

**UNITED STATES DISTRICT COURT**  
**DISTRICT OF MAINE**

**DELORME PUBLISHING COMPANY, )**  
**INC., )**

**Plaintiff )**

**v. )**

**Civil No. 97-46-P-C**

**RAND MCNALLY & COMPANY, )**

**Defendant )**

**MEMORANDUM DECISION ON**  
**DEFENDANT’S MOTION TO STRIKE PLAINTIFF’S DEMAND FOR JURY TRIAL**

Having answered the complaint of plaintiff and counterclaim-defendant DeLorme Publishing Company (“DeLorme”) seeking a declaratory judgment and injunctive relief, and having asserted a variety of counterclaims for trademark infringement under federal and state law, defendant and counterclaim-plaintiff Rand McNally & Company (“Rand McNally”) now moves to strike DeLorme’s demand for a jury trial (Docket No. 16). As the motion papers make clear, the sole basis for DeLorme’s jury trial demand is the request by Rand McNally in its counterclaim for an accounting of DeLorme’s profits pursuant to Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a). Because this is a proper basis for asserting the Seventh Amendment right to trial by jury in suits at law, Rand McNally’s motion must be denied.

The Supreme Court’s decision in *Dairy Queen, Inc. v. Wood*, 369 U.S. 469 (1962), and this court’s previous reading of *Dairy Queen* in *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 629 F.Supp. 644 (D.Me. 1986), are dispositive of the issue raised by Rand McNally’s motion. In the *Dairy Queen* case, the plaintiffs alleged both breach of contract and trademark infringement, seeking both

equitable relief and “an accounting to determine the exact amount of money owing by petitioner and a judgment for that amount.” *Dairy Queen*, 369 U.S. at 475. Noting that the complaint, because it presented two distinct theories of recovery, was amenable to a variety of interpretations and was, in that sense, ambiguous, the Court concluded that the plaintiffs’ “claim for a money judgment [was] a claim wholly legal in its nature however the complaint is construed.” *Id.* at 476-77. The Court unambiguously rejected the argument that the request for an “accounting” transformed the action into an equitable one, holding that “the constitutional right to trial by jury cannot be made to depend upon the choice of words used in the pleadings.” *Id.* at 477-78. And, as this court previously recognized in the *L.L. Bean* case, the clarity of the holding in *Dairy Queen* is such that it cannot reasonably be limited to cases that combine a request for accounting under the Lanham Act with a common-law contract claim. *L.L. Bean*, 629 F.Supp. at 646.

In support of its position, Rand McNally invokes the rubric laid out by the Supreme Court subsequent to *Dairy Queen* for evaluating disputes over the entitlement to trial by jury:

First, we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature. . . . The second inquiry is the more important in our analysis.

*Chauffeurs, Teamsters & Helpers Local No. 391 v. Terry*, 494 U.S. 558, 565 (1990) (quoting *Tull v. United States*, 481 U.S. 412, 417-18 (1987), internal quotation marks and other citations omitted).

Applying this framework leads to no different result than the one suggested by *Dairy Queen*.

“Historically, an action for trademark infringement was an action at law for damages, being viewed as a kind of claim of fraud; only later — after the adoption of the Seventh Amendment — did courts of equity grant injunctions against such misconduct.” *Oxford Indus., Inc. v. Hartmarx*

*Corp.*, 15 U.S.P.Q.2d 1648, 1990 WL 65792 at \*3 (N.D.Ill. 1990) (citing G. Ropski, *The Federal Trademark Jury Trial — Awakening of a Dormant Constitutional Right*, 70 Trademark Rptr. 177, 179-81 (1980)). The remedy of accounting was common to both law and equity, but originated in the law courts. *Oxford Indus.*, 1990 WL 65792 at \*6; 9 C. Wright & A. Miller, *Federal Practice and Procedure* § 2310 at 87 (2d ed. 1995). In the trademark context, “[a] demand for an accounting invoked equitable jurisdiction only when there were mutual accounts, the accounts were too complicated for a jury to resolve or when there was a fiduciary relationship between the parties.” *Oxford Indus.*, 1990 WL 65792 at \*6 (citations omitted).

The second and more important aspect of the *Terry* framework, which involves examination of the nature of the remedy itself, only reinforces the results of the historical inquiry. As Rand McNally points out, the Supreme Court noted in *Terry* that it has characterized damages as an equitable remedy when they are truly restitutionary. *Terry*, 494 U.S. at 570 (citing *Tull*, 481 U.S. at 424). The point, originally made in *Tull*, is that disgorgement of profits is a “poor analogy” to employ in arguing that a civil penalty under the Clean Water Act is an equitable remedy because the latter is a more broad form of relief than mere restitution of ill-gotten gains. *Tull*, 481 U.S. at 424. Although disgorgement of profits is “traditionally considered an equitable remedy,” *id.*, the accounting sought by DeLorme under section 35 of the Lanham Act is outside that tradition. Nothing suggests that a trademark owner has “an equitable title or estate in an infringer’s profits.” *Oxford Indus.*, 1990 WL 65792 at \*6.

A court of equity may require the infringer to pay over his profits because he should not be allowed to profit from his own wrong or because the actual loss to the trademark owner is impossible to compute, but this is arguably more in the nature of compensatory damages than restoring the trademark owner’s own property to him, which is what is normally understood by restitution.

*Id.* at \*7. The Supreme Court made a related point in *Dairy Queen*, suggesting that any equitable remedies available under section 35 of the Lanham Act have as their prerequisite the inadequacy of legal relief, and noting that, in this context, such inadequacy would have to be premised on a determination that the accounts between the parties are too complicated for a jury to resolve. *Dairy Queen*, 369 U.S. at 477-78. Given the assistance now available to juries, it will be a “rare case” when such a determination should be made, and the legal remedy available under section 35 “cannot be characterized as inadequate merely because the measure of damages may necessitate a look into petitioner’s business records.” *Id.* at 478-79. Eschewing semantic distinctions, the Supreme Court in *Dairy Queen* determined that an accounting of profits under section 35 of the Lanham Act was legal in nature. Nothing in the Court’s subsequent Seventh Amendment cases changes that reality, especially given that “[m]aintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.” *Terry*, 494 U.S. at 565 (quoting *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935), other citation and internal quotation marks omitted).

I am unable to agree with Rand McNally’s contention that *Dairy Queen* now stands only for the limited proposition that a civil litigant cannot be denied the right to a jury trial simply because the litigant seeks relief that is both legal and equitable. While the “central concern” of *Dairy Queen*, that the merger of law and equity not work an erosion of the Seventh Amendment, is not implicated in a case that fails to seek both types of relief, *Whitlock v. Hause*, 694 F.2d 861, 864 (1st Cir. 1982), something worse than erosion occurs when a party is permitted to use semantics to turn a case that invokes both law and equity into one that is characterized as purely equitable. That point, implicit

in *Dairy Queen*, is the unmistakable message of *Terry* and *Tull*.<sup>1</sup>

Both in its historical roots and in its essence, Rand McNally's request for an accounting of DeLorme's profits is a claim for legal relief. Because Rand McNally presses this claim, DeLorme is entitled to trial by jury and Rand McNally's motion to strike the demand therefor must be **DENIED**.

*Dated this 22nd day of October, 1997.*

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*David M. Cohen*  
*United States Magistrate Judge*

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<sup>1</sup> I am aware of authorities from other circuits suggesting that there is no entitlement to a jury trial when a litigant seeks an accounting of profits under the Lanham Act. *See, e.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F.Supp. 598, 605 (E.D.Va. 1997); *G.A. Modefine S.A. v. Burlington Coat Factory Warehouse Corp.*, 888 F.Supp. 44, 45-46 (S.D.N.Y. 1995). I must respectfully disagree with the relevant conclusions reached therein.