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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

APPLIED INFORMATION SCIENCES
CORP., a California Corporation,

Plaintiff,

vs.

EBAY, INC., a Delaware Corporation;
and DOES 1 through 10, inclusive,

Defendants.

CASE NO. CV 04-274 DT (MANx)

ORDER AND OPINION GRANTING
DEFENDANT EBAY, INC.'S CROSS-
MOTION FOR SUMMARY
JUDGMENT, OR, IN THE
ALTERNATIVE, FOR PARTIAL
SUMMARY JUDGMENT

ORDER AND OPINION DENYING
PLAINTIFF APPLIED
INFORMATION SCIENCES CORP.'S
MOTION FOR SUMMARY
JUDGMENT

THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

I. BACKGROUND

Plaintiff Applied Information Sciences Corp. ("Plaintiff") brings this
action against eBay, Inc. ("eBay" or "Defendant" or "Defendant eBay") for:

- (1) Trademark Infringement (15 U.S.C. §§ 1051 et seq.); and
- (2) Unfair Business Practices (California Business & Professions
Code §§ 17200 et seq.).

A. Factual Summary

The following facts are alleged in the Complaint:

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1 Plaintiff is the owner of a registered trademark for "SmartSearch," a
2 compilation of computer software and instruction manuals, sold together, which
3 allow the user to retrieve internet-based information in the fields of agriculture and
4 nutrition, books, computers and electronics, education, law, medicine and other
5 sciences, and the humanities. (Complaint, ¶ 8). Plaintiff holds the United States
6 Trademark for "SmartSearch," Registration No. 2,129,696. (Id.). Plaintiff had
7 used the mark widely in commerce since 1992, but did not register it until January
8 20, 1998. (Id.). Plaintiff also markets a sales tool called "SmartSearch" for book
9 vendors who sell books to school libraries. (Id. at ¶ 9).

10 Defendant eBay is a commercial website that provides an "auction"
11 service to Internet users worldwide to buy and sell all types of merchandise. (Id.
12 at ¶ 10). Defendant profits by charging sellers listing fees, which vary according
13 to the asking price of the item to be auctioned. (Id.).

14 Defendant eBay, without consent of Plaintiff, publishes the term
15 "SmartSearch" on its website home page. (Id. at ¶ 11). The term is prominently
16 displayed at the top portion of the website home page under a section called,
17 "What are you looking for?" (Id. at ¶ 12). A click onto "SmartSearch" allows the
18 user to search key words or item numbers for products sold through EBay. (Id. at
19 ¶ 13). The term's displayed throughout Defendant's website is an integral
20 component of Defendant eBay's search engine. (Id.). Plaintiff has demanded that
21 Defendant cease using the term "SmartSearch." (Id. at ¶ 14). EBay refuses. (Id.).

22 Unless otherwise indicated, the following facts are uncontroverted:¹
23

24 ¹ The following facts are taken from Plaintiff's Statement of Uncontroverted
25 Facts And Conclusions of Law ("Plaintiff's UF") and Defendant EBAY INC.'s
26 Separate Statement of Controverted and Uncontroverted Facts and Conclusions of
27 Law ("Defendant's UF"). Although Defendant was required to file a "Statement
28 of Genuine Issues of Material Fact" in opposition to Plaintiff's UF pursuant to

Plaintiff states that it is the owner of the Trademark "SmartSearch," Registration No. 2,129,696, issued by the United States Patent and Trademark Office on January 20, 1998. (Plaintiff's UF at ¶ 1). Defendant disputes this fact insofar as Plaintiff's registration does not cover goods outside those listed in the registration, and that the registration issued to Plaintiff is invalid by virtue of Plaintiff's knowingly submitting a false declaration, executed by Plaintiff's president Norman Mazer,² to the Trademark Office seeking incontestability status for the alleged "SmartSearch" registration. (Defendant's UF at ¶ 1). According to Plaintiff, it has used the name "SmartSearch" widely in commerce since 1992, and that Defendant began using Plaintiff's registered trademark in or about the first quarter of 2000. (Plaintiff's UF at ¶¶ 2, 3). The use by eBay of the trademark "Smart Search" was without consent.³ (Plaintiff's UF at ¶ 4). However, Defendant eBay states that consent is irrelevant because eBay's use of the Mark was outside the scope of Plaintiff's claimed registration and "SmartSearch" did not acquire secondary meaning in eBay's market prior to 2000. (Plaintiff's UF at ¶ 4).

Local Rule 56-2, Defendant did not do so. Instead, Defendant filed a statement of uncontroverted facts whereby Defendant either conceded or disputed facts Plaintiff maintained were without controversy. By doing so, Defendant eBay complied with the spirit and purpose of Local Rule 56-2. Therefore, the Court, in its discretion, determines that Defendant has satisfied Local Rule 56-2.

² Although Defendant eBay continually refers to a "Norman Mazur" in its papers, the Court recognizes that the correct person's name is spelled "Norman Mazer."

³ Defendant eBay's attempt to distinguish the term "SmartSearch" from "Smart Search" is unpersuasive. For purposes of this action, the Court finds no distinction between the term "SmartSearch" and "Smart Search." Both terms are also herein referred to in this Order as the "Mark."

1 Defendant eBay continued to use Plaintiff's registered trademark
2 "SmartSearch" despite having received notice of infringement and a request from
3 Plaintiff to cease and desist using the Mark. (Plaintiff's UF at ¶ 5). According to
4 Plaintiff, Defendant's use of the Mark was willful and deliberate, and would tend
5 to cause, and has caused, confusion among the general public as to the ownership
6 of the mark. (Plaintiff's UF at ¶¶ 6, 7). Plaintiff also states that it has been
7 damaged by eBay's unauthorized use of the Mark. (Plaintiff's UF at ¶ 8).
8 Defendant states that Plaintiff fails to show, beyond conclusory remarks, that
9 Defendant's use of Plaintiff's Mark was willful or deliberate, that Defendant's use
10 confuses the general public as to the ownership of the Mark, and that Plaintiff has
11 been damaged. (Defendant's UF at ¶¶ 6-8).

12 Unless otherwise indicated, the following facts, which are made in
13 support of Defendant eBay's cross-motion for summary judgment, are
14 undisputed:⁴

15 Founded in 1995, eBay is a web-based service providing registered
16 users with a trading platform to buy and sell items through auction-style and fixed-
17 priced transaction formats. (Defendant's UF at ¶ 1). Defendant ebay is not a

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19 ⁴ Plaintiff filed an untimely Statement of Genuine Issues In Opposition to
20 Defendant's eBay's Cross Motion for Summary Judgment ("GI" or "Genuine
21 Issues") on June 23, 2005 at 1:44 PM, eleven (11) days after of the June 13, 2005
22 deadline, and one and a half (1½) Court days before the June 27, 2005 hearing
23 date. Plaintiff's excessive tardiness in filing the proper papers before the hearing
24 date is unsettling because it creates waste of judicial resources and undue time
25 pressures by forcing the Court to assess and incorporate facts and legal analysis
26 that should have been presented in a timely manner pursuant to Court rules.
27 Plaintiff's untimeliness in filing is not only an affront to the Court, but unfair to
28 opposing counsel who has little to no time to respond. Although this Court may
properly strike Plaintiff's late filed documents from the record, the Court, in its
discretion, considers Plaintiff's papers in order to arrive at a disposition of this
action based upon its merits.

1 vendor of software, nor does its e-commerce trading service compete in the market
2 for software. (Defendant's UF at ¶ 2). Prior to 2000, the words "Advanced
3 Search" appeared in small, discrete lettering on eBay's home page as a label for a
4 hyperlink. (Defendant's UF at ¶ 3). When one clicked the link, it took the user to
5 a different eBay web page with additional search options. (Defendant's UF at ¶
6 3).

7 In the first quarter of 2000, eBay identified the link as "Smart
8 Search." (Defendant's UF at ¶ 4). eBay chose this label because it believed that
9 users, particularly those unfamiliar with web-based services, would find the
10 language more welcoming and understandable, and because "smart" is a common
11 term to describe an easy-to-use interface. (Defendant's UF at ¶ 4). When eBay
12 decided to label its hyperlink "Smart Search," it was unaware of Plaintiff or the
13 names of its claimed products, and its decision to use the words to label the
14 hyperlink was unrelated to Plaintiff and any of its products or services.
15 (Defendant's UF at ¶ 5).

16 When the name of the hyperlink was changed from "Advanced
17 Search" to "Smart Search," no other aspects of the link were changed and it
18 continued to function solely to navigate from one page on eBay's website to
19 another. (Defendant's UF at ¶ 6). At no time did the hyperlink labeled "Smart
20 Search" have any search functionality; no search operation, or any part thereof,
21 occurred by a user's clicking on the hyperlink.⁵ (Defendant's UF at ¶ 7).

22 Defendant eBay did not use "Smart Search" as a name for any
23 software product. (Defendant's UF at ¶ 8). Although eBay states that it did not
24 charge users for clicking on the hyperlink and obtained no revenue from it,
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26 ⁵ Although Plaintiff disputes this fact, the Court is unclear as to the grounds
27 for which to find Defendant's statement contested.

1 Plaintiffs disputes this, stating that eBay earns money, or “feature fees” by users
2 who pay to place their items in premium locations that are directly linked to the
3 results of inquiries on search engines. (Defendant’s UF at ¶ 9, Plaintiff’s GI at ¶
4 9). In 2004, for reasons unrelated to this case, eBay labeled the link “Advanced
5 Search” and eliminated the words “Smart Search.” (Defendant’s UF at ¶ 10). The
6 words “Smart Search” are no longer used by eBay on its website. (Defendant’s
7 UF at ¶ 11). During the time the words “Smart Search” appeared on eBay’s home
8 page, it was always accompanied by the famous EBAY mark and design.
9 (Defendant’s UF at ¶ 12).

10 During the time the words “Smart Search” appeared on eBay’s home
11 page to the present date, the typical method for users to access the eBay home
12 page was to type www.ebay.com into the address bar of a web browser application
13 or to click on eBay’s famous design mark when used as an eBay-sponsored
14 hyperlink on other websites. (Defendant’s UF at ¶ 13). As of December 31, 1998,
15 eBay had over 2.1 million registered users, and as of December 31, 1999, eBay
16 had over 10 million registered users. (Defendant’s UF at ¶ 14).

17 Plaintiff, a vendor of specialized software, is operated by its president
18 and sole employee, Norman Mazer (“Mr. Mazer”), out of his home. (Defendant’s
19 UF at ¶ 15). In the mid-1980s, Mr. Mazer developed software called
20 “SearchWare,” that facilitated retrieval of information from the proprietary
21 databases of media company then known as Dialog. (Defendant’s UF at ¶ 16).

22 In or about 1995, Plaintiff also sold a version of the software,
23 available on a floppy disk or as a download, for Compuserve subscribers who
24 would use the product to facilitate retrieval of information from proprietary Dialog
25 databases available throughout Compuserve for a fee. (Defendant’s UF at ¶ 17).
26 Defendant eBay states that from at least January 1999 to 2004, Plaintiff did not
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1 sell any product consisting of "computer software and instruction manuals sold
2 together which allow the user to retrieve information from on-line services."
3 (Defendant's UF at ¶ 19). Plaintiff disputes this, stating that it marketed
4 "SmartSearch" products continuously from 1995 to 2004, all of which contained
5 software and instruction manuals. (Defendant's UF at ¶ 19).

6 Defendant states that after 1998, Plaintiff only had one software
7 product that allowed users to retrieve information from on-line services, the
8 "SmartSearch" web module, which was not first sold until 2004. (Defendant's UF
9 at ¶ 20). In dispute, Plaintiff states that the SmartSearch web module was sold to
10 and used by Mook & Blanchard from 1998 to 2002, along with other
11 "SmartSearch" products, and that the "SmartSearch" web module was integrated
12 into Mook & Blanchard's website, which carried the banner "powered by
13 SmartSearch." (Plaintiff's UF at ¶ 20). Plaintiff charges \$3000.00 for a single
14 user license for the "SmartSearch" module, which is used to evaluate education
15 book inventories and which Plaintiff customizes for the purchaser. (Defendant's
16 UF at ¶ 21). Plaintiff states that the \$3,000.00 license was for a scaled-down
17 version of the module, and that the actual pricing for the various "SmartSearch"
18 products varies. (Plaintiff's UF at ¶ 21). Defendant states that the "SmartSearch"
19 module has been purchased by only two companies and Plaintiff marketed the
20 module to each by directly submitting a written proposal to them. (Defendant's
21 UF at ¶ 22). However, Plaintiff asserts that the "SmartSearch" module "has been
22 purchased by many companies[,]" and submits an "Itemized Sales by Item" from
23 "January 1, 1995 through April 22, 2004" to support this fact. (Plaintiff's UF at ¶
24 22).

25 Starting in approximately 1997, Plaintiff sold a specialized software
26 product, also called "SmartSearch," that companies who distributed books utilized
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1 as a sales tool to sell books to school libraries. (Defendant's UF at ¶ 23).

2 According to Defendant Plaintiff's "SmartSearch" tool did not allow users to
3 retrieve information on-line, but instead was an "offline" program that facilitated
4 searching book inventory databases downloaded into the program. (Defendant's
5 UF at ¶ 24). Plaintiff disputes this fact, asserting that "SmartSearch" has always
6 provided for both on-line and off-line information retrieval, depending upon the
7 software purchased and the user's application needs. (Plaintiff's UF at ¶ 24). In
8 addition, Plaintiff's "Focus On Books" program did not allow users to retrieve
9 information from on-line services, but could only search local databases on the
10 user's computer. (Defendant's UF at ¶ 25). However, according to Plaintiff, other
11 versions of "SmartSearch" products were geared toward retrieving information on-
12 line. (Plaintiff's UF at ¶ 25). Plaintiff has never conducted business in eBay's
13 market, nor has it taken steps or made plans to do so. (Defendant's UF at ¶ 26).

14 On April 28, 1994, Plaintiff applied to register "SmartSearch" with
15 the Trademark Office. (Plaintiff's GI at ¶ 27). On January 20, 1998, the
16 Trademark Office issued Plaintiff a registration for "SmartSearch" for use on
17 "[c]omputer software and instruction manuals sold together which allow the user
18 to retrieve information from on-line services via phone line in the fields of
19 agriculture and nutrition, books, chemistry, computers and electronics, education,
20 law, medicine and biosciences, news, science and technology, social sciences and
21 humanities in Class 9." (Defendant's UF at ¶ 28).

22 On December 15, 2003, Plaintiff submitted to the Trademark Office a
23 declaration seeking incontestability status for the registration, titled "Combined
24 Declaration of Use and Incontestability," executed by Plaintiff's president, Mr.
25 Mazer. (Defendant's UF at ¶ 29). Defendant asserts that Mr. Mazer's sworn
26 statements in the Combined Declaration of Use and Incontestability ("Declaration
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1 of Use”) were false. (Defendant’s UF at ¶ 30). Mr. Mazer’s Declaration of Use
2 states that the “SmartSearch” mark was continuously used in commerce for five
3 consecutive years after the date of registration, and was still in use in commerce on
4 or in connection with the goods and/or services listed in the registration.
5 (Defendant’s UF at ¶ 30). In response, Plaintiff asserts that its sworn statement “is
6 truthful in every respect” and that the “SmartSearch” trademark has “been used in
7 conformity with the Trademark registration” since 1992.” (Plaintiff’s UF at ¶ 30).
8 The specimen accompanying the Combined Declaration of Use and
9 Incontestability was a copy of the “SmartSearch Demo Version 3.0” sales tool on a
10 CD-Rom disk. (Defendant’s UF at ¶ 31). The “SmartSearch Demo Version 3.0”
11 has never been “sold” and was not the type of goods described in Plaintiff’s
12 registration for the “SmartSearch” mark. (Defendant’s UF at ¶ 32).

13 Defendant states that Plaintiff has no evidence that any user of eBay’s
14 service has ever associated the words “Smart Search” appearing on eBay’s website
15 with Plaintiff. (Defendant’s UF at ¶ 35). However, Plaintiff disputes this, and
16 offers the deposition testimony of Thomas Delaney, owner of Delaney Educational
17 Services, who testified that he was confused as to the source of Plaintiff’s
18 “SmartSearch” product after viewing and using eBay’s Smart Search function on
19 eBay’s website. (Plaintiff’s UF at ¶ 35). Plaintiff has no survey evidence
20 showing that its claimed mark acquired secondary meaning in eBay’s market prior
21 to 2000. (Defendant’s UF at ¶ 36). Defendant eBay states that Plaintiff has no
22 evidence of itemized expenditures attributable to the advertising and promotion of
23 its products prior to 2000, (Defendant’s UF at ¶ 37), which Plaintiff disputes,
24 stating that “[f]rom 1995 through 1999, [Plaintiff] AIS spent \$244,734.00
25 advertising “SmartSearch products, including \$35,938.50 for CompuServe print
26 and on-line advertising.” (Plaintiff’s UF at ¶ 37). None of Plaintiff’s software has
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1 ever allowed users to search any portion of eBay's website. (Defendant's UF at ¶
2 38).

3 At least 37 organizations—including Microsoft, NASA, the U.S.
4 military and AT&T—have used the term "SmartSearch" or "Smart Search" for
5 searches. (Defendant's UF at ¶ 39). Plaintiff knew of its alleged claims against
6 eBay by December 2001 at the latest, but did not sue eBay until January 2004.
7 (Defendant's UF at ¶ 40).

8 **B. Procedural Summary**

9 On January 15, 2004, Plaintiff filed the Complaint.

10 On March 11, 2004, Defendant filed the Answer.

11 On September 28, 2004, Defendant filed a Notice of Motion and
12 Motion for Order Continuing Pretrial Deadlines and Trial Date, which was
13 granted. Scheduling deadlines are as follows: Discovery Cutoff—April 15, 2005;
14 Final Pretrial Conference—July 18, 2005; and Jury Trial—September 13, 2005. The
15 Final Pretrial Conference was later continued to August 8, 2005.

16 On March 2, 2005, Plaintiff filed a Motion for Summary Judgment,
17 which is before the Court.

18 On June 6, 2005, Defendant filed a Combined Opposition to Motion
19 for Summary Judgment and Cross-Motion for Summary Judgment or, in the
20 alternative, for Partial Summary Judgment, which is before the Court.

21 On June 10, 2005, Plaintiff filed an Ex Parte Application for Order
22 Striking Defendant's Untimely Cross-Motion for Summary Judgment, or in the
23 Alternative, Partial Summary Judgment, which was denied.

24 **II. DISCUSSION**

25 **A. Standard**

26 Under the Federal Rules of Civil Procedure, summary judgment is
27 proper only where "the pleadings, depositions, answers to interrogatories, and
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1 admissions on file, together with the affidavits, if any, show that there is no
2 genuine issue as to any material fact and that the moving party is entitled to a
3 judgment as a matter of law.” Fed. R. Civ. P. 56©). The moving party has the
4 burden of demonstrating the absence of a genuine issue of fact for trial. See
5 Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 256, 106 S. Ct. 2505, 2514 (1986).
6 If the moving party satisfies the burden, the party opposing the motion must set
7 forth specific facts showing that there remains a genuine issue for trial. See id.;
8 Fed. R. Civ. P. 56(e).

9 A non-moving party who bears the burden of proof at trial to an
10 element essential to its case must make a showing sufficient to establish a genuine
11 dispute of fact with respect to the existence of that element of the case or be
12 subject to summary judgment. See Celotex Corp. v. Catrett, 477 U.S. 317, 322,
13 106 S. Ct. 2548, 2552 (1986). Such an issue of fact is a genuine issue if it
14 reasonably can be resolved in favor of either party. See Anderson, 477 U.S. at
15 250-51, 106 S. Ct. at 2511. The non-movant's burden to demonstrate a genuine
16 issue of material fact increases when the factual context renders her claim
17 implausible. See Matsushita Electric Industrial Co. v. Zenith Radio Corp., 475
18 U.S. 574, 587, 106 S. Ct. 1348, 1356 (1986). Thus, mere disagreement or the bald
19 assertion that a genuine issue of material fact exists no longer precludes the use of
20 summary judgment. See Harper v. Wallingford, 877 F.2d 728 (9th Cir. 1989); see
21 also Cal. Architectural Bldg/ Prods., Inc. v. Franciscan Ceramics, Inc., 818 F.2d
22 1466, 1468 (9th Cir. 1987).

23 If the moving party seeks summary judgment on a claim or defense on
24 which it bears the burden of proof at trial, it must satisfy its burden by showing
25 affirmative, admissible evidence. Arpin v. Santa Clara Valley Transp. Auth., 261
26 F.3d 912, 922 (9th Cir. 2001) (“Conclusory allegations unsupported by factual
27 data are insufficient to defeat . . . summary judgment. . . . [A] party bears his
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1 burden of proof [by] providing specific facts to show [that summary judgment is
2 inappropriate.]”). Unauthenticated documents cannot be considered on a motion
3 for summary judgment. See Hal Roach Studios v. Richard Feiner and Co., 896
4 F.2d 1542, 1550 (9th Cir. 1990).

5 On a motion for summary judgment, admissible declarations or
6 affidavits must be based on personal knowledge, must set forth facts that would be
7 admissible evidence at trial, and must show that the declarant or affiant is
8 competent to testify as to the facts at issue. See Fed. R. Civ. P. 56(e).
9 Declarations on “information and belief” are inappropriate to demonstrate a
10 genuine issue of fact. See Taylor v. List, 880 F.2d 1040, 1045 (9th Cir. 1989).

11 **B. Analysis**

12 Before the Court are the following two motions: (1) Plaintiff’s
13 Motion for Summary Judgment (“Motion for Summary Judgment”); and (2)
14 Defendant’s Cross-Motion for Summary Judgment, or in the Alternative, Partial
15 Summary Judgment (“Cross-Motion for Summary Judgment”).⁶ The Court
16 determines each motion, beginning with Defendant’s Cross-Motion for Summary
17 Judgment.

18 Defendant moves for summary judgment and/or partial summary
19 judgment on the following grounds:

21 ⁶ Defendant’s Motion for Summary Judgment is entitled “Defendant eBay
22 Inc.’s Combined Opposition to Plaintiff’s Motion for Summary Judgment and its
23 Notice of Cross-Motion for Summary Judgment, or, in the Alternative, for Partial
24 Summary Judgment” (hereafter, “Opposition/Cross-Motion” or “Cross-Motion for
25 Summary Judgment”). Defendant eBay’s Opposition/Cross-Motion violates Local
26 Rules governing page limitation, typeface size and spacing requirements. Local
27 Rules 11-6, 11-3.1.1, and 11-3.2. The Court, concerned with Defendant’s
28 violations, warns the parties to comply with Court rules. Future failure to follow
Court rules may result in sanctions.

1 [First,] Plaintiff does not and cannot establish any
2 protectable trademark rights in its alleged
3 "SmartSearch" mark and therefore cannot establish an
4 essential element of its claims. [Second,] . . . plaintiff
5 does not and cannot establish any entitlement to relief
6 (1) as a consequence of plaintiff's failure to produce
7 admissible evidence of damages or likelihood of
8 confusion and (2) as a further consequence of
9 plaintiff's failure to comply with its obligations under
10 Federal Rule of Civil Procedure 26(a)(1)(c) to
11 disclose claimed damages, including the computation
12 thereof. . . .

13 In the alternative, eBay is entitled to partial summary
14 judgment and/or orders precluding plaintiff from
15 introducing the alleged registration and/or evidence
16 of damages at trial [for the following reasons: First,]
17 Plaintiff[] submi[tte]d . . . a knowingly false
18 incontestability declaration to the Trademark Office
19 for its "SmartSearch" registration[, thereby]
20 render[ing] the registration invalid as a matter of
21 law[. Second,] . . . plaintiff[] fail[ed] to provide
22 damages disclosures required by Federal Rule of
23 Civil Procedure 26(a)(1)(c)[, thereby] mandat[ing] the
24 preclusion of any damages evidence under Federal
25 Rule of Civil Procedure 37(c)(1). Further, eBay is
26 entitled to partial summary judgment and/or orders of
27 preclusion as to plaintiff's claim for relief under Bus.
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1 & Prof. Code § 17200 in that plaintiff's demands for
2 profits disgorgement and punitive damages are
3 unavailable as a matter of law.

4 (Defendant eBay's Opposition to Plaintiff's Motion and Cross Motion for
5 Summary Judgment, or, in the Alternative, for Partial Summary Judgment.
6 ("Opposition/Cross-Motion") at 2:12-3:14).

7 As an initial matter, the Court notes that Defendant's Cross-Motion
8 for Summary Judgment is unopposed. On June 23, 2005, eleven (11) days after
9 the June 13, 2005 deadline for filing opposition papers, Plaintiff untimely filed the
10 following three documents in opposition to Defendant's Cross-Motion for
11 Summary Judgment: (1) a Statement of Genuine Issues; (2) the Declaration of
12 Robert L. Esensten; and (3) the Declaration of Norman Mazer. This Court did not
13 receive an "Opposition" with points and authorities as contemplated by Local Rule
14 7-9. Although the Court may consider Plaintiff's failure to file an Opposition as
15 permission to grant Defendant's Cross-Motion for Summary Judgment, the Court,
16 in its discretion and in the interests of justice, determines Defendant's motion on
17 its merits. In doing so, the Court finds as a matter of law that Defendant is entitled
18 to summary judgment for the reasons stated below.

19 **1. Defendant eBay's Actions Do Not Constitute Trademark**
20 **Infringement Or Unfair Competition**

21 Plaintiff alleges that Defendant eBay engaged in acts of trademark
22 infringement under Section 43(a) of the Trademark Act, 15 U.S.C. §§ 1051 et seq.
23 (specifically §§ 1114(1)(a) and 1125(a)(1)(a)), and statutory unfair competition
24 under California Business and Professions Code §§ 17200 et seq.⁷ To succeed on
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26 ⁷ The analysis for infringement and unfair competition is essentially the
27 same under both named sections of the Trademark Act and California law. Int'l
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1 either its trademark infringement or unfair competition claims, Plaintiff must show
2 that it holds a valid, protectable mark and that Defendants are using a mark that is
3 confusingly similar to Plaintiff's Mark. Levi Strauss & Co. v. Blue Bell, Inc., 778
4 F.2d 1352, 1354 (9th Cir. 1985) (holding that the essential elements of a
5 trademark infringement claim are (1) plaintiff's ownership of a protectable
6 trademark and (2) the likelihood of consumer confusion as to the source or
7 affiliation of the parties' respective goods or services). In all cases, infringement
8 must be proven affirmatively, and the plaintiff bears the burden of proof on each
9 element. Id.

10 a. Although Plaintiff's "SmartSearch" Mark Appears Valid
11 And Protectable, Defendant's Use Of "SmartSearch"
12 Does Not Infringe Plaintiff's Trademark Rights Because
13 Defendant's Use Of The Mark Does Not Fall Within
14 That Described In The Trademark Registration

15 To prevail on a federal trademark infringement claim, the plaintiff
16 must establish ownership of a valid protectable trademark. Transgo, Inc. v. AJAC
17 Transmission Parts Corp., 768 F.2d 1001, 1014 (9th Cir. 1985) ("The threshold
18 issue in any action for trademark infringement is whether the words used by a
19 manufacturer in connection with his product are entitled to protection."). For the
20 mark to be protectable, it must distinguish one's goods or services from the goods
21 and services of others. See 15 U.S.C. § 1052. A mark is "distinctive and capable
22 _____

23 Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 916 (9th Cir. 1980)
24 (stating that California law of unfair competition is "substantially congruent" with
25 the Lanham Act). Accordingly, where a federal trademark infringement claim
26 fails for lack of secondary meaning, the unfair competition claim, which also
27 depends on a showing of secondary meaning, fails as well. Levi Strauss & Co. v.
Blue Bell, Inc., 778 F.2d 1352, 1362 (9th Cir. 1985); Allied Artists Pictures Corp.
v. Friedman, 68 Cal. App. 127, 134-36 (1977).

1 of being protected if it either (1) is inherently distinctive or (2) has acquired
2 distinctiveness through secondary meaning.” Two Pesos, Inc. v. Taco Cabana,
3 Inc., 505 U.S. 763, 769 (1992).

4 According to the Ninth Circuit, “registration of the mark on the
5 Principal Register in the Patent and Trademark Office constitutes prima facie
6 evidence of the validity of the registered mark and of [Plaintiff’s] exclusive right
7 to use the mark on the goods and services specified in the registration.”
8 Brookfield Communications, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036,
9 1047 (9th Cir. 1999). After registering with the Patent and Trademark office the
10 “registrant is granted a presumption of ownership, dating to the filing date of the
11 application for federal registration, and the challenger must overcome this
12 presumption by a preponderance of the evidence.” Sengoku Works Ltd. v. RMC
13 Intern., Ltd., 96 F.3d 1217 (9th Cir. 1996) (citations omitted).

14 Here, Plaintiff relies on its registration as its only evidence for
15 trademark protection. Plaintiff argues that because its registration is incontestable,
16 the distinctiveness of its mark is automatically sufficient to confer trademark
17 rights in “SmartSearch.” However, Plaintiff is incorrect. As Defendant eBay
18 points out, the rights and presumptions afforded to registered marks are limited to
19 the goods identified in the registration. Levi Strauss, 778 F.2d at 1354. In fact,
20 the Lanham Act expressly restricts the presumptions to uses of the mark “on or in
21 connection with the goods or services specified in the registration.” 15 U.S.C. §§
22 1057(b); see also 15 U.S.C. §§ 1065, 1115.

23 In Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352 (9th Cir.
24 1985), the Court of Appeals for the Ninth Circuit sitting en banc refused to apply
25 the statutory presumption, even though the plaintiff federally registered its
26 trademark. Levi Strauss, 778 F.2d at 1354. In Levi Strauss, the plaintiff’s
27 registration designated tabs on pants, whereas the alleged infringer placed similar
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1 tabs on shirt pockets. Id. In finding no infringement, the Levi Strauss Court
2 explicitly stated that, “[the plaintiff] cannot simply rely on the federal registration
3 of certain tabs, most notably those on pants, to establish a protected interest in a
4 pocket tab on garments generally, because registration constitutes prima facie
5 evidence of a protected interest **with respect to the goods specified in the**
6 **registration only.**” Levi Strauss, 778 F.2d at 1354 (emphasis added); see also
7 Chrysler Corp. v. Vanzant, 44 F. Supp. 2d 1062, 1070 n.7 (C.D. Cal. 1999)
8 (“[A]ny presumptions accompanying a federal trademark registration are
9 applicable only when the registration holder is suing someone using the mark on
10 goods covered by the registration.”); 3 J. Thomas McCarthy on Trademarks and
11 Unfair Competition § 19:48 at 10-149 to 19-150 (“the prima facie and
12 incontestable provisions of the Lanham Act apply only to the goods or services
13 specified in the registration.”); accord Mushroom Makers v. R. G. Barry Corp.,
14 580 F.2d 44, 48 (2d Cir. 1978) (“even if a mark is registered, the presumptive right
15 to use it extends only so far as the goods or services noted in the registration
16 certificate.”); Avon Shoe v. David Crystal, Inc., 279 F.2d 607, 613 n.7 (2d Cir.
17 1960) (incontestable registration for mark for shoes carried no exclusive right to
18 use on sportswear).

19 In the instant case, the goods specified in Plaintiff’s registration are
20 “[c]omputer software and instruction manuals sold together which allow the user
21 to retrieve information from on-line services via phone line” in various “fields.” It
22 is undisputed that Defendant eBay has never used Plaintiff’s “SmartSearch” mark
23 or a substantially similar mark on goods described in the registration. Defendant
24 eBay’s use of the mark was on a hyperlink for its web-based trading service, and
25 not for “computer software and instruction manuals sold together.” Therefore,
26 Plaintiff cannot rely on its registration to prove distinctiveness. Instead, Plaintiff
27
28

1 must prove secondary meaning, which it fails to do for the reasons discussed
2 below.

3 *b. Plaintiff Does Not Demonstrate Secondary Meaning*

4 Where presumptions from registration are inapplicable, to establish
5 protectable rights, a plaintiff must prove that the alleged mark had acquired
6 secondary meaning in the defendant's market **before** the allegedly infringing
7 conduct began. Levi Strauss, 778 F.2d at 1358; Chrysler, 44 F. Supp. 2d at 1077
8 (Ninth Circuit precedent "teaches without equivocation that [the plaintiff] must
9 establish that the mark in question had achieved secondary meaning in the relevant
10 market prior to [the defendant's] first use of the mark."); see Braun, Inc. v.
11 Dynamics Corp. of Am., 975 F.2d 815, 826 (Fed. Cir. 1992) (an "infringement
12 [cause of action] fails if secondary meaning did not exist before the infringement
13 began."). Because it is uncontested that eBay first began its accused use of the
14 Mark in early 2000, Plaintiff must prove secondary meaning as of early 2000.

15 A trademark is said to be inherently distinctive where it is considered
16 (1) suggestive, (2) arbitrary, or (3) fanciful. See Two Pesos, Inc. v. Taco Cabana,
17 Inc., 505 U.S. 763, 768 (1992). Where the trade dress is be capable of identifying
18 products or services as coming from a specific source, it is considered inherently
19 distinctive. Id. Because Plaintiff only contends that its trademark "SmartSearch"
20 has acquired secondary meaning, this Court need not discuss whether Plaintiff's
21 trademark could be viewed as inherently distinctive.

22 "Secondary meaning can be established in many ways, including, but
23 not limited to, direct consumer testimony; survey evidence; exclusivity, manner,
24 and length of use of a mark; amount and manner of advertising; amount of sales
25 and number of customers; established place in the market; and proof of intentional
26 copying by the defendant." Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns,
27 Inc., 198 F.3d 1143, 1151 (9th Cir. 1999) (citing 2 J. Thomas McCarthy,

1 Trademarks and Unfair Competition § 15:30 (4th ed. 1997)); Grupo Gigante S.A.
2 de C.V. v. Dallo & Co., Inc., 119 F. Supp. 2d 1083, 1091 (C.D. Cal. 2000). The
3 basic element of secondary meaning is the “mental association by a **substantial**
4 **segment** of consumers and potential consumers between the alleged mark and the
5 single source of the product.” Levi Strauss, 778 F.2d at 1354 (emphasis added).
6 Secondary meaning exists only when, “in the minds of the public, the primary
7 significance of a [mark] is to identify the source of the product rather than the
8 product itself.” Wal-Mart Stores v. Samara Bros., 529 U.S. 205, 211 (2000).

9 To determine whether the Mark had secondary meaning before the
10 year 2000, the Court may consider (1) whether actual users of eBay associated the
11 Mark with Plaintiff, (2) the degree and manner of Plaintiff’s promotion and
12 advertising of products featuring the alleged mark, and (3) the length, manner and
13 exclusivity of Plaintiff’s use of the claimed mark. Levi Strauss, 778 F.2d at 1358.

14 (1) *Actual Association*

15 In the Ninth Circuit, surveys testing consumer recognition and
16 association are generally considered the most probative evidence of secondary
17 meaning. Committee for Idaho’s High Desert, Inc. v. Yost, 92 F.3d 814, 822 (9th
18 Cir. 1996); 2 McCarthy § 15:42 at 15-65 to 15-66 (“An expert survey of
19 purchasers can provide the most persuasive evidence on secondary meaning.”).
20 Plaintiff provides insufficient evidence, survey or an alternative source of proof,
21 that users of eBay associate the words “Smart Search” with Plaintiff. Mr. Mazer
22 admits that he knows of no eBay user who made an actual association between the
23 parties. (Deposition of Norman Mazer (“Mazer Depo.”) at 267:16-267:25).

24 The Court notes, however, that attached to Plaintiff’s late filed
25 Declaration of Robert L. Esensten (“Esensten Decl.”) is the deposition testimony
26 of Thomas Delaney (“Delaney”), owner of Delaney Educational Services, who
27 contracted with Plaintiff for the use of Plaintiff’s “SmartSearch” software, and
28

1 purports to have visited the eBay website "maybe more than a dozen times" to
2 search for items on eBay. (Esensten Decl., Delaney Depo., Exh. 3 at 95:13-19).
3 According to Robert L. Esensten, he was unable to distinguish between eBay's use
4 of the term "Smart Search" and Plaintiff's use of the term "SmartSearch," and that
5 eBay's use of "Smart Search" confused him as to the source of the Mark.
6 (Esensten Decl., Videotaped Deposition of Thomas William Delaney ("Delaney
7 Depo."), Exh. 3 at 124:9-128:2). Although the Delaney Depo. constitutes
8 evidence of confusion, the Court does not find that the deposition testimony of a
9 single user such as Delaney satisfies Plaintiff's burden of proof that a substantial
10 segment of the relevant market associates Defendant with Plaintiff.
11 This factor weighs heavily in favor of finding no secondary meaning.

12 (2) *Degree and Manner of Advertising*

13 In determining whether a plaintiff's advertising efforts establish
14 secondary meaning, the Court "look[s] at the [plaintiff's] advertising's amount, nature
15 and geographical scope with an eye towards how likely the advertising is to expose
16 a large number of the relevant consuming public to the use of the symbol as a
17 trademark or trade name." Japan Telecom v. Japan Telecom America, 287 F.3d 866,
18 875 (9th Cir. 2002). Here, Plaintiff offers no persuasive evidence that Plaintiff's
19 advertising efforts have exposed Plaintiff's Mark to a substantial segment of
20 consumers such that individuals will associate eBay's use of the Mark with Plaintiff.
21 Mr. Mazer, Plaintiff's president and sole employee, admits that Plaintiff has no
22 information about the amount expended to promote products bearing the
23 "SmartSearch" mark. As Mr. Mazer stated in his deposition testimony:

24 Q. Do you have any estimation or understanding as to
25 the total amount that [Plaintiff] A.I.S. has spent in
26 terms of its expenditures for promoting or
27 advertising Smart Search products?
28

1 A. No.

2 Q. You can't even give me a – any kind of ballpark
3 range?

4 A. No, I cannot.

5 ...

6 Q. Can you tell me approximately the total amount
7 that [Plaintiff] A.I.S. has spent on an annual basis
8 since the start of 1999 advertising or promoting
9 any of its products that – that use the word Smart
10 Search in any way?

11 A. No.

12 (Mazer Depo. at 487:5-10, 491:17-24).

13 However, in responding to eBay's interrogatory seeking information as
14 to Plaintiff's expenditures attributable to the advertising and promotion of Plaintiff's
15 products, Plaintiff provided one aggregate amount for each year since 1995 as
16 follows:

17 1995 \$63,428.00

18 1996 \$70,966.00

19 1997 \$37,556.00

20 1998 \$37,048.00

21 1999 \$35,736.00

22 (eBay's First Set of Interrogatories to Plaintiff, attached to the Declaration of Michael
23 T. Zeller, filed on June 6, 2005, Exh. 10, Bate No. 118:24-27, 123:18-26).

24 Nevertheless, because these gross amount figures are not itemized in such a manner
25 as to help the Court understand how the advertising and promotion expenses
26 contributed to development of secondary meaning, the information has no evidentiary
27 value. Cont'l Lab. Prods., Inc. v. Medax Int'l, Inc., 114 F. Supp. 2d 992, 1003-04

1 (S.D. Cal. 2000) (granting summary judgment to the defendant after rejecting
2 evidentiary value of raw dollar amount of advertising because it did not who how
3 funds were used, nor provided a logical explanation as to how such expenditures
4 contributed to the development of secondary meaning). Here, Mr. Mazer admits that
5 he knows of no corporate records reflecting the requisite itemization, as stated in his
6 deposition testimony:

7 Q. ... What kinds of records [has Plaintiff] ... A.I.S.
8 kept that reflect its advertising and promotional
9 expenditures for the Smart Search products?

10 A. It – I assume it would be ledgers.

11 Q. Okay. Any other category or – or type of
12 document?

13 A. Not – not that I could – not that I could think of.

14 Q. And is there a particular way in which a
15 promotional or advertising expense is reflected in
16 the ledger? In other words, is there some kind of
17 information that would indicate to – to you that it
18 was an advertising or promotional expenditure in
19 particular?

20 A. I – the answer's I don't know. It – it might be
21 based on the company. I don't know – I don't
22 know.

23 (Mazer Decl. at 490:1-118). Plaintiff does not deny that such ledgers for the alleged
24 expenditures were never produced by Plaintiff. (Zeller Decl. at ¶ 11).

25 To be probative, evidence consisting of advertising and sales statistics
26 must show that Plaintiff's advertising expenditures or sales volumes resulted in "the
27 consuming public's association of the [Mark] exclusively with the plaintiff."
28

1 Saratoga Vichy Spring Co., Inc. v. Lehman, 491 F. Supp. 141, 151 (D.C.N.Y. 1979).
2 See also HMH Publ'g Co. v. Brincat, 504 F.2d 713, 719 (9th Cir. 1974); Mushroom
3 Makers, Inc. v. R. G. Barry Corp., 441 F. Supp. 1220, 1227 n.25 (S.D.N.Y. 1977),
4 aff'd 580 F.2d 44 (2d Cir. 1978).

5 There is no showing in the present matter that Plaintiff's purported
6 marketing and advertising efforts reached eBay users. Because Plaintiff does not set
7 forth evidence demonstrating that the consuming public associates "Smart Search"
8 with Plaintiff, this factor also weighs heavily in favor of finding no secondary
9 meaning.

10 (3) Manner, Length and Exclusivity of Use

11 Plaintiff admits that it has never conducted business in eBay's market.
12 In addition, Defendant contends that there is no showing that Plaintiff ever used the
13 Mark in any manner relevant to establish secondary meaning, and that there is a lack
14 of exclusivity, which results in a finding of no secondary meaning. With respect to
15 exclusivity, Defendant points to the use of the Mark by at least thirty-seven (37)
16 organizations—including Microsoft, NASA, the U.S. Military and AT&T—that used
17 the term "SmartSearch" or "Smart Search" for searches. Defendant maintains that
18 more than half of these entities used the Mark in connection with web-based
19 applications. Defendant's proof consists of letters drafted by Plaintiff to unauthorized
20 users of the Mark, requesting such users either enter into a licensing agreement with
21 Plaintiff or cease and desist use of the Mark. (Zeller Decl., Exh. 11). Defendant's
22 proof of a lack of exclusivity is unconvincing. Indeed, there is no showing that
23 Plaintiff permits the unauthorized use of the Mark. In fact, Plaintiff offers the Mazer
24 Decl. to demonstrate that "[t]o the best of my [Mr. Mazer's] knowledge" unauthorized
25 users have ceased using the Mark with the exception of eBay and Ask Jeeves.
26 However, because the Mazer Decl. appears to be based, in part, on speculation, there
27 is no showing that the unauthorized users actually ceased using the Mark. The Court
28

1 finds Plaintiff's evidence of exclusivity is neutral at best, neither weighing for or
2 against a finding of secondary meaning.

3 In sum, this Court concludes, due to the lack of sufficient evidence, that
4 Plaintiff has failed to satisfy its burden of proving secondary meaning in the Mark.
5 As Defendant points out, courts within this district, presented with more evidence of
6 secondary meaning than that offered here, have appropriately granted summary
7 judgment in favor of the defendant. See, e.g., Levi Strauss, 778 F.2d at 1358-59
8 (upholding summary judgment against owner of a federal registration where Plaintiff
9 failed to establish secondary meaning, despite evidence of substantial sales and
10 advertising); Chrysler, 44 F. Supp. 2d at 1083-84 (granting summary judgment where
11 owner of registered grill design failed to establish secondary meaning in the market
12 where the defendant sold the essentially identical grill screen and covers, despite the
13 plaintiff's substantial advertising of the infringed mark and evidence of deliberate
14 copying); Continental, 114 F. Supp. 2d at 1012 (granting summary judgment for lack
15 of secondary meaning despite evidence of substantial sales, exclusive use of mark for
16 years, and deliberate copying). These cases lend insight and instruction, and tend to
17 show that Plaintiff has failed to meet its burden of proving secondary meaning.

18 *(4) A Weighing of the Aforementioned Factors*

19 In considering the factors enumerated in Levi Strauss, the Court
20 concludes that Plaintiff fails to meet its burden of proof that the "SmartSearch" Mark
21 acquired secondary meaning before the year 2000, when Defendant began using the
22 Mark. For the reasons discussed above, the Court agrees with Defendant eBay that
23 each factor weighs in favor of finding no secondary meaning to support a federal
24 trademark infringement cause of action under 15 U.S.C. §§ 1114(a) and 1125(a), or
25 a state unfair competition claim under California Business & Professions Code §§
26 17200 et seq.

1 Accordingly, the Court finds that Defendant is entitled to summary
2 judgment as a matter of law with respect to Plaintiff's only causes of action for: (1)
3 Federal Trademark Infringement; and (2) California Unfair Business Practices. In
4 light of the analysis above the Court need not address Defendant's alternative request
5 for partial summary judgment.

6 Moreover, this Court's determination that Defendant is entitled to
7 summary judgment with respect to all of Plaintiff's claims necessarily results in
8 denying Plaintiff's Motion for Summary Judgment. In the instant matter, Plaintiff
9 does not produce or designate in affidavits, declarations or otherwise, sufficient
10 evidence to adequately support Plaintiff's causes of action. On issues where, as here,
11 Defendant, as the moving party, do not have the burden of proof at trial, Defendant
12 is only required to show that there is an absence of evidence to support the
13 nonmoving party's case. See Celotex Corp. v. Catrett, 477 U.S. at 326. Defendant
14 met its burden of proof. In response, Plaintiff, as the non-moving party, can defeat
15 summary judgment only if it affirmatively presents specific admissible evidence
16 sufficient to create a genuine issue of material fact for trial. See Celotex Corp v.
17 Catrett, 477 U.S. at 324. Plaintiff has failed to do so. As such, Defendant is entitled
18 to summary judgment as a matter of law with respect to all of Plaintiff's causes of
19 action, and Plaintiff's Motion for Summary Judgment must be denied.
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1 **III. CONCLUSION**

2 Accordingly, this Court:

- 3 (1) **GRANTS** Defendant eBay, Inc.'s Cross-Motion for Summary
4 Judgment, or, in the Alternative, for Partial Summary Judgment;
5 and
6 (2) **DENIES** Plaintiff Applied Information Sciences Corp.'s Motion
7 for Summary Judgment.
8

9 IT IS SO ORDERED.

10
11 DATED: 6/27/05

DICKRAN TEVRIZIAN
Dickran Tevrizian, Judge
United States District Court