

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION
CASE NO. 1:16-cv-21203-KMW

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HARD CANDY, LLC,
a Florida limited liability
company,

Plaintiff,

February 2, 2018
11:00 a.m.

vs.

ANASTASIA BEVERLY HILLS, INC.,
a California corporation,

Defendant.

Pages 1 THROUGH 31

TRANSCRIPT OF HEARING IN AID OF JUDGMENT
BEFORE THE HONORABLE KATHLEEN M. WILLIAMS
UNITED STATES DISTRICT JUDGE

Appearances:

FOR THE PLAINTIFF: COFFEY BURLINGTON, PL
KEVIN CROW KAPLAN, ESQ.
FRANCES ELIZABETH BLAKE, ESQ.
2601 South Bayshore Drive, PH
Miami, Florida 33133

GROISMAN, PLLC,
GABRIEL GROISMAN, ESQ.
3323 Northeast 163rd Street, Suite 508
North Miami Beach, Florida 33160

FOR THE DEFENDANT: RICHMAN, GREER, PA
MARK ANTHONY ROMANCE, ESQ.
396 Alhambra Circle, 14th Floor
Miami, Florida 33134

PIRKEY, BARBER, PLLC
TRAVIS R. WIMBERLY, ESQ.
600 Congress Avenue, Suite 2120
Austin, Texas 78701

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COURT REPORTER: Yvette Hernandez
U.S. District Court
400 North Miami Avenue, Room 10-2
Miami, Florida 33128
yvette_hernandez@flsd.uscourts.gov

1 (Call to order of the Court, 11:00 a.m.)

2 THE COURT: Good morning everyone.

3 COURTROOM DEPUTY: Calling Case Number 16, Civil,
4 21203, Hard Candy, LLC v. Anastasia Beverly Hills.

5 Counsel, please state your appearance for the record.

6 MR. KAPLAN: For the Plaintiff, it's Kevin Kaplan,
7 Gabriel Groisman, and Frances Blake. And Jerome Falic, our
8 client representative, is here as well.

9 THE COURT: Good morning everyone.

10 MR. ROMANCE: Good morning, Your Honor. Mark Romance
11 and Travis Wimberly for Anastasia Beverly Hills.

12 THE COURT: Good morning. And everyone be seated.

13 You'll excuse me. I think I was paddling whatever
14 cold was going around when we were together some weeks ago, and
15 I'm still endeavoring to cast it aside. So if I stop for some
16 tea, I apologize.

17 First, again, I want to tell you I appreciate your
18 working with me to schedule this hearing today. I have
19 extensive notes. And I will beg your pardon before we start,
20 if I am too verbose or cite to the standards and the facts we
21 all know, but I did not want to delay my ruling. I wanted to
22 share it with you closer in time to our trial and therefore
23 decided that the best vehicle for that would be to have you
24 come back and read you my decision. I've only done this, I
25 think, three other times -- maybe two other times, and this is

1 the third. So again, I will beg your indulgence if it seems
2 overlong or stressing matters that you are wholly familiar
3 with.

4 And the second thing I wanted to say before I went
5 into the decision was how much, again, I appreciated the
6 professionalism and the caliber of the advocacy that was
7 engaged in by both parties. I have to say throughout the case,
8 the record, and when I had you before me, the presentations by
9 the lawyers, written and oral, were excellent. And I commend
10 both sides and thank you for engaging in the quality of
11 lawyering that makes my job not always easier, but more of a
12 pleasure.

13 So let's get to the case. And I will give first the
14 basic background. This is a trademark infringement and unfair
15 competition case. Hard Candy, LLC and Anastasia are both
16 cosmetic companies. In late 2015, Anastasia decided to sell a
17 product called the Gleam Glow Kit. It is a flip-open compact
18 containing a pallet of four different shades of facial
19 highlighter makeup. One of the four shades wore the title
20 "Hard Candy." And accordingly, Hard Candy, LLC, which holds
21 the rights to 14 federally registered marks -- I will not list
22 them all with numbers now -- brought the suit, alleging that
23 Anastasia's use of the word "Hard Candy" in the Gleam Glow Kit
24 infringed on its trademark, constituting unfair competition
25 under the Lanham Act and common law.

1 Hard Candy was incorporated in 2009, does not itself
2 manufacture, market, or sell cosmetic products, which, at this
3 point in time, includes lipsticks, eye shadows, blush,
4 bronzers, highlighters, glow products, and nail polish, which
5 was the originating product. Instead, Hard Candy licenses its
6 mark to New World Corporation, Mr. Dolleck.

7 Hard Candy has approval over the use of the mark.
8 Since 1995, Hard Candy and its predecessors have continuously
9 used the Hard Candy mark in interstate commerce, in conjunction
10 with cosmetic products. The company targets products to female
11 consumers age 18 to 40 and sells its products in the United
12 States exclusively at Walmart retail stores and on Walmart's
13 website.

14 Hard Candy has generated retail sales. Figures in
15 excess of \$36 million dollars for each year since 2011 and
16 59.9 million for the year 2015.

17 Anastasia Beverly Hills was founded in 1999, also
18 selling cosmetic products to women ages 18 to 35. Anastasia
19 sells its products in Sephora, Ulta, and Macy's Department
20 Stores, as well as online in the Anastasia Beverly Hills web
21 page. Anastasia does not sell its products at Walmart, and
22 never has. Anastasia considers itself a high-end prestige
23 cosmetic brand. And the Gleam Glow Kit at issue was issued in
24 the summer of 2015 -- no. I'm sorry. It was developed. The
25 beginning of the development was in the summer of 2015. And

1 again, contained four different colors of highlighting makeup;
2 Hard Candy, Starburst, Mimosa, and Crushed Pearl.

3 The kit features the Anastasia brand on the front with
4 the "A" logo and the words "Gleam Glow Kit." The inside of the
5 Glow Kit contains the four pans of makeup, with the name for
6 each shade in capital letters, and a picture of the inside of
7 the kit, including the shades, appears on the back of the kit.

8 There are four counts brought by Hard Candy, LLC. The
9 first is trademark infringement pursuant to 32(a) of the Lanham
10 Act. Count 2 is unfair competition pursuant to 43(a) of the
11 Lanham Act. Count 3 and 4 are for common law trademark
12 infringement and unfair competition, respectively. And neither
13 party disputes that the tests for common law trademark
14 infringement and unfair are different from trademark -- from
15 federal trademark infringement. They are the same. And the
16 parties cite Florida International University v. Florida
17 National University, 91 F.Supp. 3d, 1265 and Tally-Ho, Inc. v.
18 Coast, 889 F.2d 1018.

19 The standard to be entitled to relief under 32(a),
20 Plaintiff must demonstrate that its mark has priority and that
21 the Defendant's mark is likely to cause consumer confusion.
22 *Frehling Enterprises*, which is at 192 F.3d 1330, stands for
23 that proposition.

24 And to prevail on a 43(a) claim, the Plaintiff must
25 shown, one, that it had trademark rights in the mark or name in

1 issue. And two, that the other party has adopted a mark or
2 name that was the same or confusingly similar to its mark such
3 that consumers were likely to confuse the two, *Tana v.*
4 *Dantanna's*, 611 F.3d 767.

5 Now, the parties agree that Hard Candy owns the rights
6 to the 14 federally registered marks and that Hard Candy has
7 priority to use the marks. So that the issue to be determined,
8 which is common to both 32(a) and 43(a) claims, is whether
9 Anastasia's use of the words "Hard Candy" in the Glean Glow Kit
10 created a likelihood of confusion.

11 Assessing the claims, courts use the same seven-factor
12 likelihood of confusion test, which we've talked about at
13 length. But to summarize, the seven factors are: Strength of
14 the mark; similarity of infringed and infringing marks;
15 similarity between goods and services offered under the marks;
16 similarity of actual sales method used by holders of mark, such
17 as their sales outlets and customer base; similarity of
18 advertising methods; the alleged infringer's intent to
19 misappropriate the proprietor's goodwill; and finally, the
20 existence and extent of actual confusion in the consuming
21 public.

22 I will say the Court had determined in a motion for
23 summary judgment several of these factors, which I will allude
24 to in the decision, but predominately the second and seventh
25 factors are what the parties focused on during trial.

1 The case law is clear. A court does not have to
2 consider all of these factors in every case. And in some
3 cases, new factors may merit consideration. Swatch Watch at
4 785 F.2d 956.

5 The real question is whether the Court's ultimate
6 determination about the likelihood of confusion is correct,
7 University of Georgia Athletic Association, 756 F.2d 1535.

8 The bottom line is the likelihood of consumer
9 confusion. And as we all discussed at various points, the
10 application of the Frehling factors entail more than the
11 mechanistic summation of the numbers of factors that each side
12 may check off in a box and how those factors reviewed based on
13 the unique circumstances of the case presented. The process
14 involves an overall evaluation of the overall balance.

15 Frehling sets that forth, as well as Jellibean, Inc.
16 v. Skating Clubs of Georgia, 716 F.2d 833. The Court there
17 stated: "We note the district court should not determine
18 whether a likelihood of confusion exists by merely computing
19 whether a majority of the subsidiary facts indicates that such
20 a likelihood exists. Rather, the district court must evaluate
21 the weight to be accorded the individual subsidiary facts and
22 then make its ultimate fact decision."

23 In High-Tech Farm, Inc. v. Herbal Health, 132 Fed.
24 Appx. 348, the Court said: "We have consistently held that the
25 type of mark and evidence of actual confusion are the most

1 weighty of considerations."

2 And again, while the seven factors inform the Court's
3 determination of likelihood of confusion, a court must take
4 into account the unique facts of each case, take into account,
5 in reviewing the facts of each case, the analysis as precedent
6 is applied and even looking to the facts of that precedent, I
7 think, to see whether or not a situation like that is here.
8 And I refer the parties to Custom Manufacturing v. Midway
9 Service, 508 F.3d 641.

10 All right. The strength of the mark. I think the
11 parties have all cited to cases which talk about the fact that
12 the first factor has been found to be the second most important
13 factor in whatever overall balance the Court may use. The
14 stronger the mark, the greater the scope of protection. The
15 weaker the mark, the less protection. Frehling, Sovereign
16 Military, 809 F.3d 1182. And then Custom Manufacturing again.

17 And I won't belabor something that the lawyers here
18 know, the four categories: Generic, descriptive, suggestive,
19 arbitrary. The Court considers the classification of the mark
20 as to these categories and then the degree to which third
21 parties make use. As the parties know, the discussion here of
22 third parties involved businesses not engaged in the field of
23 cosmetics. The bottom line is that the parties have already
24 agreed that the mark is arbitrary. Anastasia contends -- even
25 with that, contends that the strength of the mark has been

1 weakened by the third-party use. And Hard Candy counters that
2 no third-party use was engaged in the cosmetic industry.

3 So I think this issue really has been addressed. But
4 if it is unclear, the Court finds the Hard Candy mark is
5 strong. The record shows that there may have been third-party
6 use, but there's not enough to then say that -- on this record,
7 the mark is not a strong one. And again, the third-party use
8 were not closely related to the goods sold by Hard Candy. So I
9 don't think they would significantly diminish the mark. And I
10 rely on *Safeway Stores v. Safeway Discount*, 675 F.2d 1160.

11 The second is the similarity of marks. And it
12 requires the fact finder to compare the Plaintiff mark with the
13 Defendant mark and measure their similarity. *Sovereign
14 Military*, 809 F.3d 1186. The greater the similarity, the
15 greater the likelihood of confusion, *Exxon Corp.*, 628 F.2d 500.
16 But again, similarity must be determined by considering the
17 overall impression created by the mark as a whole, rather than
18 simply comparing the individual features. Relevant points of
19 comparison include the appearance, sound, and meaning of the
20 mark, as well as the manner in which the marks are used. If I
21 hadn't already cited *John Harland v. Clarke Checks*, 711 F.2d
22 966.

23 The Eleventh Circuit, in the *Sovereign* case, has
24 noted: "Similarity is not a binary factor, but it's a matter
25 of degree." Hard Candy argues that the marks are identical,

1 and thus the factor favors Hard Candy. Anastasia used all
2 capital letters and does not alter or change the spelling.
3 Anastasia also prominently displayed, according to Hard Candy,
4 the "Hard Candy" in its advertising, marketing, and promotional
5 materials.

6 Anastasia argues that the use of the word "Hard Candy"
7 creates a very different overall impression as that is
8 understood by the courts. Hard Candy uses the mark as part of
9 its company name and the primary brand across entire lines of
10 cosmetics. And I think we saw here varying logos, fonts, marks
11 for brands from nail polish to fragrance to lipsticks.
12 Anastasia says it uses the word "Hard Candy" in a much more
13 narrow sense, only on one product, and it is -- the name is in
14 juxtaposition to the prominent display of the Anastasia Beverly
15 Hills house mark. It's to describe a shade with other shades
16 on the inside of the pallet and at the back of the kit.

17 Considering the marks as a whole, then, the Court
18 finds that Anastasia's use of "Hard Candy" does not create a
19 likelihood of confusion on this factor. And while Anastasia
20 uses the same words, all in capital letters, the Court must
21 consider the overall impression created by the use of the mark
22 as a whole, rather than comparing the individual features, and
23 I agree with the Defendant that the use creates a different
24 overall impression.

25 Hard Candy uses its mark as part of the company name,

1 the primary brand mark. Anastasia uses the words "Hard Candy"
2 to name one shade of a product that is otherwise clearly and
3 prominently featured as an Anastasia Beverly Hills mark.

4 And again, while there is this similarity in terms of
5 the word "Hard Candy" and the use of all capitals, I will note
6 that Hard Candy has several registrations using several fonts,
7 not necessarily -- I never could quite ascertain if there was
8 an equivalency, but those included bold different fonts and
9 also in some the use of the small heart, which marked a product
10 as a Hard Candy mark.

11 The Plaintiff points to Sovereign Military, and again
12 the Harland v. Clarke Checks, and McCarthy on trademark and
13 unfair competition to support their proposition because the
14 same exact words are used and both parties belong to the
15 cosmetic industry. But again, looking to the facts supporting
16 the decisions in those cases, I find that they can be
17 distinguished from application to this case. Sovereign
18 Military involved a dispute between, as you recall, two
19 religious non-profit organizations. Both parties were using
20 similar marks as symbols of their organizations, and there was
21 no dispute that both parties were using those symbols as their
22 mark. Harland involved the use of a mark containing the word
23 "stub," again, as the primary name for the product sold. Here,
24 Anastasia did not use "Hard Candy" to name a product, but
25 rather a component of the product, a shade.

1 And most importantly, Anastasia's marks were featured
2 prominently on the product, which diminished the likelihood of
3 any confusion. I think this case is more akin to -- or at
4 least the reasoning in the case of Carnival Corp. v. Sea Escape
5 Casinos has more resonance here. In that case, Judge Moreno
6 found especially persuasive the fact that "Fun Ship" mark is
7 used in connection with Carnival 95 percent of the time,
8 whereas the Sea Escape slogan, which also used the words "Fun
9 Ship", always featured the Sea Escape name prominently. And
10 even though in that case there was a difference as to the
11 cursive use of "Fun Ship," I think that the overall impression
12 is that here Anastasia was not using "Hard Candy" as a mark,
13 but merely to describe it. And so for that reason, as to that
14 factor, I find in favor of the Defendant.

15 As to the similarity of products, again, this was
16 addressed in summary judgment. But briefly, the Court must
17 examine whether the products are the kind that the public
18 attributes to a single source, not whether the purchasing
19 public can readily distinguish between the products of the
20 respective parties. The greater the similarity between product
21 and services, the greater the likelihood of confusion. I think
22 I found in summary judgment that they're both cosmetic
23 purveyors, and while there is a difference in the retail price
24 and some products, I think this factor, as noted in the summary
25 judgment, would favor Hard Candy.

1 Then again, another factor that was addressed in
2 summary judgment, the similarity of the retail outlets. There
3 was some discussion of this at trial. But as I noted then, I
4 think that discussion is going to go to a different analysis.
5 This factor takes into consideration where, how, and to whom
6 the parties' products are sold. And dissimilarities in the
7 outlets lessen the possibility of confusion. The parties'
8 outlets and customer bases need not be identical, but there
9 is -- some degree of overlap should be present. And in summary
10 judgment, I found that Hard Candy has presented evidence of an
11 overlap between customer bases and it's sufficient to tip the
12 factor to Hard Candy.

13 Again, there was discussion of Anastasia's customer
14 base being more affluent and purchasing their products in
15 higher-end department stores, while the Hard Candy customer
16 base was health less affluent. I think the Eleventh Circuit
17 has indicated their discomfort in dividing up the analysis of
18 this factor into affluent and less affluent, and the Court
19 agrees.

20 Similarity of advertising media, also taken care of in
21 summary judgment. But again, comparing the advertisements and
22 the audiences they reach, certainly the evidence demonstrated a
23 commonality, consumers who see both advertising and trade;
24 social media, which seems to be the most predominant
25 methodology they days; and print media. Again, the discussion

1 by Anastasia dividing the cosmetic consumer into high-end and
2 low-end tranches is not availing. And even the argument that
3 there are more Instagram followers for Anastasia than there are
4 for Hard Candy, it's not the size of the audience, but whether
5 the advertising is likely to reach the same audience, I think.
6 And consequently, that favors Hard Candy.

7 Then we must examine the Defendant's intent. If it
8 can be shown that a Defendant adopted a plaintiff's mark with
9 the intention of deriving a benefit from plaintiff's business
10 reputation, then this fact alone may be enough to justify the
11 inference that there is a confusing similarity. And that was
12 FIU v. FNU. In examining this factor, the Court must consider
13 whether Anastasia had a conscious intent to capitalize on the
14 Plaintiff's business reputation, was intentionally blind, or
15 otherwise manifested improper intent in using the word "Hard
16 Candy" in the Gleam Glow Kit. See again -- I would suggest the
17 Custom Manufacturing v. Midway, 508 F.3d 641. And also I'll
18 discuss Carnival v. Sea Escape in a moment.

19 Hard Candy argues that intent is found in this case
20 because the stores had knowledge of Hard Candy's existence.
21 They used the exact Hard Candy language on the Anastasia
22 products, when they could have chosen another. They failed,
23 Anastasia, to conduct a trademark clearance search. They
24 received a cease and desist letter, but continued to distribute
25 the kit, and had the opportunity to change the name when

1 remanufacturing, I guess, the pallet pods, but choosing not to
2 do so. And Hard Candy relies on the *Frehling case*; *Tiramisu*
3 *International v. Clever Imports*, 741 F. Supp. 2d 1279; *The Drew*
4 *Estate Holding v. Fantasia*, 875 F. Supp. 2d 1360; and *Centaur*
5 *Communications v. ASM Communication*, 830 F.2d 1217. And Hard
6 Candy claims all of those factors evidence intent or at least
7 intentional blindness.

8 Anastasia counters that the only relevant intent is
9 the Defendant's intent when adopting the mark and that there
10 was never an intent to infringe. That Claudia Soare, who was
11 the only person involved in developing the product and the
12 names, testified that while she knew of Hard Candy in the late
13 90s as a purveyor of nail polish, she did not know that they
14 had continued to exist. She testified that she came up with
15 the Hard Candy name because -- and I think someone referred to
16 an obsession with sweets, that the kit's theme was sweets, and
17 that the shade in question had an iridescent sheen that
18 reminded her of the hard candy -- hard ribbon candy her
19 grandmother gave her when she was in Romania. She also
20 testified it would not make sense for Anastasia to use the
21 trade name of a mass cosmetic brand, when their target has
22 always been a different consumer base and prestige customers,
23 as they were characterized.

24 And with respect to the cease and desist letter,
25 Anastasia Soare testified that the day she received the letter

1 she called -- they looked on the Google for the CEO of Hard
2 Candy, LLC, got a number, left a voice mail. She also stated
3 that she reached out to -- her lawyers reached out to lawyers
4 for Hard Candy to discuss this in February of 2017. And
5 finally, that when the letter was received, all of the
6 Anastasia persons testified that the product was already in
7 stock and advertised for sale online.

8 Based on this record, the Court finds that Anastasia
9 had no intent to infringe on the Plaintiff's mark when it
10 adopted the name "Hard Candy" in its Glean Glow Kit. I also
11 find that there was no willfulness or intentional blindness
12 evidenced here.

13 I have no reason to disbelieve Ms. Soare's testimony
14 regarding the creation of the product and the name. I have no
15 reason to disbelieve Ms. Soare's testimony that she did not
16 have any knowledge that Hard Candy was a going concern when the
17 Glow Kit was created. As a matter of fact, neither party
18 seemed to know that the other existed at the time in question
19 or that the words "Hard Candy," as she testified, were used to
20 describe the iridescent sheen produced by the highlighter.

21 And additionally, as I alluded to earlier and at
22 trial, some of the factors of the likelihood of confusion test,
23 while not dispositive, or even while favoring, in that
24 analysis, Hard Candy, the same evidence, I think, demonstrates
25 that Anastasia had no intent to infringe.

1 So for example, the evidence that Anastasia's
2 products were more expensive than comparable Hard Candy
3 products, and then would have a different demographic of
4 consumer, that Anastasia did not sell at Walmart, which was
5 Hard Candy's exclusive retail outlet, never intended to, and
6 that Anastasia sold in Macy's, Ulta, and Sephora.

7 Now, again, while these arguments don't inure to
8 Anastasia favor as to similarity of retail outlets and
9 customers, they do carry some weight to intent. Because
10 Anastasia's customers are different, it really does make no
11 sense that Anastasia, especially in light of the unchallenged
12 testimony as to why the name was chosen, that Anastasia would
13 try to appropriate the goodwill of the Hard Candy mark.

14 There is also, I believe, no evidence of intentional
15 blindness. While it's true that Anastasia continued to sell
16 the kit after receiving the cease and desist, the Court does
17 not believe that this conduct translates into an intent to
18 create a likelihood of confusion. And again, the cases cited
19 by Hard Candy are distinguishable. So for example, Frehling,
20 which is cited often by both sides, the Court found the
21 Defendant had been intentionally blind in adopting the Bell
22 Oggetti mark because of not single factors, not the fact that
23 it failed to conduct a trademark search, but the fact that it
24 failed to conduct a trademark search and then when it went to
25 register the trademark was denied a trademark because of the

1 existence of Oggetti. And the party in Frehling, having
2 received that information, made no attempt to explore the
3 potential likelihood of the confusion of the two marks with the
4 owner of the mark. And then adopted a 1-800 toll-free number,
5 which was the direct replica of the Oggetti mark's toll-free
6 number. And finally, continued to use it, despite the advice
7 of their own counsel. So that case, I don't think, as I have
8 recited here, applies to the facts of our case.

9 The other case, Tiramisu, that decision was made in
10 the context of recommending disgorgement damages as to a
11 default judgment, and I think I mentioned that in trial. And
12 in that case, not only was there default, but the Defendant had
13 completely ignored two demand letters. Not the case here. The
14 Defendant refused to cooperate, before, during, and after the
15 lawsuit was filed. Ergo the default. And then, finally,
16 continued to sell the product, even though, once engaged in the
17 litigation, represented that it had stopped, which I think
18 would be considered a lie. That is -- those facts are not
19 resonant with the facts here.

20 In Drew Estate, in that case, before filing for
21 trademark application, there was a trademark search which
22 revealed the mark. And even so, Fantasia proceeded with the
23 use of it, thereafter counterclaiming and admitting in three
24 amended complaints that there was a likelihood of confusion,
25 before realizing that that strategy actually was tantamount to

1 an admission, undermining their argument. So I don't think
2 Drew offers us any real direction.

3 And then in Centaur, the Second Circuit found that
4 awareness of a mark may raise an inference of bad faith if
5 there is not a credible innocent explanation for choosing the
6 name. And here, I believe we have a credible, innocent
7 explanation for choosing the name. And I said I was going to
8 mention the Sea Escape case, because it's interesting. In that
9 case, the Court ultimately finds that by the standard of
10 clearly erroneous it will not overturn the district court's
11 decision.

12 But even with that, in discussing -- and I had it
13 right here. This is what happens when I have notes all over
14 the place. In discussing bad faith, the Court found that none
15 of the facts were particularly good evidence of bad faith. So
16 the failure to conduct a basic trademark search, or the
17 decision to continue with a campaign after being aware of the
18 registration, or continuing after speaking with counsel about
19 those registrations.

20 Granted, the Eleventh Circuit, did not set that aside
21 as clearly erroneous, but clearly had some questions about
22 whether that conduct really was tantamount to bad faith. And
23 as I noted here, the idea that alone the failure to conduct a
24 trademark search. Well, we had testimony -- we had no
25 testimony as to whether that is a must in the industry

1 practice. We did have testimony that if it was, both parties
2 failed to do it.

3 There is nothing in the cases that posit that failing
4 to comply with a cease and desist letter is per se evidence of
5 intent, merely that failing to comply with other evidence of
6 misconduct may raise an inference of willfulness. And in this
7 case, there is no such evidence. There was a credible
8 explanation as to how and why the product was developed.
9 Again, Ms. Soare testified she was not aware of the current
10 iteration of Hard Candy when she created the names, did not
11 conduct any search because she wasn't intending to use it as a
12 mark, but merely as a descriptor, did not ignore the cease and
13 desist, attempted to call the CEO, and referred the letter to
14 counsel, who, in turn, did have discussions with Plaintiff's
15 counsel.

16 And I think I alluded to this in the case, but I want
17 to make clear here that the testimony by the Plaintiff is --
18 it's inconsistent, really, as to this -- as to the meaning of
19 the cease and desist and what should or shouldn't have been
20 done. Mr. Falic was very adamant that it was his
21 responsibility to protect the mark, and that it was his
22 decision, and he -- to have the cease and desist letter issued,
23 and he directed his lawyers to do so immediately. However,
24 Mr. Falic didn't recall any other communications that his
25 attorneys engaged in on behalf of Hard Candy and also was

1 unclear as to what his position was as to a preliminary
2 injunction, saying only that the cease and desist should have
3 taken care of this and Mr. Dolleck was to leave those types of
4 decisions up to him. So it is unclear, from the Plaintiff's
5 record, how that cease and desist on its own should be viewed
6 in the way Plaintiffs advocate.

7 The evidence also shows that when Anastasia received
8 the cease and desist, the Glow Kit was already in stock,
9 available for sale. While a discreet part was being reworked,
10 that had already happened before the letter. And that had to
11 do, again, with the pods on the pallet. The kit itself with
12 the logo and the names was -- were ready to receive the pallet.

13 And finally, Anastasia did not intend to use the words
14 as a mark, but rather as one description of one pod in a
15 four-pod pallet. And so I don't think there is clearly an
16 obligation on the part of Anastasia to conduct a trademark
17 search.

18 And for all of these reasons, and the cases I've
19 cited, I find that Anastasia did not intend to infringe on the
20 mark and was not intentionally blind after receiving the cease
21 and desist.

22 As to actual confusion, it's undisputed, the evidence
23 of actual confusion is the best evidence of a likelihood of
24 confusion. I'm not going to string cite those cases; Frehling,
25 FIU, Aronovitz v. Health Cam. The finding of the Court in

1 summary judgment that there was no evidence of actual
2 confusion -- now, Hard Candy does correctly state that the
3 absence of actual confusion does not necessarily bar summary
4 judgment. But the failure of any evidence of confusion, in
5 conjunction with the disputes over the similarity of the marks
6 and the intent, I think it's telling that there is no evidence.
7 And so this factor would favor Anastasia.

8 Now, I understand that there was some allusion at
9 summary judgment at least to the witness, Mr. Berger, and there
10 are motions with regard to his expertise. But I think whatever
11 that evidence weight, Mr. Berger himself had admitted his
12 methodology did not measure actual confusion. So on this
13 record -- and again, based on the totality of evidence, I don't
14 believe that Hard Candy has shown likelihood of confusion and
15 therefore find that the mark was not infringed on.

16 I don't have to consider all of the factors. There
17 may be new factors. But again, the real question is whether
18 the ultimate determination of likelihood of confusion is
19 correct. And I believe it is. I believe that I must view the
20 evidence as a whole and I believe I must give substantial
21 weight to the fact that the Plaintiff could not prove actual
22 confusion.

23 And while the marks -- the words "Hard Candy" and
24 their use were similar in that they were both in caps and they
25 were both used, the way in which it was presented was not

1 similar enough to create a likelihood of confusion. The Gleam
2 Glow Kit featured prominently the Anastasia trademarks on the
3 front cover. And the only mention of "Hard Candy" is on the
4 pallet and on the back, as one of four.

5 And again, if I'm not clear, I don't believe that the
6 Defendant used the word "Hard Candy" as a mark, but just to
7 describe one of the shades. And so that segues into my next
8 discussion as to fair use. That even if there was likelihood
9 of confusion and a finding of infringement, Anastasia has
10 advanced the defense of fair use. And consistent with their
11 obligation as an affirmative defense, Anastasia must show that
12 Gleam Glow used the word "Hard Candy" other than as a mark in a
13 descriptive sense and in good faith.

14 Other than as a mark, Hard Candy argues that Anastasia
15 used the words as a mark because it was used prominently on the
16 inside and on the back of the kit and in advertising and
17 marketing materials. Anastasia argues that it's clearly not
18 used as a mark, when compared to the use of the house mark, and
19 it was used to describe a color. And I don't know that I took
20 this up at trial or in summary judgment, but the word or the
21 phrase functions as a trademark when used by a source to
22 identify itself to the public as a source. And that's the
23 Sands case, 978 F.2d 947. So this element looks to the overall
24 context. Again, the overall context; the lettering, the type,
25 the style, the size, the visual placement.

1 If the challenged words were accompanied on the
2 product by the Defendant's own conspicuously visible mark, this
3 generally means they were not being used as a mark.

4 International Stamp v. United States Postal Service, 456 F.3d
5 1270. And also, as parties have cited, I would trite to
6 McCarthy at the Restatement Third, Section 1146.

7 Now, Hard Candy cites three cases: Adidas v.
8 Skechers, 2017 Westlaw 3319190; PODS Enterprises v. U-Haul 126,
9 F.Supp 3d 1263; and then again, the Sands, Taylor & Wood v.
10 Quaker Oats, 978 F.2d 947.

11 Based on the record, I find that Anastasia did not use
12 the "Hard Candy" as a trademark. It doesn't have a product
13 called Hard Candy. It's product is the Gleam Glow Kit. Again,
14 four shades of makeup, one of which called Hard Candy. "Hard
15 Candy" isn't on the cover. It's only on the inside of the
16 pallet -- very small lettering for those of us who wear
17 glasses -- below the pallet, and then on the back with the
18 other three colors. It's not being used to identify
19 Anastasia's goods. It's in ordinary print next to the colors.
20 None of the Instagrams I saw suggested otherwise. All of the
21 Instagrams and social media posts showed how customers were
22 using the kit.

23 And the cases that I just mentioned, and cited by the
24 Plaintiff, are, again, on their facts, distinguishable from the
25 facts here. In Adidas, one of the Defendant's sneakers was

1 named Supernova, which was an Adidas sneaker which was
2 trademarked. So both parties were using the trademarked name
3 for that product. Anastasia's product was Gleam Glow, not Hard
4 Candy. In the PODS v. U-Haul, there was using the word "pods,"
5 as a mark. There was evidence that the phrase had been
6 deliberately used as a brand. The son of the executive of
7 U-Haul, himself an executive, referenced using the name like a
8 steely-eyed gunslinger, probably not the wisest choice of
9 phraseology to be used, but an indication that there was an
10 intent to use that particular mark in a particular fashion.

11 And then again the Sands v. Quaker -- I had that
12 case -- that was the Gatorade using the word "Thirst Aid" in
13 that way, the prominence of the advertisement, even though
14 there was some question as to whether the "Thirst Aid" was
15 being actively used. It wasn't just Gatorade and then an
16 aside. It was: "Gatorade is thirst aid," in a huge
17 advertising campaign and it was designed to create the
18 impression that "Thirst Aid" is uniquely associated with
19 Gatorade. That is not the case here. It wasn't used in a way
20 prominently enough to get that type of attention. And so I
21 find that Anastasia was using it as a descriptor.

22 And again, the standard -- the use of the term is
23 whether the phrase to describe the goods is not narrowly
24 confined to words that directly describe a physical quality,
25 such as size or color. And we had a lot of discussion about

1 that because Hard Candy argued "Hard Candy" couldn't be used in
2 a descriptive sense because the words don't describe a color.
3 And Anastasia argued that it's not that narrow and it was used
4 to describe the sheen. And I don't think I -- I think it was
5 the Love Potion case, "Sealed with a Kiss," and I actually
6 don't have a notation on that, so I won't talk to that case
7 directly. But in any event, I do find that Anastasia used it
8 in a descriptive sense.

9 Again, International Stamp, the Eleventh Circuit says
10 the words need only describe a characteristic of the goods.
11 And the Second Circuit case might be Cosmetically Sealed v.
12 Chesebrough Pond, 125 F.3d 28. And that court alluded to Judge
13 Leval's helpful expression of descriptive sense, not just,
14 again, color, quality, size. They talk about fair uses
15 applicable to the choice of words "Come on Strong" as
16 presumably describing a desired effect of men's wear. Here
17 again, the iridescent sheen. But I would also -- what was
18 used. I would point the parties to a case that I discovered,
19 Charles of the Ritz v. Marcon, 635 F.Supp 158. Charles of the
20 Ritz used the term "silk" to describe a shade of makeup and
21 another cosmetic company named "Silk" claimed infringement, and
22 the Court found there was no infringement. It's being used to
23 describe the product. Just because it's not a color is not
24 disqualifying. And also the fact that the products didn't
25 contain silk is not disqualifying.

1 In considering the question of infringement, the Court
2 must focus on the use of the pertinent word, not on its nature
3 or meaning in the abstract. Doesn't matter that silk isn't a
4 color. It conjures up an idea of something smooth and soft and
5 lustrous. It's frequently used in connection with cosmetics.

6 Now, I know that "hard candy" as a phrase is not.
7 Certainly "candy" is. And the word is used to describe the
8 result, the consumer having smooth hair or smooth lustrous skin
9 or fingernails. And I think that takes that -- that discussion
10 takes this factor out of the very narrow construction that
11 Plaintiff had urged upon the Court.

12 I'm also citing -- and direct the parties to Marcal
13 Paper Mill v. Scott Paper. The use of the word "Camellia" was
14 okay as descriptive of a color. And Dessert Beauty v. Fox, the
15 word "Love Potion," could be used to describe a fragrance, not
16 a mark.

17 So based on all of the above, I find that Anastasia
18 used the words in a descriptive sense and not as a mark.

19 And finally, I have gone through the factors of good
20 faith and I don't think I need to reiterate or elaborate here.
21 But in conclusion, I find, that even were there to be a finding
22 of infringement, that Anastasia met its burden on fair use.

23 So in summary, I find that there was no likelihood of
24 confusion, no intent to confuse, no intentional blindness on
25 the part of Anastasia, and no infringement. But had there

1 been, the record supports Anastasia's defense of fair use.

2 I believe I covered everything I wanted to. I think
3 there might have been one -- when I was speaking of the cease
4 and desist and the Plaintiff's presentation of how that fact
5 alone was important and dispositive, and I noted that I thought
6 the events as the Plaintiff portrayed them were inconsistent
7 and not supportive, I would also point to Mr. Dolleck's
8 testimony, where, again, he testified as to the need for a
9 cease and desist, that he was shocked when he learned from an
10 intern of the use of "Hard Candy." But the emails -- he
11 explained the email about: "Not sure whether it would be worth
12 making an issue about this," wasn't what he meant to express or
13 what he ultimately expressed orally. But there was also that
14 confusion as to who was responsible for enforcing infringement,
15 and who would be entitled to the proceeds, and how that
16 licensing agreement meted out obligations.

17 And so the idea that that somehow established that the
18 cease and desist letter was enough for Anastasia to understand
19 it should no longer advance the product, in juxtaposition to
20 the testimony that Anastasia reached out, engaged lawyers, who
21 themselves reached out to other lawyers, I think that just
22 muddied the waters. But I won't -- I won't make any other
23 finding in that regard.

24 Is there -- well, that took a while. Is there
25 anything other than the entry of the order for the parties that

1 the parties wish for me to address or clarify today?

2 MR. KAPLAN: No, Your Honor, not on behalf of the
3 Plaintiffs. Just to clarify or confirm, Your Honor will be
4 entering a written order?

5 THE COURT: Well, I'll be entering an order that will
6 adopt all of my findings today, so that there is a basis should
7 the parties wish to appeal, but I'm not going to enter a
8 written order that says what I just said.

9 MR. KAPLAN: Understood. Thank you.

10 MR. ROMANCE: Nothing from our side, Your Honor.

11 THE COURT: All right. Again, thank you for being
12 available. We're adjourned.

13 (Proceedings concluded at 12:05 p.m.)

14

15

16

17

18

19

20

21

22

23

24

25

1 UNITED STATES OF AMERICA)

2 ss:

3 SOUTHERN DISTRICT OF FLORIDA)

4 C E R T I F I C A T E

5 I, Yvette Hernandez, Certified Shorthand Reporter in
6 and for the United States District Court for the Southern
7 District of Florida, do hereby certify that I was present at
8 and reported in machine shorthand the proceedings had the 2nd
9 day of February, 2018, in the above-mentioned court; and that
10 the foregoing transcript is a true, correct, and complete
11 transcript of my stenographic notes.

12 I further certify that this transcript contains pages
13 1 - 31.

14 IN WITNESS WHEREOF, I have hereunto set my hand at
15 Miami, Florida this 11th day of February, 2018.

16
17 /s/Yvette Hernandez
18 Yvette Hernandez, CSR, RPR, CLR
19 Certified Shorthand Reporter
20 400 North Miami Avenue, 10-2
21 Miami, Florida 33128
22 (305) 523-5698
23 yvette_hernandez@flsd.uscourts.gov
24
25