

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

EDELDS MARKETING, INC.,

Plaintiff,

v.

JACQUES HEINER,

Defendant, Third-Party Plaintiff and
Counter Defendant,

v.

EDWARD KARAS,

Third-Party Defendant and
Counter Claimant.

OPINION AND ORDER

10-cv-828-wmc

In this civil action, plaintiff eDells Marketing, Inc. alleges that defendant Jacques Heiner infringes registered and unregistered aspects of its trademark FUN CARD and related trade dress. Both eDells Marketing Fun Card and Heiner (or perhaps his separately-incorporated company) offer for sale discounts to be used at various retail entities in the Wisconsin Dells area, a popular tourist destination in the center of the State of Wisconsin. Before the court is Heiner's motion for summary judgment on eDells' federal and state trademark and trade dress claims, arguing that eDells cannot demonstrate a likelihood of confusion -- an element of all such claims. (Dkt. #12.)

While this motion was pending, the court ordered (1) defendant to submit an affidavit as to his position on future use of the alleged infringing trademark and trade dress; and (2) provided plaintiff an opportunity to advise whether there remained a

viable case or controversy in light of the defendant's declaration. Because the court finds this declaration effectively moots plaintiff's trademark and trade dress infringement claims under federal law, the court will dismiss those claims. The court also declines to exercise its supplemental jurisdiction over the remaining state law claims raised in the various pleadings. Accordingly, the court will dismiss those claims without prejudice.¹

UNDISPUTED FACTS²

A. Background

The individual parties in this action -- third-party defendant and counter claimant Edward Karas and defendant and third-party plaintiff Jacques Heiner -- used to be business partners of a general partnership described as "Dells Fun Card Partnership."

¹ Plaintiff eDells Marketing recently filed a "motion for default or in the alternative for summary judgment or in the alternative to prevent admission of [new] evidence by defendant not already produced." (Dkt. #59.) This motion appears to concern Heiner's alleged perjury and failure to produce documents concerning Karas's conversion claim (3d Party Compl. (dkt. #7)). Because the court declines to exercise jurisdiction over that claim, the court denies plaintiff's motion as mooted by this order. Similarly, the parties' respective motions in limine (dkt. ##35, 45) will be denied as moot. Finally, defendant's counsel recently filed a motion to withdraw as counsel. (Dkt. #94.) The court will deny as moot this motion as well, but subject to reconsideration, after Heiner files his response to the motion, if any further court proceedings so require.

² The court finds the facts set forth above, taken from the parties' proposed findings of fact, to be material and undisputed. Plaintiff included a number of proposed findings of fact purportedly relating to Karas's conversion counterclaim. (Pl.'s PFOFs (dkt. #21) ¶¶ 38-52.) Since these allegations are immaterial to defendant's motion for summary judgment of the trademark infringement and unfair competition claims, the court does not recount them here. For the same reason, the court completely disregards them and the related argument in plaintiff's opposition brief for purposes of deciding the present motion for summary judgment.

(Declaration of Johanna M. Wilbert (“Wilbert Decl.”), Ex. 1 (dkt. #14-1) 7.). Karas purports to be the predecessor in interest to and current president of eDells Marketing.

The Dells Fun Card Partnership existed at least from 2004 to 2006. On November 20, 2006, Heiner sold his interest in that business to Karas, including all “trademarks, tradenames, logos, copyrights, [and] goodwill.” (Compl., Ex. E (dkt. #1-5) 2.)³

B. Fun Card

Plaintiff eDells Marketing, Inc. is the owner of U.S. Registration No. 3,766,351 directed to the mark FUN CARD, and registered as of March 30, 2010. (Compl., Ex. C (dkt. #1-3).) EDells Marketing uses this mark on a discount card, which it offers for sale through various restaurants and motels. (To avoid confusing it with the mark, the court will refer to the physical card as the “card” or “Fun Card” and the mark as the “FUN CARD.”) EDells Marketing has offered the card publicly with the FUN CARD trademark since 2002. The following, larger-than-life image depicts the front and back of the Fun Card:

³ Defendant Heiner does not dispute this, though he points out that at the time of the sale, the business held no registered trademarks. The materiality of this, if any, will be discussed later in the opinion.

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0 94922 94112 1

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Buy 1 Get 1 Free Restaurants	Buy 1 Get 1 Free Attractions, Golf & Ski
1 Brat House Grille, Sandwich*	Captain Ron's Original Dells Jet Boats, Child 6-10 yrs old 22
2 Candy Corner, 1 Pound of Fudge	Chalet Lanes, 2 for 2 Bowl, Max 6 People 23
3 Carvelli's Pizza & Pasta House, Lunch Buffet/Appetizer*	Chicago Club Cabaret, Admission w/o Dinner 24
4 Culver's, Dells Only, Sundae up to \$7.25	Christmas Mountain Golf, 18 Holes w/o cart 25
5 Dairy Queen, Dells Only, 16oz Blizzard*	Christmas Mountain Ski, All Day Lift Ticket 26
6 Famous Daves BBQ: Dells, Sandwich or Entree up to \$10*	Chula Vista Water Park, Gen. Admission 27
7 Famous Daves BBQ: LkDelton, Sandwich/Entree up to \$10*	Circus World Museum, Gen Adm Up to 2 People 28
8 Firehouse Pizza Co, Appetizer*	Coldwater Canyon Golf, Round Golf w/o cart Sat after 2pm 29
9 House of Embers, Appetizer Max Value \$7*	Dells Boat Tours, Adult Adm up to 2 People 30
10 Local Pointe, Any Entree up to \$8.99*	Dells Comedy Show, Wild 4 Hypnosis Show Adm 31
11 Mulligans, Any Sandwich or Entree up to \$7*	Dells Mining, Dells-Lk. Delton, Whit. Min'g Bucket \$10 32
12 Perkin's Restaurant, Any Entree up to \$8.99*	Ghost Outpost Haunted House, Gen Adm Up to 2 People 33
13 Pizza Pub, Lunch Buffet*, 11am-2pm	International Crane Foundation, Gen Adm Up to 2 People 34
14 Pizza Ranch, Medium Pizza up to \$12.99	Jeremy Allen Magic Show @Chula Vista Resort, Gen Adm 35
15 Quizno's Subs, Sandwich up to \$6.00*	Jet Boat Adventures, Child Admission up to 2 kids 36
16 River's Edge Pub & Grub, Appetizer*	Knuckleheads Amusement Park, Amusement Wristbands 37
17 River Walk Pub, Appetizer*	Lake Delton Water Sports, Kayak/Canoe 38
18 Subway, Dells Only, 6" Value Meal*	Original Wisconsin Ducks, Adult Adm up to 2 People 39
Buy 1 Get 1 Free Attractions, Golf & Ski	Pirate's Cove, Mini-Golf & Fun Cntr Combo Pass 40
19 A Dare Go Carts, Adult or Child Ride up to \$6.50	Riverside Great Northern R/R, Gen Adm up to 2 People 41
20 Beaver Springs, Horseback, Aquarium, Fishing Reg.	Timbavatti Wildlife Zoo, General Admission 42
21 Big Sky Drive-In, Gen Adm Up to \$8, Sun-Thurs	Timber Falls Adventure Park, 18 holes mini-golf 43

Not valid with any other discounts. 1 Punch per location. Lowest priced meal/attraction is Free. **2010**

(Compl., Ex. A (dkt. #1-1).)

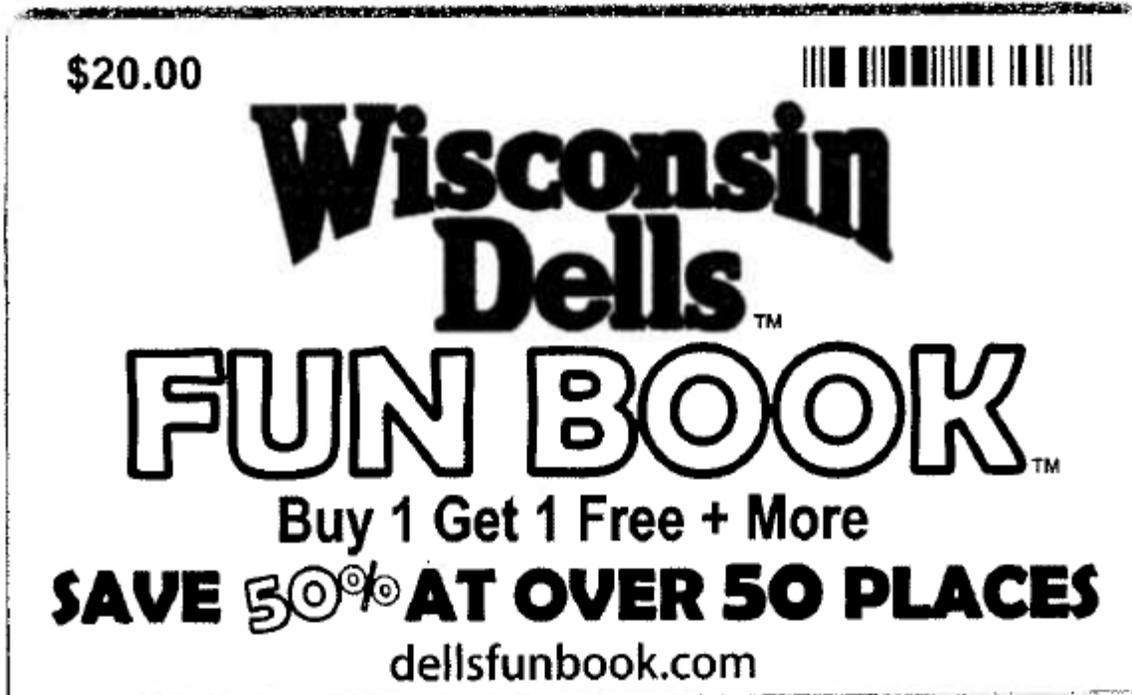
As reflected on the back of the Fun Card, it offers discounts at participating restaurants, motels, resorts, amusement parks, theaters and golf facilities located in Wisconsin Dells. The Fun Card is approximately 3.5” x 2.25” and of similar thickness as a credit card.

Third-party defendant Edward Karas alleges that the Fun Card has a white background and prominent red lettering, but neither side has provided this court with a color copy of the card.⁴ Karas also alleges that (1) the Fun Card has had this same background and lettering layout since at least 2004, and (2) eDells Marketing has sold 350,000 such cards.

C. Fun Book

eDells Marketing alleges that defendant Heiner infringed on the FUN CARD mark, as well as the trade dress of the Fun Card, by offering a similar “Wisconsin Dells Fun Book.” The following is an image of the front page of the Fun Book:

⁴ In his declaration, Karas offers other, subjective comparisons of the features of the Fun Card compared to those of the alleged infringing product, but the court agrees with defendant that the features of the Fun Card and Heiner’s Fun Book speak for themselves.

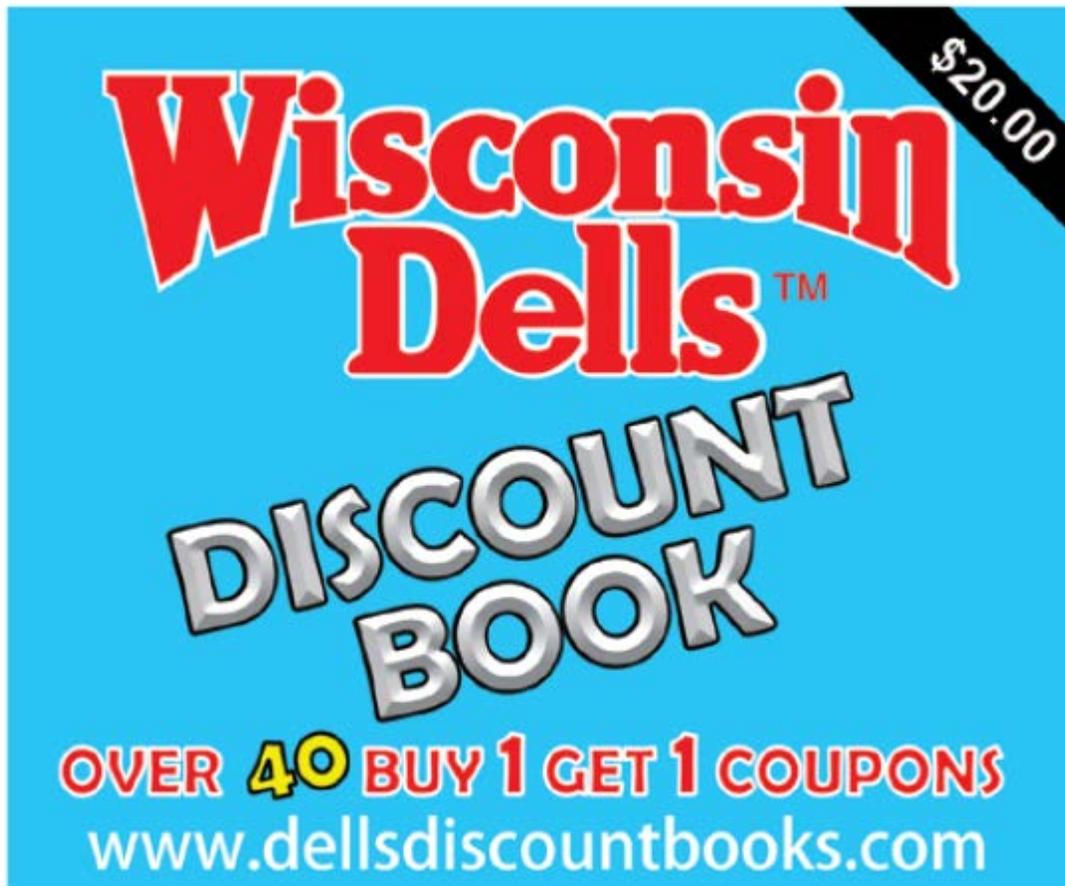


(Compl., Ex. B (dkt. #1-2).)

Beginning in 2010, Heiner is alleged to have begun marketing the so-called “Fun Book” in Wisconsin Dells, the same target market as the Fun Card. While called a “Fun Book,” it is also the approximate size of a credit card in terms of length and height, approximately 3.5” x 2.25,” just like the Fun Card. Heiner admits these dimensions, but disputes Karas’s characterization of the Fun Book as “not much thicker than a credit card.” Heiner avers instead that the Fun Book was a coupon book with 30 *pages* of paper, containing approximately 50 tear-off coupons, making it “thicker than a credit card.” (Def.’s Resp. to Pl.’s PFOFs (dkt. #29) ¶ 21; Heiner Decl. (dkt. #32) ¶ 10.) Heiner also contends that the Fun Book was sold by Total Marketing, Inc., rather than by himself personally.

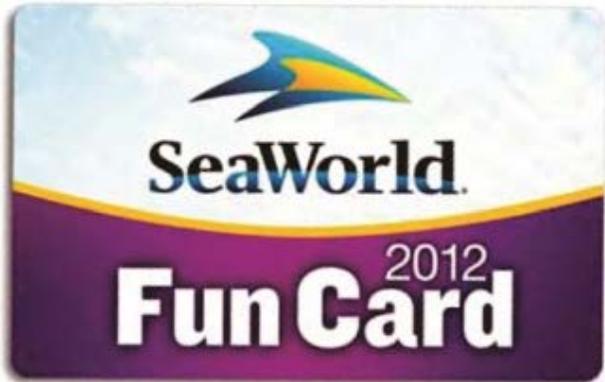
D. Discount Book

The court has used the past tense to describe the Fun Book because the product is no longer for sale. While disputing that this product infringes the mark FUN CARD or the trade dress of the Fun Card, Heiner contends that after receiving a cease and desist letter from eDells' counsel *and* before the filing of this lawsuit, Heiner changed the name, size and color of the books. The name was changed to "Dells Discount Book." Heiner also contends that (1) he changed and moved the location of the price and other features and (2) the "Dells Discount Book" no longer has a UPC code on the books. Below is an image of the product now sold by Heiner (or Total Marketing, Inc.):



(Declaration of Jacques Heiner ("Heiner Decl."), Ex. A (dkt. #32-1).)

In his supplemental affidavit submitted pursuant to the court's order, Heiner agrees to not use the following in the future: (1) the FUN CARD trademark; (2) the two-word phrase "fun card"; (3) the phrase "Fun Book" in connection with the sale of discount cards or coupons in the format of small credit card-sized books or plastic wallet-sized cards of the sort used by plaintiff; and (4) the pattern of white, green and red text and layout used by eDells Marketing. (6/8/12 Affidavit of Jacques Heiner ("6/8/12 Heiner Aff.") ¶¶ 2-4.) Heiner refuses, however, to "give up future rights to design cards that are the size of a common credit card." (*Id.* at ¶ 5.) As Heiner explains, "this size is not a stylistic choice, but one that is often dictated by function and is the size that is used through[out] the marketing industry for discount cards, gift cards and coupons." He also states that "agreeing to such a limitation would severely limit my ability to take design work from third-parties that want a product that is designed to fit into a wallet." (*Id.*) As support for his position that this size is common throughout the marketing industry, Heiner attached the following images of other discount cards designed using the standard credit-card size:



(6/8/12 Heiner Aff., Ex. A (dkt. #52-1).)

OPINION

After review of the parties' summary judgment submissions -- particularly, Heiner's original declaration -- the court questioned whether a case or controversy exists to warrant this court's exercise of federal jurisdiction over plaintiff's trademark dispute. As described above, Heiner ceased making and selling the alleged infringing book after receiving eDell's cease and desist letter and before the filing of this lawsuit. Courts have held that if an alleged infringer voluntarily ceases the alleged infringing activity, a request for an injunction may be mooted. *See generally* 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30:11 (4th ed. 2012). Moreover, plaintiff presented

no evidence at summary judgment of any actual confusion and, therefore, if this case were to proceed to trial and a jury were to find liability on its trademark and trade dress infringement claims and the unfair competition claim, any remedy would be limited to injunctive relief. *See Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 1363 (7th Cir. 1995) (“To insist on evidence might seem to be to commit the error of thinking that proof of actual confusion is required in a trademark-infringement case, and of course it is not unless damages are sought.”).

To find an action mooted, however, the alleged infringer’s reform must be “irrefutably demonstrated and total.” *Id.* (citing *Am. Bd. of Psychiatry & Neurology, Inc. v. Johnson-Powell*, 129 F.3d 1, 5-6 (1st Cir. 1997) (affirming district court’s finding of complete reform where defendant averred that she would not engage in the alleged infringing activity in the future). Here, Heiner avers in his initial declaration that he stopped making and selling the alleged infringing product, even though he believed that it was not infringing eDells’ FUN CARD mark and trade dress. In his supplemental affidavit, Heiner further avers that he will not use the “FUN BOOK” mark in connection with a discount card or any of the alleged infringing trade dress, except for the making and use of promotions or discounts the size of a credit card.

The court ordered plaintiff to advise the court as to whether a case or controversy exists based on these representations. (Dkt. #53.) In a one-paragraph response, plaintiff implies that defendant cannot be trusted and submits email communications between the two parties’ counsel in support of its contention that defendant is not communicating with his counsel, leaving the court to connect the dots between defendant’s alleged failed

communications with his counsel and the existence of a case and controversy between plaintiff and defendant on the trademark and trade dress infringement claims.

As far as the record indicates, the defendant has done nothing inconsistent with the averments made in his affidavits to this court. Rather, defendant and his counsel simply declined to engage in any serious settlement discussions pending plaintiff's submission on the case or controversy issue, as is their right. Regardless, plaintiff's submission utterly fails to describe, much less prove, any ongoing case or controversy with respect to the federal trademark and trade dress infringement claims pled.

Even if the court were to allow a trade dress infringement claim to proceed based solely on the size of the alleged infringing product, it could not survive defendant's summary judgment motion. A trade dress infringement claim requires a showing of likelihood of confusion. *See, e.g., Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 636 (7th Cir. 1999) (describing likelihood of confusion element in a trade dress infringement claim and listing the same factors as those involved in trademark infringement claims); *see also* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 8:15 (4th ed. 2012). “[T]he burden of proving likelihood of confusion rests with the plaintiff.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122 (2004). While the likelihood of confusion is an issue of fact, *see, e.g., Sunmark Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1066 (7th Cir. 1995), “the issue may be resolved on summary judgment where the evidence is ‘so one-sided that there can be no doubt about how the question should be answered.’” *Packman v. Chi. Tribune Co.*, 267 F.3d 628, 643 (7th Cir. 2001) (quoting *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*, 83 F.3d

169, 171 (7th Cir. 1996)). Here, plaintiff has simply failed to put forth sufficient evidence from which a reasonable jury could find that the ordinary, prudent customer in the marketplace would likely be confused by the size of defendant's discount card alone.

Accordingly, the court will dismiss all of plaintiff's federal claims as moot in light of defendant's uncontradicted, voluntary cessation of the alleged infringing activity and complete disavowal of any future activity which could plausibly form the basis for an infringement action.

In light of the court's decision to dismiss all of plaintiff's claims premised on federal law claims, the court declines to exercise its supplemental jurisdiction over and will dismiss without prejudice: (1) the state law claims in eDells Marketing's complaint; (2) Heiner's third-party complaint against Karas; and (3) Karas's counterclaim against Heiner. *See Al's Serv. Ctr. v. BP Prods. N. Am., Inc.*, 599 F.3d 720, 727 (7th Cir. 2010) (explaining that where the court dismisses plaintiff's federal law claims, "the presumption is that the court will relinquish federal jurisdiction over any state law claims").

ORDER

IT IS ORDERED that:

- 1) Defendant's motion for summary judgment on federal and state trademark and trade dress claims (dkt. #12) is DENIED AS MOOT; plaintiff's remaining state law claims are dismissed without prejudice for lack of subject matter jurisdiction;
- 2) Defendant's motion in limine (dkt. #35) and plaintiff's motion in limine (dkt. #45) are both DENIED AS MOOT;

- 3) plaintiff's motion for default judgment or in the alternative for summary judgment or in the alternative to prevent admission of evidence by defendant (dkt. #59) is DENIED AS MOOT;
- 4) defendant's counsel's motion to withdraw as attorney (dkt. #94) is DENIED AS MOOT; and
- 5) the clerk of the court is directed to enter judgment consistent with this opinion and order and close this case.

Entered this 4th day of March, 2013.

BY THE COURT:

/s/

WILLIAM M. CONLEY
District Judge