

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

K-5 ARMS EXCHANGE, INC.,
Plaintiff,

v.

THE ARMS EXCHANGE OF
CONNECTICUT, LLC, PAUL
MARQUARDT, and GROSZ DO
GROSZA, LLC,
Defendants.

No. 3:10cv1831 (SRU)

**RULING ON MOTION FOR CERTIFICATION TO TAKE INTERLOCUTORY
APPEAL**

Following a hearing on April 29, 2011, I issued an oral ruling denying the defendants' motion to dismiss the plaintiff's complaint. The defendants subsequently filed a motion for certification to take an interlocutory appeal (doc. # 34). For the reasons set forth below, their motion is denied.

I. Background

The following facts are drawn from the plaintiff's amended complaint (doc. # 10). The plaintiff is K-5 Arms Exchange, Inc. ("K-5"), a Connecticut corporation with a principal place of business in Milford; the defendants are the Arms Exchange of Connecticut LLC, Paul Marquardt, and Grosz Do Grosza, LLC (collectively, "the Arms Exchange"), all of whom are based in Connecticut with a principal place of business in Naugatuck. For more than 15 years, K-5 has sold "firearms, tactical products, holsters, optics, knives, watches, safes and accessories and firearms training services from its retail stores." Am. Cmplt. ¶ 9. Over that period of time, K-5 has advertised its business and developed goodwill. Today, its mark has become identifiable and widely known in the market.

On April 1, 2010, Marquardt filed a trade name certificate with the Town of Naugatuck to open a gun store “under the assumed trade name of Grosz do Grosza, LLC Doing Business As The Arms Exchange.” *Id.* ¶ 14. On August 17, 2010, K-5 sent the Arms Exchange a letter asking Marquardt to cease using the mark “THE ARMS EXCHANGE” for its business; on October 1, 2010, the Arms Exchange agreed to that request. Thereafter, the Arms Exchange began doing business as “THE ARMS EXCHANGE OF CT.” On the storefront, however, the Arms Exchange still referred to itself as “THE ARMS EXCHANGE.” Moreover, the Arms Exchange registered the online domain name, www.thearmsexchange.com.

K-5 filed suit on November 22, 2010, alleging that the Arms Exchange’s mark has confused, and will continue to confuse, consumers that the Arms Exchange is affiliated with, or otherwise the same as, K-5. K-5 filed this suit to obtain a permanent injunction against the Arms Exchange’s use of its marks “THE ARMS EXCHANGE” and “THE ARMS EXCHANGE OF CT,” as well as compensatory and punitive damages and attorneys’ fees and costs. K-5 brings four counts against the Arms Exchange: (1) trademark infringement in violation of section 43(a) of the Lanham Act, codified at 15 U.S.C. § 1125(a); (2) trademark infringement in violation of Connecticut common law; (3) unfair competition in violation of Connecticut common law; and (4) violation of the Connecticut Unfair Trade Practices Act.

The Arms Exchange moved to dismiss K-5’s complaint. On April 29, 2011, I heard argument and issued an oral decision on the record denying the Arms Exchange’s motion. On May 11, 2011, the Arms Exchange filed a motion to certify an interlocutory appeal pursuant to 28 U.S.C. § 1292(b). In that motion, the Arms Exchange seeks a written opinion explaining my denial of the motion to dismiss, as well as a certificate of appealability on the following question: “Whether, given that the defendants’ mark is generic, the defendants’ use of the generic phrase

‘Arms Exchange’ to describe its business can ever be considered an infringement of the plaintiff’s mark which contains the generic phrase.” Mot. for Certification 2 (doc. # 34).

II. Standard of Review

The court may certify an interlocutory appeal when a case “involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation.” 28 U.S.C. § 1292(b). The certification of an interlocutory appeal “is entirely a matter of discretion for the District Court.” *Dinler v. City of New York (In re City of New York)*, 607 F.3d 923, 933 (2d Cir. 2010).

III. Discussion

The Arms Exchange moved to dismiss K-5’s complaint by arguing that it could only have violated K-5’s trademark by its use of the words “arms exchange”; the words “arms exchange” are generic; and, because no party has the exclusive right to use a generic term, K-5 cannot assert any federal or state claim against the Arms Exchange for invoking the words “arms exchange” in the Arms Exchange’s mark.¹ Although that argument seems logical, it misstates the law of trademark infringement. The Arms Exchange errs by conflating two issues: (1) whether a generic mark can ever be trademarked, with (2) whether a generic mark can ever infringe another party’s trademark. The caselaw is clear on the first point: a generic mark is never subject to trademark protection. But the caselaw offers no categorical answer to the second point. On the contrary, whether the use of a generic mark infringes another party’s trademark will depend on the facts and circumstances of a case — the kind of determination that the court cannot make on a motion to dismiss, where it must assume as true all the material allegations in the amended

¹ The claims under the Lanham Act and Connecticut common law are coextensive. Thus, I do not differentiate the two sets of claims in this ruling.

complaint and draw all reasonable inferences in K-5's favor. *Matson v. Bd. of Educ.*, 631 F.3d 57, 72 (2d Cir. 2011).

In analyzing a claim of trademark infringement, the court's first step is to determine whether the plaintiff has a protected mark. Once the court makes that determination, it may then proceed to the question whether the defendant infringed the plaintiff's mark. *Thompson Med. Co. v. Pfizer, Inc.*, 753 F.2d 208, 213 (2d Cir. 1985).

Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). . . . The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks — those that refer to the genus of which the particular product is a species . . . — are not registrable as trademarks.

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992) (quotation omitted).

“Essentially, a mark is generic if, in the mind of the purchasing public it does not distinguish products on the basis of source but rather refers to the type of product.” *Courtenay Cmmc's Corp. v. Hall*, 334 F.3d 210, 214 n.2 (2d Cir. 2003). For the purposes of the Arms Exchange's motion to dismiss, I assumed that the phrase “Arms Exchange” — the words that the plaintiff and defendant businesses share in their marks — is generic and not entitled to trademark protection. “Generic marks are never entitled to trademark protection,” *Genesse Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997), because “no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise and what success it has achieved in securing public identification, it cannot deprive competing manufacturers of the product of the right to call an article by its name,” *Abercrombie*, 537 F.3d at 9.

K-5 has not claimed “Arms Exchange” as a protected mark, however. Instead, K-5

alleges that its entire mark, “K-5 Arms Exchange,” is subject to trademark protection.² When determining whether a mark is protected, the court must examine the mark as a whole and not in terms of its composite parts. *See Courtenay*, 334 F.3d at 215 (concluding that a composite mark “must be treated as a whole for classification purposes”); *In re Am. Fertility Society*, 188 F.3d 1341, 1347 (Fed. Cir. 1999) (holding that a court “cannot simply cite definitions and generic uses of the constituent terms of a mark, or in this case, a phrase within the mark, in lieu of conducting an inquiry into the meaning of the disputed phrase as a whole to hold a mark, or a phrase within the mark, generic”). The mark “K-5 Arms Exchange” is neither generic nor descriptive: it does more than identify a class of goods or services, or describe the kinds of goods and services that the plaintiff provides. Rather, the insertion of the modifier “K-5” renders the mark fanciful and, therefore, inherently distinctive. *See Abercrombie*, 537 F.3d at 11 n.12 (“[T]he term ‘fanciful,’ as a classifying concept, is usually applied to words invented solely for their use as trademarks . . .”). As a fanciful mark, “K-5 Arms Exchange” is entitled to trademark protection, *Two Pesos*, 505 U.S. at 768.

The Arms Exchange argues for a further legal conclusion, however: that its use of the generic words “Arms Exchange” can never, as a matter of law, infringe K-5’s trademark. The Arms Exchange’s argument raises an issue that the Seventh Circuit has described thusly: “Can the holder of a legitimate trademark enjoin the use of a similar term that is likely to be confused with the trademark if the similar term is itself generic? Such a situation brings into conflict two fundamental principles of trademark law: the right of a trademark holder to protection of its mark

² Although K-5 never registered its mark, “an unregistered mark is entitled to Lanham Act protection if it would qualify for registration. . . . To qualify for protection, a mark must either be (1) inherently distinctive or (2) distinctive by virtue of acquired secondary meaning.” *Courtenay*, 334 F.3d at 214 n.2 (quotations omitted).

and the right of all persons to use generic terms in their generic sense to name their products and services.” *Mil-Mar Shoe Co. v. Shonac Corp.*, 75 F.3d 1153, 1160 (7th Cir. 1996).

The *Mil-Mar* Court left that question unanswered. Several cases from the Second Circuit cited by the Arms Exchange hold that a party cannot infringe another’s trademark solely by invoking a generic or descriptive term found in both marks. *See, e.g., Bristol-Meyers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042 (2d Cir. 1992) (affirming district court’s decision not to award preliminary injunction to plaintiff on basis of defendant’s use of descriptive term common in both parties’ marks); *Am. Cyanamid Corp. v. Connaught Labs., Inc.*, 800 F.2d 306, 308 (2d Cir. 1986) (holding that defendant’s use of generic term common in both parties’ marks could not be basis for trademark infringement). But in those cases the Court of Appeals did not identify a term’s generic-ness or descriptiveness as a defense against all trademark infringement claims. Instead, the Second Circuit also considered whether the defendant used its generic or descriptive term in a deceptive way “designed to create confusion” between the two parties’ marks. *Am. Cyanamid*, 800 F.2d at 309; *accord Bristol-Meyers*, 973 F.2d at 1047 (discussing whether the defendant’s “trade dress is likely to cause confusion among consumers”).

It is certainly conceivable that a firm using an entirely generic mark could infringe another party’s legitimate trademark, provided that the firm employed its entirely generic mark in a confusing or deceptive manner. In its motion-to-dismiss reply brief, the Arms Exchange analogized this case to a hypothetical example of “Coca-Cola suing Pepsi-Cola” over the shared use of the word “Cola” in their marks. Reply Br. 4 n.1 (doc. # 22). A more fitting analogy would be Coca-Cola suing a company manufacturing a product branded with the wholly generic mark “Cola.” Whether Coca-Cola could succeed on that action would depend on the facts of that case. Consider if the Cola company sold its soda in a green eight-ounce can with black Roman

type labeled horizontally. In that case, Coca-Cola would have, at best, a weak claim: Cola brands its product differently than Coca-Cola and there is a low probability of consumer confusion, despite the two companies' shared use of the word "Cola." On the other hand, consider if Cola sold its soda in a red 12-ounce can, with "Cola" written in silver or white cursive script running lengthwise — that is, in a manner similar to the design of Coca-Cola's cans. Coca-Cola would have a stronger claim in that case because there is a greater likelihood of consumer confusion.

In those two hypotheticals, the generic-ness of the word "Cola" does not affect the outcome. Rather, the two situations are different because of the way the generic mark is utilized, such as, for example, in the product's trade dress. *See Bristol-Meyers*, 973 F.3d at 1042 ("The 'trade dress' of a product involves the total image of a product and may include features such as size, shape, color or color combinations, texture of graphics." (quotation omitted)). It is possible for a firm using a generic or descriptive mark to infringe another party's trademark, provided that the generic or descriptive mark is employed in a manner that would confuse consumers about a product's or service's origin. *See Bristol-Meyers*, 973 F.3d at 1042-47 (considering whether product's trade dress infringed plaintiff's mark, after first deciding that defendant's use of descriptive mark did not, by itself, infringe plaintiff's trademark); *Am. Cyanamid*, 800 F.2d at 309 (considering whether the defendant had deceptively designed its product to confuse consumers, after first deciding that defendant's use of generic mark did not, by itself, infringe plaintiff's trademark).

In this case, whether the Arms Exchange has infringed K-5's trademark will turn on application of the so-called *Polaroid* factors to examine "the likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or indeed simply confused, as to the

source of the goods in question.” *Thompson*, 753 F.2d at 213 (quotation omitted). Those factors include, but are not limited to: “(i) the strength of the plaintiff’s trademark; (ii) the degree of similarity between the parties’ marks; (iii) the proximity of the products; (iv) the likelihood that the plaintiff will ‘bridge the gap’ between the products; (v) the existence of actual confusion; (vi) the defendant’s good faith; (vii) the quality of the defendant’s product; and (viii) the sophistication of the customers.” *N.Y. Stock Exchange v. N.Y., N.Y. Hotel, LLC*, 293 F.3d 550, 555 (2d Cir. 2002) (citing *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961)). Balancing those factors is a fact-intensive exercise.

The wisdom of the likelihood of confusion test lies in its recognition that each trademark infringement case presents its own unique set of facts. Indeed, the complexities attendant to an accurate assessment of likelihood of confusion require that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined. No single *Polaroid* factor is pre-eminent, nor can the presence or absence of one without analysis of the others, determine the outcome of an infringement suit.

Thompson, 753 F.2d at 214. That kind of factual analysis is inappropriate at the motion-to-dismiss stage, but should be addressed at summary judgment, once the court is presented with an evidentiary record.

Under this circuit’s caselaw, it is possible for a party’s use of a generic mark to infringe a protected trademark. K-5 has therefore stated a plausible claim for relief against the Arms Exchange. I do not find a “substantial ground for difference of opinion” with respect to that determination, or that an interlocutory appeal will “materially advance the ultimate termination of the litigation.” 28 U.S.C. § 1292(b). The Arms Exchange’s motion for a certificate to take an interlocutory appeal is denied, and the court maintains its prior ruling denying the Arms Exchange’s motion to dismiss.

Of course, my denials of the Arms Exchange’s motions do not bear on the evidentiary merits of K-5’s claims. Indeed, K-5’s case might ultimately be unpersuasive. From the alleged

facts and evidence attached to the complaint, K-5 and the Arms Exchange operate in different parts of the state and their trade dress appears to be distinctive, despite their shared phrasing. Those factors will likely diminish the likelihood of consumer confusion. Moreover, the specific relief that K-5 seeks — an injunction barring the Arms Exchange from continuing to use its marks — may not be warranted, and K-5 may only be entitled to a more limited form of injunctive relief even if it succeeds on the merits of its claims. Those questions will be decided on the facts, however, and not on the pleadings. Dismissing K-5's case would be inappropriate at this juncture, and certifying an interlocutory appeal would not materially advance this litigation.

IV. Conclusion

The Arms Exchange's motion for a certificate to take an interlocutory appeal (doc. # 34) is DENIED.

It is so ordered.

Dated at Bridgeport, Connecticut, this 26th day of May 2011.

/s/ Stefan R. Underhill
Stefan R. Underhill
United States District Judge