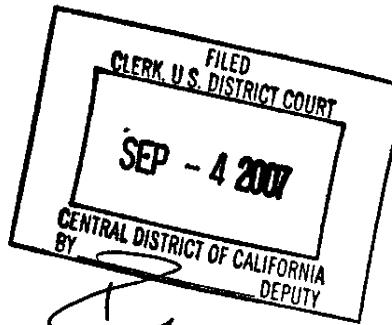


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THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA

FRIARS NATIONAL ASSOCIATION,)
INC.)

13 Plaintiff,

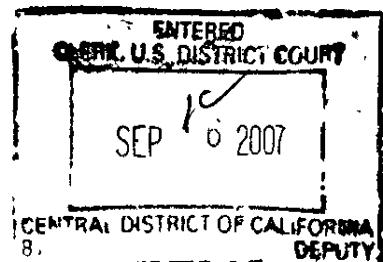
14 vs.

15 9900 SANTA MONICA, INC., et al,

16 Defendants.

Case No. CV 05-4109 ODW (PLAx)

ORDER GRANTING IN PART
AND DENYING IN PART
PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT



I. INTRODUCTION

On June 7, 2005, Plaintiff Friars National Association, Inc., doing business as "The New York Friars Club" ("Friars National") commenced this action against Defendant 9900 Santa Monica, Inc., doing business as "The Friars of Beverly Hills," and its owner Defendant Darren Schaffer (collectively, "FOBH"). Friars National claims FOBH infringed upon its common law mark "Friars" by operating "The Friars of Beverly Hills," a social club modeled after Plaintiff's own club. The Complaint set forth the following claims: (1) trademark infringement of "Friars" under Section 32(1) of the Lanham Act; (2) trademark infringement under Section 43(a) of the

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1 Lanham Act; (3) dilution under Section 43(c) of the Lanham Act; (4) dilution under
2 New York General Business Law Section 368-d; (5) dilution under California
3 Business and Professions Code Section 14330; (6) common law unfair competition;
4 and (7) unfair competition under California Business and Professions Code Section
5 17200.

6 Friars National now moves for summary judgment as to these claims and as to
7 FOBH's fraud counterclaim. FOBH claims Friars National committed fraud when it
8 filed this lawsuit alleging, among other claims, infringement of a registered trademark
9 – a registration that Friars National had expressly abandoned.

10 After considering the arguments and evidence raised in support of and in
11 opposition to the instant motion, as well as the arguments advanced by counsel at the
12 hearing, Friars National's Motion for Summary Judgment is hereby GRANTED in
13 part and DENIED in part.

14

15 **II. FACTS**

16 Except where otherwise indicated, the following facts are undisputed.

17 Friars National is a non-profit organization operated as a social club. (UF, 1.)
18 Since 1904, the organization has had many famous members and has sponsored
19 numerous events for members and their guests, including the Friars "roasts." (UF, 2,
20 4.) The City of New York recognized the organization by naming the block on which
21 it is located "Friars Way" and declaring June 14, 2004 "Friars Club Centennial Day."
22 (UF, 3-4.) The Friars Club has also been the subject of photos, books, articles,
23 movies, and television shows, including a 2004 DVD entitled "A Salute to the Friars
24 Club" and an episode of the television show "Seinfeld." (UF, 8-10.)

25 In 1947, Friars National signed an agreement with Friars Club of California
26 ("FCC") regarding "use of the name 'Friars' in the title of its organization, and the

1 use of the name ‘Friars Club.’” (Opp’n at 2.) Like Friars National in New York, FCC
2 was a non-profit, membership-only club. (UF, 13.) It was formed when members of
3 Friars National in New York decided to go to California to “start an organization for
4 entertainment personalities on the West Coast.” (UF, 14.)

5 Among other things, the 1947 agreement required FCC to pay annual dues and
6 included the following provision: “The name of the ‘Friars’ shall not be used by you
7 in connection with any commercial or business purpose of any kind (including motion
8 pictures, radio, television or any stage show) without the written consent of the Friars
9 National Association, Inc. [] and then only [on] terms to be agreed upon by the New
10 York club.” (Decl. of Jamie Brickell, Ex. 19.)¹

11 In 1962, Friars National complained that FCC had failed to pay the agreed
12 upon dues. (UF, 20.) Counsel for FCC responded by letter, making the following
13 acknowledgments: “The New York Friars Club has the exclusive right to the name
14 ‘Friars Club’ and all rights inherent thereto;” and “The California Friars Club derives
15 its right to the use thereof by a license from you (as per agreements and amendments
16 thereto).” (Decl. of Jamie Brickell, Ex. 22.) In 1993, in relation to a disagreement
17 between Friars National and FCC regarding the television broadcast of an event, FCC
18 received an opinion letter from its counsel stating that FCC could not use the name
19 “Friars” or “Friars Club” for commercial or business purposes. (UF, 27.)

20 In 1998, a dispute arose between FCC and Friars National regarding the use of
21 the names “Friars” and “Friars Club.” (Opp’n at 2-3.) A lawsuit was filed in the
22 Southern District of New York (*Friars Nat. Assoc., Inc. v. Friars Club of California,*
23 *Inc.*, 99-CV-3615 (JKG)), but was subsequently settled in February 2000. (January
24 23, 2007 Order at 3.) As a result of the settlement, Friars National agreed to

25
26
27 ¹ FOBH’s objections to Friars National’s evidence are overruled.
28

1 withdraw three pending federal trademark applications for “Friars Club,” “Friars
2 Frolic,” and “Friars Club Celebrity Roast.” (Id.)
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In March of 2000, an Express Abandonment of Trademark Application was
executed by Plaintiff; however, in September, the United States Patent and Trademark
Office (“PTO”) registered the marks “Friars Club” and “Friars Frolic.” (Id.)
Following Friars National’s complaint for trademark infringement in this action,
FOBH (which was not a party to the 1998 dispute) filed a counterclaim seeking
cancellation of the registrations, and moved for summary adjudication of the issue.
(Id.) In January 2007, the Court granted FOBH’s motion. (Id. at 12.)

In 1992, Irwin Schaffer became President of FCC. (UF, 29.) In 2004, FCC
sold its assets to Defendant 9900 Santa Monica, Inc., owned by Irwin Schaffer’s son,
Darren Schaeffer. (UF, 37-38.) The sale agreement purports to transfer to 9900
Santa Monica, Inc. “the trade name ‘Friars Club of California.’” (UF, 38.)² After the
sale, 9900 Santa Monica, Inc. was renamed “The Friars of Beverly Hills” (“FOBH”).
Darren Schaefer purchased FCC to “save the traditions of the Friars Club” and to
“keep the place as status quo as possible.” (UF, 44, 45.) Irwin Schaeffer testified that
his son “decided he was going to make the Friars Club historical by remodeling it ...
and making it look like [what] the New York club should look like.” (UF, 46.)

² Friars National argues the asset transfer could not have transferred the right to use the name
“Friars” because the Friars National-FCC license was not transferable. (Mot. at 11.) *See Miller v.*
Glenn Miller Productions, 318 F. Supp. 2d 923, 937-40 (C.D. Cal. 2004) (“[A] trademark licensee
[] may not sub-license without express permission from the original licensor.”); MCCARTHY ON
TRADEMARKS § 18:43 (same). FOBH does not dispute that the license was not transferable;
rather, FOBH argues there was no agreement as to the use of the “Friars” name between Friars
National and FCC and that “the Friars Club of California had its own rights and gained its own
notoriety in California and was not a licensee of the name in California.” (Opp’n at 7.) Contrary
to FOBH’s assertion, however, it is undisputed that FCC derived its right to the name “Friars Club”
“by a license from [Friars National] (as per agreements and amendments thereto.)” (UF, 21; Brickell
Decl., Exhs. 19-22.) Further, the notoriety gained by FCC stems from Friars National and the history
and traditions associated therewith. Accordingly, and as FOBH does not dispute that the license was
not transferable, FOBH could not have derived the right to use the name “Friars” (in association with
a social club) from FCC.

1 Defendants also admit that they view "Friars" as a "luxury brand," and that they plan
2 to use FOBH and the mark for commercial purposes. (UF, 67, 68.)

3 FOBH has held itself out as the successor to the Friars Club of California and
4 taken steps to retain FCC's members. The press and third parties refer to FOBH as
5 "The Friars Club," as do those who visit FOBH. (UF, 63.) FOBH also refers to itself
6 as "The Friars Club" or "The Friars" and represents itself as such. (UF, 54.)

7

8 III. DISCUSSION

9 A. Legal Standard Governing Summary Judgment

10 Rule 56(c) requires summary judgment for the moving party when the
11 evidence, viewed in the light most favorable to the nonmoving party, shows that there
12 is no genuine issue as to any material fact, and that the moving party is entitled to
13 judgment as a matter of law. Fed.R.Civ.P. 56(c); *Tarin v. County of Los Angeles*, 123
14 F.3d 1259, 1263 (9th Cir. 1997).

15 The moving party bears the initial burden of establishing the absence of a
16 genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986).
17 That burden may be met by "showing" – that is, pointing out to the district court –
18 that there is an absence of evidence to support the nonmoving party's case." *Id.* at
19 325. Once the moving party has met its initial burden, Rule 56(e) requires the
20 nonmoving party to go beyond the pleadings and identify specific facts that show a
21 genuine issue for trial. *Id.* at 323-24; *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242,
22 248 (1986). "A scintilla of evidence or evidence that is merely colorable or not
23 significantly probative does not present a genuine issue of material fact." *Addisu v.*
24 *Fred Meyer*, 198 F.3d 1130, 1134 (9th Cir. 2000).

25 Only genuine disputes - where the evidence is such that a reasonable jury could
26 return a verdict for the nonmoving party - over facts that might affect the outcome of
27

1 the suit under the governing law will properly preclude the entry of summary
2 judgment. *Anderson*, 477 U.S. at 248; *see also Arpin v. Santa Clara Valley Transp.*
3 *Agency*, 261 F.3d 912, 919 (9th Cir. 2001) (the nonmoving party must present
4 specific evidence from which a reasonable jury could return a verdict in its favor).

5

6 **B. Plaintiff's Motion for Summary Judgment**

7 Friars National moves for summary judgment as to the following claims: (1)
8 trademark infringement under Section 32(1) of the Lanham Act; (2) trademark
9 infringement under Section 43(a) of the Lanham Act; (3) dilution under Section 43(c)
10 of the Lanham Act; (4) dilution under New York General Business Law Section 368-
11 d; (5) dilution under California Business and Professions Code Section 14330; (6)
12 common law unfair competition; and (7) unfair competition under California
13 Business and Professions Code Section 17200. Friars National also moves for
14 summary judgment as to FOBH's fraud counterclaim.

15 In order to maintain a claim under Section 32(1) of the Lanham Act, however,
16 a plaintiff must have a *registered* mark. 15 U.S.C. § 1114(a). In light of the Court's
17 January 2007 Order, Friars National does not have a registered mark in "Friars" or
18 "Friars Club" and, therefore, Plaintiff's motion under Section 32(1) is DENIED.
19 Further, the Court finds that FOBH, a California corporation with its principal place
20 of business in this state, is not subject to the laws of the State of New York.
21 Accordingly, Plaintiff's motion for summary judgment as to its dilution claim under
22 New York law is also DENIED. Both claims are DISMISSED. The Court now turns
23 to Plaintiff's remaining claims.

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1 1. Infringement under Section 43(a)

2 Plaintiff argues that Defendants' use of the "Friars" name (and its associated
3 goodwill) to operate FOBH violates Section 43(a) of the Lanham Act. Section 43(a)
4 provides:

5 Any person who, on or in connection with any goods or services, or any
6 container for goods, uses in commerce any word, term, name, symbol,
7 or device, or any combination thereof, or any false designation of origin,
8 false or misleading description of fact, or false or misleading
9 representation of fact, which -- (A) is likely to cause confusion, or to
10 cause mistake, or to deceive as to the affiliation, connection, or
11 association of such person with another person, or as to the origin,
12 sponsorship, or approval of his or her goods, services, or commercial
13 activities by another person ... shall be liable in a civil action by any
14 person who believes that he or she is or is likely to be damaged by such
15 act.

16 15 U.S.C.A. § 1125(a)(1)(A)

17 While the plain language of Section 43(a) does not expressly provide for the
18 protection of unregistered marks, courts have universally read such protection into
19 the statute when a mark is "distinctive." *See Wal-Mart Stores, Inc. v. Samara Bros.,*
20 *Inc.*, 529 U.S. 205, 210 (2000); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763,
21 768 (1992). The Supreme Court has provided the following explanation of the
22 "distinctiveness" test:

23 [C]ourts have held that a mark can be distinctive in one of two ways.
24 First, a mark is inherently distinctive if "[its] intrinsic nature serves to
25 identify a particular source." [citation] In the context of word marks,
26 courts have applied the now-classic test originally formulated by Judge
27 Friendly, in which word marks that are "arbitrary" ("Camel" cigarettes),
28 "fanciful" ("Kodak" film), or "suggestive" ("Tide" laundry detergent)
 are held to be inherently distinctive. [citation] Second, a mark has
 acquired distinctiveness, even if it is not inherently distinctive, if it has
 developed secondary meaning, which occurs when, "in the minds of the
 public, the primary significance of a [mark] is to identify the source of
 the product rather than the product itself."

29 *Wal-Mart Stores, Inc.*, 529 U.S. at 210-11 (citations omitted)

30 Thus, to prevail on its infringement claim, Friars National must show (1) that
31 "Friars" is distinctive and entitled to protection, and (2) "likelihood of confusion."

a. “Friars” is Distinctive

Defendants argue that the name “Friars” is not inherently distinctive because it is not arbitrary, fanciful or suggestive. (Opp’n at 1, 6.) At most, Defendants contend, the mark is descriptive and Plaintiff must show “secondary meaning.” *Id.*; see *Rudolph Intern., Inc. v. Realys, Inc.*, 482 F.3d 1195, 1198 (9th Cir. 2007) (“Descriptive terms generally do not enjoy trademark protection but may be protected if they acquire ‘secondary meaning’ in the minds of consumers, i.e., [they] become distinctive of the trademark applicant’s goods in commerce.”). (internal quotations and citations omitted)

Defendants argue “‘Friars’ is a dictionary term descriptive of a ‘brotherhood’ – which equates to its dictionary definition.” (Opp’n at 11.) While “Friars” is indeed descriptive of “brotherhood”, it is also suggestive – with “the exercise of some imagination” – of a fraternal order or a club. *See Brother Records, Inc. v. Jardine*, 318 F.3d 900, 906 (9th Cir. 2003) (“[A] suggestive mark conveys an impression of a good but requires the exercise of some imagination and perception to reach a conclusion as to the product’s nature, and therefore carries both a primary descriptive meaning and a secondary trademark meaning.”); *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 912 (9th Cir. 2002) (“TREK is a suggestive mark because ‘trek’ means a long journey, and one can undertake a long journey on a bicycle.”).

Assuming “Friars” is merely descriptive, however, FOBH has all but conceded that the name has in fact acquired secondary meaning in the minds of consumers. For example, Irwin Schaeffer testified that people walk into Defendants’ club “and call it ‘The Friars Club.’” (UF, 64.) While this testimony goes to show likelihood of confusion, it also demonstrates that when consumers think of “Friars” they “identify the source of the [service] rather than the [service] itself.” *Wal-Mart Stores, Inc.*, 529

1 U.S. at 211. The media also associates FOBH with the Friars Club, and refers to
2 FOBH as “The Friars Club.” (UF, 63.)

3 Further, FOBH admits that it views “Friars” as a “luxury *brand*,” that
4 “[e]verybody knows the Friars in the Country,” and that the Friars name is “a legacy”
5 and “historic.” (UF, 68, 47, 48; Darren Schaeffer Depo.) And, Defendant Darren
6 Schaeffer’s deposition testimony makes it clear that he intended to capitalize on the
7 “Friars” name by emulating it in every respect. (UF 47-55.) Accordingly, the Court
8 finds that “Friars” is suggestive *and* has developed secondary meaning.

9 **b. Likelihood of Confusion**

10 Having established distinctiveness, Plaintiff must also show that Defendants’
11 use of the name “The Friars of Beverly Hills” is likely to cause confusion “as to the
12 affiliation, connection, or association” of FOBH with Friars National. 15 U.S.C. §
13 1125(a)(1)(A). Plaintiff’s showing implicates the following factors: (1) strength of
14 the mark; (2) proximity or relatedness of the goods; (3) similarity of sight, sound and
15 meaning; (4) evidence of actual confusion; (5) marketing channels; (6) type of goods
16 and purchaser care; (7) intent; and (8) likelihood of expansion. *AMF, Inc. v.*
17 *Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

18 The *Sleekcraft* factors relevant in this case are met. First, the “Friars” name is
19 inherently distinctive and well recognized, and although “Friars” is merely
20 suggestive, FOBH’s own evidence demonstrates that it has acquired greater
21 distinctiveness among consumers. Second, FOBH uses the word “Friars” in the name
22 of its social club, which provides the same types of amenities and services to its
23 members as Friars National. Third, the marks are similar, the only difference being
24 the geographic designations “New York” and “Beverly Hills.” Further, although
25 FOBH dropped “Club” from its name, the Court bears in mind that similarities are
26 weighed more heavily than differences. As the Ninth Circuit observed, FOBH uses

1 “the ['Friars'] mark by incorporating [it] into its own mark as a separate, visually
2 identifiable element, and [] a significant segment of the consuming public would
3 likely [and in fact do] focus on that element as an identifier essentially the same as
4 [Friars National's] mark.” *Thane Intern.*, 305 F.3d at 907.

5 Fourth, members/patrons of FOBH admittedly “make an assumption” and call
6 FOBH “The Friars Club.” Fifth, as neither side addresses the marketing channels, the
7 Court finds that this factor is impertinent, and does not alone preclude a finding of
8 likelihood of confusion. Sixth, while the services offered by the parties are aimed at
9 the affluent, nothing suggests that the relevant consumers exercise greater care when
10 they transact business. Seventh, Defendants admit that FOBH was created to “save
11 the traditions of the Friars Club” and made to “look like the New York Club should
12 look like.” (UF, 44, 46.) For good measure, Defendants also admit that they
13 themselves often refer to FOBH “as ‘The Friars Club’ or merely ‘The Friars.’” (UF,
14 54; Brickell Decl., Exhs. 37-50.)³ Finally, to the extent relevant, “likelihood of
15 expansion” also weighs in favor of Plaintiff, as Friars National may license a new
16 party (after FCC became defunct in 2004) to operate “The Friars Club” in California.

17 In short, Plaintiff has shown – largely through the admissions of Defendants,
18 that FOBH’s use of the “Friars” name is likely to (and in fact did) cause confusion
19 among consumers. Accordingly, Plaintiff’s motion for summary judgment as to its
20 infringement claim under Section 43(a) of the Lanham Act is GRANTED.

21
22 ³ Defendants’ argument that Plaintiff cannot show likelihood of confusion without survey evidence
23 is unavailing. *See Dr Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th
24 Cir. 1997) (“There are at least three types of proof of likelihood of confusion: (1) survey evidence;
25 (2) evidence of actual confusion; and (3) an argument based on an inference arising from a judicial
26 comparison of the conflicting marks themselves and the context of their use in the marketplace.”).
27 Here, Defendants themselves have produced evidence of actual confusion, and a judicial comparison
28 of the conflicting marks and the context of their use in the marketplace raises an inference of
confusion.

2. Dilution under Section 43(c) of the Lanham Act

2 Anti-dilution is the most potent form of trademark protection and has the
3 potential of “over-protecting trademarks.” *Thane Int'l, Inc.*, 305 F.3d at 908. Aside
4 from establishing the identity or near identity of the marks, a party alleging dilution
5 must prove that (1) its mark is famous; (2) the defendant is making commercial use
6 of the mark in commerce; (3) the defendant's use began after the plaintiff's mark
7 became famous; and (4) the defendant's use presents a likelihood of dilution of the
8 distinctive value of the mark. *Avery Dennison, Corp. v. Sumpton*, 189 F.3d 868, 874
9 (9th Cir. 1999).⁴ As the anti-dilution statute is relatively new, “courts . . . do better
10 to feel their way from case to case . . . rather than ruling in sweeping brush strokes.”
11 *Thane Int'l*, 305 F.3d at 905.

a. Identity or Near Identity

“Friars of Beverly Hills” is not identical to “Friars” (or “The New York Friars Club”), but it is nearly identical. “For marks to be nearly identical to one another, they ‘must be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.’” *Thane Int’l*, 305 F.3d at 906 (quoting *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796, 806 n.41 (9th Cir. 2002)); see also *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 458 (4th Cir. 1999) (near identity requires “sufficient similarity between the junior and senior marks to evoke an instinctive mental association of the two by a relevant universe of consumers.”) (internal quotations omitted). But see *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 469 (7th Cir.

⁴ The second and third factors are satisfied here. FOHB uses the “Friars” mark in commerce and Defendants started using the mark in 2004, well after it became famous (as discussed below).

1 2000) (applying the same similarity test for a dilution claim used for a related
2 infringement claim).⁵

3 While not identical, the only difference between “Friars” and “Friars of Beverly
4 Hills” is the geographic designation “of Beverly Hills.” But FOBH “may not evade
5 trademark law” by adopting Friars National’s name and adding a geographic
6 reference to try and distinguish its name. *Lozano Enters. v. La Opinion Publ. Co.*,
7 1997 U.S. Dist. LEXIS 20372, 8-9 (C.D. Cal. July 30, 1997); *see also Int'l Kennel*
8 *Club, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1088 (7th Cir. 1988) (words “de New
9 York” after words “Lycee Francais” to describe institution “is of little significance.
10 Both would ordinarily be called . . . ‘Lycee Francais.’”) (quotations and citation
11 omitted); *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 142 (3d Cir.
12 1981) (trademarked name preceded by geographic designation “Philadelphia”).

13 Further, after setting forth the Second Circuit’s view that “the similarity
14 requirement may be less stringent in circumstances in which the senior mark is highly
15 distinctive and the junior mark is being used for a closely related product [or
16 service],” the Ninth Circuit noted that its test (as announced in *Playboy Enterprises*)
17 accommodates such an approach. *Thane Int'l*, 305 F.3d at 907 n.7 (Ninth Circuit test
18 “may accommodate circumstances in which the senior mark is so highly distinctive
19 that consumers are likely to view a junior mark that is a bit different as ‘essentially
20 the same’ as the senior one.”).

21 This is one of those circumstances envisioned by the Second Circuit and *Thane*
22 *Int'l*. As discussed above, and demonstrated by the entire record, “Friars” has
23 become highly distinctive. And, the evidence conclusively establishes that consumers
24 and the public at large, including Defendants, are likely to, and in fact do, focus on

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26 ⁵ As Section 43(c) demands greater similarity than 43(a) in the Ninth Circuit, the Court’s discussion
here also applies to the infringement claim above.
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1 the “Friars” name and view FOBH and Friars Club as “essentially the same.” *Id.* at
2 907; *See, e.g.*, (UF, 63; Brickell Decl., Exh. 34, 58-61) (FOBH patrons – the target
3 group of consumers – often refer to FOBH as “The Friars Club.” The press and third
4 parties also refer to FOBH as the “Friars Club.”). Finally, the junior mark (Friars of
5 Beverly Hills) is being used in the same niche market (and provides the same
6 services) as the senior mark.

7 Accordingly, the Court finds the names nearly identical, and although they may
8 seem a bit different, consumers are likely to (and in fact do) view them as essentially
9 the same.

10 **b. Fame**

11 To meet the famousness requirement under 43(c) a mark must be “truly
12 prominent and renowned.” *Thane Int'l*, 305 F.3d at 907-08. The following factors are
13 relevant to this inquiry: (I) The duration, extent, and geographic reach of advertising
14 and publicity of the mark, whether advertised or publicized by the owner or third
15 parties; (ii) The amount, volume, and geographic extent of sales of goods or services
16 offered under the mark; (iii) The extent of actual recognition of the mark; and (iv)
17 Whether the mark was registered under the Act of March 3, 1881, or the Act of
18 February 20, 1905, or on the principal register. 15 U.S.C.A. § 1125(c)(2)(A)

19 Here, Friars National and third parties (including the media) have widely
20 publicized “Friars” for at least eighty (80) years. (*See* Brickell Decl., Exh. 14)
21 (collection of newspaper articles from throughout the country dating back to 1927).
22 The Friars’ publicity has also reached the entire country through television shows,
23 books and movies, and has not been restricted to New York and California, as
24 Defendants argue. Friars National offered various services under the “Friars” mark
25 in New York City and allowed FCC to do the same in California – through a license
26 for use of the “Friars” name. Further, “Friars” (like the Friars Club) is well

1 recognized, as demonstrated by Defendants' own admissions. And, while "Friars"
2 was not registered under the aforementioned acts, Friars National has been using
3 "Friars" for over a hundred years. In light of this evidence, and Defendants'
4 acknowledgment thereof, the Court is inclined to find "Friars" famous for purposes
5 of the federal anti-dilution statute.

6 The Court need not go so far as to hold that "Friars" is a "household name,"
7 however, because even if "Friars" has not become "truly prominent and renowned,"
8 it has certainly attained famousness in a niche market. *See Thane Int'l*, 305 F.3d at
9 908 ("[M]arks famous in only a limited geographic area or a specialized market
10 segment can be 'famous' for the purposes of the federal anti-dilution statute."). Niche
11 fame protection is limited, however, protecting a mark "only when [it] is famous
12 within a niche market and the alleged diluter uses the mark within that niche." *Id.*
13 Defendants use the mark "Friars" to run a social club modeled after The Friars Club,
14 diluting the name within that niche. (*See* UF 44, 46) This is a classic case of niche
15 fame (and dilution).

16 While "Friars" may not have attained the famousness of Coca-Cola and
17 Mercedes-Benz, among others, Defendants' own admissions establish that "Friars"
18 is famous within a niche market – social clubs for the famous and affluent. For
19 example, Defendants admit that they view "Friars" as a "luxury brand," (UF 68.), that
20 their customers recognize the "Friars Club," and Darren Schaeffer concedes that "the
21 Friars name is 'a legacy'" in the entertainment industry and "the country." (UF, 48.)
22 Further, Plaintiff's evidence – including books, articles, movies and television shows
23 regarding the history and fame of the Friars (UF, 10-12) – demonstrates that "Friars"
24 has attained sufficient niche fame for purposes of the anti-dilution statute. Thus, as
25 Plaintiff's mark is both distinctive (*See* section III (B)(1)(a)) and famous, the Court
26 turns to dilution or "blurring."

c. Likelihood of Dilution

i. The Governing Law

FOBH contends Plaintiff must show actual dilution, relying on *Moseley v. V*
Secret Catalogue, 537 U.S. 418 (2003) (claim under 15 U.S.C. § 1125(c)(1)
“unambiguously requires a showing of actual dilution, rather than a likelihood of
dilution.”). However, *Moseley* has been superseded by the Trademark Dilution
Revision Act of 2006, which merely requires likelihood of dilution – consistent with
the Ninth Circuit’s *Avery Dennison* test. *See* Pub. L. No. 109-312 § 2(1), 120 Stat.
1730.

Further, while the Ninth Circuit has not applied the amended statute to cases filed before its effective date,⁶ this Court is compelled to do so here because “[w]hen the intervening statute authorizes or affects the propriety of prospective relief [as it does here], application of the new provision is not retroactive.” *Landgraf v. Usi Film Prods.*, 511 U.S. 244, 273-74 (1994) (“[R]elief by injunction operates *in futuro*,’ and [] plaintiff had no ‘vested right’ in the decree entered by the trial court.”) (quoting *American Steel Foundries v. Tri-City Central Trades Council*, 257 U.S. 184 (1921)) (Section 20 of the Clayton Act, enacted while case was pending on appeal, governs propriety of injunctive relief); *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 477 F.3d 765, 766 (2d Cir. 2007) (applying the Trademark Dilution Revision Act of 2006 to claim filed in 2005). Accordingly, the Court applies 15 U.S.C. § 1125(c) as amended by the Trademark Dilution Revision Act of 2006.⁷

⁶ See *Horphag Research Ltd. v. Garcia*, 475 F.3d 1029, 1036 (9th Cir. 2007) (“The Supreme Court, in *Moseley*, altered the last element of our *Avery Dennison* test to require a showing of ‘actual dilution.’”). (citation omitted); *Jada Toys, Inc. v. Mattel, Inc.*, -- F.3d --; 2007 WL 2199286; 2007 U.S. App. LEXIS 18339 n.2 (9th Cir. August 2, 2007) (noting, without discussion, that the Trademark Dilution Revision Act of 2006 does not apply to case before it but finding that counterclaimant showed actual dilution.).

⁷ To the extent that the Court's decision is inconsistent with *Jada Toys*, the Court notes that *Jada Toys* did not discuss why the revision act of 2006 did not apply to the case before it. Further, *Jada Toys*

ii. Application

Section 43(c) defines blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 15 U.S.C. § 1125(c)(2)(B). Blurring occurs when “a defendant uses a plaintiff’s trademark to identify the defendant’s goods or services, creating the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff’s product.” *Panavision Intern., L.P. v. Toeppen*, 141 F.3d 1316, 1326 n7 (9th Cir. 1998).

The following factors guide the inquiry:

(I) The degree of similarity between the mark or trade name and the famous mark; (ii) The degree of inherent or acquired distinctiveness of the famous mark; (iii) The extent to which the owner of the famous mark is engaged in substantially exclusive use of the mark; (iv) The degree of recognition of the famous mark; (v) Whether the user of the mark or trade name intended to create an association with the famous mark; [and] (vi) Any actual association between the mark or trade name and the famous mark.

15 U.S.C.A. § 1125(c)(2)(B)

Consideration of these factors draws the conclusion that Defendants' use of "Friars" is likely to (and in fact did) blur Plaintiff's mark. First, "Friars of Beverly Hills" is similar to "Friars" and "Friars Club," the only difference being the inconsequential geographic designations "Beverly Hills" and "New York." Second, "Friars" is inherently distinctive and has acquired even greater distinctiveness among the target consumers. Third, while it is true that "Friars" is used in association with a fried chicken restaurant, a tuxedo rental retailer and other ventures (Opp'n at 10),

Toys ' holding appears inconsistent with Ninth Circuit precedent finding application of the Federal Trademark Dilution Act of 1996 proper. *See Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1009 (9th Cir. 2004) (“[A]pplication of the FTDA is not retroactive because it only authorizes prospective relief.”) (citing *Landgraf*, 511 U.S. at 273.). As the revision act of 2006 merely affects prospective relief (injunctions), this Court follows *Nissan* and *Landgraf*. The Court notes that *Jada Toys* has yet to be published and is subject to revision.

1 Friars National is the only entity presently (lawfully) using “Friars” in association
2 with a social club. The only other entity to use the mark in the operation of a social
3 club was FCC, through a strictly enforced license agreement with Friars National.
4 Fourth, “Friars” is widely recognized, as Defendants’ (and Plaintiff’s) evidence
5 demonstrates. Fifth, FOBH admits that its use of the name “Friars” is intended to
6 create an association with Friars National. (UF, 46, 51.) And, Defendants’ evidence
7 also demonstrates that they and their customers actually associate FOBH with the
8 Friars Club. (UF, 63.)

9 In short, Defendants are using a mark (used by Friars National for over a
10 hundred years) to identify a social club that is for all intents and purposes modeled
11 after Plaintiff’s historic club. Defendants admit that they have made FOBH “look like
12 the New York club should look like” and have told the public that “the Friars will
13 simply become a more grand version of itself.” (UF, 46, 51.) They also admit that
14 consumers associate FOBH with the Friars Club. *See Playboy Enterprises*, 279 F.3d
15 at 809 (“Dilution works its harm not by causing confusion in consumers’ minds
16 regarding the source of a good or service, but by creating an association in
17 consumers’ minds between a mark and a different good or service.”).

18 Clearly, FOBH’s use of the “Friars” name is likely to create an association
19 between FOBH and Friars Club – undermining Plaintiff’s ability to uniquely identify
20 Friars National, and allowing FOBH to profit on Friars National’s investment in
21 “Friars” and the Friars Club. *See Id.* at 805 (anti-dilution statute protects against
22 “appropriation of or free riding on the investment [the trademark holder] has made
23 in its [trademark].”). FOBH’s “free riding on the investment” of Friars National must
24 now come to an end.

25 Accordingly, Plaintiff’s motion for summary judgment as to its dilution claim
26 under Section 43(c) of the Lanham Act is GRANTED.

3. Dilution Under California Business and Professions Code Section 14330

The legal framework used to analyze dilution under California Business and Professions Code Section 14330 is “substantially the same as the framework used to evaluate claims under the Lanham Act.” *E.E.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 444 F.Supp.2d 1012, 1049 (C.D. Cal. 2006); *See also Panavision Intern., L.P.*, 141 F.3d at 1324. As the Court has already found dilution under Section 43(c), Plaintiff’s motion for summary judgment as to this claim is likewise GRANTED.

4. Common Law Unfair Competition and Unfair Competition
Under California Business and Professions Code Section
17200

An unfair competition claim under California Business and Professions Code Section 17200 requires an unlawful, unfair, or fraudulent business act or practice. Cal. Bus. & Prof. Code § 17200. The Court has already found Defendants' use of the "Friars" mark unlawful under Sections 43(a) and 43(c) of the Lanham Act (15 U.S.C. §1125) and under Section 14330 of the California Business and Professions Code. Accordingly, Plaintiff's motion for summary judgment as to its unfair competition claims is GRANTED.

C. FOBH's Fraud Counterclaim

Friars National also moves for summary judgment as to Defendants' fraud counterclaim. Defendants' fraud claim requires: (1) a misrepresentation by the Plaintiff/Counter-Defendant, (2) knowledge of the falsity of its representation, (3) intent to defraud, (4) justifiable reliance on the misrepresentation by counter-claimant, and (5) resulting damages. *See Lazar v. Superior Court*, 12 Cal. 4th 631, 638 (1996). Defendants claim Friars National committed fraud by asserting a

1 claim based on “registered” trademarks, which Friars National had expressly
2 abandoned. This counterclaim is hopelessly uncertain, if not frivolous.

3 In their Opposition, Defendants claim Friars National’s misrepresentation is
4 the filing of its first claim in this action, trademark infringement of a registered
5 trademark – a registration that Friars National had expressly abandoned. (Opp’n
6 at 14.) Defendants go on to explain that the alleged intent to defraud “stems from
7 Counter-Defendant attempting to induce Counterclaimant to cease using the name
8 ‘Friars of Beverly Hills.’” (Id.) Defendants then *incongruently* argue that they
9 relied on Friars National’s alleged misrepresentation “when they purchased the
10 assets and goodwill of Friars Club of California, Inc. [believing] that they would
11 be able to proceed without there being a federal trademark registration in place.”
12 (Id.)

13 In essence, FOBH argues that when it acquired FCC’s assets in 2004 it
14 relied on a misrepresentation (the 2005 claim for infringement of a registered
15 trademark) made one year later. The reasonable formulation of FOBH’s claim, as
16 set forth in the countercomplaint, is that it bought FCC’s assets (in 2004) in
17 reliance on Friars National’s representation to FCC (in 2000) that it would
18 abandon the pending registrations. This argument fails, however, not merely
19 because FOBH cannot show intent to defraud, but because Friars National did not
20 misrepresent that it would abandon its trademark applications. Friars National in
21 fact filed a form abandoning its applications, but the PTO registered the marks
22 despite the abandonment. Further, although this Court previously cancelled the
23 registrations, it denied FOBH’s motion for sanctions. (See January 23, 2007
24 Order.) Simply, Friars National did not misrepresent that it would abandon its

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1 trademark applications and, though its infringement claim under Section 32(a) was
2 ill advised, it does not constitute fraud.⁸

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3 Accordingly, Plaintiff's Motion for Summary Judgment as to Defendants'
4 Fraud Counterclaim is GRANTED.

5

6 **IV. CONCLUSION**

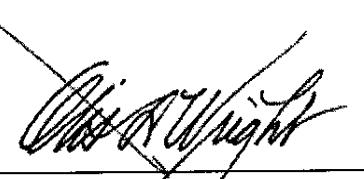
7 FOBH has intentionally infringed on the "Friars" name. It has also blurred
8 the name and undermined Friars National's ability to uniquely identify itself and
9 its services. Accordingly, Plaintiff's Motion for Summary Judgment is
10 GRANTED, except as to the claims under Section 32(1) of the Lanham Act and
11 New York General Business Law 368-d, which are DISMISSED. Plaintiff is to
12 prepare and lodge a Proposed Entry of Judgment with the Court within 14 days of
13 the date of this order.

14

15 **IT IS SO ORDERED.**

16

17 DATED: September 4, 2007



18

19 Otis D. Wright II
20 United States District Judge

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22

23 ⁸ Even if FOBH were able to establish a fraud claim, it cannot recover damages for "uncertainty
24 regarding use of the name Friars of Beverly Hills." (See Opp'n at 15.) Nor can FOBH recover the
25 costs of this lawsuit on a theory of fraud. (Id.) Among other things, FOBH could not have
26 reasonably relied on the allegedly fraudulent claim, which it knew was based on a trademark
27 registration that had been "EXPRESSLY abandoned." (Id.) (emphasis in original) And, while
FOBH had to defend against an unsubstantiated claim, it also had to (unsuccessfully) deal with other
claims, and costs related to the allegedly fraudulent claim would be far too speculative to parse out.