

Meridian Transp. Resources, LLC v. **MagicCarrier**
Resources LLC
D.Or.,2007.

Only the Westlaw citation is currently available.

United States District Court,D. Oregon.

MERIDIANTRANSPORTATION RESOURCES,
LLC, a Washington limited liability company,
Plaintiff,
v.

MAGICCARRIER RESOURCES LLC, an Ore-
gon limited liability company; and Nikolay Yuzko,
an individual, Defendants.

No. CV-06-820-ST.

Sept. 10, 2007.

Background: Trademark owner brought action against competitor alleging trademark infringement, trade dress infringement, unfair competition, false designation of origin, and false advertising under Lanham Act and similar claims under state law. Parties consented to trial and entry of judgment by magistrate judge and competitor stipulated to entry of permanent injunction. Court set forth to determine whether award of attorney fees to trademark owner was warranted.

Holdings: The District Court, [Stewart](#), United States Magistrate Judge, held that:

- (1) competitor's use of mark "MCR-West" and swirl design logo in provision of motor coach carrier services in Oregon was confusing similar to inherently distinctive "MTR Western" trademark and swirl design logo in provision of motor coach carrier services in Oregon;
- (2) competitor's use of the trademarked name and trademarked swirl design logo on its website, in advertising, and on business cards constituted "use in commerce" under Lanham Act;
- (3) "MTR Western" trademark and swirl design logo, used in provision of motor coach carrier services in Oregon, acquired value and goodwill, and

became inherently distinctive and well-known to consuming public as identifying and distinguishing MTR Western's services;

(4) owner was not entitled to award of exceptional case attorney fees under Lanham Act; and

(5) owner was not entitled to award of attorney fees under Oregon's unfair and deceptive trade practices law.

Ordered accordingly.

[\[1\] Trademarks 382T 1096\(3\)](#)

[382T Trademarks](#)

[382THH Similarity Between Marks; Likelihood of Confusion](#)

[382Tk1093 Relationship Between Marks](#)

[382Tk1096 Particular Marks, Similarity or Confusion Involving](#)

[382Tk1096\(3\) k. Determinations Based on Multiple Factors. \[Most Cited Cases\]\(#\)](#)

[Trademarks 382T 1116](#)

[382T Trademarks](#)

[382THH Similarity Between Marks; Likelihood of Confusion](#)

[382Tk1116 k. Internet Cases. \[Most Cited Cases\]\(#\)](#)

Competitor's use of mark "MCR-West" and swirl design logo in provision of motor coach carrier services in Oregon was confusing similar to inherently distinctive "MTR Western" trademark and swirl design logo in provision of motor coach carrier services in Oregon, in violation of Lanham Act, since, among other things, both parties offered same services, marks were similar in sight, sound, and meaning, and both parties advertised their services on Internet website and generally to customers in West and Northwest, including Oregon. Lanham Act, §§ 43(a)(1), 45, [15 U.S.C.A. §§ 1125\(a\)\(1\), 1127.](#)

[\[2\] Trademarks 382T 1422](#)

[382T Trademarks](#)

[382TVIII Violations of Rights](#)

[382TVIII\(A\) In General](#)

[382Tk1422](#) k. Nature of Defendant's Use; Use in Commerce. [Most Cited Cases](#)

Trademarks 382T 1435

[382T Trademarks](#)

[382TVIII Violations of Rights](#)

[382TVIII\(A\) In General](#)

[382Tk1435](#) k. Internet Use. [Most Cited Cases](#)

Competitor's use of the trademarked name and trademarked swirl design logo on its website, in advertising, and on business cards constituted "use in commerce" under Lanham Act. Lanham Act, §§ 43(a), 45, [15 U.S.C.A. §§ 1125\(a\), 1127](#).

[3] Trademarks 382T 1081

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1081](#) k. Factors Considered in General. [Most Cited Cases](#)

Trademarks 382T 1102

[382T Trademarks](#)

[382TIII](#) Similarity Between Marks; Likelihood of Confusion

[382Tk1100](#) Relationship Between Goods or Services Underlying Marks

[382Tk1102](#) k. Similarity or Dissimilarity in General. [Most Cited Cases](#)

Eight non-exclusive factors are used determine if confusion between related goods or services is likely under Lanham Act: (1) strength of the plaintiff's trademark; (2) proximity of the services; (3) similarity of the parties' trademarks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of services and degree of care likely to be exercised by purchasers; (7) defendant's intent in selecting the trademark; and (8) likelihood that the parties will extend their product lines. Lanham Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#).

[4] Trademarks 382T 1039

[382T Trademarks](#)

[382TII](#) Marks Protected

[382Tk1039](#) k. Arbitrary or Fanciful Terms or Marks. [Most Cited Cases](#)

In the context of a claim under the Lanham Act, arbitrary and fanciful marks are inherently distinctive and thus are strong. Lanham Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#).

[5] Trademarks 382T 1031

[382T Trademarks](#)

[382TII](#) Marks Protected

[382Tk1029](#) Capacity to Distinguish or Signify; Distinctiveness

[382Tk1031](#) k. Inherent Distinctiveness in General. [Most Cited Cases](#)

Trademarks 382T 1057(1)

[382T Trademarks](#)

[382TII](#) Marks Protected

[382Tk1050](#) Format or Components of Term or Mark

[382Tk1057](#) Nonliteral Elements

[382Tk1057\(1\)](#) k. In General. [Most Cited Cases](#)

"MTR Western" trademark and swirl design logo, used in provision of motor coach carrier services in Oregon, acquired value and goodwill, and became inherently distinctive and well-known to consuming public as identifying and distinguishing owner's services, in context of claim under Lanham Act, where marks and logo did not suggest or describe motor coach or transportation services and owner went to great lengths to help consumers identify its services and distinguish them from those of its competitors. Lanham Act, § 43(a), [15 U.S.C.A. § 1125\(a\)](#).

[6] Trademarks 382T 1754(2)

[382T Trademarks](#)

[382TIX](#) Actions and Proceedings

[382TIX\(G\)](#) Costs

[382Tk1752](#) Attorney Fees

[382Tk1754](#) Grounds

[382Tk1754\(2\)](#) k. Exceptional Cases; Intent or Bad Faith. [Most Cited Cases](#)
Trademark owner, who was prevailing party and entitled to permanent injunction prohibiting competitor from using owner's marks and trade dress without permission, was not entitled to award of exceptional case attorney fees under Lanham Act, despite competitor's intent to copy and recalcitrance, where competitor simply failed to select sufficiently unique trademark to avoid all possible likelihood of confusion with owner's mark and logo, owner acted hastily, first by making threats which did little to persuade competitor to cooperate and then by filing suit only few weeks after learning about competitor's existence, and owner did not suffer any financial harm attributable to any confusion. Lanham Act, § 35, [15 U.S.C.A. § 1117](#).

[7] Trademarks [382T](#)  [1754\(2\)](#)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(G\)](#) Costs

[382Tk1752](#) Attorney Fees

[382Tk1754](#) Grounds

[382Tk1754\(2\)](#) k. Exceptional Cases; Intent or Bad Faith. [Most Cited Cases](#)
An “exceptional” case for the award reasonable attorney fees to the prevailing party under the Lanham Act is one in which the defendants' acts of infringement can be characterized as malicious, fraudulent, deliberate, or willful. Lanham Act, § 35, [15 U.S.C.A. § 1117](#).

[8] Trademarks [382T](#)  [1754\(2\)](#)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(G\)](#) Costs

[382Tk1752](#) Attorney Fees

[382Tk1754](#) Grounds

[382Tk1754\(2\)](#) k. Exceptional Cases; Intent or Bad Faith. [Most Cited Cases](#)
A finding that a case is “exceptional” under the Lanham Act, warranting an award reasonable attorney fees to the prevailing party, does not require

egregious culpability, such as bad faith or fraud. Lanham Act, § 35, [15 U.S.C.A. § 1117](#).

[9] Trademarks [382T](#)  [1754\(2\)](#)

[382T](#) Trademarks

[382TIX](#) Actions and Proceedings

[382TIX\(G\)](#) Costs

[382Tk1752](#) Attorney Fees

[382Tk1754](#) Grounds

[382Tk1754\(2\)](#) k. Exceptional Cases; Intent or Bad Faith. [Most Cited Cases](#)
Trademark owner, who was prevailing party and entitled to permanent injunction prohibiting competitor from using owner's marks and trade dress without permission, was not entitled to award of attorney fees under Oregon's unfair and deceptive trade practices law, where filing of lawsuit was unnecessary to avoid damage to owner by competitor's infringement activities. [West's Or.Rev. Stat. Ann. § 646.608\(1\)\(b\), \(c\), \(5\)](#).

Trademarks [382T](#)  [1800](#)

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)

Trademarks [382T](#)  [1800](#)

[382T](#) Trademarks

[382TXI](#) Trademarks and Trade Names Adjudicated

[382Tk1800](#) k. Alphabetical Listing. [Most Cited Cases](#)
MCR-West.

MTR Western.

[Craig D. Bachman](#), [Parna A. Mehrbani](#), Lane Powell, PC, Portland, OR, for Plaintiff.

[Lake James H. Perriguet](#), Bradley J. Woodworth & Associates, P.C., Portland, OR, for Defendants.

FINDINGS OF FACT AND CONCLUSIONS OF
LAW

[STEWART](#), United States Magistrate Judge.

INTRODUCTION

Plaintiff, Meridian Transportation Resources, LLC (“MTR Western”), a Washington limited liability company, alleges the following six claims against defendants, Magic Carrier Resources, LLC (“Magic Carrier”), an Oregon limited liability company, and one of its members, Nikolay Yuzko:

Claim One: Trademark infringement, trade dress infringement, unfair competition, and false designation of origin under [15 USC § 1125\(a\)](#);

Claim Two: False advertising under [15 USC § 1125\(a\)](#);

Claim Three: Common law trademark, trade dress, and trade name infringement;

Claim Four: Unfair and deceptive trade practices under [ORS 646.605-.656](#);

Claim Five: Cyber piracy under [15 USC § 1125\(d\)](#); and

Claim Six: Trademark dilution under [ORS 647.107](#).

MTR Western does not seek an award of damages, but instead seeks only a permanent injunction and an award of attorney fees.

Upon the filing of this action on June 9, 2006, MTR Western also filed a motion for a temporary restraining order and an order to show cause for a preliminary injunction. On June 14, 2006, defendants stipulated to a preliminary injunction. Defendants deny all claims and assert a counterclaim for attorney fees.

The parties waived a jury and consented to trial and entry of judgment by a Magistrate Judge. Prior to trial, defendants stipulated to entry of a permanent injunction and MTR Western withdrew all of its common law claims.

Evidence was received by the court on August 21, 2007. At the conclusion of the trial, the Court granted defendants' motion to dismiss Nikolay Yuzko as a party. These Findings of Fact and Conclusions of

Law address only which party is the prevailing party and whether any party is entitled to an award of attorney fees under 5 USC § 1117(a) or [ORS 646.638](#).

FINDINGS OF FACT

I. MTR Western

MTR Western commenced doing business as a charter motor coach transportation company in Oregon in May, 2003, and registered “MTR Western” as an Assumed Business Name in the state of Oregon on July 2, 2003. Darren Berg is a member of MTR Western.

MTR Western operates about 30 motor coaches based in Portland, Oregon, and is the second-largest charter motor coach carrier in the state of Oregon. It uses the following trade dress throughout Oregon and the Pacific Northwest to identify its services: a solid gold painted motor coach with a decal on its side, close to the windows, that reads MTR Western in its stylized trademark format. This stylization includes “MTR” in bold and italic font, and “Western” in cursive font, accompanied by a logo with two swirls in contrasting colors (“Swirl Design logo”) close to the driver's side window of the motor coach. The Swirl Design logo and the MTR Western (Stylized) trademark are colored in orange, black, and white. The trade dress also includes an operating authority decal which includes the phrase “PROUDLY OWNED AND OPERATED BY” preceding the operating authority information required by the U.S. Department of Transportation (“Operating Decal”). The Operating Decal is stamped on each motor coach in a simple black font in all capital letters. The names of the cities in which the motor coach operates is part of this decal in the same font, but in capital and lower-case letters, separated by a slash (“/”).

MTR Western has not filed any federal or state registration of any of the marks at issue in this litigation.

To help consumers identify its services and distinguish them from those of its competitors, MTR

Western maintains high levels of customer support, quality, and safety. MTR Western spends numerous hours training its drivers to drive safely and smoothly, own top quality motor coaches that are regularly maintained, has a reputation of rarely experiencing road failures, and is an industry leader in environmental responsibility. As a result, the MTR Western trade dress has acquired value and goodwill and has become distinctive and well-known to the consuming public as identifying and distinguishing MTR Western's services.

II. Formation of Magic Carrier

Two Ukrainian brothers, Nikolay and Vitaly Yuzko, with little sophistication in business matters, decided to start a charter bus company in Oregon. Vitaly Yuzko had seen an article about Berg and his charter bus company in Seattle and wished to emulate his success. The Yuzkos proceeded to buy one used white Prevost motorcoach which is the same model used for the majority of MTR Western's fleet.

To learn more about the business, the Yuzko brothers visited MTR Western's facility in Portland and talked to its Sales Manager, Margaret Usher ("Usher"). Usher shared some information with the Yuzkos about where to obtain service and maintenance, discussed using them as a possible subcontractor, but declined their request to park their bus there. At the facility, the Yuzkos saw the MTR Western Marks and its motor coaches adorned with the MTR Western Trade Dress.

The Yuzkos then formed Magic Carrier, became its members, and filed its Articles of Incorporation in the State of Oregon on April 19, 2006. Nikolay Yuzko liked the name "Magic" which he had used for his first company, Magic Wheels. The Yuzkos choose the other words ("Carrier" and "Resource") as descriptive of the business and also with the intent to adopt a name similar, but not identical to, MTR Western.

Magic Carrier added its operating decal on one side of its bus with the same tag line used by MTR Western ("PROUDLY OWNED AND OPERATED

BY") preceding the operating authority information required by the U.S. Department of Transportation. Similar to MTR Western, Magic Carrier's operating decal was stamped in black capital letters, although in a different font, and included the ICC number. Although other busses also use the same or similar tag lines and ICC number, the Yuzkos intended to adopt an operating decal name similar, but not identical to, MTR Western's Operating Decal.

III. Contact Between the Parties

Magic Carrier solicited business with Amtrak by distributing a flyer. Amtrak then hired Magic Carrier for a trip from Portland to Seattle. MTR Western and another charter bus company also have contracts with Amtrak to provide emergency services. On or about May 15, 2006, Berg saw Magic Carrier's bus parked across the street outside the Seattle Amtrak station and thought that MTR Western was using an unpainted coach. He viewed the operating decal through binoculars and realized his confusion. Believing that Magic Carrier had copied MTR Western's Operating Decal, he approached with the driver and asked to speak to the owner. The driver, Vitaly Yuzko, did not identify himself as the owner. Berg gave the driver his business card and asked him to have the owner contact him. When Vitaly Yuzko returned Berg's call the next day, Berg told him that he had infringed on his intellectual property by copying MTR Western's Operating Decal and must come up with something else. Vitaly Yuzko agreed to do so.

Magic Carrier changed its operating decal within a day. When changing the operating decal, the Yuzkos felt that Magic Carrier's name was too long to put on the side of the bus and for a website and shortened the name to "MCR-West" which they subsequently registered as an Assumed Business Name in the State of Oregon on May 26, 2006.

Magic Carrier's agent registered the domain name "mcr-west.com" and developed a website (previously located at <http://www.mcr-west.com>) for use in connection with Magic Carrier's services. That website advertised Magic Carrier's driver

training, safety precautions, quality of motor coaches, and numerous types of vehicles, all of which were presented to appear substantially similar to MTR Western's services and coaches. The website contained several misrepresentations, including that Magic Carrier "is the leading provider of passenger ground transportation services in the Northwest United States" has "Vans, MiniBuses, Motor Coaches and Para-Lift Vehicles" (implying more than the one coach, minibus, and para-lift vehicle leased by Magic Carrier), has staff "whose experience is unsurpassed in the passenger ground industry," and "maintains exceptional safety ratings with the U.S. Federal regulatory agencies [*sic*]."

After the first conversation with Berg, the Yuzkos developed a business card for Magic Carrier with the assistance of a friend. The business card contained the name MCR-West in stylized script above Magic Carrier's full name in block print, the street address and telephone numbers, web site address, as well as a photograph of the coach. Using Photoshop, their friend inserted an image of the white coach in front of the Vatican and the Eiffel Tower and dropped a logo and the name MCR-West onto the image of the coach. The logo is common clip art and consists of a swirl design in gold and black. The swirl design is similar to MTR Western's Swirl Design logo, but is more linear and without complete circles. Swirl designs are common on privately owned motor coaches, but not on charter motor coaches. Although shown on the business card, the logo was never painted onto the coach. The Yuzkos made 50 business cards to try out.

Berg received a call from MTR Western's Director of Maintenance reporting that a Portland paint shop had received a request from a new Portland company with a Prevost coach for a quote using MTR Western's paint codes. Berg called Vitaly Yuzko again and told him not to paint his coach gold. After an argument, Vitaly Yuzko agreed.

Usher next saw the Yuzkos at a Portland Oregon Visitors Association meeting. The Yuzkos introduced themselves and said that Magic Carrier would be providing services similar to MTR West-

ern. After the meeting, Usher reported this encounter to Berg. Berg then called Vitaly Yuzko for a third time to demand that a change in the trade name. They again argued, with Berg making threats to squash Magic Carrier "like a bug." Vitaly Yuzko agreed to go in a different direction, requesting at least a week to do so, but Berg insisted on immediate compliance.

In late May 2006, Usher attended a meeting of the Oregon Travel and Tour Alliance. Nikolay Yuzko also attended that meeting, introduced Magic Carrier and passed out five to 10 business cards. A tour planner at the meeting, Harmony Geimer ("Geimer"), was excited to see a new charter motor coach company in Oregon and knew that it had no connection with MTR Western. Usher obtained one of Magic Carrier's business cards. Being very concerned about the similar name which would be listed above MTR Western in the alphabet and similar livery on the coach, she provided the card to Berg.

Magic Carrier placed a newspaper advertisement on May 28, 2006, which used the name MCR-West Company at the top and misrepresented that it owned a "[l]arge fleet of new, well maintained Motor Coaches and Mini Buses." In response to that ad, Geimer called and met with the Yuzkos and requested a bid for services for one of her clients.

Berg called Vitaly Yuzko again on Friday, June 2, 2006, and left a voice mail message. Vitaly Yuzko returned the call on Monday, June 5, 2006. Again the two argued, with Berg making threats and Vitaly Yuzko insisting he was doing nothing wrong. Although Vitaly Yuzko again agreed to change the name, Berg did not believe him and contacted his attorneys.

In response to Berg's telephonic threats and claims of infringement, Vitaly Yuzko told his brother to stop everything and change the name. On June 8, 2006, Magic Carrier registered a new assumed business name, NW Eagles. MTR Western did not send Magic Carrier a cease and desist letter, but instead filed this lawsuit the next day.

Upon being served with the lawsuit, Magic Carrier

sought legal counsel and immediately destroyed its remaining business cards, took down its website, and stipulated to a preliminary injunction which the Court signed on June 14, 2006.

CONCLUSIONS OF LAW

I. Jurisdiction

This Court has original jurisdiction over this action pursuant to 28 USC § 1331 and 15 USC §§ 1116 and 1121. This Court has supplemental jurisdiction over the claims for trademark infringement, trade name infringement, unfair competition, dilution, false advertising, and unfair and deceptive trade practices under the laws of the State of Oregon pursuant to 28 USC § 1367.

II. Prevailing Party

[1] For purposes of the remaining issue concerning attorney fees, this court need only consider MTR Western's claims of infringement under the Lanham Act and the Oregon Unlawful Trade Practices Act.

The Lanham Act, 15 USC § 1125(a)(1), provides as follows:

Any person who, on or in connection with any goods or services, ... uses in commerce any word, term, name, symbol, or device, or any combination thereof, ... which-(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

The substantive provisions of ORS 646.608(1)(b) and (c) make it an unlawful trade practice to cause “likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of real estate, goods or services” or “as to affiliation, connection or association with or certification by, another.”

A. Use in Commerce

“Commerce” is defined in the Lanham Act as “all commerce which may lawfully be regulated by Congress.” 15 USC § 1127. “Use in commerce” is defined as:

[T]he bona fide use of a mark in the ordinary course of trade ... for purposes of th[e Trademark Act], a mark shall be deemed to be in use in commerce-... (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 USC § 1127.

[2] Magic Carrier's use of the trademarks MCR-West and the swirl design logo on their website, in advertising, and on their business cards constitutes “use in commerce” under 15 USC § 1125(a). See *Miller Brewing Co. v. Carling O'Keefe Breweries of Canada Ltd.*, 452 F.Supp. 429 (W.D.N.Y.1978) (finding that use of a trademark in advertising alone can establish a cause of action for trademark infringement).

B. Likelihood of Confusion

[3] In the Ninth Circuit, the following eight non-exclusive factors are used determine if confusion between related goods or services is likely: (1) strength of the plaintiff's trademark; (2) proximity of the services; (3) similarity of the parties' trademarks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of services and degree of care likely to be exercised by purchasers; (7) defendant's intent in selecting the trademark; and (8) likelihood that the parties will extend their product lines. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979).

1. Strength of Trademark

[4] Because the MTR Western Marks do not suggest or describe motor coach or transportation ser-

vices, they are not suggestive, descriptive, or generic for the services offered. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768-69, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992). Arbitrary and fanciful marks are inherently distinctive and thus strong. *Sleekcraft*, 599 F.2d at 349.

[5] MTR Western's Marks are inherently distinctive and strong. MTR Western has gone to great lengths to help consumers identify its services and distinguish them from those of its competitors. On account of these efforts and the use, promotion, and publicity, the MTR Western Marks and Trade Dress have acquired value and goodwill, and have become distinctive and well-known to the consuming public as identifying and distinguishing MTR Western's services.

2. Proximity of Services

Both parties offer the same services, namely motor coach carrier services in Oregon.

3. Similarity of Trademarks

Similarity of trademarks must be tested on three levels: sight, sound, and meaning. *Sleekcraft*, 599 F.2d at 351. Here, the parties' marks are similar in all respects.

a. Sight

The first words of the marks, MTR Western and MCR-West, differ only in one letter ("T" and "C"). The second words differ only by three letters and are variations of the same word ("Western" and "West"). To the eye, the marks at issue here are similar. In addition to the slight variations in letters, Magic Carrier's stylizations are likewise very similar in sight. Both parties use orange (or a dark yellow similar to orange) and black to stylize the words as well as similar logos.

b. Sound

There is only a slight difference in the sound of "MTR Western" and "MCR-West." This slight difference is not enough to avoid confusion.

c. Meaning

Both marks contain a set of three letters used as an acronym for the company's full name, followed by a designation of geographic/regional location. The acronyms in this case differ by only one letter and are followed by "Western" and "West," which have the same meaning.

d. Evidence of Actual Confusion

The evidence is conflicting as to actual confusion. There has been one instance of actual confusion in which an MTR-Western customer called MCR-West looking for an item left on a bus. In contrast, Geimer, a tour operator, was not at all confused by MCR-West.

e. Marketing Channels Used

The parties offer their services in the same marketing channels. Both parties advertise their services on an internet website and generally to customers in the West and Northwest, including Oregon.

f. Type of Services and Degree of Care

The parties offer identical services. Although some consumers of MTR-Western's services, such as professional sports teams, may exercise a higher degree of care, others, such as individual groups and tourists, are likely to be unfamiliar with their options and exercise a much lower degree of care in choosing a service provider.

g. Intent in Selecting Trademark

The Yuzkos were aware of the MTR Western Marks and Trade Dress before adopting their marks and knowingly adopted similar marks. They also continued to use their marks even after several verbal requests by Berg that they stop doing so.

h. Likelihood that the Parties Will Extend Their Product Lines

Because the parties are already in direct competition, this factor is inapplicable.

4. Conclusion

Most of the factors weigh in favor of a finding of likelihood of confusion. Therefore, Magic Carrier's use of its marks in commerce infringed MTR Western's trademarks under [15 USC § 1125](#). For the same reasons as set forth above, Magic Carrier has violated [ORS 646.608\(1\)\(b\) and \(c\)](#). Thus, MTR Western is the prevailing party for purposes of the following analysis.

III. Attorney Fees

[6][7][8] Under the Lanham Act, the court has discretion in an “exceptional case” to award reasonable attorney fees to the prevailing party. [15 USC § 1117](#). An “exceptional” case is one in which the defendants' acts of infringement can be characterized as malicious, fraudulent, deliberate, or willful. *See* Senate Rep. No. 93-1400, 93rd Cong.2d Sess. 2 (Dec. 17, 1974), *reprinted in* 1974 USCCAN 7132, 7133; *Lindy Pen Co., Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1409 (9th Cir.), *cert denied*, 510 U.S. 815, 114 S.Ct. 64, 126 L.Ed.2d 34 (1993). In the Ninth Circuit, a finding that a case is “exceptional” does not require egregious culpability, such as bad faith or fraud. *Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1217 (9th Cir.2003).

The Yuzkos intended to adopt trademarks and trade dress similar to MTR Western and were warned by Berg of possible infringement. After the first warning by Berg concerning the operating decal, they did change the operating decal. However, they then proceeded to develop a trade name, business cards and a website which infringed on the trade rights, trade name, and trade dress of MTR Western. Berg was unaware that Magic Carrier had changed its operating decal, but after seeing its business card, communicated his concern about infringement to the Yuzkos.

Unfortunately Berg approached the Yuzkos in a very threatening manner and gave them very little time to comply. At most, only three weeks passed after Magic Carrier first distributed its business cards and MTR Western filed suit. During that time, Magic Carrier's sole motor coach remained

white. The Yuzkos passed out only a handful of business cards and did try to remedy the situation when they began to realize how upset Berg had become.

When other courts have awarded fees for an “exceptional case,” the facts are much more egregious than here. In *Earthquake Sound Corp.*, 352 F.3d at 1218, there was “ample evidence of actual confusion” and defendant reneged on an agreement to stop using the mark. In *AANP v. American Ass'n of Naturopathic Physicians*, 37 Fed.Appx. 893, 894 (9th Cir.2002), the evidence of was “especially egregious” because defendant incorporated itself under the name of the trademark owner after the owner's corporate license in Oregon inadvertently lapsed, conducted a campaign touting its takeover of the trademarked corporate name, mailed a solicitation regarding the new corporation, and lobbied state legislatures under the trademark. In *Committee for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 825 (9th Cir.1996), the defendant infringed in order to cause confusion and obstruct plaintiff's pursuit of its environmental agenda. In *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1027 (9th Cir.1985), *cert denied*, 474 U.S. 1059, 106 S.Ct. 802, 88 L.Ed.2d 778 (1986), the record contained substantial evidence of deliberate infringement by the defendant by passing off an imitation product, including continued infringement in violation of injunction. In *Sealy, Inc. v. Easy Living, Inc.*, 743 F.2d 1378, 1384 (9th Cir.1984), the defendant deliberately intended to deceive consumers and take advantage of Sealy's brand identification. In *Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc.*, 692 F.2d 1272 (9th Cir.1982), the defendants contracted with a third party to produce counterfeit Playboy and Rabbit Head insignias and then sold them as genuine Playboy products. In upholding the award, the court noted that the counterfeiters' actions “cannot be justified as either a reasonable attempt to develop their own trademark or as the result of innocent confusion concerning the existence of the well recognized [Playboy] trademarks.” *Id.* at 1276.

In contrast, Magic Carrier engaged in none of these

same activities giving rise to an “exceptional case” supporting the award of attorney fees. Instead, when starting their new business, the Yuzkos attempted to develop their own trademark. They did not first consult a lawyer and, as novice businessmen who immigrated from another country, apparently knew little about the law of trademark infringement. Although they clearly copied portions of MTR Western's Marks and Trade Dress, they did so in order to follow the successful example of MTR Western. There is no evidence that the Yuzkos were attempting to capitalize on the strength of MTR Western's dominant mark in order to steal its customers. After all, Magic Carrier had only one unpainted coach which posed no serious competition to the far larger and well-known MTR Western. In addition, the Yuzkos did not attempt to capitalize on any confusion with MTR Western when introducing their new company to potential customers in the tourism industry.

Berg was rightfully concerned about the potential of Magic Carrier to grow and become more competitive, potentially causing confusion with some of its customers. But he acted hastily, first by making threats which did little to persuade Magic Carrier to cooperate and then by filing suit only a few weeks after learning about Magic Carrier's existence. Magic Carrier made a reasonable effort to respond to his first warning by changing its operating decal to be less similar to MTR Western's Operating Decal. Rather than confirming that Magic Carrier had taken some action to avoid confusion, Berg assumed, based solely on the business card, that Magic Carrier could not be trusted. Had Berg approached Magic Carrier less aggressively or had MTR Western's lawyers first sent a cease and desist letter to Magic Carrier explaining trademark infringement, then this lawsuit would likely have been avoided. MTR Western gave Magic Carrier too little time to comply before engaging in litigation.

This is a straight-forward case of infringement without any extenuating circumstances to make the case exceptional. Out of ignorance, the Yuzkos simply failed to select a sufficiently unique trade-

mark to avoid all possible likelihood of confusion with MTR Western. See *Competition Specialties, Inc. v. Competition Specialties, Inc.*, 87 Fed.Appx. 38, 42 (9th Cir.2004) (declining to award attorney fees, finding that a case was not exceptional, notwithstanding the jury's finding that defendant knowingly and intentionally infringed the plaintiff's mark); *Lindy Pen Co.*, 982 F.2d at 1409-10 (affirming district court's denial of attorney fees where infringement not intentional and nothing else made case exceptional); *International Olympic Committee v. San Francisco Arts & Athletics*, 781 F.2d 733, 738-39 (9th Cir.1986) (denying an award of attorney fees where defendants could have “reasonably doubted” that their proposed usage of the word “Olympic” would not be infringing).

Particularly compelling here is that MTR Western has suffered no financial harm attributable to any confusion and, in fact, seeks no damages. Courts generally deny an award of attorney fees to a prevailing plaintiff who has suffered no damages. See *Hindu Incense v. Meadows*, 692 F.2d 1048, 1052 (6th Cir.1982); *VIP Foods, Inc. v. Vulcan Pet, Inc.*, 675 F.2d 1106, 1107 (10th Cir.1982); *Burger King Corp. v. Metro Club, Inc.*, 208 USPQ 293, 305-07 (E.D.Mich.1980); *Health Ind., Inc. v. European Health Spas*, 489 F.Supp. 860, 869 (D.S.D.1980).

Although MTR Western is the prevailing party and entitled to a permanent injunction prohibiting Magic Carrier from using MTR Western's Marks and Trade Dress without permission, this is not an exceptional case for which an award of attorney fees is appropriate.

[9] Under ORS 646.608(5), “the prevailing party may be awarded reasonable attorney fees.” This leave the award of attorney fees within the discretion of the court. As explained above, this court concludes that the filing of this lawsuit was unnecessary to avoid damage to MTR Western by Magic Carrier's infringement activities. Therefore, an award of attorney fees to MTR Western as the prevailing party on its claim for violation of ORS 646.608(1)(b) and (c) is not warranted.

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