

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

-----x
SCHWEITZZ DIST. CO.,

Plaintiff,

93 CV 4785 (NG)

v.

**P&K TRADING INC., SANG JIN AHN and
PRO-LIFE NUTRITION CO., INC.,
Defendants.**

**OPINION
AND ORDER**

-----x
GERSHON, United States District Judge:

The complaint in this trademark infringement action was filed on October 23, 1993. On November 11, 1993 the Honorable Sterling Johnson, Jr., to whom the action was then assigned, preliminarily enjoined the defendants from further acts of infringement and ordered them to recall, and to deliver to the plaintiff for destruction, all products marketed by the defendants that infringed upon the plaintiff's registered trademark. A bench trial was held before me on March 10 and 11, 1998, after which the parties submitted briefs on the issues of liability and damages. This opinion and order will constitute my findings of fact and conclusions of law pursuant to Federal Rule of Civil Procedure 52(a).

FINDINGS OF FACT

Kyung Yong Ho, a citizen of South Korea, is the president of plaintiff Schweitzz Dist. Co. ("SDC"), a New York corporation organized in 1993. Ho is the owner of U.S. Trademark Registration No. 1,742,676, issued by the United States Patent and Trademark Office on December 29, 1992, for the trademark "UROSO." SDC markets dietary supplements, in pill and capsule form, throughout the United States under the UROSO trademark. The buyers of these

dietary supplements are largely Korean-Americans and Korean immigrants. The supplements are packaged in distinctive black boxes with gold borders, with the trademark UROSO in gold lettering below the design of a golden bear. Above the bear design, in smaller gold lettering, is the word “gold.” The dietary supplements are manufactured by Edom Laboratories, Inc.

Defendant Sang Jin Ahn is the president and sole shareholder of defendant P&K Trading Co. (“P&K”), a corporation established under the laws of California.¹ The defendants also market dietary supplements and also find their primary customers among Korean-Americans and Korean immigrants. The product giving rise to this action, which is virtually identical in content to the plaintiff’s product, is a dietary supplement distributed by P&K under the trade name “URUSA Gold.” The URUSA Gold product is packaged in a dark blue box, identical in size with that of the plaintiff’s product, with golden borders and with the product name in gold lettering above the design of a golden bear.²

The credible evidence adduced at trial clearly established that the defendants engaged in a deliberate effort to use a mark that customers would confuse with plaintiff’s registered trademark. The similarity of the names of the two products at issue, UROSO and URUSA Gold,

¹ Ahn’s relationship to the other corporate defendant, Pro-Life Nutrition Co. Inc. (“Pro-Life”), has not been firmly established. Ahn initially testified that he did not know of, and had no connection with, a corporation called Pro-Life. However, when confronted with the fact that Pro-Life is listed as the manufacturer on packaging of dietary supplements he admitted marketing, Ahn testified that such listing was “an error,” in spite of the fact that he also testified that he personally approved the use of such packaging. Ahn’s counsel represents all of the defendants in this action, but no effort has been made in the defendants’ post-trial briefing to detail the relationship between Ahn and Pro-Life.

² The URUSA Gold packaging also lists Pro-Life as the manufacturer of the product, but Ahn testified that the product is actually made by a company called “Banner Pharmcap.”

is self-evident. The packaging of the two products is also highly similar, differing only slightly in terms of color, lettering and the design of the bear appearing on the packaging. These similarities are no accident. On the contrary, Ahn testified that he first became aware of the existence of SDC's URUSO product in 1991 or 1992 and that he began to market the URUSA Gold product, a name he himself chose, in 1993. Ahn also testified that the packaging of the URUSA Gold product was produced by a print shop, to whom he himself gave the packaging of the URUSO product, asking them "to use it as a reference." Photographic evidence presented at trial established that URUSA Gold was marketed in shops throughout the United States and that it was frequently shelved side-by-side with the URUSO product.

CONCLUSIONS OF LAW

A. Infringement.

The plaintiff seeks relief under the Lanham Act, 15 U.S.C. §§ 1051 *et seq.* "In order to prevail on a claim of trademark infringement in violation of the Lanham Act, a plaintiff must show 1) that it has a valid mark that is entitled to protection under the Act, and 2) that use of the defendant's mark infringes, or is likely to infringe, the mark of the plaintiff." *Estee Lauder Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1508 (2d Cir. 1997). "The test for infringement is whether the actor's use of a designation as a trademark. . . creates a likelihood of confusion." *Id.* (quoting *Restatement (Third) of Unfair Competition* § 21 comment a (1995)("Restatement")).

1. Validity of the URUSO Mark.

There is no serious question that SDC has a valid mark that is entitled to protection. The defendants argue to the contrary that, because Ho, and not SDC, is the owner of the URUSO

mark, SDC has no interest in its protection. This argument is without merit. The Lanham Act explicitly provides that the “registrant” of a trademark includes “the legal representatives, predecessors, successors and assigns” of the person in whose name the trademark is registered. 15 U.S.C. § 1127. It is undisputed that Ho is the president of SDC. Although there is no evidence that Ho has formally assigned the URUSO mark to SDC, there is no basis whatever for concluding that SDC should not be considered Ho’s legal representative. I therefore find that SDC is entitled to protection of the URUSO mark.

The defendants also argue that Ho, as a South Korean citizen, has not shown that he may properly assert the protections of the Lanham Act. The defendants point out that Section 44(b) of the Lanham Act, 15 U.S.C. § 1126(b), provides that foreign nationals may assert the protections of the Lanham Act only if the law of their country of origin provides reciprocal protections to United States citizens. The plaintiff, the defendants assert, has not carried its burden of establishing that South Korea is such a country. The question, however, is not a factual one, but a legal one, and a moment’s research establishes that South Korea is indeed a signatory to The International Convention for the Protection of Industrial Property (commonly known as “the Paris Convention”), which establishes that Korean nationals may in fact assert the protections of the Lanham Act. 4 *McCarthy on Trademarks and Unfair Competition*, §§ 19:74, 29:22 (1997). Thus, the defendants may not escape liability on this ground.

2. Likelihood of Confusion.

“Courts deciding whether a plaintiff has established likelihood of confusion must consider the eight factors elaborated in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).” *Estee Lauder, Inc. v. The Gap, Inc.*, 108

F.3d at 1510 (quotation omitted). These eight factors are “1) the strength of the plaintiff’s mark; 2) the similarity of the of plaintiff’s and defendant’s marks; 3) the competitive proximity of the products; 4) the likelihood that plaintiff will ‘bridge the gap’ and offer a product like the defendant’s; 5) actual confusion between products; 6) good faith on the defendant’s part 7) the quality of defendant’s product; and 8) the sophistication of buyers.” *Id.* (quotation omitted).

This list is not exhaustive and no one factor is dispositive. *Id.*

Certain of these factors weigh very heavily in the plaintiff’s favor. Although the plaintiff’s mark is evocative of “bear” because of the similarity to the Latin word for bear, “ursa,” the mark is not generic or descriptive, but fanciful; that is, “it has no meaning outside of its use by the plaintiff as a trademark.” *Nikon, Inc. v. Ikon Corp.*, 803 F. Supp. 910, 924 (S.D.N.Y. 1992). As found above, the two products at issue are virtually identical in content, they are sold primarily to the same consumer market and, most significantly, the URUSO and URUSA Gold marks, and the packaging on which they are emblazoned, are highly similar. In addition, the two marks sound very much alike. *Id.*

The defendants argue, however, that there can be no liability because the plaintiff has failed to produce any evidence of actual confusion among consumers with respect to the URUSO and URUSA Gold products. While a lack of evidence of actual confusion may weigh against the plaintiff, it is not a bar to recovery. *Cadbury Beverages, Inc. v. Cott Corp.*, 73 F.3d 474, 482 (2d Cir. 1996). Moreover, this argument fails to take into account the legal significance of the defendants’ own conduct. Where, as here, there is substantial evidence that the defendant intentionally copied the plaintiff’s mark, “[i]t gives rise to a powerful inference that confusion is likely, and puts on the alleged infringer the burden of going forward with proof that it is not.”

Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127, 1135 (2d Cir. 1982) (quoting *Mastercrafters C&R Co. v. Vacheron & Constantin-Le Coultre Watches*, 221 F.2d 464, 467 (2d Cir.) (Frank, J.), *cert. denied*, 350 U.S. 832 (1955)); *see also Paddington Corp. v. Attiki Importers & Dists., Inc.*, 996 F.2d 577, 586 (2d Cir. 1993) (presence of bad faith creates a presumption “that the copier has succeeded in causing confusion”); *Restatement* § 22(1) (“likelihood of confusion may be inferred” from proof of intentional copying of another’s mark).

Spring Mills, Inc. is particularly applicable here. In that case, the defendants’ products, marketed under the trade name “Ultracashmere,” were found to have infringed upon the plaintiff’s products marketed under the name “Ultrasuede.” Consumer confusion was inferred from evidence of the intentional copying of the plaintiff’s mark by the defendants. Specifically, the president of the defendant corporation testified that, not only was he aware of the Ultrasuede name before he began to market his Ultracashmere products, he himself had chosen the Ultracashmere name and had participated in the design of the Ultracashmere label. 689 F.2d at 1134. This is precisely the sort of conduct undertaken by Ahn and, as in *Spring Mills, Inc.*, the defendants have proffered no evidence whatever to rebut the powerful inference of confusion between the URUSO and URUSA Gold marks. Thus, the conclusion drawn by the *Spring Mills, Inc.* court is perfectly suited to this case:

Ultimately, by intentionally imitating the plaintiff’s Ultrasuede mark and trade dress, defendants implicitly stated that they believed that they could create a likelihood of confusion among consumers as to the source of their product and that they could profit thereby. Accordingly, . . . *we should take them at their word.*

Id. at 1136 (emphasis supplied). I will therefore take the defendants at their word and find that

the presence of consumer confusion has been demonstrated in this case.

This conclusion is not called into question by the defendants' reliance upon cases in which courts decline to find infringement because the marks at issue, although similar, contain a term that is in such wide commercial use as to have become generic. Thus, in *Beech-Nut, Inc. v. Warner-Lambert Co.*, 346 F. Supp. 547 (S.D.N.Y. 1972), *aff'd*, 480 F.2d 801 (2d Cir. 1973), the court was faced with a claim by the makers of a breath mint marketed under the name "BREATH SAVERS," who alleged that another breath freshening product, marketed under the name "BREATH PLEASERS," infringed on their trademark. However, upon evidence that, in addition to the products at issue, at least ten other breath freshening products in wide commercial circulation employed some variation of "breath" in their names, the court held that "[n]obody [can claim] a proprietary interest in the word 'breath.'" 346 F. Supp. at 549. In such a situation, "where the key word is free as air, small variations are likely to make enough of a difference to ward off charges of infringement." *Id.* The court concluded that such variations were present: "The lettering on display box and package is different; the artistic design differs; the coloring differs enough so that the overall visual impact is quite clearly distinguishable." *Id.* at 550.

Here, despite the showing that URUSO and URUSA are both derived from the Latin word for bear, "ursa," and that Koreans tend to associate bears with physical vigor, such evidence falls well short of establishing the generic quality of the marks at issue. Moreover, the defendants' intentional copying of the plaintiff's distinctive packaging decisively militates against a finding that the variations are sufficient to preclude a finding of infringement.

Nor is this a case where the defendants seek to market a less expensive version of a common product and clearly distinguish their product so that the consumer is not confused as to

source. Although the phrase “Manufactured by Pro Life Nutrition Co., Inc.” appears on the URUSA Gold box, it is far from prominent and, in the face of the prominence of the confusingly similar URUSA mark, is insufficient to distinguish their product from the plaintiff’s. Nor is the defendants’ claim that they were marketing a less expensive version supported by the evidence, which established that, while the retail price of the defendants’ product was sometimes less than the plaintiff’s, it was sometimes more. *Compare Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556, 1565 (Fed. Cir. 1994) (finding no infringement in “case in which a retailer markets a national brand product and at the same time markets its own private label product in direct competition” because retailer “clearly labeled and differentiated its product”), *cert. denied*, 514 U.S. 1078 (1995).

B. Further Defenses.

The defendants assert two additional defenses, but neither is well-founded. First, the defendants claim that they did not have sufficient notice of the registration of the URUSO mark and so may not be charged with damages. Toward this end, evidence was presented that certain boxes of the plaintiff’s products marketed under the URUSO mark merely carried the legend “TM.” This, the defendants assert, is statutorily insufficient notice of registration because the Lanham Act specifically prescribes the use of “Registered in U.S. Patent and Trademark Office,” or “Reg. U.S. Pat. & Tm. Off.” or the symbol “®” as a means of providing adequate notice of registration. 15 U.S.C. § 1111. However, the defendants overlook that Ahn testified that the box of URUSO product that he directed be used as a model for URUSA packaging when he began selling dietary supplements under that name in 1993 carried the “®” symbol. Pltf.’s Ex. 1. Thus,

Ahn's testimony establishes that he had actual notice of the registration of the plaintiff's mark. Section 1111 explicitly makes such notice sufficient. What is more, Ahn also testified that in November 1993 he received a copy of the injunction obtained by SDC against P&K.³ This constitutes additional notice to Ahn of the registration of the URUSO mark as to any sales of URUSA Gold made after November 1993. *See, e.g., Kransco Mftg., Inc. v. Hayes Specialities Corp.*, 37 U.S. P.Q.2d 1722, 1725 (Fed. Cir. 1996) (receipt of cease and desist letter provides actual notice). Thus, I find that the defendants' argument as to notice is without merit.

Second, the defendants assert the defense of unclean hands. At trial the defendants presented evidence to the effect that the plaintiff had engaged in deception of the public through the marketing of its URUSO products. First, the defendants assert that the plaintiff's advertising of their URUSO products contains the false claim that the latter contains an extract of bear liver. It was undisputed that it is a tenet of Korean folk medicine that bear liver is a source of vigor. The evidence at trial established that plaintiff's ads either stated, or at the least suggested, that its product contained bear parts, when, as the plaintiff did not dispute, the product contains no bear parts, but only ordinary vitamins and minerals and an extract of cow liver or gall bladder. The defendants also complain that the plaintiff's advertising falsely implies that URUSO products possess actual curative powers.

Given the facts of this case, the conduct of which the defendants complain, even if true, will not suffice for a successful unclean hands defense. To begin with, the unclean hands defense is an equitable doctrine. The defendants here engaged in no advertising of their own,

³ At trial Ahn acknowledged his defiance of the injunction by testifying that "[i]n the end I did not follow up on the order," because he thought it was "an unfair order."

apparently content to rely upon, and profit from, the very advertising by the plaintiff which they now seek to use as a means of escape from liability. In such a situation, the court should not allow the defendants to rely upon the defense of unclean hands:

In the interests of right and justice the court should not automatically condone the defendant's infractions because the plaintiff is also blameworthy, thereby leaving two wrongs unremedied and increasing the injury to the public. Rather the court must weigh the substance of the right asserted by plaintiff against the transgression which, it is contended, serves to foreclose that right. The relative extent of each party's wrong upon the other and upon the public should be taken into account, and an equitable balance struck.

Project Strategies Corp. v. National Communications Corp., 948 F. Supp. 218, 227 (E.D.N.Y. 1996) (quoting *Republic Molding Corp. v. B.W. Photo Utilities*, 319 F.2d 347, 350 (9th Cir. 1963)).

In addition, the unclean hands defense "is recognized only where the plaintiff's alleged transgression relates directly to the subject matter of the infringement action and the defendant has been injured personally by the plaintiff's conduct." *Wojnarowicz v. American Family Ass'n.*, 745 F. Supp. 130, 146 n. 12 (S.D.N.Y. 1990) (citation omitted). The defendants have not established that "the plaintiff's alleged wrongdoing [has] changed the equitable relationship between the parties and [has] injured the defendants in any way," *id.* (quotation omitted), and may therefore not avail themselves of an unclean hands defense. *See also Bio-Technology Gen. Corp v. Genetech, Inc.*, 80 F.3d 1553, 1565 (Fed Cir.) (unclean hands defense unavailable where "the purported misconduct did not occur in the context" of the dispute between the parties), *cert. denied*, 117 S.Ct. 274 (1996); *Project Strategies Corp. v. National Communications Corp.*, 948 F. Supp. at 227 (alleged violation of Lanham Act unrelated to plaintiff's misrepresentation claim

could not support unclean hands defense). Thus, I find that the defense of unclean hands will not bar relief here.

C. Damages.

Ahn testified that he ordered the production of 5,000 individual boxes of the URUSA Gold dietary supplement, which he sold at between \$25.00 to \$30.00 per box. More precise information regarding P&K's marketing of the product was not presented by the defendants. In addition, the plaintiff presented evidence that suggests that the pricing of URUSA Gold products was erratic, with some boxes selling for as much as \$99.00. Pltf.'s Ex. 2B.

On the basis of the evidence presented, the plaintiff seeks damages reckoned by multiplying the 5,000 boxes by a price of \$30.00, arriving at an award of \$150,000.00. In the absence of any evidence by the defendants suggesting that this amount should be reduced, I find this figure to be reasonable.

D. Injunctive Relief.

I also find that the plaintiff is entitled to permanent injunctive relief. Therefore, the Clerk is directed to include in the judgment the following language:

ORDERED, that the defendants, their officers, agents, servants, employees, attorneys and distributors and all persons in active concert and participation or privity with them, be and they are hereby are permanently restrained and enjoined from in any manner, either directly or indirectly:

affixing or utilizing, in connection with the manufacture, promotion, distribution, sale and/or other exploitation of the plaintiff's symbols of origin, consisting of i) the trademark consisting in whole or in part of the word URUSA, alone or in

combination with any other word, image, picture or the like, or ii) any packaging, labels, boxes, containers or the like, a dark background with gold outlines and the depiction of a bear or iii) any imitation or combination of any of the above likely to be confused therewith, including but not limited to the use of such confusingly similar imitations currently being used by the defendants and/or their products that are associated with, sponsored by, and/or otherwise connected with the plaintiff or their products in any manner.

E. Attorneys' Fees.

The plaintiff also seeks to recover its attorneys' fees, which may be awarded under the Lanham Act "in exceptional cases," 15 U.S.C. § 1117(a), which phrase our Court of Appeals has interpreted to mean cases involving evidence of "fraud or bad faith." *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 194 (2d Cir. 1996) (quotation omitted). While some evidence of bad faith has indeed been presented by the plaintiff, "[t]he decision to award attorneys' fees falls well with the district court's discretion," *id.* (quotation omitted), and, under all of the circumstances of this case, no award of attorneys' fees will be made. *See Nikon, Inc. v. Icon Corp.*, 803 F. Supp. at 928.

CONCLUSION

The Clerk of Court is directed to enter judgment for the plaintiff in the amount of \$150,000.00 and to include in the judgment the injunctive relief set forth above.

SO ORDERED.



Nina Gershon
United States District Judge

Dated: July 16, 1998
Brooklyn, New York