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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

TROY HEALTHCARE, LLC, a
Pennsylvania limited liability company,

Plaintiff,

v.

NUTRACEUTICAL CORPORATION, a
Delaware corporation;
NUTRACEUTICAL INTERNATIONAL
CORPORATION, a Delaware
corporation; NUTRAMARKS, INC., a
Delaware corporation; NUTRAPURE,
INC., a Delaware corporation; and
HEALTHY PLANET ENTERPRISES,
INC., a Washington corporation d/b/a
VitaminLife,

Defendants.

CASE NO. C11-844-RSM

ORDER GRANTING MOTION FOR
PRELIMINARY INJUNCTION

INTRODUCTION

This matter comes before the Court upon Plaintiff’s motion for a preliminary injunction.
Dkt #4. On May 18, 2011, Plaintiffs filed a complaint and motion for temporary restraining

1 order alleging infringement of Plaintiff's trade dress, trademarks, and false advertising. Dkt. #s 1
2 & 4. The Court determined that Plaintiff's Motion for a Temporary Restraining Order and
3 attached declarations did not fulfill the requirements for issuance of a temporary restraining
4 order and that it would be premature to grant Plaintiff's motion without allowing Defendants an
5 opportunity to be heard in opposition. Dkt. #23. It thereby converted the motion for temporary
6 restraining order to a motion for preliminary injunction, set the motion for a hearing, and set
7 forth an expedited briefing schedule. *Id.*

8 On June 2, 2011, the Court held a hearing on Plaintiff's motion. All parties were
9 represented at the hearing except for Defendant Healthy Planet Enterprises, Inc., who has not yet
10 appeared in this case. For the reasons set forth below, Plaintiff's motion is GRANTED.

11 BACKGROUND

12 Plaintiff Troy Healthcare LLC ("Troy") sells over-the-counter topical analgesics under
13 the STOPAIN® mark. STOPAIN® is Troy's only product line. Troy is the successor to DRJ
14 Group, Inc. ("DRJ"), a California corporation that has sold STOPAIN® since its founding in
15 1991. Troy is the owner of three federal trademark registrations for the STOPAIN® marks:

- 16 1. The mark **STOPAIN®**: Trademark Registration No. 1,744,224 (the '224
17 Registration), issued by the U.S. Patent and Trademark Office ("USPTO") on January
18 5, 1993.
- 19 2. The mark **STOPAIN®. PUTS PAIN IN ITS PLACE®**: Trademark Registration
20 No. 3,445,830 (the '830 Registration), issued by the USPTO on June 10, 2008.
- 21 3. The mark **STOPAIN. EXACTLY WHAT IT DOES®**: Trademark Registration No.
22 3,952,695 (the '695 Registration), issued by the USPTO on April 26, 2011.

1 Dkt. #9, ¶¶5-6 & Exs. 1-4. Troy and its predecessor, DRJ Group, have continuously used the
2 STOPAIN® mark in connection with the sale of topical analgesics since 1991. Apart from
3 Defendant's alleged infringement, Troy contends that Troy and DRJ Group's use of the
4 STOPAIN® mark has been exclusive. *Id.* at ¶ 8; Dkt. #5, ¶¶ 2, 5.

5 Troy/DRJ have invested heavily in the STOPAIN® brand. Last year, Troy advertised
6 STOPAIN® on nationally syndicated television shows and cable spots, in national magazines
7 and industry publications, and in yearbooks for certain Major League Baseball teams. *See*
8 *generally* Dkt. #5. Troy also promotes STOPAIN® products through coupons at super market
9 checkouts and press releases. *Id.* The brand has been featured in national and regional
10 publications and in social media. *Id.* Troy's projected sales revenue for STOPAIN® products is
11 approximately \$7.5 million for 2011. According to data compiled by Nielsen Information
12 Research, Inc., for the 52 weeks ending April 17, 2011, STOPAIN® is the seventh best selling
13 topical analgesic brand in the United States.

14 In February 1999, DRJ expanded its product line to include Extra Strength STOPAIN®.
15 At that time, new labels were created for the product in which the STOPAIN® brand is written
16 in cargo-style letters, and the words "extra strength" appears on the package (the "Cargo Label").
17 Dkt. #53, ¶6 & Ex. S-3. In December 1999, DRJ entered into an arrangement with Defendant
18 Nutritional Specialties, Inc. ("NSI") to distribute its STOPAIN® product to health food, vitamin,
19 and nutritional product retailers and wholesalers. Dkt. #44, ¶ 3. Ms Steichen, former
20 administrative assistant to then President of NSI, Harry Shippy, provides in a declaration that, at
21 that time, she "understood that a package was specially designed that prominently displayed the
22 brand LifeTIME® at the top of the package and listed a health ingredient "Boswella." *Id.*
23 However, according to a parts log and other business records maintained by DRJ, "the earliest
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1 date for a part number assigned to a label that included the Lifetime name is April 25, 2001.”

2 Dkt. #53, ¶7. Therefore, “NSI sold STOPAIN® with that exact [Cargo Label] – and without the
3 Lifetime name anywhere on the package – until mid to late 2001.” *Id.* at ¶6.

4 In 2001, the NSI and DRJ agreed to change the label for the NSI-distributed STOPAIN®
5 product in order to display the LifeTIME® brand and include Boswella as a featured ingredient.

6 *Id.* at ¶7. DRJ provided NSI with the artwork to create this label. *Id.* at Ex. S-4. The resulting
7 label was identical to the Cargo Label, save for the LifeTIME® logo printed on the top of the
8 bottle in typeset approximately two-thirds the size of the STOPAIN® logo, the word “Boswella”
9 included among Glucosamine and MSM as a featured ingredient, and slightly different line
10 spacing, presumably as a result of the extra text. *Compare* Dkt. #53, Ex. S-3, p. 1 *and* Dkt. #53,
11 Ex. S-5. *See also* Dkt. #44, Ex. 1. The label listed STOPAIN® as a registered trademark of
12 DRJ. *Id.*

13 In 2002, DRJ designed a new logo and updated the label layout for its STOPAIN®
14 product. Dkt. #53, ¶10. The new label featured a stop sign logo in red and white, a white upper
15 portion, a light blue lower portion, and text written in black, white, and red (the “Classic Label”).
16 *Id.* at Ex. S-6. In June, 2003, DRJ went to market with the Classic Label for those products not
17 being sold through NSI. *Id.* at ¶10. In 2005, NSI and DRJ agreed to change the label of the NSI-
18 distributed product to the Classic Label. *Id.* at ¶11. To do so, DRJ provided NSI “with art work
19 for the label, including Pantone colors and other details.” *Id.* The resulting label was approved
20 by DRJ. *Id.* & Ex. S-7. The new label for the NSI-distributed STOPAIN® product looked
21 substantially similar to the Classic Label, save for the addition of two dark blue bands above and
22 beneath the stop sign logo, the inclusion of the LifeTIME® logo in two-thirds the size of the
23 STOPAIN® logo, and other minor changes. The co-branded label also included much of the text
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1 from the Cargo Label (i.e., “Work Aches/No Need to Rub/Non-Greasy/Fast Acting”), whereas
2 the non-co-branded version of the Classic Label eliminated that text and instead read, “Provides
3 *Immediate Relief From Arthritis, Muscle & Back Pain.*” Compare Dkt. #53, Ex. S-6 and Dkt.
4 #53, Ex. S-8. Neither label retained the statement that STOPAIN® was a registered trademark
5 of DRJ. NSI used its version of the Classic Label on co-branded STOPAIN® products until
6 2010, when it stopped distributing STOPAIN® products.

7 The design elements that comprise the Classic Label trade dress used by NSI, and later
8 Neutraceutical Corporation (“NC”)¹ for co-branded STOPAIN® product include (as set forth in
9 Plaintiff’s motion):

- 10 4. Element 1: “A horizontal blue bar with the LIFETIME mark at the top of the
11 container;”
- 12 5. Element 2: “A white background area below the blue bar featuring the red and white
13 stop sign STOPAIN® logo (the word “Stopain” imposed over and to the right of a red
14 stop sign with the first three letters, “STO” in white type over the stop sign, the “P” in
15 gradient red at the edge of the stop sign, and the last three letters, “AIN” in red type to
16 the right of the stop sign);”
- 17 6. Element 3: “A two-tone blue area beginning at a diagonal (rising from the left to
18 right) below the STOPAIN® logo;”
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22 ¹ On July 24, 2009, one of NC’s subsidiaries, Nutra, Inc., entered into an Asset Purchase
23 Agreement to acquire certain assets of NSI. Dkt. #42, ¶12. Nutra, Inc. acquired the LifeTIME®
24 mark and goodwill associated with the mark. NC did not assume any liabilities of NSI and did
not assume any contracts regarding the LifeTIME® mark. *Id.*

- 1 7. Element 4: “A description of the product (“Extra Strength Topical Analgesic Spray”)
2 set in two lines of black text (with the top line bolded) at top of the blue area set at the
3 same diagonal as the line between the blue and white backgrounds;”
- 4 8. Element 5: “A description of the product’s inactive ingredients in horizontal white
5 bold text in the blue background area below the product description;”
- 6 9. Element 6: “Four bullet points, describing the product’s attributes set in horizontal
7 black type with red bullets below the white inactive ingredients description; and”
- 8 10. Element 7: “A description of the product size in black horizontal text centered just
9 above the bottom of the blue background area.”

10 Dkt. #9, ¶ 9.

11 In 2007, DRJ updated the trade dress for STOPAIN® products it sold to mass market
12 retailers such as supermarkets, drugstores, and warehouse clubs (the “Mass Market Label”).

13 Dkt. #5, ¶10 & Ex. 7. The Mass Market Label contained many of the elements of the Classic
14 Label, such as the stop sign logo, but also included many new elements, such as the colors
15 orange and yellow, a dark blue background, and three blue panels under the stop sign logo. *Id.*

16 DRJ continued to use versions of the Classic Label via its sales to Health Springs, a Los Angeles
17 based retailer serving the Korean community and its sales of Professional Strength products sold
18 to chiropractors, physical therapists, and physicians. Dkt. #53, ¶13. In addition, STOPAIN®
19 products sold through NSI/NC were never updated to the Mass Market label.

20 Today, co-branded STOPAIN® products featuring the Classic Label can be found in
21 health and natural food stores and non-co-branded STOPAIN® products featuring the Mass
22 Market Label can be found in supermarkets, drugstores, and warehouse clubs. Dkt. #42, ¶2.

1 Both co-branded and non-co-branded products are sold on-line through the retailers
2 Amazon.com, eBay.com, NexTag.com, and VitaminLife.com. Dkt. #9, ¶18.

3 Troy acquired DRJ Group in January, 2010. *Id.* at ¶4. In the spring or summer of that
4 year, Troy began insisting that NC execute a contract with new, more onerous terms, such as
5 minimum purchase commitments and forecasts of future orders. Dkt. #42, ¶16. Shortly
6 thereafter, when the parties could not agree on new contract terms, Troy ceased selling
7 STOPAIN product to NC. *Id.* After Troy stopped selling to NC, NC developed a new product
8 to market and sell under its brand LifeTIME ®. *Id.* at ¶ 18. NC created a new proprietary
9 formula and a new name “Dropain.” *Id.*

10 On September 10, 2010, Defendant NutraMarks, Inc. (“NMI”) filed an intent to use
11 trademark application with the USPTO seeking to register “Dropain” in connection with the sale
12 of topical analgesic products. NC allegedly researched existing registered marks to ensure there
13 was no likelihood of confusion with existing registered marks prior to filing its application. Dkt.
14 #42. ¶ 18. Troy discovered the application on March 15, 2011. On March 30, 2011, Troy
15 demanded by letter that NMI withdraw its application because of the likelihood of confusion
16 between the proposed Dropain mark and the registered STOPAIN mark. Dkt. #9, ¶ 13 & Ex. 5.
17 NMI refused to abandon the application. On April 15, 2011, Troy filed an Opposition
18 proceeding with the USPTO Trademark Trial and Appeal Board. *Id.* at ¶15 & Ex. 6.

19 On December 7, 2010, the USPTO notified NC that the USPTO trademark examining
20 attorney had searched the USPTO records and “no similar registered or pending mark” had been
21 found. Dkt. #42, ¶21 & Ex. 2. Upon receiving this notice, NC began selling Dropain under the
22 LifeTIME® brand to health and natural food stores. *Id.* at ¶22.

1 On May 9, 2011, Troy learned that NC was offering their new topical analgesic product
2 for sale under the Dropain mark. NC's products use a trade dress very similar to the Co-branded
3 STOPAIN® trade dress. Dkt. #9, ¶ 16. Six of the seven elements of the Co-branded Classic
4 Label, *see supra* at pp. 5-6, are contained in the Dropain trade dress. Like STOPAIN®, Dropain
5 is offered in 8 ounce spray, 4 ounce spray, and 3 ounce roll-on. *Id.* at ¶3. The retail prices for
6 each product are within a dollar of one another. *Id.* An Infra Red Spectrophotometry ("IRS")
7 test of the Dropain product revealed a 97% correlation with the Extra Strength STOPAIN®
8 products that were supplied by Troy/DRJ to NSI/ NC for the last several years. Dkt. #53, ¶10 &
9 Exs. S-2, S-3. Troy's president stated in a sworn declaration that "the Dropain products would
10 pass our quality control lab with the physical test result, though the IRS test results for the
11 Dropain products fall short of Troy's quality control standards." *Id.* at ¶ 10.

12 Plaintiff contends that Defendants are falsely marketing their Dropain products as a
13 rebranding of Troy's STOPAIN® products. Dkt. #9, ¶¶ 19, 21; Dkt. #10, ¶3-5 & Exs. B-C; Dkt.
14 #11, ¶¶ 2-6 & Exs. 1-5. Plaintiff has presented evidence of sales receipts and online product
15 displays listing Dropain as "Formerly Stopain". *Id.* Several sales clerks have exhibited
16 confusion regarding the relationship between STOPAIN® and Dropain. *See* Dkt. #46, ¶¶2-3,
17 Exs. A-C; Dkt. #47, ¶¶2-5 & Exs. A-C; Dkt. #10, ¶¶ 2-5 & Exs. A-C. A salesclerk working at
18 VitaminLife in Redmond, Washington expressed a belief that Dropain "used to be STOPAIN."
19 Dkt. #10, ¶ 3. Defendants contend that NC made it clear to all retailers to whom the Dropain
20 product was sold that Dropain was a new product being offered under the LifeTIME® brand and
21 did not claim it was formerly STOPAIN®. Dkt. #42, ¶ 24. However, on May 20, 2011, NC
22 discovered that one of its retailers was mistakenly advertising LifeTIME® Dropain with a
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1 | parenthetical after the name that stated, “(formerly Stopain).” *Id.* Upon learning that fact, NC
2 | contacted the retailer and had the parenthetical language removed. *Id.*

3 | Plaintiff brings claims for trademark infringement, unfair competition, and false
4 | advertising. Dkt. #1. It seeks a preliminary injunction enjoining Defendants from using,
5 | offering for sale, advertising or otherwise exploit any goods using the term “Dropain,” the
6 | STOPAIN® registered trademarks, the STOPAIN® logo, the STOPAIN® trade dress, or any
7 | other term, symbol or design similar to Plaintiff’s STOPAIN® marks, logo or trade dress so as to
8 | be likely to cause confusion, deception, or mistake; from further using in connection with any
9 | goods or services, any false or deceptive statement which suggest or imply a relationship with
10 | Plaintiff and/or Plaintiff’s goods and services; from further unlawfully trading upon and
11 | appropriate the goodwill and business reputation of Plaintiff and/or the STOPAIN® brand; and
12 | from inducing, encouraging, adding, abetting, or contributing to any of the aforesaid acts. Dkt.
13 | #4, Ex. 1 at ¶ 2. Defendants argue that Troy does not own the trade dress of NC’s LifeTIME®
14 | products, including the co-branded STOPAIN® trade dress, and that, even if it did, it cannot
15 | show likelihood of confusion between the consumers of its products and the consumers of NC’s
16 | LifeTIME® products. Dkt. #41.

17 | DISCUSSION

18 | A. Preliminary Injunction Standard

19 | The Supreme Court has cautioned that a “preliminary injunction is an extraordinary and
20 | drastic remedy never awarded as of right.” *Winter v. Natural Res. Def. Council, Inc.*, --- U.S. ---,
21 | ---, 129 S.Ct. 365, 376, 172 L.Ed.2d 249 (2008) (*citing Munaf v. Geren*, 553 U.S. 674, 128 S.Ct.
22 | 2207, 2219, 171 L.Ed.2d 1 (2008)). Courts must balance the competing claims of injury and
23 | consider the effect on each party of granting or denying the injunction. “A plaintiff seeking a
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1 preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to
 2 suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his
 3 favor, and that an injunction is in the public interest.” *Winter*, 129 S.Ct. at 374; *accord Sierra*
 4 *Forest Legacy v. Rey*, 577 F.3d 1015, 1021 (9th Cir.2009).

5 **B. Likelihood of Success on the Merits**

6 Plaintiff has shown that, at trial, it will likely prevail on the merits of its claims that
 7 Defendants are liable for (1) infringement of Plaintiff’s registered STOPAIN® trademarks; (2)
 8 violation of Lanham Act, Section 43(a) as to Plaintiff’s logos, (3) violation of Lanham Act,
 9 Section 43(a) as to Plaintiff’s trade dress, and (4) false and misleading advertising.

10 To prevail on its claims for trade mark and trade dress infringement, Troy must “prove:
 11 (1) that it has a protectable ownership interest in the [marks or trade dress at issue]; and (2) that
 12 the defendant[s’] use of the mark [or trade dress] is likely to cause consumer confusion.”
 13 *Network Automation* LEXIS 4488 at * 9 (quoting *Dep’t of Parks & Recreation v. Bazaar Del*
 14 *Mundo Inc.*, 448 F.3d 1119, 1124 (9th Cir. 2006)). However, “[t]he core element ... is whether
 15 customers are likely to be confused about the source or sponsorship of the products.” *Reno Air*
 16 *Racing Ass’n, Inc. v. McCord*, 452 F.3d 1126, 1135 (9th Cir. 2006).

17 1. Troy’s Ownership Interest in its Trademarks and Trade Dress

18 There is no apparent dispute that Troy owns the allegedly infringed trademarks.
 19 However, with respect to Plaintiff’s trade dress infringement claim, Defendants argue that Troy
 20 has failed on this first element – that it does not have a protectable ownership interest in its trade
 21 dress because it does not own the trade dress of the co-branded STOPAIN® product.
 22 Defendants contend that the trade dress that Troy claims as its own, and which it alleges is
 23 infringed by the LifeTIME® Dropain product, has never been used by Troy/DRJ in any of its
 24 products and has only been used by NC in its LifeTIME® products. *See* Dkt. #43, ¶3 (“the trade

1 dress for the LifeTIME® Stopain® product ... had been specifically designed for LifeTIME®
2 and was being used exclusively by LifeTIME®”); Dkt. #42, ¶20 (“the old LifeTIME® packaging
3 was developed for and first owned by NSI and then acquired by Neutraceutical”). The Court
4 disagrees. Troy has presented sufficient evidence to establish a likelihood of success on the
5 merits on the issue of whether Troy owns the trade dress at issue.

6 “Trade dress refers generally to the total image, design, and appearance of a product and
7 may include features such as size, shape, color, color combinations, texture or graphics.” *Clicks*
8 *Billiards, inc. v. Sixshooters Inc.*, 251 F.3d 1252, 1257 (9th Cir. 2001) (quotation marks
9 omitted). The Court can look to precedent involving trade mark infringement to address Troy’s
10 trade dress claims as “the protection of trademarks and trade dress under § 43(a) serves the same
11 statutory purpose of preventing deception and unfair competition” and “[t]here is no persuasive
12 reason to apply different analysis to the two.” *Two Pesos, inc. v. Taco Cabana, Inc.*, 505 U.S.
13 763, 773 (1992). Thus, the Court looks to precedent involving right of ownership to protected
14 marks.

15 “It is axiomatic in trademark law that the standard test of ownership is priority of use.”
16 *Sengoku Works Ltd. v. RMC Int’l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996). “[T]he party
17 claiming ownership must have been the first to actually use the [trade dress] in the sale of goods
18 and services.” *Id.* Troy has put forth substantial evidence that it used the “Classic Label” trade
19 dress for two years before it approved NSI’s request to use the trade dress on its co-branded
20 products. Dkt. #53, ¶¶10 & 11. When NSI moved to the Classic Label in late 2005, DRJ
21 provided NSI with the artwork, including the specific Pantone colors used, edited drafts of NSI’s
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1 proposed label and provided guidance to help NSI move to the new label.² *Id.* at Exs. S-7 & S-8.
2 In short, DRJ owned the Classic Label trade dress because it used it first and DRJ provided it to
3 NSI to use on the DRJ products NSI was distributing on behalf of DRJ.

4 Defendants argue that NSI made changes to the Classic Label trade dress that distinguish
5 it from the Classic Label trade dress first used by DRJ. Therefore, according to Defendants, NSI
6 first used, and has exclusively used, the trade dress that appears to this day on co-branded
7 STOPAIN® products.

8 “[A] party may have trade dress rights [in related product packages] even though there
9 are slight variations in its package design so long as the change does not alter the distinctive
10 characteristics and the trade dress conveys a single and continuing commercial expression.”
11 *Rose Art Indus. V. Swanson*, 235 F.3d 165, 173 (3d Cir. 2000). While the NSI/NC version of the
12 Classic Label trade dress is not identical to the Classic Label that was purportedly first used by
13 DRJ, both labels include the same red STOPAIN® stop sign logo in the same size over a white
14 background, a lower blue-colored section with a diagonal top edge, text written in approximately
15 the same font size in the colors black and white, the color red used as an accent color, and other
16 visual similarities. The evidence demonstrates that the two versions of the Classic trade dress
17 include the same “distinctive characteristics” and convey “a single continuing commercial
18 expression.” *Id.* Thus, Troy has presented substantial evidence that it used the Classic Label
19 trade dress prior to NSI, establishing that it likely has a protectable interest in the trade dress.

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23 ² During that time, DRJ built goodwill in the Classic Label trade dress, including through an ad
24 placed in Newsweek magazine in late 2005/early 2006, *see* Dkt. #5, Ex. 9, and ads placed in
programs distributed at a PGA Champions Tour event in January 2006, *id.* at Ex. 11. *See also*
Transcript of Oral Argument at ___.

1 Defendants argue that Troy/DRJ nonetheless abandoned its trade dress rights in products
2 bearing the STOPAIN® Classic Label because it utilized a different trade dress for the products
3 it sold in grocery stores, drug stores, and other mass market retailers. Dkt. #41, n. 6. It notes
4 that the new Mass Market Label trade dress has been used for over three years and demonstrates
5 a “lack of intent to capture goodwill and brand recognition, and to identify the source of its
6 products, through its trade dress.” *Id.*

7 First, the fact that Troy/DRJ has opted to use multiple trade dresses for different lines of
8 products does not signify that it has abandoned any of its rights in the differing versions of trade
9 dress. Nor does this evidence, standing alone, demonstrate that Troy/DRJ is unable to capture
10 goodwill via its use of trade dress. *See, e.g., Rose Art*, 235 F.3d at 174 -175 (“If Rose Art
11 distributed three different lines of crayons, each line having its own distinctive packaging, and if
12 the packaging of each line has its own ‘consistent overall look,’ then the packaging of each line
13 would constitute recognizable trade dress regardless of whether the packaging of the three lines
14 *together* have a ‘consistent overall look’ and regardless of whether some crayons were packaged
15 in other types of packaging.”).

16 Second, even if Troy’s use of the Classic Label trade dress exclusively with the NSI/NC-
17 distributed products could constitute an abandonment of the trade dress, this is not what appears
18 to have happened. “A mark shall be deemed ‘abandoned’ ... [w]hen its use has been
19 discontinued with intent not to resume such use. Intent not to resume may be inferred from
20 circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment.”
21 15 U.S.C. § 1127. However, in the Ninth Circuit, “[e]ven a single instance of use is sufficient
22 against a claim of abandonment of a mark if such use is made in good faith.” *Electron Source,*
23 *LLC v. Brandess-Kalt-0Aetna Group, Inc.*, 458 F.3d 931, 938 (9th Cir. 2006). Here, Troy has
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1 demonstrated that it sold products bearing the STOPAIN® Classic Label to distributors and
2 customers other than NSI and NC in the last three years – namely to Health Springs, a Los
3 Angeles based retailer serving the Korean community, and via sales of Professional Strength
4 products sold to chiropractors, physical therapists, and physicians. Dkt. #53, ¶¶13-15 & Ex. S-9.
5 Thus, Troy has produced substantial evidence that it has not abandoned its trade dress.

6 Finally, were there any doubt about whether the variations of the Classic Label
7 constituted the same trade dress, Troy has presented sufficient evidence of ownership under the
8 test set forth in *Sengoku* for establishing ownership rights as between manufacturers and
9 distributors. Under *Sengoku*, when a trademark dispute arises between a manufacturer and
10 distributor, a Court looks first to any agreement between the parties regarding trademark rights.
11 *Sengoku*, 96 F.3d at 1220 (citing *Premier Dental Products v. Darby Dental Supply Co.*, 794 F.2d
12 850, 854 (3d Cir.), *cert. denied*, 479 U.S. 950, 107 S.Ct. 436, 93 L.Ed.2d 385 (1986)). “[I]n the
13 absence of an agreement between the parties, the manufacturer is presumed to own the
14 trademark.” *Id.* (internal citations omitted). To rebut this presumption, a distributor must
15 present evidence of which party invented and first affixed the [trade dress] to the product, which
16 party’s name appears with the trade dress, which party maintained the quality and uniformity of
17 the product, and with which party the public identified the product and to whom purchasers made
18 complaints. Furthermore, courts will also consider which party possesses the goodwill
19 associated with the product, or which party the public believes stands behind the product. *Id.*

20 The Distribution Agreement between DRJ and NSI in effect from 2001 and 2003
21 provides that DRJ owns the trademark rights associated with STOPAIN® products distributed by
22 NSI. Dkt. #5, Ex. 2 & ¶8.01 (“Distributor recognizes the validity of DRJ’s trademarks and trade
23 names, acknowledges that the same are the property of DRJ, and agrees not to infringe upon,
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1 | harm or contest the rights of DRJ in its trademarks and trade names.”). The agreement does not
2 | provide for whether trade dress rights are to vest in the manufacturer or distributor. However,
3 | there is also no provision by which DRJ transfers its trade dress rights to NSI. After 2003, the
4 | only written agreement between the parties are the purchase orders sent to DRJ/Troy from
5 | NSI/NC. *See, e.g.*, Dkt. #42, Ex. 1. The purchase orders contain stock language about
6 | intellectual property. However, the language is conditional in nature and does not provide any
7 | insight regarding the understanding between the parties concerning who owned the trade dress at
8 | issue. The amount of the purchase orders (e.g., \$8,370.00 for 3,000 bottles of STOPAIN® 3 oz.
9 | roll-on) do not indicate that NC is purchasing intellectual property along with the tangible
10 | property. *Id.* Thus, to the extent the agreements provide any guidance regarding who owns the
11 | trade dress at issue, they suggest ownership remained with Troy. Nonetheless, they are largely
12 | non-probative.

13 | In the absence of an agreement between the parties, the manufacturer is presumed to own
14 | the trademark. *Sengoku*, 96 F.3d at 1220. Defendants attempt to rebut this presumption by
15 | demonstrating that its name appeared with the trade dress, it handled customer complaints for
16 | those products it distributed for Troy/DRJ, and the public identified the product as belonging to
17 | the LifeTIME® brand. *See* Dkt. #42, ¶17 (“all customer complaints or returns of any
18 | LifeTIME® branded product ... were made directly to Nutraceutical’s retail customers or to
19 | Nutraceutical’s own helpline, which answers the phone number on the product bottle[;] [n]o
20 | complaints or product returns were made by customers to DRJ or Troy.”). Defendants argue that
21 | the goodwill associated with the trade dress at issue was created, and is possessed, by NC. Dkt.
22 | #41 at 28.

1 In response, Troy argues that the co-branded STOPAIN® products do not look similar to
2 other LifeTIME® branded products. *See* Dkt. #53, ¶ 2 & Ex. S-1. Troy also notes that the
3 STOPAIN® mark and logo appear on all of the products distributed by NSI/NC in a larger type
4 than the LifeTIME® mark. *Id.* ¶¶ 11-23, Exs. 9, 11, 16. Provided that Plaintiff's registered
5 mark and its logo is used on all of the co-branded products, the Court sees no legal basis for
6 rebutting the manufacturer's presumption in this instance.

7 In sum, there is substantial evidence that Plaintiff owns the registered trademarks at issue
8 in this lawsuit. With respect to the disputed trade dress, Plaintiff has provided substantial
9 evidence that it used the trade dress first, establishing that it had an ownership interest in the
10 dress. Even if it could not establish priority of use, Defendants have failed to summon sufficient
11 evidence to rebut the manufacturer's presumption under *Sengoku*. Accordingly, Plaintiffs are
12 likely to succeed on the merits of the first element of their trademark and trade dress claims in
13 which they must prove ownership of the marks and of the trade dress.

14 2. Likelihood of Confusion

15 In addition to establishing ownership interests, Troy must prove that defendants' use of
16 the mark or trade dress is likely to cause consumer confusion. *Bazaar Del Mundo Inc.*, 448 F.3d
17 at 1124. The Ninth Circuit has identified eight relevant factors for determining whether a
18 defendant's use of a mark is likely to cause customer confusion: "(1) strength of the mark; (2)
19 proximity of the goods, (3) similarity of the marks, (4) evidence of actual confusion, (5)
20 marketing channels used, (6) type of goods and the degree of care likely to be exercised by the
21 purchaser, (7) defendant's intent in selecting the mark, and (8) likelihood of expansion of the
22 product lines." *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). The
23 "*Sleekcraft* factors (1) are non-exhaustive, and (2) should be applied flexibly." *Network*

1 *Automation, Inc. v. Advanced Sys. Concepts*, No. 10-55840, ___ F.3d ___, 2011 U.S. App. LEXIS
2 4488 (9th Cir. Cal. Mar. 8, 2011).

3 *a. Strength of the Mark*

4 Defendants argue that the STOPAIN® mark is a “descriptive” mark because it describes
5 the function of the product. Dkt. #41 at 29. Descriptive marks “do not receive trademark
6 protection unless they acquire sufficient ‘secondary meaning’.” *Survivor Media, Inc. v. Survivor*
7 *Productions*, 406 F.3d 625, 632 (2005). Plaintiffs dispute that the STOPAIN® mark is a
8 descriptive mark. However, even if it is a descriptive mark, Plaintiffs have provided substantial
9 evidence that through advertising, exclusive use, and the acquisition of market share,
10 STOPAIN® marks, logos, and trade dress have likely acquired strong consumer recognition and
11 goodwill, establishing a secondary meaning for the trade dress and logos. *See M2 Software, Inc.*
12 *v. Madacy Entertainment*, 421 F.3d 1073, 1081 (9th Cir. 2005) (“a suggestive or descriptive
13 mark, which is conceptually weak, can have its overall strength as a mark bolstered by its
14 commercial success”). This factor weighs slightly in favor of likelihood of confusion.

15 *b. Proximity of Goods*

16 “[T]he more closely related the goods are, the more likely consumers will be confused by
17 similar marks.” *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1147 (9th Cir. 2002). Both
18 parties offer topical analgesics that use the same active ingredient, are identical in type, size and
19 method of delivery (roll-on, spray, or gel), and are offered at similar price points. An IRS test
20 reveals that the products are 97% similar in chemical composition. This factor weighs heavily in
21 favor of likelihood of confusion.

22 *c. Similarity of the Marks*

23 In comparing marks for likelihood of confusion purposes, “first, the marks must be
24 considered in their entirety and as they appear in the marketplace; second, similarity is adjudged

1 in terms of appearance, sound, and meaning; and third, similarities are weighed more heavily
2 than differences.” *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1206 (9th Cir. 2000).

3 Viewing the marks in their entirety, as they appear in the marketplace, the marks, logos,
4 and packaging are nearly identical. The marks also sound alike, rhyme, have the same last six
5 letters, and have similar meanings. With respect to the trade dress, each of the elements of the
6 co-branded STOPAIN® trade dress, except Element 2, are found in the Dropain trade dress. *See*
7 *supra* at p. 5-6.

8 Defendants point to the following differences:

- 9 1. The words “Stopain” and “Dropain” are not the same.
- 10 2. The words “Stopain” and “Dropain” are in different fonts – “Dropain” is in a wider
11 font.
- 12 3. The color and shading of the marks are different.
- 13 4. The angle of the marks are different.

14 These differences do not make up for the obvious similarities between the marks, logos, and
15 trade dress. When considered in their commercial context, and weighing similarities more
16 heavily than differences, the marks are substantially similar. This factor weighs heavily in favor
17 of likelihood of confusion.

18 *d. Evidence of Actual Confusion*

19 “Evidence of actual confusion by consumers is strong evidence of likelihood of
20 confusion.” *Survivor*, 406 F.3d at 633. The Court should consider “whether merchants and
21 non-purchasing members of the public, as well as actual consumers, were confused.” *Id.* Here,
22 Plaintiffs sent individuals in six stores to search for STOPAIN® and Dropain products in health
23 food stores. In the three stores where testers found Dropain on the shelves, the sales clerk
24 exhibited confusion regarding the association between STOPAIN® and Dropain. *See*

1 Declaration of Dkt. #46, ¶¶2-3 & Exs. A-C; Dkt. #47, ¶¶2-5 & Exs. A-C; Dkt. #10, ¶¶ 2-5 &
2 Exs. A-C. In addition, if Defendants are in fact not responsible for its retailers' designation of
3 Dropain as "formerly Stopain," this too constitutes evidence of retailer confusion. *See* Dkt. #55
4 ("VitaminLife, as a routine matter, when a product is replaced by another product marketed and
5 sold by the same brand, such as LifeTIME®, puts the language "formerly [name of old product]"
6 next to the name of the new product in the website advertisement so consumers are not confused
7 by the new product."). While anecdotal or survey evidence is better evidence of actual consumer
8 confusion, where the allegedly infringing product has only been on the shelves for a short period
9 of time, evidence of sales clerk confusion tilts this factor in favor of likelihood of confusion.

10 *e. Marketing Channels Used*

11 NC's primary contention regarding likelihood of confusion is that its products are
12 marketed in the healthy products channel, whereas Plaintiff's non-co-branded products are
13 marketed in the mass market channel. However, this argument misses the mark. The co-branded
14 product *is* Plaintiff's product. Plaintiff was the manufacturer. The Court has also held, *supra*,
15 that there is a strong likelihood Plaintiff will prevail on the issue regarding ownership of the co-
16 branded Classic Label trade dress. Thus, there is abundant evidence that Troy/DRJ has been
17 selling in the Health Products Channel since 2001 when DRJ began working with NSI. Further,
18 Plaintiff provides evidence that it was in the Healthy Products channel before NSI began
19 distributing STOPAIN®. Dkt. #53, ¶¶ 13 & 16. This factor weighs heavily in favor of
20 likelihood of confusion.

21 *f. Type of Goods and the Degree of Care Likely to be Exercised by the Purchaser*

22 "It is assumed that buyers will exercise greater care in the purchases of expensive goods."
23 *Official Airlines Guides, Inc. v. Goss*, 6 F.3d 1385, 1393 (9th Cir. 1993). Both parties products
24 retail in the \$6 to \$15 range, indicating a lower degree of care would be exercised by a purchaser

1 of the parties' products. Defendants argue that its purchasers "are brand conscious, brand loyal
2 and ingredient conscious with a particular focus on ensuring most ingredients are natural." Dkt.
3 #42, ¶5. As a result, they will take time to identify products under the brands they know,
4 examine the labels of products, and distinguish between NC's products (under the LifeTIME®
5 brand) and Troy's products. However, Defendants admit that consumers in the mass market
6 channel are "likely to exercise little care for such 'small, inexpensive goods.'" Dkt. #41 at 34
7 (citing *Survivor*, 406 F.3d at 634). Since mass market consumers are likely to frequent health
8 stores on occasion, or peruse internet outlets that feature both parties' products, this factor favors
9 slightly a finding of likelihood of confusion.

10 *g. Defendant's Intent in Selecting the Mark*

11 "When an alleged infringer knowingly adopts a mark similar to another's, courts will
12 presume an intent to deceive the public." *Official Airline Guides v. Goss*, 6 F.3d 1385, 1394 (9th
13 Cir. 1993). "[R]eviewing courts presume that the defendant can accomplish his purpose; that is,
14 that the public will be deceived." *Sleekcraft*, 599 F.2d at 354 (citations omitted). Plaintiffs are
15 extremely likely to prevail on this factor if brought to trial, as it would be difficult to show that
16 Defendants developed the Dropain mark and trade dress independently from the STOPAIN®
17 mark and trade dress. NSI/NC knew about Plaintiff's product and, as former distributors, were
18 intimately familiar with all aspects of its protectable characteristics. *See Knorr-Nahrmittel A.G.*
19 *v. Reese Finer Foods, Inc.*, 695 F.Supp. 787, 789 (D.N.J. 1988) ("[W]hat [label designer]
20 ultimately designed for [distributor] is a package that plaintiffs claim is so similar to the [prior
21 manufacturer's] package that not only is customer confusion likely, but that it was planned.")
22 This factor weighs heavily in favor of likelihood of confusion.

1 *h. Likelihood of expansion of the product lines*

2 Where products are offered in connection with marks that are already in direct
3 competition, this factor is not relevant. *Network Automation*, 2011 U.S. App. 4488, at *36. As
4 discussed above, Plaintiff and Defendants both sell in the healthy products channel, as well as on
5 the Internet. This factor therefore favors neither party.

6 3. False Advertising

7 NSI have presented evidence that they are not responsible for the allegations of false
8 advertising and that they have taken steps to remedy the situation. Dkt. #42, ¶24. The President
9 of VitaminLife claims that the notation “formerly Stopain” was made according to standard
10 procedure. Dkt. #55. In any event, there is no question that Dropain is not “formerly Stopain.”
11 Plaintiffs are likely to prevail on their false advertising claim.

12 **C. Irreparable Harm**

13 The Ninth Circuit has consistently applied a presumption of irreparable harm where a
14 plaintiff succeeds in showing a likelihood of success on the merits in a trademark infringement
15 claim. *See El Pollo Loco, Inc. v. Hashim*, 316 F.3d 1032, 1038 (9th Cir.2003); *GoTo.Com, Inc.*
16 *v. Walt Disney Co.*, 202 F.3d 1199, 1205 n. 4 (9th Cir.2000). However, the parties dispute
17 whether this presumption survives in light of *Winter v. Natural Resources Defense Council, Inc.*,
18 555 U.S. 7, 129 S.Ct. 365, 172 L.Ed.2d 249 (2008) (requiring a likelihood of irreparable harm
19 and striking down Ninth Circuit precedent allowing for a mere *possibility* of irreparable harm),
20 and *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393-94, 126 S.Ct. 1837, 164 L.Ed.2d 641
21 (2006) (holding that district courts must apply traditional principles of equity, including
22 assessing the likelihood of irreparable harm, when granting a permanent injunction in the context
23 of patent infringement).

1 The Ninth Circuit recently clarified that, with respect to the requirement that a court find
2 a likelihood of irreparable harm in order to grant a preliminary injunction, “[t]o the extent that
3 our cases have suggested a lesser standard, they are no longer controlling, or even viable.” *Am.*
4 *Trucking Ass'ns, Inc. v. City of Los Angeles*, 559 F.3d 1046, 1052 (9th Cir.2009). However, the
5 presumption of irreparable harm in the trademark context arises from long-standing legal
6 precedent that “intangible injuries, such as damage to ongoing recruitment efforts and goodwill,
7 qualify as irreparable harm.” *Rent-A-Center, Inc. v. Canyon Television and Appliance Rental,*
8 *Inc.*, 944 F.2d 597, 603 (9th Cir. 1991) (citing *Regents of Univ. of Cal. v. American Broadcasting*
9 *Cos.*, 747 F.2d 511, 519-20 (9th Cir.1984)). Trademark infringement constitutes an intangible
10 injury in the form of loss of control of a business’ reputation, a loss of trade, and loss of
11 goodwill. See *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 195 (3rd
12 Cir.1990). See also *Apple Computer, Inc. v. Formula Int'l Inc.*, 725 F.2d 521, 526 (9th Cir.1984).
13 Thus, where a plaintiff is likely to succeed on the merits of a trademark infringement claim, he
14 necessarily is likely to suffer irreparable harm. The presumption is not a “lesser standard”
15 because likely infringement is likely – not possible – irreparable harm. Indeed, the Ninth Circuit
16 upheld a district court's application of the presumption of irreparable harm in a trademark
17 infringement case following *Winter*. See *Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH &*
18 *Co.*, 571 F.3d 873, 877 (9th Cir.2009). Therefore, there is good reason to believe that the
19 presumption of irreparable harm survives.

20 Nonetheless, if the presumption is no longer good law, here Troy has provided the Court
21 with substantial evidence that it is likely to suffer irreparable harm if NC continues to
22 manufacture topical analgesic using the Dropain mark and trade dress that is confusingly similar
23 to trade dress belonging to Troy. “The licensor's case for a preliminary injunction against a
24

1 holdover dealer or franchisee is stronger than in the ordinary trademark infringement case and
2 "irreparable harm always flows from unlawful use and confusion." 4 J. Thomas McCarthy,
3 McCarthy on Trademarks and Unfair Competition § 25:31 (citing *Church of Scientology Intern.*
4 *v. Elmira Mission of the Church of Scientology*, 794 F.2d 38, (2d Cir. 1986); *Sunward*
5 *Electronics, Inc. v. McDonald*, 362 F.3d 17, (2d Cir. 2004) ("There is a compelling need for
6 [preliminary] injunctive relief especially when the case involves a former licensee because, after
7 a license has been revoked, there is an increased danger that consumers will be confused and
8 believe that the former licensee is still an authorized representative of the trademark holder.").
9 As long as consumers believe that NC/LifeTIME® is affiliated with the STOPAIN® brand,
10 Plaintiff will have no ability to control its reputation in the healthy products channel. If nothing
11 else, its demonstrated substantial investment in goodwill will be siphoned towards what amounts
12 to a competitor's products. Plaintiff is likely to suffer irreparable harm if Defendants are not
13 preliminarily enjoined from using its protected marks and trade dress.

14 With respect to Plaintiff's claim for false advertising, Defendants have provided
15 sufficient evidence demonstrating that the false advertising claims have been removed from
16 Dropain products. Therefore, Troy cannot demonstrate that irreparable harm would take place if
17 Defendants were not enjoined in this regard. A preliminary injunction as to the false advertising
18 claim is therefore unwarranted.

19 **D. Balance of Equities**

20 While Defendants will incur some costs if the injunction proceeds, the product has only
21 been on the market a short time and Defendants have not presented any evidence that the cost
22 would be unusually large. In contrast, the cost to Plaintiffs of allowing a former distributor to
23 trade on its goodwill, where spending on advertising for STOPAIN® in 2011 is projected to
24

1 reach \$3.5 million (of a total of \$7.5 in sales revenue), is significant. Thus, the balance of the
2 equities favors granting preliminary injunctive relief.

3 **E. Public Interest**

4 Plaintiff has proven a likelihood of success on the merits of its trademark infringement
5 claims. Enforcement of trademark rights typically serves the public interest. *See State of Idaho*
6 *Potato Comm'n v. G&T Terminal Packaging, Inc.*, 425 F.3d 708, 715 (9th Cir. 2005)
7 (“Trademarks protect the public from confusion by accurately indicating the source of the
8 product. They preserve a producer’s good will in order that the purchasing public may not be
9 enticed into buying A’s product when it wants B’s product.”)(internal citations omitted). The
10 public interest factor here is particularly strong because the products at issue are FDA-regulated
11 over-the-counter analgesics, implicating a potential public health issue. The public will not be
12 deprived of topical analgesics in the healthy products channel because, not only are there several
13 competitors in the marketplace, but STOPAIN® co-branded product remains on the shelves.
14 Thus, the public interest is served by granting preliminary injunctive relief.

15 * * *

16 Collectively, these findings satisfy the requirements for preliminary injunctive relief set
17 out in *Winter*, 129 S. Ct. at 374 and *Network Automation*, LEXIS 4488 at *9.

18 **CONCLUSION**

19
20 NOW, THEREFORE, IT IS HEREBY ORDERED:

- 21 1. Plaintiff’s Motion for Preliminary Injunction is GRANTED.
- 22 2. Conditioned on Plaintiff posting a surety bond in the principal amount of \$20,000
23 (twenty thousand dollars) with the Clerk of the Court, conditioned that the surety shall pay such
24

1 costs and damages as may be sustained by any party found to have been wrongfully restrained,
2 Defendants, and any and all persons acting in concert with any or all of them are RESTRAINED
3 AND ENJOINED, for the period of time this Order is in effect, from doing or from permitting or
4 suffering any other person or entity to do any of the following:

- 5 a. Directly or indirectly using, preparing, producing, manufacturing,
6 ordering, printing, publishing, rendering, distributing, selling, offering for
7 sale, advertising, promoting or otherwise exploiting any goods using the
8 term "Dropain," the STOPAIN® registered trademarks, the logo shown on
9 Exhibit 1 hereto, and the STOPAIN® trade dress, or any other term,
10 symbol, or design similar to Plaintiff's STOPAIN® marks, logo or trade
11 dress so as to be likely to cause confusion, deception or mistake;
12 b. Further unlawfully trading upon and appropriating the goodwill and the
13 business reputation of Plaintiff and/or Plaintiff's STOPAIN® brand; and
14 c. In any way inducing, encouraging, aiding, abetting or contributing to any
of the aforesaid acts.

15 3. Unless otherwise vacated by Order of the Court, this Order shall remain in effect
16 until entry of Final Judgment in this case.

17
18 Dated this 6 day of June 2011.

19
20 

21 RICARDO S. MARTINEZ
22 UNITED STATES DISTRICT JUDGE
23
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