

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

SHELTERED WINGS, INC.,

Plaintiff,

v.

WOHALI OUTDOORS, LLC,

Defendant.

ORDER

11-cv-300-bbc

Plaintiff Sheltered Wings, Inc. has filed a motion to voluntarily dismiss this trademark infringement case without prejudice under Fed. R. Civ. P. 41(a)(2). In its motion, plaintiff explains that it brought this suit against defendant Wohali Outdoors, LLC after learning that defendant recently began to use the “Steel Eagle” mark in connection with the sale of optic equipment and that the mark is confusingly similar to the “Eagle,” “Eagle Optics,” “Strike Eagle” and “Golden Eagle” marks that plaintiff has used in connection with optics, including binoculars, spotting scopes and related equipment since 1987. Plaintiff alleges that it discovered defendant’s Steel Eagle mark on April 12, 2011, when the Patent and Trademark Office rejected plaintiff’s attempt to register its own Eagle trademark on the basis of a likelihood of confusion between defendant’s registered Steel Eagle mark and plaintiff’s Eagle

mark.

Believing that its own mark has priority over defendant's mark, plaintiff served its complaint on defendant. The parties commenced settlement discussions, during which plaintiff learned that only a small part of defendant's business involves use of the Steel Eagle mark in connection with optics and that defendant's historic sales and inventories of optics have been small. The parties were close to settling the case when defendant's insurer agreed to defend the case, retained insurance defense counsel for that purpose, ceased settlement negotiations and filed an answer to plaintiff's complaint. Although plaintiff was disappointed that this case was not settled, it decided that defendant's impact on the optics market and the potential monetary or injunctive relief is not sufficiently large to justify the substantial cost to litigate this matter. Instead, plaintiff plans to resolve the parties' disputes by seeking cancellation of defendant's Steel Eagle registration with the Patent and Trademark office, a significantly less expensive proceeding.

Defendant does not dispute most of the facts recited by plaintiff. However, defendant contends that plaintiff's case should be dismissed only *with* prejudice and on the conditions that plaintiff pay defendant's costs and attorney fees and be prohibited from seeking cancellation of defendant's mark before the Patent and Trademark Office. According to defendant, the real reason plaintiff wishes to dismiss the case is because plaintiff knows it lacks merit. In particular, defendant says that because the Patent and Trademark Office

rejected plaintiff's Eagle mark, plaintiff's trademark infringement case will fail.

Defendant's argument makes little sense. Plaintiff knew about the Trademark Office's rejection of its mark *before* it filed this lawsuit; in fact, the office action is what prompted this lawsuit. Plaintiff hoped for a speedy resolution of the dispute through settlement, which appeared to be imminent until defendant's insurer appeared in the case. A court can grant voluntary dismissal under Rule 41(a)(2) "on terms that the court considers proper." For example, the court may require that dismissal be with prejudice or condition the dismissal on plaintiff's payment of costs and attorney fees. Cauley v. Wilson, 754 F.2d 769, 771 (7th Cir. 1985). In deciding whether to dismiss a claim with prejudice, a court may consider "[t]he defendant's effort and expense of preparation for trial, excessive delay and lack of diligence on the part of the plaintiff in prosecuting the action, insufficient explanation for the need to take a dismissal, and the fact that a motion for summary judgment has been filed by the defendant." Federal Deposit Insurance Corp. v. Knostman, 966 F.2d 1133, 1142 (7th Cir. 1992) (quotation omitted).

It is appropriate to dismiss this case without prejudice and without payment of fees and costs. The case is still in its early stages, no dispositive motions have been filed, no significant fees or costs have been incurred by either party and there is no evidence that plaintiff has acted in bad faith or with excessive delay. Additionally, plaintiff has presented a legitimate reason for seeking dismissal of this case, namely, that the cost of litigation will

likely outweigh the value of any monetary or injunctive relief plaintiff could recover. Id. at 1142-43 (noting that it was appropriate for district court to grant voluntary dismissal of FDIC's claims following FDIC's conclusion that it would not be cost effective to pursue them). Although plaintiff believes pursuing its claims would not be cost effective at this time, it should be allowed to preserve its rights to reinstate its claims or seek other remedies in the event defendant's market share changes. Finally, I will not enter an order prohibiting plaintiff from seeking cancellation of defendant's mark with the Patent and Trademark Office. Defendant cites no support for this request and I can think of no justification for such an extraordinary prohibition.

ORDER

IT IS ORDERED that plaintiff Sheltered Wings, Inc.'s motion to dismiss this case without prejudice and without payment of costs and fees under Fed. R. Civ. 41(a)(2) is GRANTED. The clerk of court is directed to close this case.

Entered this 25th day of July, 2011.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge