LEXSEE 2000 US DIST LEXIS 16504

BEVERAGE MARKETING USA, INC., a New York Corporation, and HORNELL BREWING CO., a New York Corporation, Plaintiffs,-against-SOUTH BEACH BEVERAGE CORPORATION, a Connecticut Corporation, and JOHN BELLO, an adult individual, Defendants.

97 Civ. 4137 (LMM)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

2000 U.S. Dist. LEXIS 16504; Copy. L. Rep. (CCH) P28,188

November 14, 2000, Decided
November 15, 2000, Filed

DISPOSITION: [*1] Defendants' motion for summary judgment dismissing second amended complaint granted. Plaintiffs' motion for partial summary judgment denied as moot. Parties' cross-motions striking declarations denied.

LexisNexis(R) Headnotes

COUNSEL: For BEVERAGE MARKETING U.S.A. INC., HORNELL BREWING CO., INC., plaintiffs: William F. Cavanaugh, Jr., Orlando, FL.

For SOUTH BEACH BEVERAGE CORPORATION, JOHN BELLO, defendants: Sanford M. Goldman, Pryor, Cashman, Sherman & Flynn, New York, NY.

For SOUTH BEACH BEVERAGE CORPORATION, JOHN BELLO, defendants: Synnestvedt & Lechner, Synnestvedt & Lechner, Philadelphia, PA.

For SOUTH BEACH BEVERAGE CORPORATION, JOHN BELLO, counter-claimants: Sanford M. Goldman, Pryor, Cashman, Sherman & Flynn, New York, NY.

For SOUTH BEACH BEVERAGE CORPORATION, JOHN BELLO, counter-claimants: Synnestvedt & Lechner, Synnestvedt & Lechner, Philadelphia, PA.

For BEVERAGE MARKETING U.S.A. INC., HORNELL BREWING CO., INC., counter-defendants: William F. Cavanaugh, Jr., Orlando, FL.

JUDGES: Lawrence M. McKenna, U.S.D.J.

OPINIONBY: Lawrence M. McKenna

OPINION:

MEMORANDUM AND ORDER

McKENNA, D.J.

The parties' motions are disposed of as follows:

1.

Defendants' motion for summary judgment [*2] dismissing the second amended complaint is granted.

Summary judgment should be granted only "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c); See Celotex Corp. v. Catrett, 477 U.S. 317, 322, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). A dispute regarding a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986). "If reasonable minds could differ as to the import of the evidence," summary judgment is inappropriate. Id. at 250.

Once the moving party establishes a prima facie case demonstrating the absence of a genuine issue of material fact, the non-moving party has the burden of presenting "specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). "Only disputes over facts that might affect the outcome of the suit under the [*3] governing law will properly preclude the entry of summary judgment." Anderson, 477 U.S. at 248 (1986). The non-moving party must "do more than simply show that there is some metaphysical doubt as to the material facts," Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475

U.S. 574, 586, 89 L. Ed. 2d 538, 106 S. Ct. 1348 (1986), and "may not rely on conclusory allegations or unsubstantiated speculation." Scotto v. Almenas, 143 F.3d 105, 114 (2d Cir. 1998). "If, as to the issue on which summary judgment is sought, there is any evidence in the record from any source from which a reasonable inference could be drawn in favor of the nonmoving party, summary judgment is improper." Chambers v. TRM Copy Centers Corp., 43 F.3d 29, 37 (2d Cir. 1994).

The Court considers first plaintiffs' claim for copyright infringement. To establish copyright infringement "two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." Williams v. Crichton, 84 F.3d 581, 587 (2d Cir. 1996) (quoting Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991)). [*4] Without direct evidence, "copying is proven by showing [1] that the defendant had access to the copyrighted work and [2] the substantial similarity of protectible material in the two works." Id. (quoting Kregos v. Associated Press, 3 F.3d 656, 662 (2d Cir. 1993)). Summary judgment is permissible in these cases:

> Though the issue of substantial similarity is frequently a fact issue for jury resolution, we have recognized that a court may determine non-infringement as a matter of law on a motion for summary judgment, either because the similarity between two works concerns only 'non-copyrightable elements of the plaintiff's work,' or because no reasonable jury, properly instructed, could find that the two works are substantially similar.

Warner Bros., Inc. v. American Broadcasting Co., 720 F.2d 231, 239-40 (2d Cir. 1983) (internal citations omitted).

Assuming, arguendo, that plaintiffs' had a valid copyright in their bottle, and recognizing that defendants certainly have had access to that bottle, which is publicly marketed, the Court finds, on comparing plaintiffs' bottle and defendants' bottle, that a reasonable jury, properly [*5] instructed, could not find that, eliminating the non-copyrightable elements of plaintiffs' bottle, there is a substantial similarity between that bottle and plaintiffs' bottle. Plaintiffs' copyright infringement claim fails as a matter of law and defendants are entitled to summary judgment dismissing the infringement claim.

The Court next considers plaintiffs' trade dress claims. Trade dress is the design and appearance of a product, together with all of the elements that make up its overall image, that serves to identify the product to a consumer, including labels, wrappers and containers used in the packaging. See Nora Beverages, Inc. v. Perrier Group of Am. Inc., 164 F.3d 736 (2d Cir. 1998). "The Lanham Act protects trade dress that [1] is either inherently distinctive or has acquired distinctiveness through a secondary meaning and [2] is not functional." Id. at 742. For plaintiffs to prevail on an infringement of protectable trade dress claim, plaintiffs also must show that there is a likelihood of confusion between its trade dress and the allegedly infringing trade dress. See id. (citing Fun-Damental Too, Ltd. v. Gemmy Indus. Corp., 111 F.3d 993, 999 (2d Cir. 1997)). [*6]

In the Second Circuit, there are eight factors that guide courts in determining whether there is a likelihood of confusion. See Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 478 (2d Cir. 1996) (citing Polaroid v. Polarad Elec. Corp., 287 F.2d 492, 495 (2d Cir. 1961)).

> These factors are: '[1] the strength of the plaintiff's mark; [2] the degree of similarity between the two marks; [3] the proximity of the products; [4] the likelihood that the prior owner will bridge the gap . . . [5] actual confusion; [6] the defendant's good faith in adopting its mark; [7] the quality of the defendants's product; and [8] the sophistication of the buyers.'

Nora Beverages, 164 F.3d at 745 (quoting Cadbury, 73 F.3d at 478). Summary judgment is appropriate in analyzing these factors if the undisputed evidence leads to only one conclusion. See Sports Auth., Inc. v. Prime Hospitality Corp., 89 F.3d 955, 960 (2d Cir. 1996).

Assuming, arguendo, that plaintiffs' bottles are inherently distinctive or have acquired distinctiveness through a secondary meaning, defendants are entitled to [*7] summary judgment dismissing the trade dress claims because there are no facts in dispute sufficient to support a likelihood of confusion between the plaintiffs' and defendants' bottles. Comparing the bottles, with the labels properly on them, unlike plaintiffs' survey comparison of the bottles with that very significant element of their trade dress removed, the Court holds that a reasonable jury properly considering the aforementioned factors, could not find a likelihood of confusion. Plaintiffs' survey, as well as the alleged incidents of actual confusion, are insufficient to establish a genuine issue of material fact regarding the likelihood of confusion. Defendants' motion for summary judgment dismissing the trade dress claim is granted.

The Court next considers plaintiffs' dilution claim. Like the claims for copyright and trade dress, defendants

are entitled to summary judgment dismissing plaintiffs' dilution claim. To prevail on a dilution claim under the Lanham Act, 15 U.S.C. § 1125(c) (1994), plaintiff must show "[1] ownership of a famous mark; and [2] dilution." Columbia Univ. v. Columbia/HCA Healthcare Corp., 964 F. Supp. 733, 749 (S.D.N.Y. 1997). [*8] The statute provides:

> In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—
>
> (A) the degree of inherent or acquired distinctiveness of the mark;
>
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
>
> (C) the duration and extent of advertising and publicity of the mark;
>
> (D) the geographical extent of the trading area in which the mark is used;
>
> (E) the channels of trade for the goods or services with which the mark is used;
>
> (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
>
> (G) the nature and extent of use of the same or similar marks by third parties; and
>
> (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(C). Determining whether a mark is famous and distinctive is similar to the analysis for strength of the mark for trademark infringement. See Columbia Univ., 964 F. Supp. at 749 (citing Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1030 (2d Cir. 1989)). [*9] Dilution is "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127.

Consistent with Judge Sotomayor's previous analysis of the strength of plaintiffs' mark, n1 this Court holds that plaintiffs have not made the requisite showing that its mark is sufficiently famous to support a claim of dilution under the Lanham Act. Plaintiff has submitted sixty letters, most of which are written by children who either like Arizona Ice Tea, or collect the bottles; however, the record is bereft of any facts indicating that plaintiffs' mark is famous, or that, despite one isolated incident of alleged confusion on behalf of a consumer who admittedly did not read the label in the store, dilution has occurred. Defendants are entitled to summary judgment dismissing plaintiffs' claim of dilution.

n1 Judge Sotomayor previously heard and denied plaintiffs' request for a preliminary injunction.

[*10]

Plaintiffs' last remaining federal claim for relief is for unfair competition under the Lanham Act. 15 U.S.C. § 1125(a)(1)(b). To maintain a cause of action for unfair competition, plaintiffs must show that "misleading or untruthful statements have been made for the purpose of commercial advertising or promoting a party's goods, services, or commercial activities." Nadel v. Play-By-Play Toys & Novelties, Inc., 208 F.3d 368, 383 (2d Cir. 2000). Plaintiffs' claim requires relatively little discussion. There are no facts on the record sufficient to evidence that defendants "deliberately engaged in a deceptive commercial practice" designed to confuse and deceive the public. Agee v. Paramount Communications, 59 F.3d 317, 327 (2d Cir. 1995). Consequently, defendants are entitled to summary judgment dismissing plaintiffs' claim for unfair competition.

After dismissing plaintiffs' claims of copyright infringement, trade dress infringement, dilution and unfair competition, plaintiffs' remaining causes of action arise under New York statutes and common law. The Court declines to exercise supplemental jurisdiction over these state law [*11] claims pursuant to 28 U.S.C. § 1367 (1994), and thereby dismisses them for lack of subject matter jurisdiction.

2.

Plaintiffs' motion for partial summary judgment is denied as moot. The Court has granted defendants' motion for summary judgment dismissing the plaintiffs' action in its entirety. Consequently, defendants' affirmative defenses are of no moment. Similarly, because the Court has declined to exercise supplemental jurisdiction over any potential state law causes of action, and because defendants' counterclaims arise under New York law, defendants' counterclaims are dismissed for lack of subject matter jurisdiction. Thus, plaintiffs' motion is moot.

3.

The parties' cross-motions striking declarations are denied. Both plaintiffs and defendants have made cross

motions to strike or narrow in scope various affidavits. Aware of the contentions of both parties attacking the veracity of the statements contained in the declarations, the Court did not consider any hearsay statements or conclusory allegations made without the personal knowledge of the declarant.

SO ORDERED.

Dated: November 14, 2000

New York, New York

Lawrence M. McKenna [*12]

U.S.D.J.

LEXSEE 2002 US APP LEXIS 10655

BEVERAGE MARKETING USA, INC., a New York Corporation and HORNELL BREWING CO., INC., a New York Corporation, Plaintiffs-Appellants, - v. - SOUTH BEACH BEVERAGE CORPORATION, a Connecticut Corporation, and JOHN BELLO, an adult individual, Defendants-Appellees.

No. 00-9578

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

36 Fed. Appx. 12; 2002 U.S. App. LEXIS 10655

June 3, 2002, Decided

NOTICE: [**1] RULES OF THE SECOND CIRCUIT COURT OF APPEALS MAY LIMIT CITATION TO UNPUBLISHED OPINIONS. PLEASE REFER TO THE RULES OF THE UNITED STATES COURT OF APPEALS FOR THIS CIRCUIT.

SUBSEQUENT HISTORY: Costs and fees proceeding at, Judgment entered by Beverage Mktg. USA, Inc. v. S. Beach Bev. Corp., 2002 U.S. Dist. LEXIS 24339 (S.D.N.Y., Dec. 18, 2002)
Related proceeding at Beverage Mktg. USA, Inc. v. S. Beach Bev. Co., 2004 N.Y. Misc. LEXIS 339 (N.Y. Sup. Ct., Apr. 5, 2004)

PRIOR HISTORY: Appeal from the United States District Court for the Southern District of New York. This cause came on to be heard on the record from the United States District Court for the Southern District of New York, and was argued by counsel. Bev. Mktg. USA, Inc. v. S. Beach Bev. Corp., 2000 U.S. Dist. LEXIS 16504 (S.D.N.Y., Nov. 14, 2000)

DISPOSITION: Affirmed.

LexisNexis(R) Headnotes

COUNSEL: For Appellants: Joseph F. Posillico, Synnestvedt & Lechner, Philadelphia, Pa.

For Appellees: Tom J. Ferber, Pryor Cashman Sherman & Flynn, N.Y., N.Y.

JUDGES: Present: HONORABLE WILFRED FEINBERG, HONORABLE AMALYA L. KEARSE, HONORABLE BARRINGTON D. PARKER, JR., Circuit Judges.

OPINION: [*13]

SUMMARY ORDER

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is affirmed.

Plaintiffs Beverage Marketing USA, Inc., et al. (collectively "BMUSA"), appeal from a judgment of the United States District Court for the Southern District of New York, Lawrence M. McKenna, Judge, dismissing their claims asserted principally under the Lanham Act, 15 U.S.C. § 1125(a), against defendants South [**2] Beach Beverage Corporation et al. for trade dress infringement with respect to the shape of the bottle used for BMUSA's Arizona line of beverages. On appeal, BMUSA contends principally that the district court failed to consider all of the Polaroid factors, see Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 (2d Cir.) ("Polaroid"), cert. denied, 368 U.S. 820, 7 L. Ed. 2d 25, 82 S. Ct. 36 (1961), and failed to balance those factors correctly. Finding no basis for reversal, we affirm.

The Polaroid analysis is not a "mechanical measurement[;] . . . [the] court should focus on the ultimate question of whether consumers are likely to be confused." Nora Beverages, Inc. v. Perrier Group of America, Inc., 269 F.3d 114, 119 (2d Cir. 2001) ("Nora II") (internal quotation marks omitted); see also Nabisco, Inc. v. Warner-Lambert Co., 220 F.3d 43, 46 (2d Cir. 2000) ("Nabisco") (ultimate question in a Lanham Act case is "whether consumers are likely to be confused") (internal quotation marks omitted). While "no one factor is necessarily dispositive, any one factor may prove to be so." [**3] Nora II, 269 F.3d at 119. For example, the factor focusing on "similarity of the marks" can be dispositive and warrant summary judgment for the defendant "if the court is satisfied . . . that the marks are so dissimilar that no question of fact is [*14] presented." Nabisco, 220 F.3d at 46 (internal quotation marks omitted).

In an "action for trade dress infringement each aspect should be viewed in relation to the entire trade dress." Nora Beverages, Inc. v. Perrier Group of America, Inc., 164 F.3d 736, 744 (2d Cir. 1998) ("Nora I") (internal quotation marks omitted). That is, in addition to considering individual elements of the packaging, the court should consider "the total package," i.e., "consider the elements for which protection is claimed in the context of the entire trade dress." Id.; see also Nora II, 269 F.3d at 122 ("appropriate test for similarity of trade dress is the overall impression of the products and the entirety of the trade dress[;] . . . a mark may not be dissected in order to prove similarity"). The "'presence and prominence of markings tending to dispel confusion as to the origin, sponsorship [**4] or approval of the goods in question . . . can go far towards eliminating any possible confusion.'" Nora I, 164 F.3d at 744 (quoting Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1046 (2d Cir. 1992)).

With respect to a trade dress infringement claim involving the shape of a bottle, it is thus appropriate for the court to consider the bottle not in isolation but rather with its label, as it is sold in commerce; and in order to prevail on such a claim the plaintiff must show that the allegedly infringing bottle, bearing the label with which it is sold in commerce, is likely to confuse consumers as to its source or sponsorship. See Nora II, 269 F.3d at 118-19. In Nora II, a trade dress infringement action involving the shape of water bottles, we held that the "presence of the prominent and distinctive labels alone negates any possibility of a likelihood of confusion and provides sufficient basis for affirming the district court's grant of summary judgment." 269 F.3d at 123; see id. at 122 ("labels must be considered in the likelihood of confusion analysis" (internal quotation marks [**5] omitted), because they can be an "integral, if not dispositive, factor[] in determining overall similarity of trade dress").

In the present case, we are unpersuaded by BMUSA's contention that the district court improperly failed to consider the Polaroid factors or to weigh them in accordance with these principles. In its Memorandum and Order dated November 14, 2000 ("Order"), the court stated as follows:

> In the Second Circuit, there are eight factors that guide courts in determining whether there is a likelihood of confusion. See Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 478 (2d Cir. 1996) (citing Polaroid v. Polarad Elec. Corp., 287 F.2d 492, 495 (2d Cir. 1961)).
>
> These factors are: "[1] the strength of the plaintiff's mark; [2] the degree of similarity between the two marks; [3] the proximity of the products; [4] the likelihood that the prior owner will bridge the gap . . . [5] actual confusion; [6] the defendant's good faith in adopting its mark; [7] the quality of the defendant's product; and [8] the sophistication of the buyers."

Order at 4-5 (quoting Nora I, 164 F.3d at 745). [**6] The court then weighed the factors and found against BMUSA on the ultimate issue of likelihood of confusion:

> Defendants are entitled to summary judgment dismissing the trade dress claims because there are no facts in dispute sufficient to support a likelihood of confusion between the plaintiffs' and defendants' bottles. Comparing the bottles, with the labels properly on them, unlike plaintiffs' survey comparison of the bottles with that very significant element of their trade dress removed, the [*15] Court holds that a reasonable jury properly considering the aforementioned factors, could not find a likelihood of confusion. Plaintiffs' survey, as well as the alleged incidents of actual confusion, are insufficient to establish a genuine issue of material fact regarding the likelihood of confusion.

Id. at 5-6 (emphasis added).

The district court's balancing of the Polaroid factors to determine the likelihood of confusion is reviewed de novo. See, e.g., Fun-Damental Too, Ltd. v. Gemmy Industries Corp., 111 F.3d 993, 1003 (2d Cir. 1997); Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d at 1043. Taking the record [**7] in the light most favorable to BMUSA as the party opposing summary judgment, and drawing all reasonable factual inferences in its favor as to every individual Polaroid factor, we see no error in the district court's conclusion that, when the bottles are viewed with their respective labels attached, there is no likelihood of confusion.

BMUSA also argues that the district court improperly dismissed its dilution claim, see 15 U.S.C. § 1125(c). We disagree. To establish dilution, "the marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior." Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 218 (2d Cir. 1999); see also Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1029 (2d Cir. 1989) (in order to establish dilution, the plaintiff must demonstrate use of a "'very' or 'substantially' similar" trademark). Because the overall trade dresses in this case are dissimilar, no rational juror could conclude that

defendants' bottle causes dilution.

We have considered all of BMUSA's contentions on this appeal and have found [**8] them to be without merit. The judgment of the district court is affirmed.