

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

JA-BER TRADING COMPANY,
Plaintiff

v.

Civil No. 97-299-P-C

NOVELTY, INC.,
Defendant

Gene Carter, District Judge

MEMORANDUM OF DECISION AND ORDER

Plaintiff Ja-Ber Trading Company filed this suit against Defendant Novelty, Inc., alleging that Novelty sold counterfeit copies of Ja-Ber's "Champantie" product which amounted to trademark infringement under the Lanham Act (Count I), "passing off" in violation of the Lanham Act (Count II), and violation of the Maine Deceptive Trade Practices Act (Count III). After trial, the Court makes the following findings of fact.

I. FACTS

Ja-Ber sells novelty gifts including the "Champantie" – a clear plastic champagne-type bottle with a pair of red women's underpants inside – at trade shows to retailers. Plaintiff's Exhibit 1. The Champanties are in turn sold to consumers as impulse purchases at convenience stores, department stores, and other locations. Tr. at 11. The "Champantie" mark was registered on the federal Principal Register in February 1989 by 673191 Ontario, Inc. Plaintiff's Exhibit 3. Ja-Ber has marketed and sold products bearing the "Champantie" mark in the United States since

early 1988. Tr. at 15. Ja-Ber acquired the rights in the United States to the mark “Champantie” due to an assignment of those rights from 673191 Ontario, Inc., d/b/a Sterling Distributors, in January 1992. Plaintiff’s Exhibit 4. The registration was canceled in 1995 for failure to file a statement of use. Tr. at 20. At the time this lawsuit was brought, the mark was not registered on the Principal Register.¹ Plaintiff’s Response to Defendant’s Request for Admissions, Exhibit D to Affidavit of Kurt N. Jones (Docket No. 18).

Novelty purchased the nearly identical Champantie products from a manufacturer in Taiwan named Prepotent International. Defendant’s Exhibits 5-9; Plaintiff’s Exhibit 2. Novelty’s president was in Taiwan looking for products and saw the Champantie-like products in a showroom there. Deposition of Andrea Hardebeck at 22. Novelty subsequently ordered the products from Prepotent International and imported them in 1996. Hardebeck Dep. at 49-50; Plaintiff’s Exhibits 5-9. The goods were delivered to Novelty FOB Taiwan. Hardebeck Dep. 47. Despite the presence of an ® on the label, Novelty made no investigation into the intellectual property rights to the mark prior to import or sale. Hardebeck Dep. at 39-42, 114-15; Exhibit C to Statement of Fact – Request for Admission No. 9. Novelty claims no ownership to the “Champantie” mark, Exhibit C to Response to Request for Admission No. 1, or license to use the mark, Hardebeck Dep. at 112-13.

When Ja-Ber discovered that Novelty was selling Champantie products, it sent a cease and desist letter to Novelty, and another letter was later sent by an attorney representing Ja-Ber. Novelty did not respond to either request. Exhibit F. This lawsuit ensued.

¹At trial Plaintiff provided the Court with evidence that it was taking steps to reregister the mark with the U.S. Patent and Trademark Office. Plaintiff’s Exhibit 11; Tr at 20.

II. ANALYSIS

A. Counts I and II – Trademark Infringement and Passing Off

In this case there was a valid assignment of the trademark “Champantie” notwithstanding Plaintiff’s failure to register the assignment with the U.S. Patent and Trademark Office.

Plaintiff’s Exhibit 4. Section 8 of the Lanham Trademark Act requires that a trademark or a service mark registrant file an affidavit in the Patent and Trademark Office between the fifth and sixth anniversaries of the registration date as a precondition of maintaining the validity of the registration. 15 U.S.C. § 1058(a). This “section 8 affidavit” must state essentially that the registrant continues to use the mark on or in connection with the goods or services recited in the registration.² The failure of a registrant to file a section 8 affidavit results in the cancellation of the trademark’s registration at the end of the sixth year. In this case, Ja-Ber failed to file the requisite affidavit, and the registration for Champantie was canceled. Ja-Ber maintains, however, that it owns all rights to the mark.

The Lanham Act provides Plaintiff with a right to sue for an unregistered trademark. 15 U.S.C. § 1125(a).³ A registered trademark raises a prima facie case of exclusive right to use,

²Section 8 was designed to increase the reliability and accuracy of the trademark register by eliminating from the register abandoned or inactive marks. S. Rep.No. 515, 100th Cong., 2d Sess., at 6-7 (1988); H.R. Rep. No. 1028, 100th Cong., 2d Sess., at 7 (1988).

³Although Plaintiff does not specify what provision of the Lanham Act he brings this action pursuant to, the Court assumes that it is section 1125. That statute provides in part:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of

shifting the burden of proof to the defendant. *See* 15 U.S.C. § 1115(a). Where there is no registration, the plaintiff has the burden of establishing his right to exclusive use of the mark. Trademarks are divided into four categories based upon distinctiveness, and the level of protection provided to each varies.

In making the preliminary inquiry into whether a particular mark is eligible for protection under section 43(a), we have established several categories into which we classify various marks. "Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful." *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2nd Cir. 1976). Suggestive, arbitrary and fanciful marks, "because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection." *Two Pesos v. Taco Cabana, Inc.*, 505 U.S. 763, 758 (1992). Generic marks are never entitled to protection, while a descriptive mark is eligible for protection "if it 'has become distinctive of the [producer's] goods in commerce.' This acquired distinctiveness is generally called 'secondary meaning.' " *Id.* at 769 (citations omitted).

Bristol-Meyers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1039 (2nd Cir. 1992). Ja-Ber contends that the "Champantie" mark is fanciful thus entitling it to protection without a showing

fact, which –

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C.A. § 1125.

of secondary meaning. Novelty argues that the mark is descriptive.

The mark at issue here is formed by combining the words “champagne” and “pantie.” It is beyond doubt that the term “Champantie” bears a relationship to the product being offered by Plaintiff. Thus, the mark does not qualify as an arbitrary or fanciful term. The question is not whether the words champagne and pantie are, per se, descriptive terms; but, rather, whether the composite mark of these two descriptive words possesses a descriptive significance.

“Champantie” conveys information about the product, its qualities, ingredients, and characteristics to the public. The significance would be readily apparent to the average purchaser. The Court finds, therefore, that the mark is descriptive.

Having concluded that “Champantie” is a descriptive mark, it is entitled to protection only upon proof that the mark has obtained “secondary meaning.” As noted above, “Champantie” deserves protection only if it can be established that “consumers have come to associate [it] with a particular manufacturer or source.” *Perfect Fit Industries, Inc. v. Acme Quilting Co., Inc.*, 618 F.2d 950, 953 (2nd Cir. 1980). If, however, secondary meaning cannot be established, “Champantie” will be ineligible for protection, and the analysis will conclude without having to address the likelihood of confusion. Courts look to secondary meaning to analyze the strength of the mark. Secondary meaning exists when the mark used has come to indicate that the goods in connection with which it is used are the goods manufactured by the alleged owner. *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 2187 n. 11, 72 L.Ed.2d 606 (1982) (citation omitted) (“To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself.”); *Centaur*

Communications v. A/S/M Communications, 830 F.2d 1217, 1221-22 (2nd Cir.1987).

Secondary meaning is a factual determination, proof of which " 'entails vigorous evidentiary requirements.' " *Thompson Medical v. Pfizer Inc.*, 753 F.2d 208, 217 (2nd Cir. 1985) (quoting *Ralston Purina Co. v. Thomas J. Lipton, Inc.*, 341 F.Supp. 129, 134 (S.D.N.Y.1972)); see also *Coach Leatherware v. AnnTaylor, Inc.*, 933 F.2d 162, 169 (2d Cir.1991). "The burden of proof is on the party claiming exclusive rights in the designation." *PaperCutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 564 (2d Cir.1990) (citation omitted). In determining whether a mark has acquired secondary meaning, courts have considered factors including: (1) advertising expenditures, (2) consumer studies linking name to source, (3) sales success, (4) unsolicited media coverage, (5) attempts to plagiarize the mark and (6) the length and exclusivity of the mark's use. See *Centaur Communications*, 830 F.2d at 1222; *Thompson Medical*, 753 F.2d at 217; *Perfect Fit Industries, Inc.*, 618 F.2d at 954-55; *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655, 663 (2d Cir.1979); *Tripledge Prods., Inc. v. Whitney Resources, Ltd.*, 735 F.Supp. 1154, 1162 (E.D.N.Y. 1990); *Saratoga Vichy Spring Co. v. Lehman*, 491 F.Supp. 141, 150 (N.D.N.Y.1979).⁴ In assessing the existence of secondary meaning, no "single factor is determinative," *American Footwear Corp.*, 609 F.2d at 663, and every element need not be proved.

Here, Ja-Ber has not provided the Court with much evidence bearing on the existence of secondary meaning. The record contains no evidence of advertising expenditures. There is some

⁴There are undoubtedly other types of evidence that would also be relevant to a claim of secondary meaning. The fundamental question, however, is whether " 'the *primary* significance of the term in the minds of the consuming public is not the product but the producer.' " *Centaur Communications*, 830 F.2d at 1221 (citations omitted).

evidence that Ja-Ber advertised the Champantie and other novelty gift items in catalogues. Defendant's Exhibits 59-61. The catalogues were apparently distributed at trade shows. However, the Court has no information regarding how widely the catalogues were distributed. It should be noted that the catalogue advertising which took place in this case was directed at retailers, not at the ultimate consumer. Ja-Ber proffered no evidence of consumer studies linking the Champantie to its source or unsolicited media coverage of the Champantie. The sales success of this product was relatively good given the fact that it is an "impulse purchase." From 1992-1997, Ja-Ber sold 45,007 Champanties. Defendant's exhibit 54. The Champantie imported by Novelty in this case is the only evidence of an attempt to plagiarize the mark. Finally, the mark had been used by Sterling, and later by Ja-Ber, exclusively from 1988 until 1996.

The Court finds that neither the total number of sales nor the exclusive use of the mark for eight years supports the conclusion that there would be any type of general recognition of the "Champantie" mark as identifying a product of the Plaintiff (by the public or retailers). Ja-Ber has failed to demonstrate that the word "Champantie" is more than a descriptive term and that it has acquired a secondary meaning. The Court will, therefore, enter judgment in favor of Defendant on Counts I and II.

B. Count III – Maine Deceptive Trade Practices Act

Ja-Ber next contends that Novelty's use of the mark violates the prohibition on unfair competition in the Maine Deceptive Trade Practices Act, 10 M.R.S.A. § 1212(1). Because of the Court's finding above – that Ja-Ber has not established an exclusive right to use the "Champantie" mark – the Court finds no violation of the Maine Deceptive Trade Practices Act. *See Sebago Lake Camps, Inc. v. Simpson*, 434 A.2d 519, 521 (Me. 1981). Thus, the Court will

enter judgment for Defendant on Count III.

Accordingly, it is hereby **ORDERED** that judgment be entered in favor of Defendant Novelty Inc. and against Plaintiff Ja-Ber Trading Company on Counts I, II, and III of the Complaint.

GENE CARTER
District Judge

Dated at Portland, Maine this 25th day of January, 1999.