

EXHIBIT C

U.S. Polo Ass'n, Inc. v. PRL USA Holdings, Inc., Not Reported in F.Supp.2d (2013)

2013 WL 837565

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United States District Court,
S.D. New York.UNITED STATES POLO ASSOCIATION,
INC., and USPA Properties, Inc., Plaintiffs,

v.

PRL USA HOLDINGS, INC., and
L'Oréal USA, Inc., Defendants.

No. 09 Civ. 9476. | March 6, 2013.

Attorneys and Law Firms

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OPINION

SWEET, District Judge.

*1 Defendant PRL USA Holdings, Inc. ("PRL" or the "Defendant") has moved to hold plaintiffs United States Polo Association, Inc. ("USPA") and USPA Properties, Inc. ("USPAP") (collectively, the "USPA Parties" or the "Plaintiffs") in contempt for violating the Permanent Injunction and Final Judgment entered in this action on March 5, 2012 (the "Injunction") and the Final Order, Judgment and Decree entered on December 6, 1984 (the "1984 Order"). Non-party JRA Trademark Company, Ltd. ("JRA") has moved to intervene pursuant to Rule 24 of the Federal Rules of Civil Procedure.

This is the latest outbreak of a twenty-eight year trademark war between PRL and its predecessor, possessors of the highly-successful Ralph Lauren Polo Player Logo, and the USPA, a national association dedicated to the promotion of the sport of polo and the sale of products which are designated as polo products. The parties have conducted this feud in various battlegrounds with tenacity, ability and assisted by eminent and high-skilled counsel. The outcome of these battles has not produced the clarity to compel the termination of the conflict. What follows is the outcome of another skirmish which involves a dispute over the USPA's parties' use of variants of its Double Horsemen Mark and U.S. POLO ASSN. marks on eyewear.

On the facts and conclusions set forth below, JRA's motion to intervene is considered first to allow for consideration of its opposition, and is granted. PRL's motion for contempt and appropriate sanctions is also granted.

I. Preceding Litigations and Prior Proceedings

In 1984, USPA and its licensees commenced an action against PRL for a declaratory judgment that various articles of merchandise bearing a mounted polo player symbol did not infringe PRL's Polo Player Logo. PRL counterclaimed for trademark infringement. The matter came before the Honorable Leonard B. Sand.

In his 1984 Order, Judge Sand denied USPA's request for a judgment of non-infringement, found that USPA and its licensees infringed PRL's Polo Player Logo, POLO, POLO BY RALPH LAUREN trademarks and PRL's trade dress, and engaged in unfair competition. *See U.S. Polo Ass'n v. Polo Fashions, Inc.*, No. 84 Civ. 1142(LBS), 1984 WL 1309 (S.D.N.Y. Dec. 6, 1984).

The 1984 Order enjoined USPA and its licensees from infringing PRL's marks, including the Polo Player Logo and the word "POLO," but not from engaging in a licensing program that did not use the infringing trademarks. Specifically, the 1984 Order included the following provisions enjoining the USPA parties and those in concert with them from the following:

- a. using any of the Polo Marks or any name or mark or symbol which is confusingly similar thereto, in connection with the sale or offering for sale of any goods or the rendering of any services;

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b. manufacturing, distributing, advertising, promoting, importing, licensing, authorizing, sponsoring, holding for sale or selling any goods, labels, tags, logos, decals, emblems, signs and other forms of markings, any packaging, wrappers, containers and receptacles and any jacquard cards, catalogs, price lists, promotional materials and the like bearing an infringement or colorable imitation of any of the Polo Marks;

*2 c. using for any commercial purposes whatsoever any symbol, logo, trade name or trademark which may be calculated to or has the effect of falsely representing that the services or products of or licensed by plaintiffs are sponsored or authorized by, or in any way associated with defendants, Ralph Lauren or any entity affiliated with any of them;

d. using for any commercial purposes whatsoever, the name "United States Polo Association," or any other name which emphasizes the word POLO (or the words U.S. POLO) separate, apart and distinct from such name in a manner which likely to cause confusion with defendants, Ralph Lauren or any entity affiliated with any of them.

(Cal. Dec. Ex. B, ¶ 8). The 1984 Order, however, permitted USPA to conduct a retail licensing program using its name, "a mounted polo player or equestrian or equine symbol which is distinctive from ... [PRL's] polo player symbol in its content and perspective," and other trademarks that refer to the sport of polo, subject to certain conditions and restrictions set forth in the 1984 Order. *Id.* The USPA Parties did not appeal the 1984 Order.

In 2000, PRL brought a lawsuit in the Southern District of New York against the USPA and its master licensee affiliates, seeking to bar the use of USPA's name, the Double Horsemen Mark and other logos on apparel and related products. *PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc.*, No. 99 Civ. 10199(GBD) (S.D.N.Y.2000) (the "Apparel Litigation").

On September 5, 2003, the PRL and USPA Parties entered into a settlement agreement that partially settled the claims made by PRL against the USPA Parties in the Apparel Litigation (the "2003 Settlement Agreement"). The 2003 Settlement Agreement set forth terms for the USPA to use its name and certain other logos, designs and packaging on apparel, leather goods and watches. It also incorporated by reference the 1984 Order and provided a mechanism for PRL

to raise complaints and objections regarding packaging that it believed was infringing its rights or in violation of the 2003 Settlement Agreement. However, the parties failed to resolve whether the USPA had a right to use four of variants of its Double Horsemen Mark. Instead, the parties agreed to resolve that issue through a trial before the Honorable George B. Daniels, and that the result of the trial would be incorporated into the 2003 Settlement Agreement.

On October 20, 2005, a jury verdict concluded that three out of the four versions of the Double Horsemen Mark did not infringe PRL's single horseman mark when used on apparel, leather goods and watches. *PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc.*, No. 99 Civ. 10199(GBD), 2006 WL 1881744, at *1 (S.D.N.Y. July 7, 2006). Specifically, "the jury found (1) [USPA Parties'] solid double horseman mark infringed PRL's Polo Player Symbol trademarks; and (2) [USPA Parties'] solid double horseman mark with 'USPA,' outline double horseman mark, and outline double horseman mark with 'USPA' did not infringe PRL's Polo Player Symbol trademarks."

*3 After considering post-trial briefing by the parties, Judge Daniels denied PRL's motion for a new trial in July 2006. PRL appealed the jury's verdict, which the United States Court of Appeals for the Second Circuit upheld. *See PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc.*, 520 F.3d 109 (2d Cir.2008).

On November 13, 2009, the USPA Parties filed a complaint for declaratory judgment that sought the right to license and sell in the United States fragrance products bearing U.S. POLO ASSN., the Double Horsemen Marks and "1890," the year of the founding of the U.S. Polo Assn. (the "Fragrance Litigation"). (Dkt. No. 1). PRL and its exclusive fragrance licensee, L'Oreal USA, Inc. ("L'Oreal"), intervened in the action without objection. (Dkt. No. 12). PRL and L'Oreal brought various counterclaims against the USPA Parties and sought a preliminary injunction barring the use of the Double Horsemen Logo on March 2, 2010. (Dkt.Nos.11, 14, 15).

The parties agreed that the preliminary injunction hearing would be consolidated with a trial on the merits. After a bench trial, an opinion was entered on May 13, 2011 by this Court (the "May 13 Opinion") determining that the USPA Parties' use of a confusingly similar logo consisting of two mounted polo players and their use of composite word marks in which the word "POLO" predominated, infringed the PRL Marks with respect to fragrance products. (Dkt. No. 80); *see U.S.*

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Polo Ass'n v. PRL USA Holdings, Inc., 800 F.Supp.2d 515 (S.D.N.Y.2011).

The May 13 Opinion held that PRL's federally registered Polo Player Logo and POLO trademarks (collectively, the "PRL Marks") on fragrance products were valid and "extremely strong" and were entitled to a substantial degree of protection from infringement. *Id.* at 527–28. The May 13 Opinion also found that the similarity between PRL's Polo Player Logo and USPA's Double Horsemen Mark was "apparent[.]" *Id.* at 528, noting that,

Both marks are similar in perspective—containing a polo player on horseback, facing slightly to the viewer's left, leaning forward with a polo mallet raised. Both are displayed in embossed metallic or glossy material—with PRL's appearing in a number of colors including silver and gold, and USPA's appearing in a light gold.

The primary difference between the marks is that the PRL's logo contains one player, while USPA's contains two, one with mallet raised and the other with mallet lowered, which significantly overlap. In USPA's mark, the front horseman is displayed in solid metallic ink, while the rear horseman is only outlined, such that the background packaging shows through. This gives the front—mallet raised—horseman more visual prominence, while the torso of the rear horseman can be said to fade into the background. Both of USPA's horsemen share the same directional perspective and overlap to a degree that it can be difficult to discern if there is one horse or two.

Id. at 528–529.

*4 The May 13 Opinion also found that the USPA acted in bad faith in adopting the Double Horsemen Mark for fragrances and that "USPA's use of the Double Horsemen Mark along with the word mark 'U.S. POLO ASSN.' in the context of men's fragrances created a strong likelihood of confusion with the PRL Parties' products." *Id.* at 538.

On March 5, 2012, PRL's motion for attorneys' fees was denied and the Injunction was entered. (Dkt.Nos.94, 95). The Injunction provided that the USPA Parties were permanently enjoined and restrained from:

- a. Using the Double Horsemen Mark, ... alone or in combination with any name, symbol, device or other word(s) in connection with the advertising, promotion, offering for sale or sale of fragrances or related products

such as cosmetics, personal care products and beauty products;

- b. Using the word "POLO" alone or in combination with any name, symbol, device or other word(s) in connection with the advertising, promotion, offering for sale or sale of fragrances or related products such as cosmetics, personal care products and beauty products;
- c. Using the PRL marks or any other name or mark, including the image of one or more mounted polo players, that constitutes a colorable imitation of or is confusingly similar to PRL's Polo Player Logo ... or "POLO" word mark in connection with the sale or offering for sale of any goods or rendering of any services;
- d. Using for any commercial purpose whatsoever any symbol, logo, trade name, trademark, or trade dress which is calculated to or has the effect of representing that the products or services of or licensed by the USPA Parties are associated with, sponsored, endorsed, or authorized by, or are in any way connected or associated with the PRL Parties or any entity affiliated with them.

(Injunction ¶¶ 3(c)-(d)).

On April 3, 2012, the USPA Parties appealed the May 13 Opinion and the Injunction to the Second Circuit. (Dkt. No. 96). On February 11, 2013, the Second Circuit affirmed this Court's judgment of dismissal and entry of permanent injunction. *U.S. Polo Ass'n v. PRL USA Holding, Inc.*, No. 12 Civ. 1346, 2013 WL 490796 (2d Cir. Feb. 11, 2013) (the "USPA Appeal").

On August 21, 2012, PRL brought the instant motion for sanctions and contempt of the Injunction, based upon the USPA Parties' sale of eyewear bearing logos, which according to PRL, are colorable imitations of PRL's Polo Player Logo.

After learning of PRL's motion for contempt and sanctions, JRA contacted the USPA Parties to seek its consent for JRA to intervene in this action for the purpose of defending against PRL's motion and the interpretation of the Injunction on Wednesday, August 22, 2012. That consent was given on August 27, 2012. The next day, JRA requested PRL's consent for its intervention. On August 29, 2012, PRL notified JRA that it would not consent to JRA's intervention because that intervention would cause undue delay. In response, JRA

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agreed to be bound by whatever schedule the named parties agreed to and submitted its opposition for consideration should its motion to intervene be granted.

*5 Both motions were heard and marked fully submitted on October 3, 2012.

II. *The Applicable Facts*

Since 1978, PRL has marketed eyewear and sunglasses, which bear its Polo Player Logo and other trademarks. Sales of PRL's eyewear products have generated nearly \$300 million in the United States since 2007. According to PRL, it and its licensees have spent approximately \$17 million in the last five years to advertise and promote eyewear bearing the PRL Marks.

In July 2010, USPAP's President and CEO David Cummings ("Cummings") provided deposition testimony that eyewear was being sold in the U.S. market with the Double Horsemen Mark and also testified during the trial of this action stating the same. The USPA Parties presented evidence at trial that included 49 computer-assisted designs ("CADs") for sunglasses bearing the Double Horsemen mark and that the U.S. POLO ASSN. name that had been approved for sale in the United States by the USPA. According to the USPA Parties, since 2009, more than 987,000 pairs of sunglasses bearing the USPA's trademarks have been sold in the United States, with more than \$1 million in sales each year from 2010 through 2012.

In April 2011, the USPA Parties filed an intent-to-use application with the United States Patent and Trademark Office ("USPTO") to register the Double Horsemen Mark for "eyewear, namely, ophthalmic eyewear frames, reading glasses, sunglasses, eyeglass cases and covers, sun clips in the nature of eyewear." (the "USPA Eyewear Application"). On December 21, 2011, PRL filed a notice of opposition to the registration of the USPA Eyewear Application with the Trademark Trial and Appeal Board ("TTAB"), alleging that the USPA's Double Horsemen Mark as applied to eyewear was so similar to PRL's Polo Player Logo that it was likely to cause confusion. USPA did not contest PRL's notice of opposition but instead asked PRL to consent to the withdrawal of the USPA Eyewear Application. PRL refused.

On May 30, 2012, the USPA abandoned the USPA Eyewear Application, resulting in a TTAB order sustaining PRL's opposition with prejudice (the "TTAB Order"). The USPA withdrew the trademark application limited to the Double

Horsemen Mark, and re-filed applications (Serial Nos. 85695036 and 85695059) for eyewear with the composite mark of the Double Horsemen Mark and "USPA" on August 3, 2012.

The USPA Parties are promoting and selling at least 11 different styles of sunglasses bearing the Double Horsemen Mark through major retail locations, including Kohl's, TJ Maxx, Burlington Coat Factory and Ross stores, as well as at its own retail outlets. The USPA Parties' sunglasses are sometimes sold with a navy blue case bearing the Double Horsemen Mark colored in silvery cream or very light gold with the words "U.S. POLO ASSN." underneath. A navy blue hang tag displaying a monochromatic gold Double Horsemen Mark on the front is attached to the USPA sunglasses.

Recently at the 2012 London Olympic Games, PRL was an official outfitter for Team USA, and holds a license from the United States Olympic Committee (the "USOC") to use certain Olympic symbols, labels, and trademarks (the "USOC Commercial Marks") in connection with the licensed merchandise, including sunglasses. Under its USOC license, PRL has produced products for Team USA and its fans, including sunglasses, which display the USOC Commercial Marks together with the PRL Marks.

*6 PRL also created a special Olympic Polo Player Logo, which is displayed exclusively on Olympic products. The logo was prepared for the 2012 Olympics and consists of PRL's Polo Player Logo in white on a blue background, encircled by a red band with white borders, with "RALPH LAUREN" and "2012" appearing within the band (the "Olympic Polo Player Logo").

Beginning with the 2008 Olympic Games, PRL had used the Olympic Polo Player Logo, altered to include the applicable year of the then current games, on products donated to Team USA and sold to consumers. The Olympic Polo Player Logo was also used on products promoted and sold in connection with the Olympic Games held in Canada in 2010. To date, in 2012, sales of PRL products bearing the Olympic Polo Player Logo and the USOC Commercial Mark have exceeded several million dollars.

According to PRL, the USPA Parties' "Cape Cod" sunglasses style bears a colorable imitation of PRL's Olympic Polo Player Logo. USPA's logo consists of a solid white colored Double Horsemen Mark on a blue background, encircled by a red band with white borders, with "U.S. POLO ASSN."

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