

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

AVANTI CENTER, INC., f/k/a
RESEARCH AND DEVELOPMENT
IN PEDIATRIC THERAPY, INC., formerly d/b/a
SPECIAL CHILDREN'S CENTER, INC.,

Plaintiff,

OPINION and ORDER

v.

11-cv-196-bbc

AVANTI EDUCATIONAL PROGRAMS, INC.,
PATRICIA L. WILBARGER,
AVANTI OT PROJECTS, LLC and
KRIS WORRELL,

Defendants.

This case arises out of a dispute about who gets to use the word “Avanti” in connection with summer camps or other services that provide therapy to children with special needs. Plaintiff Avanti Center, Inc. contends that it is the owner of the “Avanti” mark and that defendants’ use of the word Avanti constitutes trademark infringement in violation of 15 U.S.C. § 1125(a), unfair trade practices in violation of Wis. Stat. § 100.20, fraudulent representation under Wis. Stat. § 100.18 and unfair competition and trademark infringement in violation of state and federal common law. Defendants Avanti Educational

Programs and Patricia Wilbarger have filed counterclaims, contending that plaintiff's use of "Avanti" constitutes trademark infringement, fraudulent representation, unfair trade practices and misappropriation. Shortly after the lawsuit was filed, both sides moved for preliminary injunctions, seeking orders that would enjoin the other from using the Avanti name in conjunction with a summer camp for children with sensory integration disorders. I denied both motions in an order on June 27, 2011, concluding that neither side had shown a likelihood of establishing ownership of the Avanti mark. Dkt. #34.

Now before the court are the parties' cross motions for summary judgment. Plaintiff has moved for summary judgment on its trademark infringement claim. Dkt. #37. Defendants moved for summary judgment on all of plaintiff's claims and on defendants Avanti Educational Programs' and Wilbarger's trademark infringement claim. Dkt. #47. Defendants did not move for summary judgment on their false advertising or state law claims.

After considering the parties' arguments and the evidence in the record, I conclude that defendant Avanti Educational Programs and defendant Wilbarger own all rights to the Avanti mark. (Although defendant Wilbarger has assigned her trademark rights regarding "Avanti" to her company, Avanti Educational Programs, Wilbarger was the alleged owner of the mark for most of the period relevant to this lawsuit. Thus, I refer to Wilbarger as the owner and creator of the mark throughout this opinion.) Because plaintiff has no rights in

the Avanti mark subject to protection, its continued use of the mark in association with its summer camp and therapy services constitutes infringement. Additionally, I conclude that defendants have shown that they are entitled to a permanent injunction prohibiting plaintiff from using the Avanti mark. Defendants have shown that they will suffer irreparable harm if plaintiff continues to use the mark; that money damages will be inadequate; and that the balance of harms and the public interest favors an injunction.

From the parties' proposed findings of fact and the record, I find the following facts to be material and undisputed.

UNDISPUTED FACTS

A. The First Avanti Camp

Defendant Patricia Wilbarger is an occupational therapist who specializes in “sensory integration processing” and “sensory defensiveness.” In 1982, she designed a summer camp for treating children with sensory integration dysfunctions. She offered the camp in 1983 at a site near Santa Barbara, California, and called it “Avanti . . . Camp Cachuma.” Wilbarger’s camp involved adventure and group activities as well as individualized therapy programs presented by occupational therapists who were nationally recognized for their specialized knowledge of sensory integration. The camp included one occupational therapist for every two or three campers. The camp also included a practicum program for therapists

who wanted to study and collaborate with leaders in the sensory integration field. Patti Oetter, a nationally known occupational therapist and defendant Wilbarger's colleague, collaborated with Wilbarger on the California Avanti camp and was the therapy coordinator at the camp for six of its seven years of operation.

Defendants have submitted testimony from several occupational therapists stating that it is well-known in the field that "Avanti" is associated with defendant Wilbarger, her therapy protocol and her camp model and that occupational therapists who specialize in sensory integration recognize the name "Avanti" as a source indicator of services based on Wilbarger's Avanti model. Dkt. #50, ¶¶ 5-7; dkt. #51, ¶ 24; dkt. #53, ¶¶ 4-6; dkt. #54, ¶¶ 9-10; dkt. #55, ¶ 4. There are no comprehensive documents explaining the model of an Avanti camp or Avanti therapy protocol. The Avanti model is described in various research articles, publications and documents prepared by Wilbarger, her daughter Julia Wilbarger and her other colleagues. (Throughout the remainder of this opinion I will refer to defendant Patricia Wilbarger as "Wilbarger" and her daughter Julia Wibarger as "Julia.").

Defendant Wilbarger and her daughter Julia began conducting business in 1983 under the names "Avanti Ventures" and "Avanti . . . Camp Cachuma." During the period from 1983 to 1988, Wilbarger and Julia used the name "Avanti" in association with seminars and consultations on sensory integration theory and practice. Beginning in approximately 1989, Wilbarger began operating under the business name "Avanti Educational Programs." The

business was formally incorporated in 2001 as Avanti Educational Programs, Inc. (one of the defendants in this action). Wilbarger is the president of Avanti Educational Programs, which uses the name “Avanti” in association with practicum courses, professional seminars, publications, group training, retreats and consultations focusing on sensory integration theory and practice. Wilbarger has used the Avanti name in business documents, including banking and tax documents, since 1983.

After 1989, defendant Wilbarger stopped offering the Avanti camp in California.

B. Avanti Camp in St. Croix, Wisconsin

Defendant Wilbarger and occupational therapist Eileen Richter have known each other since approximately 1974, when Richter invited Wilbarger to speak at a workshop for the St. Paul [Minnesota] Public School Therapists. Sometime later, Richter included Wilbarger in a grant she obtained to train therapists in St. Paul and invited her several times a year to speak at seminars hosted throughout the country by Richter’s company, Professional Development Programs. In 1984, Wilbarger met Nancy Lawton-Shirley, also an occupational therapist, when Lawton-Shirley consulted her about Lawton-Shirley’s daughter. Thereafter, their paths crossed frequently at workshops taught by Wilbarger.

In approximately 1984, Richter and Lawton-Shirley learned about Avanti . . . Camp Cachuma and discussed the possibility of having a similar camp in the Midwest. These

discussions led to several in-person and telephone conversations in 1984, 1985 and 1986 with defendant Wilbarger about the idea. Wilbarger thought it was important that Richter and Lawton-Shirley understand the camp model and, in 1986, Lawton-Shirley attended Camp Cachuma. Lawton-Shirley was trained by Wilbarger and Patti Oetter regarding the therapy aspect of the Avanti model and by Julia regarding the administrative aspects of running the camp. Lawton-Shirley returned to Wisconsin and began the process of replicating the Avanti camp in the Midwest.

No written agreement memorialized defendant Wilbarger's intent to give Richter and Lawton-Shirley permission or a "license" to use the Avanti name for a sensory integration camp or provided express conditions for use of the Avanti name. However, Richter and Lawton-Shirley understood that Wilbarger was granting them permission to use the Avanti name on the condition that the Wisconsin camp follow Wilbarger's Avanti model. The understanding developed through the many conversations the three had regarding the camp. The three also understood that Wilbarger was giving permission to Richter and Lawton-Shirley individually. In January 1987, Richter sent defendant Wilbarger a letter mentioning a possible name for the Midwest camp, Camp Cocoon. Wilbarger and Patti Oetter told Richter that if the camp was a replication of Wilbarger's model, it must be called Avanti. Wilbarger was insistent on this point.

In 1987, after defendant Wilbarger had given them permission to replicate her Avanti

camp in Wisconsin, Lawton-Shirley and Richter formed plaintiff Research and Development in Pediatric Therapy, Inc., a non-profit corporation through which donors could make tax deductible contributions to be used for the Midwest Avanti camp. In 1989, Lawton-Shirley and Richter held the first Wisconsin Avanti camp in Hudson, Wisconsin, called Avanti-Camp St. Croix, at the YMCA Camp St. Croix. The materials used for the camp were created primarily by defendant Wilbarger, and Julia Wilbarger assisted Lawton-Shirley and Richter in opening the camp. Wilbarger provided forms, checklists, applications, site contracts, camper routines and other materials that Lawton-Shirley and Richter needed.

Plaintiff was listed as the “sponsor” of the Avanti camp on marketing and fund-raising materials. Tax deductible donations and other funds for the camp were administered through plaintiff. From 1987 to 2005, the board of directors of plaintiff included Lawton-Shirley, Richter and defendant Wilbarger. During this time, Richter and Lawton-Shirley took turns acting as president and vice-president of the board and also as co-directors of the camp.

Richter and Lawton-Shirley and a collaboration of occupational therapists and other professionals continued to hold Avanti-Camp St. Croix in Hudson, Wisconsin every year from 1989 until 2009. During this period, defendant Wilbarger and Julia raised funds for the camp by holding seminars and workshops and regularly recruited therapists to work at the camp. Camp Avanti-St. Croix was operated with little or no marketing or postage

expenses and the therapists who organized and ran the camp did so as volunteers, earning only a stipend to cover travel expenses. Defendant Kris Worrell was involved with Camp Avanti-St. Croix from 1989 to 2009 as a cabin therapist, Wonderlab Director, planning committee member and co-director. She was never a board member or officer of plaintiff.

Between 1989 and 2009, Julia Wilbarger often attended the camp, overseeing the practicum program and the orientation program. It was common knowledge among the leaders of the camp that the Avanti model and name was created by defendant Wilbarger, that the camp was being run with her permission and that Wilbarger had “strong ideas” about the Avanti model. Every Avanti camp offered in Hudson included a three-day orientation for therapists, counselors and anyone else involved in camp that year. As part of the orientation, everyone was told the history of the Avanti camp. They were told that Wilbarger was the creator of the Avanti model, that Lawton-Shirley had learned Wilbarger’s model and that this camp was designed to follow that model. This information was also contained in staff manuals.

Defendant Wilbarger did not attend the camp between 1989 and 2009 and did not personally review the camp materials. Wilbarger’s colleague, Patti Oetter, acted as Wilbarger’s “ambassador” to Avanti-Camp St. Croix, exchanging updates on Wilbarger’s protocols and coordinating the therapy program at the camp for 19 years. After every camp, Oetter reported to Wilbarger about the operation of the camp. Wilbarger called Lawton-

Shirley after camp every year to talk about Oetter's feedback and discuss the camp model. Also, Wilbarger had telephone and in-person communication about camp several times a year with Richter and Lawton-Shirley and other therapists who volunteered at the camp.

The collaboration of therapists who organized and ran Avanti-Camp St. Croix met five or six times each year to organize and manage the details of running camp. Once a year this group and other therapists met to learn and discuss evolving theories, treatment and overall plans for the camp. The yearly meeting was organized by Lawton-Shirley and defendant Wilbarger and was called the Avanti Summit.

C. Plaintiff's Involvement in Avanti-Camp St. Croix

Since 1989, plaintiff has been identified in camp brochures and grant requests as the "sponsor" of Camp Avanti. In addition, Lawton-Shirley and Richter identified Camp Avanti as a "project" of plaintiff and identified themselves as president and vice president of plaintiff. For example, a grant proposal written by Richter in 1989 described plaintiff as follows:

Research and Development in Pediatric Therapy, Inc. is an organization recently established to design and conduct innovative projects serving children with special needs. The AVANTI-Camp St. Croix project described in the enclosed proposal is such a project.

Dkt. #72-9. A grant proposal written in 1999 explained that plaintiff was founded "to provide therapeutic programs for children in the St. Croix Valley area" and that the

company's "only program" at the time was Camp Avanti St. Croix. Dkt. #72-30. Richter and Lawton-Shirley used plaintiff's letterhead to send consent forms, questionnaires and evaluation materials to parents for the camp. Therapists and others who worked at the camps in various years signed "staff agreements" or "employment agreements" that were described as being agreements between plaintiff and the individual.

Plaintiff listed "Camp Avanti" as one of its programs on its tax returns. In addition, plaintiff's independent auditor report for years 2006 to 2008 shows that all activities related to the operation of Avanti-Camp St. Croix, including grant income, camper fees, camper expenses and camp insurance, are reported on the financial statements of plaintiff. The auditor's report includes a considerable discussion regarding the camp, but makes no reference to defendant Wilbarger or a license, sanction or permission to use the name "Avanti." Plaintiff has paid the annual insurance costs for Camp Avanti since 1989. Also, various camp publications are copyrighted by plaintiff.

In 2006, plaintiff merged with Special Children's Center, which was a separate company owned by Lawton-Shirley engaged in the treatment of children with sensory integration disorder. The same core group of therapists and clinicians who had been involved in the Avanti camp since its inception, including defendant Wilbarger, Kris Worrell, Lawton-Shirley and Richter, continued to be involved in camp planning.

At a board meeting held to discuss the direction of the merged organization on June

7, 2006, Lawton-Shirley gave the board a presentation about Avanti-Camp St. Croix. She told the board that “Camp was created from the design of the program Patricia Wilbarger developed in Santa Barbara.” She handed out documents to the board members containing the same information in writing and presented a proposed 2006 budget for Camp Avanti that included line items for lectures, camper fees, donations, grants, insurance, stipends and other matters.

Up until 2008, plaintiff’s board of directors included individuals who were involved with Avanti-Camp St. Croix and knew that the camp was a replication of defendant Wilbarger’s Avanti model. After the merger, plaintiff’s board of directors changed and neither Wilbarger nor Lawton-Shirley served on the board. Lawton-Shirley continued to manage the company until a new executive director was hired in 2008. In 2008, Linda Ewing was hired as executive director of plaintiff. Ewing had no experience running the camp, but knew that the Avanti-Camp St. Croix was a camp modeled after an Avanti camp Lawton-Shirley had attended in California. The camp was conducted as usual in 2009.

In January 2010, the group of camp leaders met with a subcommittee of plaintiff’s board to discuss administrative procedures for the 2010 camp. The camp leaders planned to have defendant Worrell and Richter codirect the Avanti camp that year. On January 25, executive director Ewing told Worrell that plaintiff had hired its own camp director to run the camp. (The parties dispute whether Worrell had suggested to Ewing that she was

overwhelmed, causing Ewing and the board to believe that Worrell needed help running the camp. Plaintiff says that Ewing hired a director because Worrell implied that she could not handle the work. Defendants say that Ewing fired Worrell.) At this point, neither Ewing, the new camp director nor any of the board members had any experience in running the Avanti camp or knowledge of the Avanti therapy model.

Several weeks before the 2010 camp, Ewing met with John Huber, who had been involved with the Avanti camp in previous years. They discussed the problems the new camp director was having in recruiting occupational therapists to come to the camp. Huber thought it might not be appropriate to hold the camp if there was not sufficient therapists. Approximately a week before the 2010 camp, Huber told Ewing that volunteers who had worked previously at the camp were concerned that the camp was being advertised as an Avanti camp, even though the camp was not following the Avanti model.

Plaintiff held the 2010 camp in June and called it Avanti-Camp St. Croix. None of the occupational therapists that had participated in previous camps were present; the camp was not based on defendant Wilbarger's Avanti model. Instead of having between 30 and 40 occupational therapists and other professionals specializing in sensory integration theory and treatment, plaintiff's 2010 camp offered one or two occupational therapists and no practicum program. (The parties dispute whether plaintiff adequately screened campers for success in the camp and whether plaintiff admitted children who were not appropriate for

the camp model.) Plaintiff describes the 2010 camp as offering a “multi-disciplinary therapeutic approach,” including speech therapy and physical therapy in addition to occupational therapy. During the 2010 camp, counselor John Huber called Lawton-Shirley more than once for help in dealing with behavior problems. The camp advertising disseminated by plaintiff before camp did not inform campers or families that the camp would have minimal occupational therapy and no practicum program.

During the summer of 2010, plaintiff changed its name to “Avanti Center, Inc.” It recently erected a building in Hudson, Wisconsin with a large sign advertising the “Avanti Center.” On July 25, 2010, upon learning that plaintiff had called its 2010 camp “Camp Avanti” and had renamed its business to “Avanti Center,” defendant Wilbarger sent a letter to the board president, requesting that plaintiff cease using the name “Avanti.”

Also in the summer of 2010, defendant Wilbarger filed a trademark application for the mark “AVANTI” with the United States Patent and Trademark Office, naming her and Julia’s company, Avanti Educational Programs, as the applicant. The application claimed the mark Avanti in association with “camp setting for children and adults with special needs, related professional seminars, group training retreats.” The application states that Wilbarger first used the mark Avanti in commerce for the services identified at least as early as August 31, 1983. The evidence submitted with the application to demonstrate Avanti Educational Programs’ use of the mark “Avanti” in commerce for camp services is a brochure for the

2009 “Avanti-Camp St. Croix.”

D. Defendants’ 2011 Avanti Camp

From September 30 through October 3, 2010, defendant Wilbarger, defendant Worrell and other therapists from the group that had previously planned and led Avanti-Camp St. Croix held an “Avanti Summit” to discuss the future of the Avanti camp and problems arising from plaintiff’s use of the name. The group decided to offer an Avanti camp at the YMCA Camp Icaghowan site in Amery, Wisconsin, in 2011 and to educate consumers about the difference between the Icagowan and St. Croix camps. The group at the summit also decided to establish a non-profit entity, defendant “Avanti OT Projects, LLC,” to receive contributions toward camp expenses. Defendant Worrell filed articles of organization for Avanti OT Projects, LLC with the Minnesota Secretary of State on October 15, 2010, identifying herself as the sole organizer, manager and member.

In July 2011, defendant Worrell directed the camp at a YMCA camp in Amery, Wisconsin. The camp was called Camp Avanti Icaghowan. This camp followed the Avanti model and was organized and run by many of the former core group of therapists, including Julia and defendant Wilbarger.

After defendants announced their 2011 camp, plaintiff sent letters to the public claiming ownership of the Avanti name and stating that defendants Wilbarger and Worrell

had no rights to use it. Plaintiff held its own “multidisciplinary” camp in 2011 and called it Avanti-Camp St. Croix. At least one occupational therapist was confused about whether the 2010 and 2011 camps were Avanti camps and whether her patients had attended the proper camp.

E. Requests for Other Avanti Camps

Since the 1980s, multiple therapists have requested permission from defendant Wilbarger to offer Avanti camps. Wilbarger has denied each request with two exceptions. Wilbarger denied most of the requests because after reviewing the proposals, she did not believe that the camps would replicate the Avanti model satisfactorily by providing both intensive treatment and education for occupational therapists. For example, one therapist who was turned down had primitive facilities; another wanted to run a day camp version of an Avanti camp. Wilbarger did not think the Avanti model could be offered in either setting.

In 2002, Wilbarger gave permission to Renee Okoye to hold an Avanti camp in New York. Okoye had been involved as an occupational therapist at the Wisconsin camp for several years and Wilbarger knew that Okoye understood the Avanti model. Both defendant Wilbarger and Julia spoke with Okoye about her plans and reviewed Okoye’s materials, which were based on the materials they had given Richter and Lawton-Shirley previously.

The parties did not execute a written agreement. Okoye testified that she understood that she was replicating Wilbarger's Avanti camp only with Wilbarger's permission. The New York camp was called Camp Dove Avanti East and was held from 2002 to 2004. Wilbarger knew the master therapists who worked at the camp and reviewed video and other materials of Camp Dove Avanti East after each camp.

Defendant Wilbarger permitted another therapist, Colleen Hacker, to advertise her camp as being "based on" the Wilbarger Avanti model. Wilbarger and Julia discussed the camp and decided that Hacker had sufficient essential therapeutic components to say that she modeled it after Avanti, but that the camp should not be called an Avanti camp.

OPINION

A. Ownership of the Avanti Mark

Both parties have moved for summary judgment on their trademark infringement claims under § 43 of the Lanham Act, seeking declarations that they are the owners of the "Avanti" mark and injunctions that would prohibit the other side from using Avanti in conjunction with any sensory integration or related therapy camps or services. Plaintiff also seeks an order canceling defendant Avanti Educational Program's application to register the Avanti mark.

There is some confusion regarding the scope of the mark in dispute. Plaintiff says the

dispute is about the rights to “Camp Avanti,” while defendants contend that the mark at issue is “Avanti,” as used in association with publications, workshops, retreats *and* camps or other services in the nature of professional therapy involving sensory or related disorders. Defendants make a better case for their position. Although the competing summer camps may be the biggest bone of contention between the parties, both sides seek the right to use the Avanti mark outside the camp setting. Defendant Wilbarger uses “Avanti” in connection with a camp, publications, seminars and retreats and conducts business either as Avanti Ventures or Avanti Educational Programs. Plaintiff has recently renamed itself as the Avanti Center. It is clear that “Avanti” is the dominant and significant portion of these names and that it is the right to use “Avanti” at all in the field of sensory integration therapy that is in dispute.

To establish a case of trademark infringement under § 43(a) of the Lanham Act, a plaintiff must show (1) that it has trademark rights to the words or symbols at issue; and (2) that the defendant’s use of the mark is infringement. Packman v. Chicago Tribune Co., 267 F.3d. 628, 638 (7th Cir. 2001). The second element, infringement, may be established by showing that the allegedly infringing mark causes a likelihood of confusion among consumers for the goods and services sold by the plaintiff. Id.; Dunn v. Gull, 990 F.2d 348, 351 (7th Cir. 1993). In this case, the parties agree that the second element is established; because both plaintiff and defendants have used and intend to continue using “Avanti” in connection

with sensory integration therapy camps, there is a likelihood of confusion among families sending their children to camp and occupational therapists wishing to attend or refer patients to a camp. I agree with the parties. The competing marks are identical except for generic, descriptive terms, such as “Educational Programs” or “Ventures” or a geographic location (St. Croix or Icahowan). The dominant portion of the competing marks and the only portion that provides an identifier of the source is the word “Avanti.” Additionally, defendants have provided evidence of actual confusion among therapists over the two competing camps held in Wisconsin in 2011.

Thus, the parties’ dispute in this case is related to the first element of the infringement claim, that is, whether either party has a right to protection in the “Avanti” mark. Neither party has registered the mark. In determining whether an unregistered mark is entitled to protection, courts apply “the general principles qualifying a mark for registration under § 2 of the Lanham Act.” Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992). Generally, a party must show that the mark is either “inherently distinctive” or that it has acquired “secondary meaning.” Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U.S. 205, 210 (2000); Kohler Co. v. Moen Inc., 12 F.3d 632, 635 n.5 (7th Cir. 1993). A series of terms identifies the five levels of distinctiveness used to make these decisions. In order from least to most distinctive, they are: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; and (5) fanciful. Dunn, 990 F.2d at 351 (citation omitted).

Marks that are “suggestive,” “arbitrary” or “fanciful” serve to “identify a particular source” and are deemed inherently distinctive and entitled to protection without a showing of secondary meaning. Two Pesos, 505 U.S. at 766-68. Marks that are “generic” are not entitled to protection, while marks that are “descriptive” are entitled to protection if they have acquired “secondary meaning.” A mark has secondary meaning if, “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.” Thomas & Betts Corp. v. Panduit Corp., 138 F. 3d 277, 291 (7th Cir. 1998) (quotation and citation omitted).

I agree with the parties that the “Avanti” mark is entitled to protection under the Lanham Act because the mark is arbitrary or fanciful and thus, inherently distinct. Plt.’s Br., dkt. #80, at 16; Dfts.’s Br., dkt. #48, at 10. The next question is which party has the right to use the Avanti mark. For unregistered trademarks, the party who “uses” the mark first in the marketplace obtains exclusive rights to it. Zazu Hair Designs v. L’Oreal, S.A., 979 F.2d 499, 503 (7th Cir. 1992). See also United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 100 (1918) (“[T]he general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question.”). “Use” means that the mark was attached to a product or service sold to the public. Zazu Hair Designs, 979 F.2d at 503. The use must be continuous and impart ownership; de minimis sales or pre-marketing tactics that attempt to “reserve” the mark are not sufficient. Id. (“Only active use

allows consumers to associate a mark with particular goods and notifies other firms that the mark is so associated.”) See also 15 U.S.C. § 1127 (“‘Use’ of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.”).

The undisputed evidence establishes that defendant Wilbarger was the first to use the Avanti mark in connection with camps, seminars and training in the field of sensory processing disorders. Specifically, Wilbarger began using “Avanti” in 1983, when she started Avanti . . . Camp Cachuma and Avanti Ventures. In 1989, Wilbarger began conducting business related to sensory integration therapy under the name Avanti Educational Programs. The undisputed evidence shows that occupational therapists in Wilbarger’s field nationwide make a connection between “Avanti” and Wilbarger or her unique therapy methods.

Plaintiff does not deny that defendant Wilbarger was the first to use the Avanti mark. Nonetheless, plaintiff contends that it owns the rights to Avanti because (1) Wilbarger abandoned the mark after she stopped holding her Avanti camp in California; (2) Wilbarger abandoned the mark by granting uncontrolled licenses to Richter, Lawton-Shirley and Okoye in New York; (3) Wilbarger, Lawton-Shirley and Richter violated fiduciary duties owed to plaintiff by failing to notify plaintiff that the license to use “Avanti” was conditional and belonged to Lawton-Shirley and Richter as individuals; and (4) plaintiff has been using

“Avanti” in connection with its summer camps continuously since 1989.

Plaintiff’s first argument, that defendant Wilbarger abandoned the mark by closing Avanti. . . Camp Cachuma in 1989, is not persuasive. Abandonment is a defense to trademark infringement, because a party that abandons its mark loses all of its trademark rights. TMT North America, Inc. v. Magic Touch GmbH, 124 F.3d 876, 885 (7th Cir. 1997). Although it is true that “[n]onuse for 3 consecutive years shall be prima facie evidence of abandonment” of a mark, 15 U.S.C. § 1127, it is undisputed that Wilbarger has continued to use the Avanti mark to promote her business and therapeutic methods since the 1980s. Defendant has produced no evidence that allows the drawing of an inference that Wilbarger stopped using “Avanti” at any point or undermines defendants’ evidence that occupational therapists around the country associate “Avanti” with Wilbarger’s treatment protocols.

Plaintiff’s second argument is that defendant Wilbarger abandoned the mark by granting uncontrolled licenses to third parties. Rights in a trademark can be maintained through the use of the mark by a controlled licensee. TMT North America, 124 F.3d at 882. However, the owner of a trademark abandons her mark by granting a naked license. Eva’s Bridal, Ltd. v. Halanick Enterprises, Inc., 639 F.3d 788, 790 (7th Cir. 2011). To avoid abandoning trademark rights through a license, a trademark owner must retain control “sufficient under the circumstances to insure that the licensee’s goods or services would meet

the expectations created by the presence of the trademark.” Id. (quoting Restatement (Third) Unfair Competition § 33 (1995)).

Because a finding of naked licensing is treated as abandonment of the trademark, the party alleging naked licensing has a “heavy burden” of proof. TMT North America, 124 F.3d at 885 (citing Restatement (Third) Unfair Competition § 33). See also Doebler’s Pennsylvania Hybrids, Inc. v. Doeblers, 442 F.3d 812, 824 (3d Cir. 2006) (“To the extent that plaintiff may rely on a naked licensing theory, its burden is high.”); Creative Gifts, Inc. v. UFO, 235 F.3d 540, 548 (10th Cir. 2000) (naked license defense subject to “stringent burden of proof”); Edwin K. Williams & Co. v. Edwin K. Williams & Co.-East, 542 F.2d 1053, 1059 (9th Cir. 1976) (“Because a finding of insufficient control essentially works a forfeiture, a person who asserts insufficient control must meet a high burden of proof.”). Regardless whether the licensor and licensee have a written contract expressly defining the obligations relating to the quality of the licensee’s goods or services, the ultimate question is whether the owner of the trademark “takes effective steps to ensure that the product sold by the licensee is of the same quality as the product sold by the licensor under the same name.” AmCan Enterprises, Inc. v. Renzi, 32 F.3d 233, 235 (7th Cir. 1994).

In denying defendants’ motion for a preliminary injunction, I concluded that the evidence on the record suggested that defendant Wilbarger had abandoned her ownership of the Avanti mark by granting naked licenses to Richter and Lawton-Shirley and Renee

Okoye, the therapist who ran an Avanti camp in New York for a few years. Defendants had adduced no evidence that Wilbarger had imposed express terms, conditions, restrictions or that she had retained reasonable control or supervision over the Wisconsin camp or the ways in which the Avanti name was used. Op. & Order, dkt. #34, at 14.

Plaintiff contends that defendants have once again failed to present evidence of any controlled license from defendant Wilbarger to Richter, Lawton-Shirley or Okoye. In particular, defendants have no evidence of a written agreement between Wilbarger and the third parties, no documentary evidence in plaintiff's corporate records mentions a license and no documentary evidence states explicitly that Camp Avanti was operating only pursuant to Wilbarger's approval. Additionally, plaintiff contends that because defendant Wilbarger did not attend Camp Avanti-St. Croix, was not presented staff manuals, information books or other camp materials for her review and approval and did not retain final decision-making authority over the operation of the camp, Wilbarger granted a naked license.

Plaintiff's arguments are not persuasive. In contrast to the sparse evidence that they presented in connection with their motion for a preliminary injunction, defendants have now produced undisputed evidence that defendant Wilbarger granted licenses to Richter and Lawton-Shirley and to Okoye. A trademark license can be made orally. E.g., Land O'Lakes Creameries, Inc. v. Oconomowoc Canning Co., 330 F.2d 667, 669 (7th Cir. 1964);

Doeblers' Pennsylvania Hybrids, 442 F.3d at 824; Moore Business Forms, Inc. v. Ryu, 960 F.2d 486, 489 (5th Cir. 1992); Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1017 (9th Cir. 1985). See also Villanova University v. Villanova Alumni Educational Foundation, Inc., 123 F. Supp. 2d 293, 308 (E.D. Pa. 2000) ("It is irrelevant whether the parties thought of the arrangement at the time in terms of an implied license. The test for whether or not an implied license existed is based solely on the objective conduct of the parties.") (citation omitted). In this case, all parties with personal knowledge of the discussions among Wilbarger, Richter, Lawton-Shirley and Okoye have testified to oral agreements through which Wilbarger licensed her mark to these individuals to replicate her model and offer a camp that would be called an Avanti camp.

In addition, defendants have produced undisputed evidence that Wilbarger exercised sufficient control over her licensees. The evidence shows that Richter, Lawton-Shirley and Okoye understood that their camps must follow defendant Wilbarger's methods. With respect to Avanti-Camp St. Croix, Wilbarger's personal involvement was continuous and significant. She trained Lawton-Shirley personally in the Avanti model and her daughter Julia trained Lawton-Shirley in that administrative running of the camp. The Wilbargers provided the forms, checklists, applications, releases, camper routines and other materials needed by Lawton-Shirley and Richter. These materials were used without significant change during the years that Lawton-Shirley and Richter operated Avanti-Camp St. Croix.

Wilbarger recruited therapists to work at the camp, participated in fundraising efforts for the camp and had regular telephone and in-person communication about camp with Richter, Lawton-Shirley and other colleagues who worked at the camp. Julia Wilbarger often attended camp, overseeing the practicum program and the orientation program. The Wilbargers also organized the Avanti Summits beginning in 1992, at which they discussed camp with other therapists. Finally, Wilbarger's colleague, Patti Oetter, who was trained in the Avanti model and had been the therapy coordinator at the California Avanti camp for six years, acted as Wilbarger's ambassador to Avanti-Camp St. Croix for 19 of the 20 years the camp was run by the licensees. Oetter gave Wilbarger feedback after every camp and Wilbarger discussed the feedback with Lawton-Shirley. Until 2010, Wilbarger never had concerns about the quality of the camp and whether the licensees were implementing her Avanti model properly.

With respect to Renee Okoye's camp, both defendant Wilbarger and Julia reviewed Okoye's materials, which were based on the materials they had given Lawton-Shirley and Richter. They spoke with her about her plans, knew her professionally and knew she was intimately familiar with the Avanti model, having worked for many years at Avanti-Camp St. Croix. Wilbarger reviewed video and other materials of Camp Dove Avanti East after camp and also knew the master therapists who worked at the camp. Finally, the fact that Wilbarger denied requests from other therapists to offer an Avanti camp because she did not

believe they would be able to insure integrity of the model is evidence that Wilbarger controlled the Avanti mark.

In light of this evidence, defendant Wilbarger's failure to attend Camp Avanti or personally review the camp materials each year is not sufficient to create a genuine dispute of material fact regarding plaintiff's abandonment defense. All of the evidence in the record supports defendants' position that Wilbarger retained control of her trademark "sufficient under the circumstances to insure that the licensee's goods or services would meet the expectations created by the presence of the trademark." Eva's Bridal, 639 F.3d at 790.

Plaintiff's third argument is that defendant Wilbarger, Richter and Lawton-Shirley breached their fiduciary duties and violated the "corporate opportunity" doctrine by failing to disclose the verbal licensing agreement between them. Plaintiff's argument is undeveloped and confusing. Plaintiff did not assert claims for breach of fiduciary duty and violation of the corporate opportunity doctrine in its complaint and did not name Richter or Lawton-Shirley as defendants in this action. Presumably plaintiff is asserting these corporate law doctrines as defenses to defendant Wilbarger's claim to ownership of the Avanti mark. However, plaintiff cites no cases suggesting that violation of these corporate law principles would invalidate a trademark right. The only cases plaintiff cites in support of her argument are cases describing generally what these doctrines are, not how they should apply in this case or any trademark case. Moreover, the evidence shows that the only defendant in this

case who served on plaintiff's board of directors was defendant Wilbarger, whose board affiliation existed only while Lawton-Shirley, Richter and others were on the board and were aware that Camp Avanti was being operated with her permission and according to her model. Thus, it is not clear what Wilbarger was supposed to disclose, to whom she should have disclosed it or what the consequences should be for any failure to do so. By failing to develop this argument adequately, plaintiff has waived it. Central States, Southeast & Southwest Areas Pension Fund v. Midwest Motor Express, Inc., 181 F.3d 799, 808 (7th Cir. 1999) ("Arguments not developed in any meaningful way are waived.").

Plaintiff's final argument is that it has organized and operated Avanti-Camp St. Croix in Wisconsin since 1989 and thus, it owns the rights to the name. Plaintiff cites language contained in letters to donors, grant applications, manuals and other booklets showing that plaintiff was the entity sponsoring Avanti-Camp St. Croix and that the camp was a project of plaintiff. Regardless whether plaintiff was the entity that organized and operated Camp Avanti since 1989, plaintiff did not obtain ownership rights in either the Avanti model or the Avanti name. It is undisputed that plaintiff's use of Avanti was not first or exclusive. Defendant Wilbarger ran an Avanti camp in California until 1989 and has conducted business and published articles in the field of sensory integration therapy through her company "Avanti Educational Programs, Inc." from 1989 to the present day. At the time Wilbarger granted permission to Richter and Lawton-Shirley to create an Avanti camp,

Wilbarger had been using the name for several years and plaintiff did not even exist. Further, a therapist not associated with plaintiff held an “Avanti” camp in New York from 2002 to 2004 and at least one other therapist was permitted to advertised her camp as being “based on” Wilbarger’s Avanti model. Finally, there is no suggestion that plaintiff was involved in the “Avanti Summits” that were held multiple times each year and at which therapists met to discuss evolving therapy methods.

In sum, plaintiff cannot establish any ownership rights in the Avanti mark in light of defendant Wilbarger’s primary, exclusive and continuous use. Because all of plaintiff’s claims depend on ownership of the mark, defendants are entitled to summary judgment on all of plaintiff’s claims.

Additionally, defendants are entitled to summary judgment on their own claim of infringement under § 43(a) of the Lanham Act. Defendant Wilbarger and her company, Avanti Education Programs, have a interest in the mark eligible for protection, Wilbarger revoked any permission that plaintiff may have had to use the mark and plaintiff’s continued use of the mark causes a likelihood of confusion between the source or affiliation of plaintiff’s camp and therapy services. E.g., Dunkin’ Donuts Franchised Restaurants LLC v. Elkhatabi, 2009 WL 2192753, *5 (N.D. Ill. July 17, 2009) (“Where a holdover franchisee . . . utilizes the franchisor’s marks, the likelihood of confusion is inevitable” and franchisee is infringing) (citations omitted); Days Inn Worldwide, Inc. v. Exhibit Chicago, Inc., 2009

WL 1010843, *7 (N.D. Ind. Apr. 14, 2009) (“The likelihood of confusion exists as a matter of law if a licensee continues to use marks owned by the licensor after termination of the license.”) (quoting Bunn-O-Matic Corp. v. Bunn Coffee Service, Inc., 88 F. Supp. 2d 914, 922 (C.D. Ill. 2000)).

B. Permanent Injunction

The final question is whether defendants are entitled to an immediate and permanent injunction preventing plaintiff from using “Avanti” or any confusingly similar mark in conjunction with a camp or in association with therapy services. The Lanham Act authorizes federal courts “to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable . . . to prevent the violation of any right” under § 43(a) of the Lanham Act. 15 U.S.C. § 1116(a).

In proving the need for an injunction, defendants must show that (1) it has suffered an irreparable injury; (2) the remedies available at law are inadequate to compensate for that injury; (3) considering the balance of hardships between the plaintiff and defendants, a remedy in equity is warranted; and (4) the public interest would not be disserved by a permanent injunction. eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006); e360 Insight v. The Spamhaus Project, 500 F.3d 594, 604 (7th Cir. 2007). The Court of Appeals for the Seventh Circuit has “clearly and repeatedly held that damage to a trademark holder’s

goodwill can constitute irreparable injury for which the trademark owner has no adequate legal remedy.” Re/Max North Century, Inc. v. Cook, 272 F.3d 424, 432 (7th Cir. 2001) (citations omitted). See also International Kennel Club of Chicago, Inc. v. Mighty Star, Inc., 846 F.2d 1079, 1092 (7th Cir. 1988) (“The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the defendants’ goods. Even if the infringer’s products are of high quality, the plaintiff can properly insist that its reputation should not be imperiled by the acts of another.”) (citation omitted).

So long as plaintiff continues to use the Avanti mark without defendants’ permission, defendants Wilbarger and Avanti Education Programs have no control over the mark or the potential harm to their goodwill. Plaintiff does not argue otherwise. Thus, defendants have established that there is irreparable injury and that money damages would be inadequate.

Additionally, defendants have shown that the balance of harms favors an injunction. An injunction would not prohibit plaintiff from maintaining relationships with existing clients, developing relationships with new clients and providing therapy services or even a therapy camp. Rather, an injunction would require only that plaintiff do so under a name other than Avanti.

Finally, in the trademark context, an injunction serves the public interest when it “prevents consumer confusion in the marketplace.” Promatek Industries v. Equitrac Corp.,

300 F.3d 808, 813-14 (2002). In this case, the injunction will prevent confusion among occupational therapists and persons interesting in attending the camp or sending their children to it. Therefore, I will grant defendants' request for a permanent injunction.

ORDER

IT IS ORDERED that

1. Plaintiff Avanti Center, Inc.'s motion for partial summary judgment, dkt. #37, is DENIED.

2. The motion for partial summary judgment, dkt. #47, filed by defendants Avanti Education Programs, Inc., Patricia L. Wilbarger, Avanti OT Projects, LLC and Kris Worrell is GRANTED.

3. Plaintiff is ENJOINED PERMANENTLY from using the mark "Avanti" or any confusingly similar mark in conjunction with a camp or in association with therapy services. Within 30 days of issuance of this order, plaintiff must file a notice with the court identifying the steps it has taken to comply with the injunction.

Entered this 21st day of December, 2011.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge