

E-FILED on 10/10/08

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

CG ROXANE LLC,

Plaintiff,

v.

FIJI WATER COMPANY LLC; FIJI WATER
COMPANY HOLDINGS LLC;
PARAMOUNT INTERNATIONAL EXPORT,
LTD; and DOES 1-20,

Defendants.

No. C-07-02258 RMW

ORDER DENYING DEFENDANTS'
MOTION FOR ATTORNEYS' FEES

[Re Docket No.70]

Defendants Fiji Water LLC, Fiji Water Company Holdings LLC, and Paramount International Export Ltd. (collectively "defendant") move for attorneys' fees. Plaintiff CG Roxane LLC ("plaintiff") opposes the motion. For the reasons set forth below, the court denies the defendant's motion for attorneys' fees.

I. BACKGROUND

Plaintiff CG Roxane manufactures, markets, and sells Crystal Geyer bottled water. In 1990, the plaintiff began using the phrase "Bottled at the Source" on its bottles. In 2002, the plaintiff applied to register the phrase as a trademark with the United States Patent and Trademark Office ("USPTO"). The USPTO initially refused registration on the grounds the phrase "merely described

1 the goods." Decl. Page Beykpour in Opp. Mot. Summ. J. ("Beykpour Summ. J. Decl."), Ex. G
2 (official USPTO Office Action). The plaintiff responded to the office action by arguing the mark
3 had acquired a secondary meaning through "substantially exclusive and continuous use," as
4 evidenced by marketing efforts and sales success. Decl. Mark Campbell, Ex. D (Response to Office
5 Action). The USPTO eventually granted the plaintiff the mark "Bottled at the Source" on November
6 4, 2003. Beykpour Summ. J. Decl., Ex. J.

7 Defendant Fiji Water Company is a competitor in the bottled water industry. In 1997, the
8 defendant began using "Bottled at Source" on the front label of its water bottles. Since 2005, it has
9 instead used the phrase on the back label of its bottles. The defendant's bottle has a tropical theme
10 and is square in shape. In contrast, the plaintiff's bottle has an alpine theme and is cylindrical.

11 In 2006, the plaintiff sent a cease and desist letter to the defendant requesting the defendant
12 to stop using its current packaging and advertising that used the phrase "Bottled at Source." The
13 defendant did not comply and in response, the plaintiff filed a lawsuit alleging claims for federal
14 trademark infringement as well as state and federal unfair competition, trademark dilution, injury to
15 business reputation, conversion, interference, false advertising, and misrepresentation. The
16 defendant counterclaimed for cancellation of the trademark based on lack of distinctiveness. The
17 defendant then filed a motion for summary judgment on all of the plaintiff's claims and its
18 counterclaims. This court granted the defendant's motion for summary judgment finding the
19 plaintiff's mark invalid on the basis that the phrase "Bottled at the Source" is generic or at most
20 descriptive without proof of secondary meaning, and cannot be trademarked. Further, the court
21 found there was no likelihood of confusion. The defendant subsequently filed the instant motion for
22 attorneys' fees.

23 II. ANALYSIS

24 Under Section 35(a) of the Lanham Act, a court may award reasonable attorneys' fees to the
25 prevailing party in "exceptional" cases. 15 U.S.C. § 1117(a). The statute does not provide a
26 definition for what constitutes an exceptional case, and circuits have interpreted the term differently.
27 In the Ninth Circuit, an award for attorneys' fees is warranted when the plaintiff's case is
28 "groundless, unreasonable, vexatious, or pursued in bad faith. *Stephen W. Boney, Inc. v. Boney*

1 *Services, Inc.*, 127 F.3d 821, 827 (9th Cir. 1997); *Applied Information Sciences Corp. v. eBay, Inc.*,
2 511 F.3d 966, 973 (9th Cir. 2007).

3 When a case raises debatable issues of fact, it is not groundless or unreasonable. In *Stephen*
4 *W. Boney*, the Ninth Circuit affirmed the district court's denial of attorney's fees. There, the plaintiff
5 used a trade name for its stores and alleged violations of the Lanham Act and state unfair
6 competition claims against competitors using the same trade name. 127 F.3d at 823-24. Although
7 the defendants alleged the plaintiff filed the lawsuit to "harass[.]" the record only showed a
8 legitimate purpose. *Id.* at 827 ("[The plaintiff] stated in his deposition that he brought suit to
9 'preserve the right to use the name if and when I want to use it' and that he did not intend to create
10 hardship for or otherwise damage [the defendants'] or their stores."). The Ninth Circuit found the
11 case was "not frivolous and raised debatable issues of law and fact." *Id.*

12 In addition, prevailing on the merits alone does not create a presumption that the suit was
13 vexatious or in bad faith. In *Applied Information Sciences Corp. v. eBay, Inc.*, the Ninth Circuit
14 affirmed a lower court's denial of attorney's fees after granting summary judgment in favor of the
15 defendant. 511 F.3d 966, 968 (9th Cir. 2007). The USPTO granted Applied Information Sciences
16 ("AIS") a registered trademark for certain computer related search functions. *Id.* at 969. AIS then
17 alleged trademark infringement by eBay for using the mark for eBay's Internet auction website. *Id.*
18 at 968. The lower court granted summary judgment in favor of eBay but denied eBay an award for
19 attorney's fees. *Id.* at 973. The district court found no compelling proof that the plaintiff acted
20 capriciously, pursued litigation to harass the defendant, or intended to bring a meritless or
21 unreasonable case against the defendant. *Id.* at 973. The Ninth Circuit affirmed both the lower
22 court's grant of summary judgment in favor of eBay and denial of eBay's motion for attorney's fees.
23 *Id.*

24 The defendant alleges the plaintiff filed this case "as leverage for a quick settlement that
25 could be used to hammer other competitors into pseudo-legal submission" and requests the court
26 grant attorneys' fees in the amount of \$325,951.98. Defs.' Mot. at 1. Defendant further alleges that
27 the suit was groundless, the trademark registration was based on false information, and that the
28 plaintiff's conduct in this litigation was in bad faith. Defs.' Mot at 14-20.

1 The defendant presents no compelling proof that this suit was groundless. Prior to the
2 initiating the suit, the plaintiff registered and was granted a registered trademark by the USPTO.
3 Registration of a mark with the USPTO is prima facie evidence of the mark's validity and of the
4 plaintiff's exclusive right to use the mark as defined by its registration. *Applied Information*
5 *Sciences*, 511 F.3d at 970 (9th Cir. 2007) (citing *Brookfield Commc'ns, Inc. v. W. Coast Entm't*
6 *Corp.*, 174 F.3d 1036, 1047 (9th Cir. 1999)); *General Motors v. X-treme Toys Corp.*, 2008 WL
7 1995219, at *4 (C.D. Cal. May 5, 2008) (Snyder, J.) ("Because General Motors has set forth
8 evidence showing that the Hummer marks are registered with the Patent and Trademark Office, it
9 has made a prima facie showing that it has a protected interest in the Hummer mark.").

10 The defendant additionally contends the plaintiff provided "no factual support" for its claims,
11 and the lack of a consumer survey "only underscores this action's general lack of merit." Defs.' Mot.
12 at 18. The plaintiff's failure to conduct consumer surveys or provide sufficient evidence for its
13 claims does not mean the claims were unreasonable or groundless. *William R. Kowalski v. Ocean*
14 *Duke Corp.*, 2008 WL 903103, at *2 (D. Haw. Apr. 2, 2008). In *Kowalski*, the court denied the
15 defendant's motion for attorney's fees despite the facts that: (1) the plaintiff failed to conduct
16 consumer surveys; (2) the plaintiff did not provide sufficient evidence at trial for the claims to go to
17 jury; and (3) the plaintiff did not own and was never assigned the rights to the trademark. 2008 WL
18 903103, at *1-2.

19 The court next examines whether the trademark was registered based on false information.
20 The defendant alleges the plaintiff made material false statements to the USPTO regarding the
21 exclusive use of the mark. Defs.' Mot. at 14. In registering the trademark, the plaintiff argued
22 successfully to the USPTO that the mark had become distinctive through exclusive use. Opp. at 2.
23 As the then Regulatory Affairs Manager of the Crystal Geyer Water Company, Nancy Davis
24 submitted a declaration on behalf of the plaintiff attesting "the mark BOTTLED AT THE SOURCE
25 in connection with bottled water had been in exclusive and continuous use by Plaintiff since January
26 1990." Davis Decl., ¶ 2 & Ex. A. The defendant asserts there is a "strong inference and significant
27 circumstantial evidence" that the plaintiff was aware of third-party uses of the mark. Defs.' Mot. at
28 14. While Davis's lack of knowledge about competitors' use of the mark may be careless, additional

1 evidence is needed to show the plaintiff was aware of third party uses. Without more, the facts alone
2 do not make this case "exceptional."

3 Lastly, the court considers the defendant's allegations that the litigation was brought in bad
4 faith. The plaintiff alleges it first became aware of the defendant's use of the phrase in 2006. Decl.
5 Page Beykpour Decl. Opp. Mot. Att'ys Fees, ¶ 3. At the time the plaintiff filed this suit, its Vice
6 President and General Counsel believed the mark was distinctive and protectible. *Id.*, ¶ 1, 6.
7 Contrary to the defendant's allegations of bad faith, the plaintiff's General Counsel further declared
8 that plaintiff CG Roxane did not file the suit to gain "leverage for a quick settlement that could then
9 be used to hammer other competitors into 'pseudo-legal submission.'" *Id.* ¶ 10. The court finds that
10 this declaration is entitled to some weight and tends to suggest that the plaintiff did not bring its
11 action in bad faith.

12 Plaintiff's dilution claims are particularly difficult to justify. However, allocating fees
13 between those claims and plaintiff's other claims would be difficult since the evidence overlapped
14 and the necessary work defending against the dilution claims does not appear distinct enough to
15 separate the defense of them for an award of fees. *See Creative Computing v. Getloaded.com LLC*,
16 386 F.3d 930, 937 (9th Cir. 2004).

17 Based upon the totality of the circumstances, the court concludes that this case is not
18 exceptional. Ownership of a registered trademark suggests, at a minimum, the plaintiff had a
19 colorable claim for trademark violation. The other evidence is not sufficient to conclude that the
20 defendant should be awarded its attorneys' fees.

21 III. ORDER

22 For the foregoing reasons, the defendant's motion for attorneys' fees is denied.

23
24 DATED: 10/04/08



RONALD M. WHYTE
United States District Judge

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11
12 **Dated:** 10/10/08

/s/ JAS
Chambers of Judge Whyte

United States District Court
For the Northern District of California