive-V.C.N. in which the product is described as "Anti-Aging Breakthrough" and "Better than Botox?" (Ex. 10 at 3.)

At the hearing, Mr Widel admitted that, before NDS began production of Strive-V.C.N., he was aware of Stri-Vectin-SD and had seen Plaintiff's "Better than Botox?" advertisement. He further admitted that he discussed Stri-Vectin-SD with Shelly Gonzalez of Mediderm Laboratories, the manufacturer of Strive-V.C.N., before production of Strive-V.C.N. began.

²Mr. Widel claims that the court lacks personal jurisdiction over him. Rather than reach this issue, which has not been fully briefed, the court will only consider whether it is appropriate to grant an injunction against NDS.

³All the exhibits referred to in this order were exhibits at the hearing on the motion for preliminary injunction.

The Packaging of the Products

According to Plaintiffs, “the Strive-V.C.N. box has the same . . . ornamental features as the StriVectin-SD box.” (Pls' Mem. Supp. Temp. Rest. Ord. & Prel. Inj. at 8.) Plaintiffs then list fifteen features which, according to Plaintiffs, demonstrate that the packaging for the two products is confusingly similar. (Id. at 8-9) Plaintiffs argue that their packaging is distinctive because when it is compared to other cosmetic products, it more closely resembles a container for a medicinal product than a cosmetic.

NDS contends that there are significant differences between the packages. NDS points out that (among other differences): “Both the colors used and the layout of the colors are significantly different; [and] ... The size of the packaging is significantly different.” (NDS' Mem.Opp. Prel. Inj. at 23.)

CONCLUSIONS OF LAW

I. Preliminary Injunction Standard.

To obtain injunctive relief, a party must establish that: (1) it will likely prevail on the merits of the litigation; (2) it will suffer irreparable injury unless an injunction is issued; (3) its threatened injury outweighs any harm the proposed injunction may cause to the opposing party; and (4) an injunction, if issued, would not be adverse to the public interest. ACLU v. Johnson, 194 F.3d 1149, 1155 (10th Cir. 1999); The Delta Western Group, L.L.C. v. Ruth U. Fertel, Inc., 2000 WL 33710852, *3 (D. Utah, Sept. 28, 2000). The parties dispute whether the injunction sought by Plaintiffs is a “disfavored” injunction—an injunction that either disturbs the status quo, is mandatory rather than prohibitory, or one that affords the movant substantially all the relief it

may recover at the conclusion of a full trial on the merits. In order to prevail here, because Plaintiffs are seeking an injunction that would provide essentially the full relief they would receive if successful at trial and because the injunction would alter the status quo, Plaintiffs must demonstrate that, when considered together, the four factors weigh heavily and compellingly in their favor. Delta Western Group, 2000 WL 33710852 at *3 (internal citations omitted).

II. Plaintiffs' Claim of Trademark Infringement.

A. Likelihood of Success on the Merits.

The basic test of both common-law infringement and infringement under 15 U.S.C. § 1114 is "likelihood of confusion." 3 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 23:1 (4th ed. 2004).⁴ The Tenth Circuit has explained that because the Lanham Act is meant to guard against consumers' confusion over the source of a product, "[l]ikelihood of confusion forms the gravamen for a trademark infringement action." King of the Mountain Sports, Inc. v. Chrysler Corp., 185 F.3d 1084, 1089 (10th Cir. 1999); see also GTE Corp. v. Williams, 731 F.2d 676, 678 (10th Cir. 1976) (stating that "the key to proving trademark infringement is showing a likelihood of confusion as to the source of the product or service").

In King of the Mountain, the court instructed that determination of whether a likelihood

⁴NDS pointed out at the hearing that Klein-Becker, as a licensee, cannot bring an action under 15 U.S.C. § 1114. Although the owner of the trademark, Western Holdings, is now a Plaintiff, NDS argues that Western Holdings did not bring this motion for injunctive relief (although by oral motion, Plaintiffs' counsel asked that Western Holdings be added as a movant) and that it would not be equitable to allow Plaintiffs to now seek relief under § 1114. However, the court fails to see any inequity that would result from granting Western Holdings' motion to join in the motion and seek relief under § 1114, particularly in light of the fact that Plaintiffs have alleged violations by NDS of 15 U.S.C. § 1125, which allows protection to unregistered marks and dress. The court is mindful that the analysis under both statutes is generally the same. See Two Pesos v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992). Accordingly, the court will consider only whether injunctive relief is appropriate under § 1114.

of confusion exists between a trademark and an allegedly infringing mark depends upon six non-exhaustive factors:

(a) the degree of similarity between the marks; (b) the intent of the alleged infringer in adopting its mark; (c) evidence of actual confusion; (d) the relation in use and the manner of marketing between the goods or services marketed by the competing parties; (e) the degree of care likely to be exercised by purchasers; and (f) the strength or weakness of the marks.

King of the Mountain, 185 F.3d at 1090. The court further noted that these factors were interrelated and no one factor was dispositive. (Id.) (internal citations omitted).

Accordingly, the court will consider each of the six factors in turn.

1. The degree of Similarity.

“[S]imilarity of marks is tested on three levels: sight, sound and meaning.” Beer Nuts, Inc. v. Clover Club Foods Co., 805 F.2d 920, 925 (10th Cir. 1986). These factors must be considered together, as observed by consumers in the marketplace. A court must not compare the marks side- by-side. “[S]imilarities are weighed more heavily than differences, particularly when competing marks are used in virtually identical products packaged in a similar manner.” Sally Beauty Co., Inc. v. BeautyCo, Inc., 304 F.3d 964, 972 (10th Cir. 2002) (citation omitted.)

The Plaintiffs here have accurately described the similarities between the two marks. (Pls.’ Mem. Supp. Temp. Rest. Ord. & Prel. Inj. at 7.) The court agrees with their analysis and concludes that there is a striking degree of similarity between the marks in terms of sight, sound and meaning even though there are differences in spelling. Minor differences in spelling are not generally sufficient to distinguish trademarks that are otherwise similar. Seven-Up Co. v. Tropicana Products, Inc., 53 C.C.P.A. 1209, 1211 (C.C.P.A. 1966) (noting that “slight variations

in spelling or arrangement of letters are often insufficient to direct the buyer's attention to the distinction between marks”); Floralife Products, Inc. v. Floraline International, Inc., 633 F.Supp. 108, 114-15 (N.D.Ill. 1985) (holding that there is a likelihood that “FLORALIFE” mark is confusingly similar to “FLORALINE” mark). When the two products are viewed separately, and in light of what a consumer would encounter in the marketplace, it is clear that the similarity between the two trademarks weighs in favor of Plaintiffs in its demonstration of likelihood of confusion.

2. Intent of NDS in Adopting its Mark.

The court must determine whether NDS “had the intent to derive benefit from the reputation or goodwill” of Plaintiffs' product. King of the Mountain, 185 3d at 1090. The evidence leads to the inescapable conclusion that NDS wanted to profit from the considerable success of StriVectin-SD. First, Mr. Widel knew of StriVectin-SD before he launched his product. Second, he discussed StriVectin-SD with the person in charge of manufacturing Striv-V.C.N. Third, and most compelling, is the writing on the Strive-V.C.N. Box, which describes it as a “New & Improved Formula.” But Mr. Widel admitted that NSD had never before manufactured a cosmetic even though the packaging for his product indicates that the present product is an improvement on a previous similar product. A consumer, reading that claim, might logically conclude that Strive-V.C.N. is an upgraded version of StriVectin-SD.

Accordingly, the court concludes that Plaintiffs have clearly established this factor.

3. Actual Confusion.

There was little or no evidence of actual confusion presented. This is not surprising in

view of the fact that NDS has been marketing its product for a short time. Therefore, the court concludes that this factor favors neither party.

4. Similarity in Products and Manner of Marketing.

“Typically, [t]he greater the similarity between the products and services, the greater the likelihood of confusion.” King of the Mountain, 185 F.3d at 1092 (citation omitted.)

StriVectin-SD and Strive-V.C.N are virtually identical products—both are cosmetics used to combat stretch marks and/or wrinkles. The manner of marketing is similar—both are sold at GNC outlets. Accordingly, this factor weighs heavily in Plaintiffs' favor.

5. Degree of Care Likely to be Exercised by Consumers.

If the consumers of a product take great care in selecting that product, the probability of confusion is decreased. King of the Mountain, 185 F.3d at 1092. Although \$135 to \$149 (the prices of the two products) are not significant amounts when compared to the price a consumer pays for items such as an automobile, a household appliance, or even certain items of clothing, it is a large amount to pay for a cosmetic. But without additional evidence, the court concludes that this factor favors neither party.

6. Strength of the Mark.

The stronger a trademark, the more likely that consumers will be confused by infringement of that mark. Id. at 1093. In order to assess the relative strength of a mark, a court must consider two factors: (1) conceptual strength (the relative distinctiveness of a mark, on a scale ranging from fanciful to generic); and (2) commercial strength (the recognition by consumers of the mark in the marketplace). Id. (citation omitted).

The categories of trademarks in ascending order of conceptual strength are: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful. Sally Beauty, 304 F.3d. at 975-76. Because the StriVectin-SD mark was accepted for federal registration, there is a rebuttable presumption that the mark is inherently distinctive. 5 J. Thomas McCarthy, Trademarks and Unfair Competition § 32:138 (4th ed. 2004); see also Educational Development Corp. v. The Economy Co., 562 F.2f 26, 28 (10th Cir. 1977) (“A mark that is merely descriptive of the characteristics, qualities, use or functions for the goods cannot be registered.”)

As far as commercial strength, Plaintiffs have produced evidence that the Stri-Vectin-SD mark has acquired secondary meaning. “Secondary meaning” means that a mark has acquired distinctiveness, even if it is not inherently distinctive, if “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” Wal-Mart Stores v. Samara Brothers, Inc., 529 U. S. 205, 210 n* (2000). According to Plaintiffs, they have spent millions of dollars on advertising and promoting their product. Further, there was evidence, as described above, of numerous unsolicited media stories concerning the benefits of using StriVectin-S-D.

Accordingly, this factor weighs in favor of Plaintiffs. Having considered all of the above factors, the court concludes that Plaintiffs have established a likelihood of success on the claim of trademark infringement under 15 U.S.C. § 1114.

B. Irreparable Harm.

When a trademark or trade dress is wrongfully appropriated, the court may presume that irreparable injury has occurred. Marker Int'l v. DeBruler, 635 F. Supp. 986, 998 (D. Utah 1986)

(“If likelihood of confusion is demonstrated, irreparable injury is presumed.”) affd, 844 F.2d 763 (10th Cir. 1988); Delta Western Group, L.L.C., 2000 WL 33710852 at *7 (“When a registered trademark is wrongfully appropriated by another business, the court may presume that irreparable injury has occurred.”) In other words, the damage caused by trademark infringement is, by its very nature, irreparable and is not susceptible to easy measurement. Ty, Inc. v. Jones Group, Inc., 237 F.3d 891, 902 (7th Cir. 2001). Because Plaintiffs have demonstrated a likelihood of success on the merits regarding its trademark claim, irreparable harm may be presumed from NDS's infringing conduct.

C. Harm to NDS.

The court must also consider the degree to which NDS would be harmed by the issuance of a preliminary injunction. Delta Western Group, L.L.C., 2000 WL 33710852 at *8. NDS has spent little money on manufacturing and marketing Strive-V.C.N.. Mr. Widel testified that the primary harm NDS would suffer if the court granted Plaintiffs' motion would be to its reputation and good will. The court finds that such allegations of harm are speculative and may not serve as a basis for denying Plaintiffs' motion. Processed Plastic Co. v. Warner Communications, Inc., 675 F.2d 852, 858-59 (7th Cir. 1982) (affirming grant of preliminary injunction against infringer whose claims of hardship were speculative).

D. Public Interest.

The last factor which Plaintiffs must demonstrate is that the issuance of a preliminary injunction is not contrary to the public interest. In a trademark case, protecting the rights of the owner of protected trademarks and trade dress is consistent with the public interest because

trademarks foster competition and promote the maintenance of quality in business. Delta Western Group, L.L.C., 2000 WL 33710852 at *8. Moreover, the public interest in a trademark case is “the right not to be deceived or confused.” Optician Ass’n of America v. Independent Optician of Am., 920 F.2d 187, 197 (3d cir. 1990). Plaintiffs have therefore satisfied the fourth prong of the preliminary injunction test.

Based on the above, the court concludes that Plaintiffs have demonstrated that, when considered together, the four factors necessary for injunctive relief weigh heavily and compellingly in their favor. Accordingly, they are entitled to a preliminary injunction on their claim that NDS has infringed the StriVectin-SD mark.

III. Plaintiffs’ Claim of Trademark Infringement.

Trade dress comprises a product’s overall image, which includes elements such as “size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” Two Pesos v. Taco Cabana, Inc., 505 U.S. 763, 765 n.1 (1992). Plaintiffs claim that the product packaging of the NDS box infringes the trade dress of the Strivectin-SD packaging.

Again, to show that it is entitled to a preliminary injunction on this claim, Plaintiffs must establish that: (1) it will likely prevail on the merits of the litigation; (2) it will suffer irreparable injury unless an injunction is issued; (3) its threatened injury outweighs any harm the proposed injunction may cause to the opposing party; and (4) an injunction, if issued, would not be adverse to the public interest. ACLU v. Johnson, 194 F.3d 1149, 1155 (10th Cir. 1999); Delta Western Group, 2000 WL 33710852 at *3. Plaintiffs must also demonstrate, because of the disfavored nature of the relief they seek, that when considered together, the four factors weigh heavily and

compellingly their favor. Delta Western Group, 2000 WL 33710852 at *3 (citations omitted).

A. Likelihood of Success on the Merits.

In order to demonstrate trade dress infringement for product packaging, Plaintiffs must demonstrate (1) that its trade dress is inherently distinctive or has become distinctive through secondary meaning; and (2) likelihood of confusion; (3) the Stri-Vectin-SD packaging is not “functional.” Sally Beauty, 304 F.3d at 977. Only the first two factors are at play here because NDS has not raised an argument that the StriVectin-SD trade dress is functional.

1. Distinctiveness and Secondary Meaning.

The same categories of generic, descriptive, suggestive, arbitrary and fanciful apply when a court is deciding whether trade dress is inherently descriptive. Two Pesos, 505 U.S. at 768. If trade dress is not inherently distinctive, it may acquire distinctiveness through secondary meaning. Id. at 769. Distinctiveness through secondary meaning means that “over time customers may associate the primary significance of a dress feature with the source of the product rather than the product itself.” Sally Beauty, 304 F.3d at 977.

If trade dress is suggestive, arbitrary or fanciful, it is inherently distinctive and therefore entitled to protection without proof of secondary meaning. Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205, 209 (2000). As discussed above, Plaintiffs contend that their trade dress is distinctive because it does not resemble a cosmetic product. Further, they contend that their trade dress has acquired secondary meaning. Plaintiffs also point to the evidence, outlined above, that NDS intentionally copied its StriVectin-SD trademark. Evidence of intentional copying is indicative that a product has secondary meaning. Sally Beauty, 304 F.3d at 977.

But what the evidence shows is that the distinctive element of the StriVectin-SD packaging (its trade dress), is the name itself and the way that it is displayed on the box. Plaintiffs argue that the shape of the box, which, according to counsel, gives it the appearance of a pharmaceutical or medical product rather than a cosmetic product, was inherently distinctive. Further, according to Plaintiffs, the use of simple, straight-lined font was distinctive. But there was no evidence on that subject other than the argument of counsel. And all the evidence of secondary meaning related to the name itself. In sum, as far as the total packaging, the court concludes that only the Stri-Vectin-SD name itself, as displayed on its packaging, is distinctive and entitled to protection under the Lanham Act

Accordingly, because the Plaintiffs cannot establish likelihood of success on the merits of their trade dress infringement claim, they cannot demonstrate that the other three factors, which depend on a finding that Plaintiffs' trade dress is entitled to protection, weigh in their favor.

AMOUNT OF BOND

The parties did not address the amount of bond that is appropriate. Accordingly, they are directed to file memoranda on the question of bond amount within ten days of this order.

ORDER

1. NDS is enjoined from continuing to use the Strive-V.C.N. name, including continued manufacturing, advertising or selling of any product bearing the Strive-V.C.N. name.⁵
2. This order applies to NDS, its agents and employees who have notice of this order.

⁵Plaintiffs requested additional relief, including a directive that NDS immediately recall all of its product bearing the Strive-V.C.N. name. But it appears that this measure is unnecessary in light of the fact that NDS advised the court on October 13, 2004, that it has sought the return of all unsold product.

3. The order will go into effect once the court has determined the appropriate amount of bond and Plaintiffs have posted that amount with the Clerk of the Court.

DATED this 17th day of November, 2004.

BY THE COURT:

A handwritten signature in black ink, appearing to read "Tena Campbell". The signature is written in a cursive style with a large initial 'T'.

TENA CAMPBELL
United States District Judge

alt

United States District Court
for the
District of Utah
November 16, 2004

* * CERTIFICATE OF SERVICE OF CLERK * *

Re: 2:04-cv-00776

True and correct copies of the attached were either mailed, faxed or e-mailed by the clerk to the following:

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