

11-3276-cv

IN THE
United States Court of Appeals
FOR THE SECOND CIRCUIT

GUGGENHEIM CAPITAL, LLC, GUGGENHEIM PARTNERS, LLC,
Plaintiffs-Appellees,

v.

DAVID BIRNBAUM, DABIR INTERNATIONAL,
Defendants-Appellants,

and

CATARINA PIETRA TOUMEI, AKA CATARINA FREDERICK, VLADIMIR ZURAVEL,
ELI PICHEL, THEODOR PARDO, JOHN DOES, 1-10,
Defendants.

*On Appeal from the United States District Court
for the Southern District of New York (New York City)*

**BRIEF FOR DEFENDANT-APPELLANT
DAVID BIRNBAUM**

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CORPORATE DISCLOSURE STATEMENT

Defendant-Appellant being a natural person, no Corporate Disclosure Statement pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure is required.

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PRELIMINARY STATEMENT

This appeal concerns the question of whether it is proper for a court to enter, as a sanction for litigation non-compliance, a default judgment and a seven-figure statutory damages award against a penurious individual who facing related (but ultimately abandoned) criminal charges arising from the same claims; who is unrepresented by civil counsel during the pendency of the default motion but has been advised by assigned criminal counsel not to do more than assert his Fifth Amendment right against self-incrimination in the civil case; and who is accused of the “crime” of “wrongfully” using his own family name by the institutional holder of a registered trademark historically based on that same family name – conduct which, even upon the default entered against him, the district court acknowledged made him no money and regarding which there was no proof that it ever harmed the plaintiffs.

That individual is appellant-defendant David Guggenheim Birnbaum, who respectfully submits that, in light of all the circumstances, the answer to the above question cannot possibly be in the affirmative. He seeks this Court’s rectification of a series of interrelated and highly prejudicial legal errors and a reversal of the judgment referred to so that he may have an opportunity to clear his name – and to use it, as the law provides.

JURISDICTIONAL STATEMENT

The district court had subject matter jurisdiction over this action pursuant to 15 U.S.C. § 1121(a), 18 U.S.C. §§ 1961 and 1964 and 28 U.S.C. §§ 1331, 1338(a) and 1338(b) because it is an action brought under Lanham Act, 15 U.S.C. §§ 1114 and 1125 *et seq.*, the Racketeer Influenced and Corrupt Organization Act (“RICO”) under 18 U.S.C. § 1962, *et. seq.* and under related causes of action under New York law. The district court entered a final judgment on July 15, 2011. Appellant filed a notice of appeal on August 11, 2012. This Court has appellate jurisdiction pursuant to 28 U.S.C. § 1291 because this appeal is from a final judgment.

STATEMENT OF THE ISSUES PRESENTED FOR REVIEW

1. Did the district court, in light of the circumstances facing the unrepresented appellant-defendant, including a pending criminal investigation and a prima facie claim of right to use plaintiff’s trademark, abuse its discretion in entering a default judgment of liability, and substantial statutory damages, for trademark infringement as a litigation sanction?

2. Did the district court commit plain error by failing to even analyze defendant-appellant's prima facie claim of right to utilize the main trademark claimed by appellees, and the central component of their other

trademarks, as a fair use under 15 U.S.C.A. § 1115(b)(4), or to otherwise ensure that the pleadings properly stated a claim for trademark infringement even based on the facts alleged and deemed admitted?

STATEMENT OF THE CASE

Appellant David Guggenheim Birnbaum is a member of the famed Guggenheim family through his mother's side who has his whole life utilized both versions of his name. He has no connection with plaintiffs. Dabir International, Ltd. is a corporate entity in which Birnbaum at one time held an interest. Appellees Guggenheim Partners, LLC and Guggenheim Capital, LLC are firms involved in financial services and which have the rights to various GUGGENHEIM trademarks. In the original action, various other defendants, as well as unnamed John Doe defendants (the "Toumei defendants," for the first named defendant, Catarina Pietra Toumei) were described in the pleadings as persons involved in the activities of Dabir International. Birnbaum denied knowledge of most of their activities, especially those actions taken after the initiation of the lawsuit.

On November 22, 2010, appellees filed a complaint for trademark infringement, dilution and counterfeiting as well as false advertising, civil RICO and fraud. Plaintiffs sought and received an *ex parte* temporary restraining order

prohibiting all defendants, including Birnbaum, essentially from using the word GUGGENHEIM. The complaint alleged that defendants fraudulently utilized the Guggenheim name, passing themselves off as plaintiffs. In late January of 2011, a criminal investigation based on the same allegations was opened in the Southern District of New York and Birnbaum was arrested on charges of wire fraud, subsequently dropped. Subsequently a preliminary injunction was entered and the complaint was amended twice (resulting in the Second Amended Complaint or “SAC”), eventually including an additional allegation that appellant Birnbaum was responsible for the filing of a trademark application for GUGGENHEIM, in which he denied any involvement. No substantive appearances or submissions were made by the Toumei defendants.

Appellant sought a stay of the action below pending resolution of the criminal proceedings, which the District Court denied, also denying an application assigning *pro bono* civil counsel in the civil action after withdrawal of his second attorney on the ground that he had no meritorious defense in this action. Motion practice and procedural disputes followed, much of it arising from appellant Birnbaum's assertion of his right against self-incrimination under the Fifth Amendment upon the advice of counsel in the pending criminal action, which resulted in what the district court deemed a failure to cooperate in discovery. The Hon. Paul Gardephe, U.S.D.J., entered a default judgment against Appellant on

July 15, 2011, including a broad injunction prohibiting the use by appellant Birnbaum of the name Guggenheim. The district court also issued an opinion and order finding that there were no actual damages but awarding statutory damages of \$1.25 million and attorneys' fees and costs against the *in forma pauperis* Appellant.

STATEMENT OF FACTS

The action below was brought under the Lanham Act, 15 U.S.C. §§ 1114 and 1125, *et seq.* RICO 18 U.S.C. § 1962, *et seq.*, alleging trademark infringement, trademark dilution, false advertising, and fraud. Plaintiff investment firms, owners of various GUGGENHEIM marks, alleged that Defendants have attempted to defraud consumers by offering fake investment opportunities in connection with various Guggenheim marks. On November 22, 2010, the district court entered, *ex parte*, a temporary restraining (“TRO”) order enjoining Birnbaum from using any Guggenheim "names and trademarks in any way relevant to this matter." [Dkt. No. 3] The Court also ordered expedited discovery from Birnbaum, the only defendant to appear. [*Id.*] Birnbaum, not having secured counsel, submitted no opposition to Plaintiffs' preliminary injunction motion, and did not comply with the discovery set out in the TRO. He appeared with counsel at the December 17, 2010 preliminary injunction hearing, however, and the district court granted an

extension of time to respond to the discovery requests and to answer the Complaint. [Dkt. No. 30]

No opposition to the preliminary injunction papers were filed, and the court ordered a preliminary injunction on December 17, 2010, essentially extending the restrictions of the TRO upon a finding that plaintiffs owned federally registered marks for GUGGENHEIM and variations thereof for financial services and that there was “substantial evidence that Defendants have used and are using counterfeit copies and unauthorized reproductions” of those marks in connection with the “advertising, offering to sell, sale and/or rendering of products and services, including financial consultation and investment services.” [Dkt. No. 25 1-2] On December 30, 2010, the district court held a hearing concerning alleged violations of the TRO and the preliminary injunction order, based on oral statements by counsel for plaintiffs that a third party, not in court, claimed that Birnbaum had met with an investor during the week of December 13, 2010, and represented himself as “David B. Guggenheim,” chairman of “Guggenheim Bank.” Those specific representations were denied by Birnbaum’s counsel, who nonetheless acknowledged that a meeting took place. [Dkt. No. 73 (Dec. 30, 2010 Hearing Tr.) at 6:15-7:4] The Court, accepting the truth of the out-of-court statement recounted by plaintiffs’ counsel, warned Birnbaum against “continuing to use the Guggenheim name in business.” [*Id.* at 11:15-22]

On January 13, 2011, the Court held a conference regarding the filing of an application with the U.S. Patent and Trademark Office by persons claiming to be acting in the name of Dabir International, Ltd. ("Dabir") to register the trademark GUGGENHEIM. The court granted Plaintiffs' motion to add Dabir, which they alleged was an alter ego of Birnbaum, as a defendant and granted him an extension of time to January 21, 2011, to respond to the outstanding discovery demands in the TRO [Dkt. No. 49]. That deadline was extended to January 31, 2011 upon the district court's receipt of Birnbaum notification that he was changing counsel. [Dkt. No. 54] In a letter dated January 27, 2011, Birnbaum and Dabir requested a pre-motion conference regarding a proposed motion to dismiss, and requested that Birnbaum's February 1, 2011 deposition be postponed. The Court denied the request to postpone the deposition. [Dkt. No. 57]

Birnbaum did not produce the court-ordered discovery. On January 31, 2011, an order to show cause was issued directing Birnbaum to show cause "why contempt sanctions should not be imposed for his failure to respond to Plaintiffs' discovery requests." [Dkt. No. 58] On February 7, 2011, Birnbaum moved to stay discovery pending resolution of a related criminal prosecution for conspiracy to commit wire fraud in violation of 18 U.S.C. § 1349. Although he appeared for his deposition the next day, he refused to proceed with the deposition, asserting his Fifth Amendment right against self-incrimination. During a telephone conference

with the parties on the morning of February 8, the district court ordered the deposition to proceed, noting that Birnbaum could assert his Fifth Amendment privilege as he deemed appropriate. Upon a report of the proceedings at the deposition, however, the district court concluded that Birnbaum “violated this Court’s repeated instructions concerning procedure at the deposition.” [Dkt. No. 66 at 2] The Court then ordered that Birnbaum could not assert a Fifth Amendment privilege as to an interrogatory or document absent a specific citation to supporting case law, and directed that the deposition recommence promptly. [*Id.*] The deposition was rescheduled for February 15, 2010.

On March 22, 2011, Birnbaum moved to stay the proceedings in light of the pending criminal actions. [Dkt No. 91.] On April 11, plaintiffs introduced a declaration from an employee of CNF Commodities stating that that company was poised to enter into a large oil transaction with defendant Dabir and “an individual who had identified himself as ‘David Guggenheim.’” [April 18, 2011 Dabney Dec, Ex. A. (Costonis Dec.)] [Dkt. No. 99]. The Court scheduled a hearing on April 4, 2011, for Birnbaum and Dabir to show cause why a default judgment should not be entered against them.

On March 29, 2011, Birnbaum, now proceeding *pro se*, requested permission to proceed *in forma pauperis* (“IFP”) in the civil action and the appointment of pro bono civil counsel. The district court granted the IFP

application but denied the request for the appointment of counsel, “because there is no evidence as yet that Defendants Birnbaum has a meritorious defense.”

At the show cause hearing on April 4th, the lawyerless Birnbaum could do no more than invoke the Fifth Amendment. [April 18, 2011 Dabney Dec, Ex. C (Tr. from April 4, 2011 hearing) at 5:6-12] [Dkt. No. 99]. In characterizing this assertion of constitutional rights by a unrepresented party facing criminal charges, the district court stated, the district court states that Birnbaum “did not challenge the account in the CNF declaration or oppose Plaintiffs' request that default judgment be entered against himself and Dabir.” In fact, however, nothing in the transcript of the proceeding – which includes an extensive exchange between the district court and Birnbaum’s wife, who repeated a request that the court appoint *pro bono* civil counsel – indicates that either of them knew the meaning of the words “default judgment,” or could have understood that default, and a massive statutory damages judgment, were contemplated within the highly technical colloquy between the district court and plaintiffs’ counsel. Indeed, responding to Mrs. Birnbaum’s request, the district court vented its frustration with Birnbaum and his previous lawyers and concluded, “I'm at the point now where I need to press forward with this case. I can't delay it any further.” [Tr. from April 4, 2011 hearing at 6:24 – 9:14] The district court did not explain why further delay would be intolerable under the circumstances.

On April 14, 2011, Plaintiffs filed a motion, also unopposed, for a default judgment against Defendants. [Dkt. No. 96] That motion resulted in the order appealed from as well as an order denying Birnbaum's motion to stay. [Dkt. No. 102]

SUMMARY OF ARGUMENT

This Court should reverse the district court's order because it abused its discretion in entering default against an unrepresented defendant facing criminal charges in a related action, absent any showing of urgency or ongoing harm and in the face of repeated requests for the appointment of counsel.

This Court should also reverse the district court's finding of liability for trademark infringement on unrelated grounds, because the district court improperly failed to even consider, much less analyze, defendant-appellant's unrebutted claim that he lawfully used his mother's maiden name "Guggenheim" in his name for decades, which is explicitly deemed a permissible fair use under 15 U.S.C.A. § 1115(b)(4). Indeed the district court erred by failing even to make a finding that plaintiffs' use of this name preceded that of appellant or that it had established secondary meaning in the name at the time and in the place where appellant began that use.

ARGUMENT

I. **THE COURT BELOW ERRED BY ENTERING A DEFAULT JUDGMENT AGAINST A PARTY FACING CRIMINAL CHARGES, PROCEEDING IN FORMA PAUPERIS AND LACKING COUNSEL IN THE CIVIL ACTION, WHOSE NON-COMPLIANCE WITH DISCOVERY WAS UPON THE ADVICE OF CRIMINAL COUNSEL.**

The default judgment was a sanction, and the Court of Appeals “review[s] a sanctions decision for abuse of discretion, *see Ted Lapidus, S.A. v. Vann*, 112 F.3d 91, 96 (2d Cir.1997), mindful that a district court necessarily abuses its discretion when it imposes sanctions without due process.” *Reilly v. Natwest Markets Group Inc.*, 181 F.3d 253, 270 (2d Cir. 1999).

“Strong public policy favors resolving disputes on the merits” *Am. Alliance Ins. Co., Ltd. v. Eagle Ins. Co.*, 92 F.3d 57, 61 (2d Cir. 1996), and “dismissal with prejudice is a harsh remedy to be used only in extreme situations,” *Bobal v. Rensselaer Polytechnic Inst.*, 916 F.2d 759, 764 (2d Cir. 1990). The default judgment was imposed as a sanction, on a motion by plaintiffs against an unrepresented party who had repeatedly sought – and been denied – a stay of the civil action due to pending criminal charges, and whose non-compliance with discovery was taken upon the advice of counsel in the criminal matter.

Though the district court set forth a history regarding past problems with Birnbaum’s compliance, the record demonstrates no attempt by the District Court to impose lesser sanctions tailored to the circumstances in response to the motion

for default. Notably, the default judgment on appeal was entered only three months after the motion for default judgment, against a party not represented by counsel and acting on advice of criminal counsel. Such considerations militate against a rapid resolution of such a motion. *See, Pecarsky v. Galaxiworld.com Ltd.*, 249 F.3d 167, 172 (2d Cir. 2001) (noting typical amount of time afforded between filing of motion for default motion and granting of the same, and observing that defendant's "inability to find new counsel is not surprising, and its failure to appear cannot accurately be described as willful").

Plaintiffs initiated the action below by the filing of a successful application for *ex parte* relief, based in part on false or distorted factual claims against the appellant and which, in the whirl of aggressive litigation focused on him followed by the prompt institution of criminal charges (since dismissed), he never had a meaningful opportunity to oppose. Despite the lack of any actual emergency or, as ultimately acknowledged by plaintiffs and the District Court, either actual harm to plaintiffs or benefit to defendant arising from his alleged conduct, the findings made by the District Court on its consideration of the original *ex parte* application by plaintiffs became, by virtue of the almost unavoidable "default" by Birnbaum, the blueprint for the final judgment appealed from here.

The entry of default here cannot be justified under these circumstances, and is bound up with district court's similarly unjustifiable refusals to either stay the

civil action or appoint pro bono civil counsel. Birnbaum was unrepresented for much of the litigation, including during the pendency of the default motion. He was arrested on spurious criminal charges arising solely from plaintiffs' hysterical claims of a vast international conspiracy and, under advice of his *pro bono* assigned criminal counsel, took no action in defense of the claims against him in this litigation that could prejudice his Fifth Amendment right against self-incrimination. He was assigned that criminal counsel and found by the district court's to be eligible to proceed *in forma pauperis*, but was refused in his request for an assignment of pro bono civil litigation counsel even to oppose the entry of default as a sanction.

This refusal itself is unconscionable, in light of the identity of factual issues between the civil and criminal claims and defendant's intention to assert, in that litigation, his privilege against self-incrimination under the Fifth Amendment upon the advice of criminal counsel. On top of this, the order appealed from was entered based on various purported defaults by defendant, e.g., failure to make discovery – which themselves were consistent with defendant's assertion of his constitutional right to assert his privilege against self-incrimination under the Fifth Amendment. The district court neither employed nor entertained the imposition of any other sanctions short of default and the entry of a massive seven-figure statutory damages judgment.

Acting in the vacuum of advocacy caused by a “pincer action” of criminal and civil charges, the district court determined, on the one hand, that “there is no evidence that defendants reaped any profit from their infringing conduct,” Order dated July 15, 2011 [Docket No. 102] at 6, but imposed a \$1.25 million judgment against a party it had already found was entitled to proceed *in forma pauperis* – a magnitude of statutory damages representing a significant departure from like cases. See, *Lyons P'ship, L.P. v. D & L Amusement & Entm't, Inc.*, 702 F. Supp. 2d 104, 117 (E.D.N.Y. 2010) (“Where the infringement has been shown to be willful, a statutory award should incorporate a compensatory as well as a punitive component to discourage further wrongdoing by the defendants and others. In similar situations courts in this circuit have awarded \$25,000 per infringing mark or group of marks.”) The district court spoke, at the April 4, 2010 hearing, of the need to press on, to move on, not to delay any further [Tr. from April 4, 2011 hearing at 6:24 – 9:14]. But the district court never divulged the factual basis for this urgency, which is striking in light of the pace at which this admittedly busy court resolves much of its civil docket. By September the criminal charges had been dropped, and Birnbaum could have attempted some semblance of defense of the claims against him here, but by then the district court had cleared its docket of this annoying litigation.

The default here, and the resulting unjustified imposition of unprecedented liability based on the slimmest of records, was the product of a “perfect storm” faced by appellant-defendant Birnbaum which could have been avoided, and, per *t Am. Alliance Ins. Co. and Bobal’s* teaching that defaults are extreme sanctions which should be avoided, should have been. This storm include a case initiated with the institution of an *ex parte* TRO in the absence of any events that ultimately justified the claim of “emergency”; the pending criminal charges, which though eventually dropped were real enough during the pendency of the litigation; the withdrawal of civil counsel and appellant’s inability to secure competent counsel due to lack of funds, as established by the grant of IFP status; the non-appearance of the other defendants, leaving Birnbaum alone to answer for their acts and to act as a “punching bag” for plaintiffs who let the most culpable parties elude their grip; and the utter incomprehension of the situation by an elderly, disabled man who faced most of these events without counsel and could never comprehend how he could be enjoined from using a name he had used all his life and for which he could even face the humiliation and terror of criminal charges.

The district court had one last clear chance to avoid such an unjust calamity, when at the April 4th hearing plaintiffs’ counsel raised the issue of a default judgment. Defendant-appellant was there. So was his wife and helper. She asked for a lawyer; the district court refused her, explaining that there could be no more

delays. The district court did not, however, explain to the unrepresented defendant or his wife that a default motion would be made, or what a default judgment could mean, or how it might be avoided, or that it was essentially impossible for unrepresented lay people successfully to oppose such a highly technical motion.

The district court said only that it just did not have the time for Birnbaum. This Court should reverse that hasty determination.

II. THE COURT BELOW ERRED AS A MATTER OF TRADEMARK LAW IN PROHIBITING APPELLANT FROM ANY USE OF HIS FAMILY NAME, “GUGGENHEIM,” ABSENT EITHER A FAIR USE ANALYSIS UNDER 15 U.S.C.A. § 1115(b)(4) OR A FINDING THAT PLAINTIFF HAD ESTABLISHED PRIORITY OF USE.

As set forth above, the default judgment of trademark infringement entered by the district court here was a sanction, which is reviewed under the abuse of discretion standard. *Reilly*, 181 F.3d at 270. In considering a finding of trademark infringement, “A district court's findings with regard to each individual factor are subject to the clearly erroneous standard of review, but the ultimate issue of the likelihood of confusion is reviewed *de novo*.” *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 743 (2d Cir.1998).

On March 2, 2011, defendant-appellant Birnbaum filed a motion under Fed. R. Civ. P. 12(b)(6) [Dkt. No. 84] to dismiss the trademark claims against Birnbaum – which, notwithstanding the noisy claims by plaintiff-appellees with respect to Civil RICO, wire fraud and the like – was the sole basis of the default judgment

and award of damages obtained against him. Birnbaum's moving brief addressed what had been, until then, ignored by the Court and the plaintiffs: The fact that Birnbaum's maternal family name was Guggenheim and that he had been using it harmlessly, if ineffectually, for his whole life. [Transcript of Hearing dated January 13, 2012 at 41:22 – 42:8] [Dkt. No. 63-13]. This fact has never been denied by plaintiffs.

Even after a defendant has defaulted, a plaintiff must establish that on the law it is entitled to the relief it seeks, given the facts as established by the default. *See, Au Bon Pain Corp. v. Arctect, Inc.*, 653 F.2d 61, 65 (2d Cir.1981). Here the relief sought, and granted, exceeded the scope of the pleadings or otherwise found in the record. One aspect of the district court's error was to not even acknowledge, must less apply the appropriate legal standards to, the claim by Birnbaum that his undisputed decades-long practice of using the Guggenheim name was justified by the fact that it is his own name – thus raising the defense, ignored by the District Court though raised by Birnbaum on motion, that his use of the name Guggenheim as a personal name is explicitly permitted by 15 U.S.C.A. § 1115(b)(4).

It is not dispositive, or even a legitimate intellectual exercise, that because a man who is alleged to have called himself David Birnbaum Guggenheim or David B. Guggenheim [SAC at ¶ 10] is merely named in a lawsuit as David Birnbaum, the name he is sued under is his “real” name and all other variations are illegitimate,

much less fraudulent. Yet that was the entire extent of that inquiry here, to the extent it was made at all – for, again, the default judgment is silent on the issue. The law, however, is that a “party’s individual name” can include bona fide family names even if they are not the names used in everyday affairs. *See, Haven Capital Mgmt., Inc. v. Havens Advisors, L.L.C.*, 965 F. Supp. 528, 533 (S.D.N.Y. 1997), *aff’d sub nom. Haven Capital Mgmt., Inc. v. Havens Advisors*, 159 F.3d 1346 (2d Cir. 1998) (“While a second comer to a trade name or mark, who has a maiden name similar to a registered name or mark, does not have an absolute right to use that maiden name, in spite of the name or mark, there is neither an absolute bar to the use of the maiden name”); *Taylor Wine Co. v. Bully Hill Vineyards, Inc.*, 569 F.2d 731, 735 (2d Cir.1978) (use of family name permitted in a limited fashion against registered mark).

This is not the situation described in *Societe Vinicole De Champagne v. Mumm*, 143 F.2d 240, 241 (2d Cir. 1944), where this Court explained as follows:

No one chooses the name which his parents give him; it is imposed upon him willy-nilly; and before he has had any change to change it, those associations which identify him have clustered about it. To prevent all use of it is to take away his identity; without it he cannot make known who he is to those who may wish to deal with him; and that is so grievous an injury that courts will avoid imposing it, if they possibly can. But when one abandons his family name, and chooses another for his convenience, it is reasonable to charge him with whatever prejudice to others that may cause; certainly where, as here, he knows what that prejudice will be.

Here there is no suggestion, and certainly there was no finding, that appellant arbitrarily “abandoned” his family name (much less that he did so with any knowledge of plaintiffs or their trademark, discussed below). His continued use of his mother’s family name is not only admitted by plaintiffs but is relied on by them and presumed, without more, to be a misdeed. In truth, however, the usage of his mother’s maiden name by Birnbaum, who was born in Germany prior to World War II, is consistent with prewar German practice.¹

Indeed, the district court’s failure to engage at all with the question of the legitimacy of Birnbaum’s use of his family name here was error on more than one front. Even where a plaintiff has made a *prima facie* showing that a defendant’s use of his name as a trademark would likely cause confusion, defendants are entitled to the defense of fair use, which is not defeated by the existence of some confusion. *A Apparel Corp. v. Abboud*, 568 F.3d 390, 400 (2d Cir. 2009). “Such a defense,” the Court wrote in *A Apparel*, “is available to a defendant who establishes, to the extent pertinent here, [t]hat the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s

¹ “German law permitt[ed] the bride to add her original family name to her new one in a hyphenated form (Inka Schmidt, when married to Karl Neumann, may become Inka Neumann-Schmidt) . . .” *Encyclopædia Britannica Online*, s. v. “name”, accessed June 18, 2012, <http://www.britannica.com/EBchecked/topic/402224/name>.

individual name in his own business . . . which is descriptive of and used fairly and in good faith only to describe the goods or services of such party . . .” *Id.*

Here the district court made no such analysis and rendered no finding as to the proffered explanation for appellant’s use of the Guggenheim name, which was error. In *John Allan Co. v. Craig Allen Co. L.L.C.*, 540 F.3d 1133 (10th Cir. 2008), the Tenth Circuit reversed a finding of infringement where the junior user defended based on the use of his middle name. On remand, the district court was instructed to “properly weigh the use of Tatro's first and middle name, [against] its finding that [his firm] The Craig Allen Company's adoption of the name ‘Allen’ ‘seems too coincidental . . .’ **Part of this process will require consideration of Tatro's historical failure to use the name ‘Allen’ in a personal or professional capacity.**” *Id.* at 1140 (emphasis added).

Here the district court also neglected to even address the bona fides of Birnbaum’s long-time **actual** use of – not, as in *John Allan*, a posited **failure** to use – what he asserts to be his family name. The legal issue of Birnbaum’s right to use his name, seemingly central to a finding of infringement once asserted, was completely ignored by the district court both in its ruling on Birnbaum’s 12(b)(6) motion [Dkt No. 101], which raised the issue explicitly, and in the July 15, 2012 default judgment.

Not only did the district court fail to make such an inquiry or analysis either on the 12(b)(6) motion in its default judgment opinion, it did not determine a core fact to any finding of infringement: that alleged infringer was even the “junior user.” Nowhere does the district court find that Birnbaum’s use of his Guggenheim family name began after the use of the GUGGENHEIM mark by plaintiffs. There was no basis for the district court to find that Birnbaum was trading off the goodwill of plaintiffs, absent a finding that such goodwill existed when he started using the name, as explained by Professor McCarthy:

The majority rule is that the senior user must prove the existence of secondary meaning in its mark at the time and place that the junior user first began use of that mark. . . .

If the senior user cannot prove that its mark possessed secondary meaning at the time defendant commenced its use, there can be no infringement, for if there was no secondary meaning, there was no likelihood of confusion when the junior user arrived on the scene
2 McCarthy on Trademarks and Unfair Competition § 16:34 (4th ed.), citing *S.C.*

Johnson & Son v. Johnson, 175 F.2d 176, 179 (2d Cir. 1949). “For the purpose of trademark analysis, personal names – both surnames and first names – are generally regarded as descriptive terms which require proof of secondary meaning”

815 Tonawanda St. Corp. v. Fay's Drug Co., Inc., 842 F.2d 643, 648 (2d Cir.

1988). The July 15, 2012 default judgment states merely, at ¶5, that plaintiffs

have used their marks “[f]or more than fifty years.” Similarly, ¶ 8 of that opinion

states, “For decades, Plaintiffs' Guggenheim Marks have been known throughout

the United States . . .”

Yet Birnbaum testified at length to lifelong use of his maternal name; he is now 69 years old (Tr. from April 4, 2011 hearing at 7:16)– which is more than “fifty years.” A business card produced by Birnbaum in discovery includes one bearing the name “David Birnbaum Guggenheim,” described as having been in use “c. 1970-1985” – “decades” ago – and bearing a Brooklyn, New York address and phone number [Dkt. No. 63-3]. Nothing places plaintiffs’ use of the oldest GUGGENHEIM mark (registered in 2006) prior to any time prior to Birnbaum’s first use of his name in business – a date not found in the record or alleged. Nor did the district court, on the facts here, analyze whether even upon deeming the unanswered allegations as true that plaintiffs had demonstrated that plaintiffs, located in Chicago, acquired secondary meaning for the mark in New York prior to Birnbaum’s use of it here.

Having failed not only to analyze the question of fair use based on the acknowledged fact that Birnbaum is a Guggenheim family member and has a prima facie statutory entitlement to use his name, the district court failed even to establish that the plaintiffs themselves had established the *sine qua non* of trademark infringement: Priority of use, and of the establishment of secondary meaning in the territory of the alleged junior user.

Based on these prima facie failures of pleading, the district court erred in failing to grant Birnbaum's 12(b)(6) motion, and entered judgment for the plaintiffs based on materially reversible errors.

CONCLUSION

For the foregoing reasons, this court should reverse the district court's grant of judgment for Appellees and enter an order remanding this action.

Dated: June 18, 2012
New York, NY

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH FRAP 32(a)

1. This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because this brief contains 5,369 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).
2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word in Times New Roman, 14 point font.

Dated: June 18, 2012
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