UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

ILLEKTRON, LLC,

Plaintiff(s),

v.

PLAYMATES TOYS, INC.,

Defendant(s).

CASE NO. SA CV 06-523 DOC (RNBx)

ORDER DENYING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Before the Court is Plaintiff Illektron, LLC's Motion for Preliminary Injunction ("Motion"). After considering the moving, opposing and replying papers, and oral argument by the parties, the Court hereby DENIES the Motion.

I. BACKGROUND

Illektron is a consumer entertainment products company whose primary product is a "collectable card and dice game" ("BATTLEZ game"). Decl. of Jerald Stuart ¶¶ 2, 4.[1] In 2004,

[1]Defendant Playmates Toys, Inc. ("Playmates") has filed evidentiary objections to Stuart's declaration, which was filed with Illektron's reply brief. Def. Playmates Toys

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Illektron introduced a limited edition of the BATTLEZ game to test market the product and receive feedback from consumers and retailers. It produced 10,000 BATTLEZ games, selling 4,000 games and giving many of the remaining games away for promotional purposes. *Id.* ¶ 8. Each BATTLEZ game contains a red and a blue deck of "cardz," one "point cardz" deck, two "limited edition collector id badges," one "Battlez Rulez" handbook, and three dice. Def. Playmates Toys Inc.'s Notice of Lodging of Physical Exs. in Opp'n to Mot. Ex. 3. The game box describes the game as follows: "Battlez- The Ultimate Trading Card Game! Fast, fun, and easy-to-learn! Playerz compete in head-to-head Battlez combining strategy, chance and skillz to knock out their opponents." *Id.* The BATTLEZ game is for "playerz ages 8 and up." *Id.*

Illektron owns a federal trademark for the BATTLEZ mark, registration number 2,849,581. Verified Compl. Ex. A. The BATTLEZ mark "consists of the word BATTLEZ in block lettering with a scrunched middle wherein the outer letters are larger than the middle letters of the word." *Id.* ¶ 9. On the game box, the BATTLEZ mark has black letters with a white outlines. Def. Playmates Toys Inc.'s Notice of Lodging of Physical Exs. in Opp'n to Mot. Ex. 3.

Defendant Playmates Toys, Inc. ("Playmates") markets the "Marvel Heroes Battle Dice Fast Action Collectible Figure Game" ("BATTLE DICE game"). *Id.* Exs. 4-7; Decl. of John Sinclair ¶ 6. In June 2005, Playmates entered into a trademark and character license agreement with Marvel Characters Inc. and introduced the BATTLE DICE game to retailers in the United States. Sinclair Decl. ¶ 6. In November 2005, Playmates began shipping the BATTLE DICE game to retailers. *Id.* The BATTLE DICE game features Marvel comic book characters, including the Hulk, Spider-Man, Wolverine, Captain America, and The Thing. *Id.* ¶ 7. The game "features a large molded plastic toy die with a hinged lid and hollowed out interior and

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Inc.'s Evidentiary Objections to and Request to Strike Pl. Illektron, LLC's (1) Decl. of Jerald Stuart; (2) Exs. B and C; and (3) Reply Brief in Supp. of Mot. 1:16-18. Playmates has also filed evidentiary objections to Illektron's Verified Complaint. Def. Playmates Toys Inc.'s Evidentiary Objections to Pl. Illektron, LLC's Verified Compl. Submitted in Supp. Of Mot. To the extent the Court relies on the evidence to which Playmates objects, those objections are OVERRULED.

collectible molded plastic action figures." *Id.* ¶ 8. It does not involve cards. *Id.* ¶ 10. Consumers can also purchase "Battle Dice Launchers," which are large molded plastic super hero figures that can "launch" the oversized plastic dice. Decl. of Pat Linden ¶ 7. The BATTLE DICE game "recreates the epic battles of the heroes and villains in the Marvel comics domain." *Id.* ¶ 9.

In August 2005, Playmates filed an intent-to-use application for the BATTLE DICE trademark in connection with its game. In the application, the BATTLE DICE mark is comprised of the words "Battle Dice" in block lettering inside a rectangle, with the word "Battle" directly above the word "Dice." Pl.'s Reply in Supp. of Mot. Ex. B. As used on the BATTLE DICE game, the BATTLE DICE mark has white block lettering in a three-dimension and pinched design on a framed field of black. Def. Playmates Toys Inc.'s Notice of Lodging of Physical Exs. in Opp'n to Mot. Exs. 4-7. Playmates asserts that this design "appears modern, sleek and has a 'super hero' look and feel." Linden Decl. ¶ 16; *see* Decl. of Maureen McHale ¶ 4.

In March 2006, Illektron became aware that Playmates was marketing the BATTLE DICE game with the BATTLE DICE mark. Compl. ¶ 19. When Illektron's founder and president, Jerald Stuart, learned about Playmates's use of the stylized BATTLE DICE mark, he contacted Playmates to inform it that its mark was similar to Illektron's BATTLEZ mark. Stuart Decl. ¶ 6, Ex. A. After unsuccessful attempts to resolve this potential dispute, Illektron filed this action on June 2, 2006.

In its Verified Complaint, Illektron alleges seven causes of action: (1) federal trademark infringement; (2) federal false representation in commerce and false designation of origin; (3) federal unfair competition; (4) California trademark infringement; (5) California unfair competition; (6) common law trademark infringement; and (7) common law unfair competition. Illektron now moves for a preliminary injunction enjoining Playmates from using the stylized BATTLE DICE mark in connection with its game.

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II. LEGAL STANDARD

"A plaintiff is entitled to a preliminary injunction in a trademark case when he 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." *Brookfield Commc'ns v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999) (quoting *Sardi's Rest. Corp. v. Sardie*, 755 F.2d 719, 723 (9th Cir. 1985)). "These are not two distinct tests, but rather the opposite ends of a single continuum in which the required showing of harm varies inversely with the required showing of meritoriousness." *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1217 (9th Cir. 1987). If a plaintiff demonstrates a likelihood of success on the merits, irreparable injury is presumed. *Brookfield*, 174 F.3d at 1046.

III. DISCUSSION

A. Probability of Success on the Merits

Illektron seeks a preliminary injunction based on its trademark infringement claim.[2] To succeed on this claim, Illektron must establish that (1) it has a valid, protectable trademark interest in the Battlez mark and (2) Playmates is using a mark that is confusingly similar. *See, e.g., Goto.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000).

1. Valid Trademark

Playmates does not dispute that Illektron has a valid, registered trademark for the BATTLEZ mark. *See* Compl. Ex. A. Registration of a mark with the United States Patent and Trademark Office constitutes prima facie evidence of the mark's validity and the owner's exclusive right to use the mark. *Brookfield*, 174 F.3d at 1047. Nor is there any dispute that Illektron used the BATTLEZ mark in commerce before Playmates began using the BATTLE

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[2]Both parties agree that Illektron's remaining Lanham Act and state law claims rise and fall with its federal trademark infringement claim. *See, e.g., Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir. 1994) (stating that "state common law claims of unfair competition and actions pursuant to California Business and Professions Code § 17200 are substantially congruent to claims under the Lanham Act") (internal quotation marks omitted); *Glow Indus., Inc. v. Lopez*, 252 F. Supp. 2d 962, 975 n.90 (C.D. Cal. 2002).

DICE mark in June 2005. *See id.* (holding that defendant can rebut prima facie showing by demonstrating that it used mark in commerce before plaintiff). Thus, Illektron has established that it has a valid, protectable trademark interest in the BATTLEZ mark. *See id.*

2. Likelihood of Confusion

The Ninth Circuit employs the following eight factors to guide the likelihood of confusion analysis: (1) similarity of the marks; (2) relatedness of the goods; (3) marketing channel used; (4) strength of the plaintiff's mark; (5) the defendant's intent in selecting its mark; (6) evidence of actual confusion; (7) likelihood of expansion into other markets; and (8) degree of care exercised by purchasers. *See, e.g., Goto.com*, 202 F.3d at 1205 (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). These *Sleekcraft* factors are meant to guide the Court's determination of a likelihood of confusion, but the "presence or absence of a particular factor does not necessarily drive the determination of a likelihood of confusion." *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290-91 (9th Cir. 1992); *see KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 608 (9th Cir. 2005) (noting that "not all of the factors are of equal importance or applicable in every case").

a. Similarity of the Marks

In analyzing the similarity between Illektron and Playmates's marks, the Court must consider the marks "in their entirety as they appear in the marketplace," adjudge the similarities of the marks "in terms of appearance, sound, and meaning," and weigh these similarities more heavily than any differences. *Goto.com*, 202 F.3d at 1206. This first *Sleekcraft* factor "has always been considered a critical question in the likelihood-of-confusion analysis." *Id.* at 1205.

A side-by-side comparison the BATTLEZ and BATTLE DICE marks "in their entirety as they appear in the marketplace" demonstrates the similarity of the marks. *Id.* at 1206. Both marks use block lettering in a pinched or scrunched style, and both contain the word "battle." While Playmates correctly points out some differences between the two marks, including the white lettering of BATTLE DICE and the black lettering of BATTLEZ and the three-dimensional lettering of BATTLE DICE, when viewed in their entirety, the two marks give an overall impression of similarity. Since similarities are weighed more heavily than differences,

id., the Court finds that this first *Sleekcraft* factor supports Illektron's position.

b. Relatedness of the Goods

The second *Sleekcraft* factor acknowledges that "[r]elated goods are generally more likely than unrelated goods to confuse the public as to the producers of the goods." *Brookfield*, 174 F.3d at 1055. In both its papers and at oral argument, Illektron argues that the BATTLEZ and BATTLE DICE games are identical products– collectible card and dice games.

Contrary to Illektron's assertion, the Court finds that the goods are not closely related. While the BATTLEZ game primarily involves its collectible trading cards, *See* Decl. of Chad J. Levy ¶ 6, the main feature of the BATTLE DICE game is the oversized plastic die that can contain a Marvel comic book action figure. Linden Decl. ¶ 5. The BATTLE DICE game does not involve cards, and in fact Playmates is contractually prohibited from marketing any trading cards featuring Marvel characters. Sinclair Decl. ¶ 10. More importantly, the Marvel super heroes are an integral part of the BATTLE DICE game, as purchasers can collect the Battle Dice Launchers, which are large molded plastic figures of such characters as the Hulk and The Thing. *See id.* ¶ 7. Thus, the considerable differences between the BATTLEZ and BATTLE DICE games do not support a finding of likelihood of confusion.

c. Marketing Channel Used

Illektron argues that this third factor weighs in its favor because the BATTLEZ and BATTLE DICE games are both marketed over the Internet and at trade shows. *See* Stuart Decl. ¶ 4; Pl.'s Reply in Supp. of Mot. Ex. C (Amazon.com site selling both games). The Court agrees that the selling of these games on the Internet weighs in Illektron's favor. *See Goto.com*, 202 F.3d at 1207 (noting that the Internet as a marketing channel is "particularly susceptible to a likelihood of confusion since . . . it allows for competing marks to be encountered at the same time, on the same screen").

d. Strength of the Mark

The next factor the Court considers is the strength of Illektron's BATTLEZ mark. A trademark's "strength" refers to how "likely a mark is to be remembered and associated in the public mind with the mark's owner," and is evaluated "in terms of its conceptual strength and

commercial strength." *Id.* A registered trademark is entitled to a rebuttable presumption of distinctiveness. *See Americana Trading Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287 (9th Cir. 1992).

Illektron relies upon the registration of the stylized BATTLEZ mark to assert the mark's strength as a "suggestive" mark. *See, e.g., Brookfield*, 174 F.3d at 1058 (noting that marks are "conceptually classified along a spectrum of generally increasing inherent distinctiveness as generic, descriptive, suggestive, arbitrary or fanciful"). It does not contend that the BATTLEZ mark has obtained a secondary meaning. Illektron's registration of the stylized BATTLEZ mark does create a rebuttable presumption that the mark is stronger than being merely descriptive. *See Americana Trading*, 966 F.2d at 1287.

In response, Playmates presents evidence that the use of the pinched style is common in the marketplace generally, and in the toys and collectible card market. Decl. of Matthew W. Clanton ¶¶ 7, 9. Such evidence is inconsistent with a finding that the pinched style has conceptual strength. *Cf. Miss World (UK) Ltd. v. Miss Am. Pageants, Inc.*, 856 F.2d 1445, 1449 (9th Cir. 1988) (noting that in a "'crowded' field of similar marks, each member of the crowd is relatively 'weak' in its ability to prevent use by others in the crowd"). Playmates also argues that the conceptual strength of the word "BATTLEZ" is weak, as it is descriptive of the BATTLEZ game, with the obvious creative substitution of the letter "z" for "s." Additionally, Playmates also points out that Illektron has failed to present evidence of the BATTLEZ mark's commercial strength. Indeed, Illektron has never followed up on its initial release of 10,000 BATTLEZ games, only 4,000 of which were sold.

While recognizing that the registered BATTLEZ mark is entitled to a presumption of relative distinctiveness, the Court also acknowledges the contrary evidence presented by Playmates. At this stage of the case, with the evidence presently before it, the Court finds that the BATTLEZ mark is more than simply descriptive. Therefore, this factor weighs in Illektron's favor.

e. Defendant's Intent in Selecting Its Mark

The fifth *Sleekcraft* factor similarly fails to support a finding of likelihood of confusion,

as Illektron has presented no evidence that Playmates "acted with wrongful intent" in selecting its BATTLE DICE mark. Mot. 12:12-13. While Playmates introduced the BATTLE DICE mark after the BATTLEZ mark was in the marketplace, it is apparent that Playmates independently created its mark to entice comic book fans with the "super hero 'look and feel'" of the mark and did not rely upon the BATTLEZ mark. McHale Decl. ¶ 4. Based on the evidence presented at this time, the Court does not find that Playmates intended to copy Illektron's BATTLEZ mark.

f. Evidence of Actual Confusion

Illektron has presented no evidence of actual confusion among consumers, so this factor does not weigh in its favor.

g. Likelihood of Expansion Into Other Markets

This factor is not relevant to the Court's analysis, as Illektron and Playmates operate in the same market.

h. Degree of Care Exercised by Purchasers

Illektron argues that the final *Sleekcraft* factor supports a finding of likelihood of confusion because the main purchasers of the BATTLEZ game, boys ages eight to fourteen, are unlikely to exercise considerable care when purchasing such a relatively inexpensive product. *Cf. Phat Fashions, LLC v. Phat Game Athletic Apparel, Inc.*, No. 01-C-1771, 2002 WL 570681, at *10 (E.D. Cal. Mar. 20, 2002) (holding that "[b]ecause of the youth of defendants' market and relatively low prices, this factor weighs in plaintiff's favor"). Playmates contends that parents, and not children, are the actual purchasers of these games who will exercise care in choosing between the BATTLE DICE game and the BATTLEZ game. While the Court might be inclined to agree with Playmates if the products were more expensive, *cf. Original Appalachian Artworks, Inc. v. Blue Box Factory (USA) Ltd.*, 577 F. Supp. 625, 632 (S.D.N.Y. 1983) (concluding that parents rather than children purchase Cabbage Patch Kids dolls), the Court finds that children are the likely purchasers of the BATTLE DICE and BATTLEZ games, and that these children are unlikely to exercise much care when purchasing these relatively inexpensive products. Accordingly, this final factor weighs in favor of a finding of likelihood of

confusion.

After weighing the above factors, the Court finds that Illektron has failed to demonstrate a likelihood of success on its trademark infringement claim, but has raised "serious questions going to the merits" of this claim. *Brookfield*, 174 F.3d at 1046. Since Illektron has not demonstrated a likelihood of success on the merits, warranting a presumption of irreparable injury, *id.*, the Court next balances the hardships to determine whether a preliminary injunction should issue.

B. Balance of Hardships

Since Illektron has failed to demonstrate a likelihood of success on the merits of its trademark infringement claim, it must establish that the balance of hardships "tips sharply in its favor" to warrant injunctive relief. *Brookfield*, 174 F.3d at 1046; *see also Rodeo Collection*, 812 F.2d at 1217 (noting that "the required showing of harm varies inversely with the required showing of meritoriousness"). Illektron contends that unless Playmates is preliminarily enjoined from using the stylized BATTLE DICE mark, it will suffer harm to its good will and its viability as a going concern, which is centered around the BATTLEZ game. Stuart Decl. ¶¶ 13-14. It has not attempted to quantify this potential harm. In its papers and at oral argument, it stresses that it is a small business that will be irreparably injured absent injunctive relief.

On the other side of the scale, Playmates asserts that a preliminary injunction would severely harm it because of the growing popularity of Marvel comic-book related merchandise. Specifically, Playmates notes that Marvel has recently released a popular comic book miniseries featuring characters, such as Spider Man, who appear in the BATTLE DICE game. Linden Decl. ¶ 18. Additionally, Playmates hopes to capitalize on the recent and upcoming releases of movies featuring these Marvel heroes, including *X-Men: The Last Stand*, *Ghost Rider*, *Iron Man*, *Fantastic Four 2*, and *Spider-Man 3*. *Id.* It contends that if it is forced to recall its products with the stylized BATTLE DICE mark, it will be unable to duplicate this unique opportunity. *Id.* ¶ 19. Playmates estimates that the cost of compliance with a preliminary injunction would exceed $3 million. Sinclair Decl. ¶ 14.

Based on this evidence, the Court does not find that the balance of hardships "tips

sharply" in Illektron's favor. *Brookfield*, 174 F.3d at 1046. While the Court acknowledges that an infringing party may not rely upon damages that result from its infringing activity to demonstrate hardship, *see Triad Sys. Corp. v. S.E. Express Co.*, 64 F.3d 1330, 1338 (9th Cir. 1995), it has made no finding that Playmates has infringed Illektron's trademark. Additionally, although the Court is sensitive to Illektron's status as a small company, it is also concerned that a preliminary injunction would prevent Playmates from benefitting from the current popularity of Marvel super heroes.

Nor does the Court finds that a preliminary injunction is in the public interest. Illektron's argument to the contrary is premised on a finding that it is likely to succeed on the merits of its trademark infringement claim, a finding the Court does not make. Therefore, the Court finds that a preliminary injunction is unwarranted.

IV. DISPOSITION

For the reasons set forth above, the Court hereby DENIES Illektron's Motion for Preliminary Injunction.

IT IS SO ORDERED.

DATED: July 25, 2006

DAVID O. CARTER
United States District Judge