

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON

AFD CHINA INTELLECTUAL  
PROPERTY LAW (USA) OFFICE,  
INC.,

3:09-cv-1509-BR

OPINION AND ORDER

Plaintiff,

v.

AFD CHINA INTELLECTUAL  
PROPERTY LAW OFFICE,

Defendant.

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AFD CHINA INTELLECTUAL  
PROPERTY, LLC,

Counterclaim Plaintiff,

v.

LEI WANG, a/k/a LYNN WANG,

Third-Party Counterclaim  
Defendant.

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**BROWN, Judge.**

This matter comes before the Court on the Motion (#344) for Declaratory Judgment and Injunctive Relief and Motion (#345) for Entry of Judgment on Alter Ego Claim of Defendant AFD China Intellectual Property Law Office and Counterclaim Plaintiff AFD China Intellectual Property, LLC (collectively referred to herein as AFD China).

For the reasons that follow, the Court **GRANTS in part** and **DENIES in part** AFD China's Motion (#344) for Declaratory Judgment and Injunctive Relief and **DENIES as premature** AFD China's Motion (#345) for Entry of Judgment on Alter Ego Claim.

#### PROCEDURAL BACKGROUND

**I. Pretrial Conference and Claims Remaining Pursuant to**

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### **Pretrial Order**

The Court conducted a two-part Pretrial Conference on March 21, 2014, and March 24, 2014. Pursuant to Federal Rule of Civil Procedure 16 and Local Rule 16, the Pretrial Order (#298) submitted by the parties and adopted by the Court on February 24, 2014, supersedes all previous pleadings setting out the parties' claims, defenses, and counterclaims. Accordingly, the only issues remaining for resolution after the Court's summary-judgment rulings were those preserved in the Pretrial Order (#298).

Thus, the claims remaining for trial were:

#### AFD USA's Claims against AFD China:

1. Declaratory Judgment for a declaration that AFD USA owns the "AFD" mark.
2. Trademark Infringement under the Lanham Act, 15 U.S.C. § 1051, *et seq.*
3. Unfair Competition under the Lanham Act.
4. Common-Law Trademark Infringement and Unfair Competition.

#### AFD China's Counterclaim against AFD USA:

1. Declaratory Judgment for declarations that AFD China owns the "AFD" mark and that AFD USA's registration of the "AFD" mark was obtained by fraud and is void *ab initio*.

#### AFD China's Counterclaim against AFD USA and Counterclaim Defendant Lei (Lynn) Wang:

1. Unfair Competition under the Lanham Act.
2. Common-Law Trademark Infringement.

AFD China's Counterclaim against Wang:

1. Alter-Ego Liability.

**II. Bifurcation of Trial**

Consistent with the long history of contentious and poor communications between counsel, the parties did a poor job setting out the issues in their pretrial documents that were to be resolved by a jury. The parties were unable to come to agreement on a jointly-proposed verdict form and instead provided the Court with five different documents containing separately-proposed, objected-to, and agreed-upon verdict questions. The parties ultimately agreed on sixteen proposed verdict questions, but disagreed on thirty-two other questions. Moreover, the parties' proposed verdict questions included element-specific interrogatories and a confusing list of multiple questions that the Court concluded would almost certainly result in inconsistent answers from a jury.

In a March 19, 2014, email to counsel the Court informed the parties that their competing proposals for a verdict form were unacceptable and requested they confer and provide another jointly-proposed verdict form for the Court's consideration before the March 21, 2014, scheduled Pretrial Conference. On March 20, 2014, the parties submitted an Amended Proposed Verdict Form (#330) that contained twenty-seven questions that included five objected-to questions. The parties stated in the Amended

Proposed Verdict Form that they continued to disagree about the issues that should be tried to the jury.

Despite the fact that the parties were given a second chance to propose a suitable verdict form, they failed to cure the fundamental problems present in the first round of proposed verdict forms. For example, the parties still continued to expect the jury to track evidence on multiple, inconsistent factual theories that were contingent on resolution of the threshold question: Which party made first use of the "AFD" mark in commerce?

During the course of the Pretrial Conference, the Court, in the exercise of its discretion, determined it was necessary to bifurcate the jury trial to resolve initially the issue of first use and the parties' related defenses. After the Court determined the trial would proceed on a bifurcated basis, the parties agreed to a four-question verdict form for Phase I of the trial and also agreed to proceed initially with a jury trial in which evidence would be presented only on those four questions.

### **III. Trial, Verdict, and Discharge of the Jury**

On March 25, 2014, this matter proceeded to trial on the "first-use" issue. On March 28, 2014, the jury returned a Verdict in which it found in favor of AFD China. Specifically, the jury found AFD China proved by a preponderance of the evidence that AFD China made first use of the "AFD" mark in

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