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COURT FINDS THAT THE WINGHOUSE OF FLORIDA DOES NOT INFRINGE HOOTER RESTAURANTS' TRADE DRESS

Trade dress is the overall appearance and image in the marketplace of a product or a commercial enterprise. It can be the “total image” presented by the packaging of a product or the product itself. Under Section 43(a) of the Lanham Act, an individual may protect his/her use of a trade dress by preventing others from copying and infringing it. But what qualifies as trade dress? The United States District Court for the Middle District of Florida addressed this question in HI Limited Partnership v. Winghouse of Florida, Inc.

HI Limited Partnership, operators of Hooters restaurants, brought suit against the Winghouse of Florida for trade dress infringement. Hooters restaurants are well-known for their sports bars featuring chicken wings, but have become better known for their Hooters Girl uniform. The Hooters Girl uniform is very distinctive – a revealing, tight white tank top featuring the Hooters name and an “owl” logo across the chest and tight orange nylon running shorts. In a similar vein, the Winghouse of Florida is a sports bar with female servers who wear tight black tank tops and tight black running shorts as their uniforms. Hooters restaurants claimed that the Winghouse of Florida copied Hooters’ trade dress, thus creating confusion among consumers. At issue was whether the Winghouse of Florida was copying the iconic Hooters Girl.

In order to prove trade dress infringement, a plaintiff must demonstrate: (1) its trade dress is inherently distinctive or has acquired secondary meaning; (2) its trade dress is primarily non-functional; and (3) the defendant’s trade dress is confusingly similar. The court focused on the second element – whether the Hooters Girl uniform is non-functional. The court found that since the Hooters Girl uniform was primarily functional, it was not entitled to trade dress protection. Particularly, the court stated that “the Hooters Girl’s predominant function is to provide vicarious sexual recreation, to titillate, entice, and arouse male customers’ fantasies.” In other words, luring in customers with sensuality is not trade dress; it is a way of doing business. One cannot get trade dress protection for sexy clothes that have the predominant function of attracting male customers. In addition, the court stated that Hooters restaurants could not monopolize the generic theme of a restaurant’s servers wearing tight tank tops and running shorts. The court analogized it to an upscale steak restaurant with tuxedo-clad servers attempting to prevent its competitors from using the same or a similar uniform.

The court then looked at the general similarities and differences between the two restaurant chains. Hooters restaurants and the Winghouse of Florida used very common themes typically found in sports bars and grills, beach-themed restaurants, and raw bars, such as wooden tables, sports memorabilia attached to the walls, table tents, and paper menus with the story of the restaurant on the reverse side. The court found that these similarities too generic to constitute protectable trade dress. Furthermore, the Winghouse of Florida restaurants differed significantly in some ways from Hooters restaurants. These included the restaurant name, the restaurant exterior, the absence of the color orange, a full bar, a gaming area, the absence of a “beachy” theme, and the focus on the restaurants’ creator and owner, former professional football player Crawford Ker. The court found that due to the generic similarities and the significant differences between the two restaurant chains, consumers were not likely to confuse the Winghouse of Florida with Hooters restaurants.

Accordingly, at the conclusion of the trial the court withdrew the case from the jury, holding that the Winghouse of Florida did not infringe on Hooters' trade dress. The Hooters Girl uniform and the Winghouse of Florida waitress uniform did not diminish the capacity of consumers to distinguish between the two restaurants. Any similarities between the two parties were minimal and generic. The significant differences between the two trade dresses precluded a reasonable jury from finding the Winghouse of Florida's trade dress to be identical or nearly identical to the trade dress of Hooters restaurants. In the court's technical terms, the Winghouse of Florida is not a "knockoff" of Hooters restaurants.

U.S. SUPREME COURT RESOLVES CIRCUIT SPLIT CONCERNING FAIR USE DEFENSE TO TRADEMARK INFRINGEMENT ACTIONS

KP Permanent (KP) and Lasting Impression (LI) are providers of "permanent makeup," a pigment that is injected into the skin in order to spare users the hassle of applying makeup daily. In 1992, LI applied to the United States Patent and Trademark Office for registration of its trademark "Micro Colors." That mark became incontestable in 1999. During the same year, KP was using the term "microcolor" in advertisements for its goods. LI demanded that KP stop using the term. In response, KP brought a lawsuit against LI seeking a declaration by the court that it had not infringed LI's mark. KP ultimately moved for summary judgment, arguing that the undisputed facts proved KP's use of "microcolor" constituted fair use.

The holder of a registered mark (contestable or not) may bring an action under the Lanham Act against anyone employing an imitation of the mark in commerce if the imitation "is likely to cause confusion, or to cause mistake, or to deceive." As an affirmative defense, the Lanham Act permits persons charged with infringement to show that their allegedly infringing term was, in actuality, "used fairly and in good faith only to describe [their own] goods or services." Commonly this is known as the "fair use" defense.

The trial court granted KP's motion for summary judgment based on fair use, without considering whether KP's use of the term was likely to cause confusion among customers. KP was able to prove it had employed the term "microcolor" to describe its product even before LI had adopted the two-word plural variant as a mark. On appeal, however, the Court of Appeals for the Ninth Circuit reversed, holding that the trial court erred by not considering possible confusion on the part of customers in deciding the merits of KP's fair use defense.

In KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., the United States Supreme Court granted KP's petition for review and vacated the reversal by the Ninth Circuit. In so doing, it resolved a disagreement among federal courts as to whether a party asserting the fair use defense must show that consumer confusion is unlikely. The Court pointed to the language of the Lanham Act, quoted in part above, which clearly places the burden of proving likelihood of confusion on the plaintiff. It held that once a plaintiff has met this burden, a defendant may—but is not required to—offer evidence disproving the likelihood of confusion. A defendant may also opt to demonstrate that its use was fair despite the likelihood of confusion. Here, KP followed the latter approach and argued that it only used the term "microcolor" in a descriptive manner. The Supreme Court remanded the case to the trial court for further proceedings concerning the merits of KP's fair use defense. In a footnote, the Supreme

Court questioned whether all instances of KP's use of the term microcolor were, in actuality, purely descriptive.

The law thus tolerates a certain degree of confusion on the part of consumers. The fair use doctrine remains a well-established principle. The undesirability of depriving all others from using descriptive words by granting an exclusive monopoly to whomever may have grabbed the words first is the rationale that underlies the fair use doctrine. A party that identifies its mark with a well-known descriptive phrase must suffer the risk that others will use the same phrase and confusion may result.

COURT SANCTIONS ATTORNEYS BY ORDERING THEM TO PAY DEFENDANT'S ATTORNEYS' FEES AND COSTS

In the American legal system, the general rule is that each party pays its own attorneys' fees. This rule contrasts with the British system, in which the prevailing party has its attorneys' fees paid by the losing party. Numerous exceptions to the American rule exist. One exception provides that if a party acts in bad faith, vexatiously, wantonly or for oppressive reasons, that party may be required to pay the attorneys' fees of the opposing party. For example, if a party files pleading after pleading and motion after motion merely as a means of harassment, or if a party files a lawsuit that is utterly devoid of merit, then the court may sanction that party by ordering them to pay the opposing party's attorneys' fees and costs in very extreme circumstances. In the federal court system, a party may pursue sanctions against the opposing party or opposing counsel through two avenues.

First, under Rule 11 of the Federal Rules of Civil Procedure, every pleading, written motion, and other paper involved in a lawsuit must be signed by at least one attorney of record. By signing any document, the attorney certifies that the pleading is not filed to harass or cause unnecessary delay, and that all legal argument within it is not frivolous but merited. As such, a party may not file a pleading that lacks a reasonable factual basis or is based on a legal theory that has no reasonable chance of success. Furthermore, a party may not file a pleading in bad faith for an improper purpose. If a party violates Rule 11, the court may impose appropriate sanctions. These include ordering that the attorneys, law firms, or parties that have violated or are responsible for violation of Rule 11 pay the opposing party's attorneys' fees and costs.

Second, under 28 U.S.C. § 1927, when a party or their attorney engages in frivolous or vexatious conduct, the court has the power to sanction that party and attorney. Black's Law Dictionary defines the term "frivolous" as "lacking a legal basis or legal merit; not serious; not reasonably purposeful." "Vexatious" is defined as being "without reasonable or probable cause or excuse; harassing; annoying." Generally, the purpose of Section 1927 is to deter attorneys from abusive practices and the unnecessary generation of attorneys' fees. Examples of frivolous and vexatious conduct include when an attorney knowingly or recklessly raises a frivolous argument, argues a meritless claim for the purpose of harassing an opponent, delays or disrupts the litigation, or hampers the enforcement of a court order.

In Footman v. Cheung, the United States District Court for the Middle District of Florida applied Rule 11 and Section 1927 in ordering a plaintiff's attorney to pay the fees and costs incurred by the defendant. Charlie Footman had brought suit against Wang Tat Cheung, a Chinese restaurant.

Footman was a patron of the restaurant and could not use the bathroom because he was wheel-chair bound due to diabetes. Footman sued because he alleged that the restaurant maintained a public accommodation with facilities that did not have wheelchair access in violation of Title II of the Americans with Disabilities Act (ADA). Footman further claimed that the restaurant discriminated against him because of his disability in violation of the Florida Civil Rights Act (FCRA).

The trial court determined that the plaintiff, Footman, did not have legally valid claims. Footman's attorneys were ordered to pay the defendant's attorneys' fees and costs. The Court found the following conduct sanctionable: (1) Footman's attorneys had alleged in Footman's amended complaint that Footman suffered from multiple sclerosis when in fact he suffered from diabetes; (2) Footman's attorneys had alleged in Footman's amended complaint that Footman had entered the bathroom and encountered a variety of barriers in the bathroom, but that Footman later testified his wheelchair could not even fit through the doors of the bathroom; and (3) Footman's attorneys had changed Footman's sworn interrogatory answers three times, yet had never had Footman re-execute the document before a notary, instead filing the interrogatory answers with the court. Footman's attorneys were "reckless, unprofessional, and unethical," according to the court, and as a result, "precious judicial resources" were wasted. By changing Footman's interrogatory answers and submitting them to the court without having Footman re-execute or re-verify them, Footman's attorneys had committed serious ethical violations. The court therefore sanctioned Footman's attorneys under Rule 11 and Section 1927.

Under Rule 11, an attorney must certify that each pleading and paper submitted to the court has a factual and legal basis. The inconsistencies between the amended complaint and Footman's interrogatory answers were found to be critical to the case. Particularly, the court focused on the allegations in the amended complaint that Footman had multiple sclerosis and that Footman actually entered the bathroom. After discovering these inconsistencies, Footman's attorneys should have amended the complaint to ensure its accuracy. They failed to do so.

The court also sanctioned Footman's attorneys under Section 1927 for "recklessly raising frivolous allegations." Again, the court focused on inconsistencies between the amended complaint and Footman's sworn interrogatory answers. In the amended complaint, Footman's attorneys had alleged that Footman was embarrassed because he could not enter the bathroom, that he went home to telephone his ADA expert, came back to the restaurant, and at that point the ADA expert helped Footman enter the bathroom. After reviewing Footman's sworn interrogatory answers, the court determined these allegations to be unfounded. In raising frivolous allegations with no factual basis, Footman's attorneys violated Section 1927 by multiplying the proceedings unreasonably and vexatiously.

DISCIPLINARY ACTION BY COUNTRY CLUB IS NOT SUBJECT TO JUDICIAL REVIEW IF MEMBERS' PROPERTY RIGHTS ARE NOT IMPLICATED

Joel Shumrak owned a home in a subdivision affiliated with the Broken Sound Country Club (“the Club”). When he purchased his home, residents were not required to belong to the Club, but Shumrak had joined anyway. A later amendment to the subdivision governing documents made membership a mandatory condition of purchasing property in the subdivision. Anyone who resided in the subdivision before the amendment, however, was not required to join.

Shumrak sent a Board of Governors (“Board”) member an email making certain accusations against the Club’s General Manager (GM). The Club’s Board of Governors had undertaken an evaluation of the GM, and the Board member had assured Shumrak that his comments would be kept confidential. Contrary to his assurance, however, the Board member forwarded Shumrak’s critical e-mail to other members of the Board, ordinary members of the Club, and the Club’s GM.

Following receipt of the email, the Board’s president and the GM filed grievances against Shumrak, claiming he violated a by-law of the Club prohibiting conduct that is “improper or likely to endanger the welfare, safety, harmony, or good reputation of the Club or its members.” The by-law authorized the Board to determine, apparently in its sole discretion, whether to reprimand, fine or suspend violators. The Board suspended Shumrak’s club membership for six months. The term of the suspension was later reduced to a period of three months, conditioned on Shumrak writing letters of apology to the GM and others.

In response, Shumrak filed a lawsuit against the Club and its Board, alleging breach of contract, breach of fiduciary duty, and intentional infliction of emotional distress. The trial court dismissed his complaint with prejudice, finding the Club to be a social club, a status that prevents judicial review of its disciplinary actions. Social clubs remain free to select and enforce their own membership standards.

On appeal to the Florida Fourth District Court of Appeal, Shumrak argued that the Club is more akin to a homeowners’ association than a private social club. Shumrak contended his property rights were implicated by his possible expulsion from the Club. If kicked out of the Club, he could possibly be forced to sell his property in the subdivision. Therefore, he argued, the Club’s disciplinary actions should be subject to judicial review like those of a homeowners’ association. In Shumrak v. Broken Sound Club, Inc., the 4th DCA rejected Shumrak’s analogy to homeowners’ associations. The Club’s by-laws made no provision for expulsion from the Club. Accordingly, the appellate court agreed with the trial court’s characterization of the Club as a social club, the disciplinary proceedings of which are not subject to judicial review. Dismissal of Shumrak’s case was thus affirmed.