UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON AT SEATTLE

DEREK ANDREW, INC.,

Plaintiff.

v.

VITAL PHARMACEUTICALS, INC.,

Defendant.

CASE NO. CV07-1364JLR

ORDER GRANTING PRELIMINARY INJUNCTION

I. INTRODUCTION

This matter comes before the court on Plaintiff Derek Andrew, Inc.'s ("Andrew") motion for a preliminary injunction (Dkt. # 11). Having read the papers filed in connection with the motion, and having heard oral argument, the court GRANTS in part, and DENIES in part, Andrew's preliminary injunction motion.

Andrew, the owner of the trademark RED LINE for apparel and related products, filed this lawsuit against Vital Pharmaceuticals, Inc., doing business as VPX Sports, ("VPX") for its use of a similar mark on clothing it distributes to advertise its Redline energy drink. Andrew claims VPX is liable for: (1) false designation of origin in violation of the Lanham Act; (2) trademark infringement; and (3) unfair and deceptive acts in violation of the Washington Consumer Protection Act ("CPA"). Am. Compl. ¶¶ 12-24. VPX asserts a single counterclaim seeking a declaratory judgment that (1) VPX

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has not infringed Andrew's trademark and (2) Andrew's trademark is invalid because it abandoned its rights in the trademark without an intent to revive use. Answer at Counterclaims ¶¶ 32-33. Andrew seeks to enjoin VPX from using the REDLINE mark and "any other marks and names containing the designation REDLINE with respect to clothing and related products" Proposed Order at 1. The court GRANTS the motion in part (Dkt. # 11) and enjoins VPX from using the REDLINE trademark, by itself, on clothing and related products.

II. FINDINGS OF FACT

- Derek Andrew is a Washington corporation with its principal place of business in Bellevue, Washington. Federman Decl. (Dkt. # 13) ¶ 2. Derek Andrew Federman is the President and CEO for Derek Andrew the company. Supp. Federman Decl. (Dkt. # 35) ¶ 1.
- 2. VPX is a Florida corporation with its principal place of business in Broward County, Florida. Answer (Dkt. # 36) ¶ 3. VPX sells its products to residents of Washington. *Id*.
- 3. Andrew is in the business of designing, manufacturing, promoting, and selling clothing and related products, including t-shirts, shirts, pants, tops, tank tops, sweatshirts, sweat pants, hats, caps, shoes, and slippers. Federman Decl. ¶ 2. Andrew's market includes the United States and other countries. *Id*.
- 4. Andrew sells a number of its products under its registered trademark: RED LINE. *Id.* Andrew owns Registration No. 817,040 relating to the use of RED LINE on men's coats and trousers this trademark was first used in 1926. *Id.* at ¶ 4. It also owns Registration No. 2,405,031 for the use of RED LINE on women's clothing, namely pants, sweatshirts, sweat pants, t-shirts, knit shirts and skirts, and jackets. *Id.* at ¶ 5.

- Andrew has displayed the RED LINE trademark on clothing since 1997. *Id.* at ¶

 3. Over the past ten years, sales of Andrew's RED LINE brand of clothing have totaled more than \$17 million. Supp. Federman Decl. ¶ 2.
- Although Andrew concedes that the market for its RED LINE clothing is waning and is being replaced by other Andrew brands, Andrew cites to the cyclical nature of fashion to support its contention that it is likely to market clothing bearing the RED LINE mark again in the future. Nevertheless, Andrew continues to use its RED LINE mark on upscale women's and men's clothing in high-end boutiques in the United States, including at the Derek Andrew boutique in Bellevue, Washington. *Id.* At the hearing on this motion, counsel for Andrew approximated sales of the RED LINE brand to be in the neighborhood of \$30-\$50,000 in the last two years.
- 7. VPX is the owner of Registration No. 2,857,015 for use of the trademark REDLINE in connection with nutritional supplements and energy drinks. Deits Decl. (Dkt. # 12) ¶ 2.
- 8. VPX is not in the business of selling or distributing clothing. Santamaria Decl. (Dkt. # 25) ¶ 2. VPX is a manufacturer and seller of a line of nutritional supplements and beverages, including the Redline energy drink. *Id*.
- 9. VPX adopted the trademark REDLINE for its energy drinks based on the redline portion of an engine tachometer. *Id.* That is, redline is defined as the "maximum engine speed at which an internal combustion engine or traction motor and its components are designed to operate without causing damage to the components themselves or other parts of the engine." *Id.*
- 10. VPX's Redline energy drink is sold in mass quantities to fitness enthusiasts and is distributed through retail outlets such as Wal-Mart, GNC, Vitamin Shoppe, gyms and health clubs, and convenience stores. *Id.* at ¶ 4.

- 11. VPX promotes its Redline energy drink through promotional items such as athletic clothing, including hats, t-shirts, tank tops, and sweat pants. *Id.* at ¶ 5. While VPX admits that it previously offered these items for sale at various fitness venues, it asserts that these items are no longer available for sale to the general public. *Id.* VPX only distributes its athletic clothing bearing the REDLINE mark through its headquarters in Davie, Florida and at fitness shows throughout the country. *Id.* at ¶ 10. It does not charge for these products, but offers them solely for promotional purposes. Today, VPX's use of the REDLINE trademark on clothing is always accompanied by the slogan "The Ultimate Energy Rush." *Id.* at ¶ 6.
- 12. VPX admits that in the past it has sold athletic clothing prominently bearing REDLINE without any accompanying tag line. *Id*.
- 13. On April 13, 2007, VPX filed an application to register with the United States Patent and Trademark Office ("USPTO") the REDLINE trademark for t-shirts, pants, crop tops, halter tops, muscle tops, tank tops, hats, shoes, and other athletic clothing. Deits Decl. ¶ 3. Of note, in its trademark application, VPX requests protection for the REDLINE mark without any additional slogans or tag lines. *Id.* VPX also asserts in its application that it has used the REDLINE trademark for its line of clothing since December 18, 2003. Deits Decl., Ex. B.
- 14. The USPTO examining attorney refused to register VPX's REDLINE trademark for clothing because "it is likely to be confused with the marks" in Andrew's registered trademarks, along with two other unrelated marks. Deits Decl., Ex. C at 25. The examining attorney specifically found that "[t]he dominant portion of all of the marks is 'REDLINE' or 'RED LINE,' and all identifying clothing [sic]. Therefore, confusion as to source is likely between VPX's pending mark and the registered marks." *Id*.

- 15. On July 30, 2007, Dave Deits, attorney for Andrew, notified VPX by letter that its use of REDLINE on clothing and related products infringed Andrew's RED LINE trademark. *Id.* at ¶ 5, Ex. D. The letter demanded that VPX cease and desist using the REDLINE mark on clothing and related products and that VPX withdraw its April application for trademark protection on the REDLINE mark for clothing, headwear, and footwear. *Id.*
- 16. VPX denied any infringing use of Andrew's RED LINE trademark. In an August 20, 2007 letter, VPX's general counsel, Erica Stump, agreed to withdraw the application for trademark protection of REDLINE on clothing and related items. Diets Decl., Ex. F at 3. Ms. Stump also agreed "not to use REDLINE as 'words only' in conjunction with clothing." *Id.* The parties were unable to agree on a solution and this suit followed.¹

III. CONCLUSIONS OF LAW

- 1. The court has jurisdiction over the federal claims in this matter pursuant to 28 U.S.C. §§ 1331 and 1338(a). The court exercises its supplemental jurisdiction over the state law claims in this matter. 28 U.S.C. § 1367.
- 2. Andrew seeks a preliminary injunction to enjoin VPX from using the REDLINE mark and any other marks and names containing the designation REDLINE with

¹Although Ms. Stump represented in her August 20, 2007 letter that VPX sought an "amicable means of resolving the issues," and would like to "avoid the expense of litigation," on that same day, VPX filed an action for declaratory judgment in the Southern District of Florida against Andrew. Deits Decl., Exs. E & F. In a strongly worded opinion, the Florida court dismissed VPX's declaratory judgment action stating: "the Court is disturbed by VPX's underhandedness in entering into negotiation withholding crucial information, that is, the filing of the present lawsuit. This behavior preempted the natural plaintiff's [Andrew's] ability to file their lawsuit first." *Vital Pharm. Ind. v. Derek Andrew, Inc.*, 07-61177-CIV-JIC at 11 (E.D. Fl. December 18, 2007 (Dkt. # 23)). The case thereafter proceeded in this jurisdiction. The venue battle delayed Andrew's motion for preliminary injunction, however, because the court stayed this case pending the Florida court's determination on venue.

- respect to clothing and related products during the pendency of this action.

 Proposed Order at 1.
- 3. In a trademark case, a plaintiff is entitled to a preliminary injunction "when it demonstrates either (1) a combination of 'probable success on the merits' and 'the possibility of irreparable injury' or (2) the existence of 'serious questions going to the merits' and that 'the balance of hardships tips sharply in his favor."

 GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199, 1205 (9th Cir. 2000) (quoting Sardi's Rest. Corp. v. Sardie, 755 F.2d 719, 723 (9th Cir. 1985)). These standards "are not separate tests but the outer reaches of a single continuum." Int'l Jenson, Inc. v. Metrosound U.S.A., 4 F.3d 819, 822 (9th Cir. 1997) (citation omitted).

A. Conclusions on Probable Success on the Merits

- 4. To prevail on a claim under the Lanham Act, Andrew must establish that VPX is using a mark confusingly similar to its mark. *See AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979). Likelihood of confusion concerns whether "the similarity of the marks is likely to confuse customers about the source of the products." *GoTo.com*, 202 F.3d at 1205 (citations omitted). At the preliminary injunction stage, likelihood of confusion is the central element of a trademark claim. *Id.* at 1205 n.5.
- 5. Andrew argues, inter alia, that it is likely to prove that VPX violated the Lanham Act because the trade names VPX uses on its athletic clothing, including "REDLINE," and "REDLINE The Ultimate Energy Rush," constitute misleading or false designations of origin pursuant to 15 U.S.C. § 1125(a)(1) and trademark infringement pursuant to 15 U.S.C. § 1114(1)(a).
- 6. To establish a trademark infringement claim under section 32 of the Lanham Act or an unfair competition claim under section 43(a) of the Lanham Act, Andrew

858 (1982).

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- mark; (5) VPX's intent in selecting its mark; (6) evidence of actual confusion; (7) likelihood of expansion into other markets; and (8) degree of care likely to be exercised by purchasers. *See id.* at 348-49. The eight-factor test is a "pliant" one; no single factor is determinative. *Brookfield Commc'ns Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1054 n.16 (9th Cir. 1999).
- 10. The court finds that Andrew has demonstrated a likelihood of confusion as to VPX's prior use of the REDLINE mark absent the slogan "The Ultimate Energy Rush," or other distinguishing tag line. The court does not find any likelihood of confusion when VPX uses REDLINE with the slogan "The Ultimate Energy Rush." See, e.g., Michael Caruso & Co., Inc. v. Estefan Enter., Inc., 994 F. Supp. 1454, 1461 (S.D. Fla. 1998) (finding no confusion between BONGOS CUBAN CAFÉ on restaurant's clothing products and BONGO for retail clothing). The court finds that the latter iteration sufficiently identifies VPX's attempts to advertise its energy drink on clothing and other apparel so as to avoid confusion with Andrew's RED LINE clothing.
- 11. Evidence produced by Andrew shows that VPX's use of the REDLINE mark, standing alone, is not only similar, but in some instances, depending on font, appears nearly identical to Andrew's mark, RED LINE. *Cf.* Deits Decl., Ex. G at 1-2 *with* Ex. G. at 7-9. Variations in font make no appreciable difference. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992) ("The key elements of the marks are their sight, sound, and meaning and these similarities in characteristics 'weigh more heavily than differences.'") (quoting *Sleekcraft*, 599 F.2d at 351).
- 12. The scope of trademark protection given to a mark depends on the strength of the mark, with stronger marks receiving greater protection than weak ones. *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1140 (9th Cir. 1998). The strength of Andrew's mark is evidenced by its continuous use on athletic clothing

for the past ten years (and since 1926 on men's clothing). *See E. & J. Gallo*, 967 F.2d at 1291 (affirming finding that plaintiff's trademark was strong, based on long continuous use). The evidence in the record contradicts VPX's contention that Andrew has abandoned the RED LINE trademark because it no longer distributes the line of clothing baring the mark. Indeed, Mr. Federman, Derek Andrew's President and CEO, filed a declaration stating that Andrew continues to sell its RED LINE mark in high-end boutiques in the United States, including at the Derek Andrew boutique in Bellevue, Washington. Supp. Federman Decl. ¶ 3.

- 13. In addition to continuous use, the strength of the mark also depends on whether it is "generic, descriptive, suggestive, arbitrary, or fanciful." *Brookfield*, 174 F.3d at 1058; *see also M2 Software, Inc. v. Madacy Entm't*, 421 F.3d 1073, 1080 (9th Cir. 2005). The level of protection is highest for marks that are arbitrary or fanciful. *Id.* According to VPX, the RED LINE trademark was developed by Andrew because its clothing line was all red, which tends to weaken the mark because it is a descriptive or suggestive. Andrew responds that RED LINE is a simply an arbitrary term. Supp. Federman Decl. ¶ 6 ("From its inception, Derek Andrew's RED LINE brand product line has always been designed and marketed in a wide array of colors The RED LINE brand of clothing is not, nor has it ever been, either designed or marketed exclusively in the color red."). Because VPX's assertion is not supported by the record and Andrew's assertion is supported by the Federman declaration, the court finds the RED LINE mark arbitrary or fanciful. As a strong mark it is entitled to greater protection.
- 14. As to proximity of the goods, the parties are not direct competitors in the clothing business but both offer athletic clothing, including tank tops, sweatshirts, and t-shirts, bearing the trademark RED LINE or REDLINE. The similarity of marks alone, as explained by the Ninth Circuit, does not necessarily lead to consumer confusion, however. *See Brookfield*, 174 F.3d at 1054. The court must consider

- the relatedness of the products and services offered. *Id.* Related goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods. *Id.*
- 15. Even in cases, such as this one, where there is a notable difference in the parties' principal lines of business, i.e., Andrew is in the clothing business and VPX is in the nutritional supplement business, "the relatedness of each company's prime directive isn't relevant" to the *Sleekcraft* analysis. *See Dreamwerks v. SKG Studio*, 142 F.3d 1127, 1131 (9th Cir. 1998). Rather, the focus is on whether the consuming public is likely to associate Andrew's clothing line with VPX's promotional clothing. *See id.* Here, both parties provide athletic clothing to consumers and thus there is the potential for consumer confusion albeit Andrew targets the high-end consumer with its designer sweat pants and sweatshirts while VPX targets the fitness enthusiasts with its similar apparel. The court is persuaded that a consumer buying high-end athletic gear is likely to attend a fitness trade show or convention where VPX sells its energy drink and distributes its athletic apparel bearing the drink's name.³
- 16. There is no evidence in the record relating to whether VPX is likely to expand its use of REDLINE on clothing. The court therefore declines to evaluate this issue.
- 17. The court further finds that there is no evidence that VPX intended to adopt Andrew's trademark. There is unrebutted evidence that VPX adopted the REDLINE mark for its energy drink and intended to use it on clothing for only

³ VPX points to other companies that use the RED LINE name in promotional material. These companies are not in similar businesses as Andrew. The court is not persuaded that a consumer will be confused by "Red Line Oil" for use on Red Line Synthetic Oil promotional items. *See* Santamaria Decl., Ex. I. Nor is a consumer likely to be confused by Redline Marine Engine Servicing Inc.'s use of the phrase "Redline Marine Engine Servicing, Inc." and a tachometer on a white t-shirt. *Id.*, Ex. J. VPX's use of REDLINE alone on athletic clothing is significantly more related to Andrew's line of business than oil and engine repair.

- 19. The degree of care exercised by purchasers sheds little light on this case. The court only notes that "the more expensive the product or service, and the more sophisticated the consumer, the less likely there is to be confusion." *Brookfield*, 174 F.3d at 1060. There is no evidence in the record as to the actual cost of Andrew's "high-end" clothing or the relative sophistication of consumers of either Andrew's or VPX's clothing line.
- 20. Although the *Sleekcraft* test does not take into account the USPTO decision and the decision is not determinative on the issue of confusion in the Ninth Circuit it is a factor that the court may consider. *See Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 802 (9th Cir. 1970) (noting that the degree of deference given to USPTO decisions depends on the completeness of the record and the level of agency decision).⁴ Here, the examining attorney for the USPTO determined that the trademark, REDLINE, standing alone, was confusingly similar to Andrew's mark. *Id.* Given that the two marks are substantially the same except for a space between "RED" and "LINE" in Andrew's mark, the court finds the examining attorney's decision persuasive.
- 21. In sum, the court relies on the following factors in coming to its preliminary conclusion that VPX's use of the mark REDLINE, standing alone, on clothing constitutes a violation of sections 43(a) and 32(1)(a) of the Lanham Act: (1) the Andrew trademark is a strong mark; (2) the two marks are nearly identical with

⁴ The eight-factor *Sleekcraft* test is not exhaustive and non-listed variables may often be quite important. *Brookfield*, 174 F.3d at 1054.

only spacing and font distinguishing the two; (3) the USPTO's determination that the marks were confusingly similar; and (4) the relatedness of the products.

B. Conclusions on Irreparable Harm

- 22. Once a plaintiff establishes a likelihood of confusion under the Lanham Act, as here, a court may presume irreparable harm from prospective injury to a business's goodwill and reputation. *See Brookfield*, 174 F.3d at 1066.
- 23. VPX attempts to rebut this presumption by arguing that Andrew has unreasonably delayed in asserting its exclusive right to use RED LINE. Delay in seeking relief may undercut the possibility of irreparable harm: "[a] preliminary injunction is sought upon the theory that there is an urgent need for speedy action to protect the plaintiff's rights. By sleeping on its rights, a plaintiff demonstrates the lack of need for speedy action" *Lydo Enters., Inc. v. City of Las Vegas*, 745 F.2d 1211, 1213 (9th Cir. 1984) (citation omitted).
- As described above, Andrew learned of VPX's attempt to register the REDLINE mark for athletic clothing and sent a cease and desist letter on July 30, 2007, giving VPX 20 days to discontinue use of the REDLINE trademark. Deits Decl.,Ex. D. VPX responded to Andrew's letter on August 30, 2007, and Andrew filed the instant suit a day later. Andrew then moved for injunctive relief approximately 45 days after filing the instant law suit. The court does not find that this amounts to an unreasonable delay.
- 25. Even assuming, as Defendants contend, that Plaintiff acted less than swiftly to enforce its rights, courts are "loath to withhold relief solely on that ground." *Lydo*, 745 F.2d at 1214. In *Lydo*, for instance, the court's denial of a preliminary injunction was based not only on the plaintiff's *5 year* delay in seeking relief, *but also* because the singular threat of financial loss did not constitute irreparable harm. *Id*.

26. On the evidence before the court, VPX fails to cast serious doubt on the presumption that Andrew will suffer irreparable injury to its reputation and goodwill arising from VPX's future use of the trademark REDLINE.

C. Conclusions on Scope of Injunctive Relief

- 27. Although neither party addressed the issue of mootness, given that VPX no longer markets clothing with the REDLINE trademark displayed on it without some accompanying slogan, i.e., "REDLINE The Ultimate Energy Rush," the court nevertheless finds an injunction appropriate here. The voluntary cessation of allegedly illegal conduct does not render an injunction moot, unless "the reform of the defendant [is] irrefutably demonstrated and total." *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132, 1135-36 (9th Cir. 1986). In *Polo Fashions*, the Ninth Circuit held that plaintiffs are not required to present specific evidence demonstrating that defendants will continue infringing in the future. *Id.* at 1132. Rather, "[i]f the defendants sincerely intend not to infringe, the injunction harms them little; if they do, it gives [the plaintiff] substantial protection of its trademark." *Id.* at 1135-36.
- 28. Although VPX is no longer using Andrew's mark on clothing in an infringing manner, the court concludes that, under *Polo Fashions*, an injunction is warranted to protect against future use especially where VPX has not affirmatively agreed to discontinue use of the REDLINE mark without some additional qualifying language identifying its connection to the energy drink. Moreover, the court finds that VPX's April 2007 application for trademark protection on the REDLINE mark indicates a possible future intent to market a competing line of clothing bearing the REDLINE mark. *Id*.

IV. PRELIMINARY INJUNCTION

For the foregoing reasons, the court ORDERS as follows:

- 1. VPX is enjoined from using the REDLINE trademark, by itself, on any form of clothing and related products, such as t-shirts, shirts, pants, tops, tank tops, sweatshirts, sweat pants, hats, caps, shoes, and slippers;
- VPX may continue to advertise on clothing and related products using the slogan "REDLINE - The Ultimate Energy Rush," and other similar iterations of this slogan;
- 3. Andrew shall deposit a \$5,000 bond with the clerk of this court, conditioned to pay VPX's reasonable costs and damages should it be found that VPX was wrongfully enjoined. *See* Fed. R. Civ. P. 65(c); *see also Jorgensen v. Cassiday*, 320 F.3d 906, 919 (9th Cir. 2003) (bond may be dispensed with entirely or only a nominal bond required where the court determines there is no realistic likelihood of harm to defendant from enjoining the conduct); and
- 4. This order shall not take effect until Andrew deposits such bond with the court.

DATED this 5th day of February, 2008.

JAMES L. ROBART

United States District Judge