

In the
United States Court of Appeals
For the Seventh Circuit

No. 00-1375

ELI LILLY & COMPANY, an Indiana corporation,

Plaintiff-Appellee,

v.

NATURAL ANSWERS, INCORPORATED, a Florida
corporation, and BRIAN A. FEINSTEIN,

Defendants-Appellants.

Appeal from the United States District Court
for the Southern District of Indiana, Indianapolis Division.
No. IP 99-1600-C H/G--David F. Hamilton, Judge.

Argued September 11, 2000--Decided November 21, 2000

Before BAUER, EVANS, and WILLIAMS, Circuit Judges.

EVANS, Circuit Judge. When Internet start-up Natural Answers, Inc. began marketing a line of herbal products called Herbscriptions, we assume it hoped to avoid getting embroiled in a nasty court fight, especially one with a global pharmaceutical giant like the Eli Lilly company. But no such luck, for here it is (along with its founder Brian Feinstein), asking us to reverse a district court order, granted on Lilly's motion for a preliminary injunction, which stopped Natural Answers from marketing its herbal "mood elevator" HERBROZAC. Although Natural Answers does its best to paint this case as David versus Goliath, and hopes for a result similar to that achieved by David, it doesn't have much of a slingshot to carry into the battle.

The basis of Lilly's claim is that the name HERBROZAC comes unfairly close to Lilly's protected mark for PROZAC, a prescription drug used to treat clinical depression. PROZAC has received considerable media attention since its rollout in 1988, appearing twice (March 26, 1990, and February 7, 1994) on the cover of Newsweek

Century./1 PROZAC has been prescribed over 240 million times for 17 million Americans, generating sales of more than \$12 billion.

Natural Answers develops, markets, and sells a line of herbal dietary supplements that it calls Herbscriptions. Herbscriptions are positioned as "drug alternatives" and include supplements called HerbenolPM, HERBALIUM, HERBASPIRIN, and HERBADRYL. Natural Answers' Feinstein testified that each name was chosen to call to mind the function of a famous drug from which its name is derived./2 Although Natural Answers is careful to characterize its products as alternatives to drugs, as opposed to substitutes for drugs, Feinstein testified that he hopes to persuade consumers not to have "a default reaction to immediately go to their physician and have a prescription for something they may not need."

Natural Answers markets its Herbscriptions line exclusively through its Internet Web site but plans to expand its channels of distribution to include retail outlets like health food and convenience stores. Natural Answers' Web site contains a column labeled "Think Herbs - not drugs!", under which it reads "Don't get your prescriptions filled with drugs . . . Get your Herbscriptions filled with Nature!" The Web site also features a table labeled "Herbs v. Drugs" which contrasts Natural Answers' products with a generic "Drug Alternative." In addition, until December 1999, Natural Answers' Web site contained a source code which included the term "Prozac" as a metatag,/3 and described HERBROZAC as "a powerful, and effective all-natural and herbal formula alternative to the prescription drug Prozac." Internet search engines read source codes, which are not immediately visible to an Internet user, in response to search queries. Natural Answers' use of "Prozac" as a metatag was an attempt to guide Internet users searching for information on PROZAC to Natural Answers' Web site. This effort apparently was unsuccessful, however, because searchers entering the keyword "Prozac" were swamped with Web sites containing a greater number of references to PROZAC. Natural Answers removed the term "Prozac" from its source codes in response to this lawsuit.

HERBROZAC is positioned as a "mood elevator." In order to maintain its status as a "food," and thus remain beyond the scope of the Food and Drug Administration's drug approval process, HERBROZAC's label warns that "[t]his product is

purchase HERBROZAC. The tablets themselves are larger than average, dark brown with black specs, and have a distinctly herbal odor. In contrast, PROZAC is available only with a doctor's prescription, which can be filled only by a licensed pharmacist. PROZAC tablets are green and off-white, and smaller than average.

Before Natural Answers could get HERBROZAC off the ground, Lilly sued to enjoin use of that name, claiming infringement under the Lanham Trademark Act, 15 U.S.C. sec. 1125(a), dilution under the Federal Trademark Dilution Act, 15 U.S.C. sec.1125(c), and violation of Indiana's unfair competition law. Addressing the federal claims only, the district court held that Lilly would likely succeed in proving at trial that the HERBROZAC name is likely to confuse consumers under the Lanham Act. In addition, after holding that Lilly was not required to demonstrate actual dilution in order to obtain relief under the Trademark Dilution Act, the court found that use of the HERBROZAC name created a likelihood of dilution of the PROZAC mark. Accordingly, the district court enjoined Natural Answers from further use of the HERBROZAC name and ordered that the references to PROZAC be removed from the source files of Natural Answers' Web site. At that time, Natural Answers had sold less than \$2,000 worth of the supplement. This appeal followed.

The standard for deciding a motion for a preliminary injunction is well-established and need not be restated at length. Suffice it to say that the moving party is required to demonstrate a likelihood of success on the merits, that it has no adequate remedy at law, and that it will suffer irreparable harm if preliminary relief is denied. *Abbott Lab. v. Mead Johnson & Co.*, 971 F.2d 6, 11 (7th Cir. 1992). If the moving party can pass this threshold, the court will then consider any irreparable harm a preliminary injunction would cause to the nonmoving party, as well as the consequences to nonparties of granting or denying the requested relief. *Id.* at 11-12. Then, sitting as would a court of equity, the court weighs all of these factors on a sliding scale; the more likely that the plaintiff will succeed on the merits, the less the balance of harms need favor him. *Diginet, Inc. v. Western Union ATS, Inc.*, 958 F.2d 1388, 1393 (7th Cir. 1992).

The district court (Judge David F. Hamilton presiding) painstakingly followed the prescribed

merits. Because the other factors are easily resolved, we'll follow the district court's lead. We review the district court's decision to grant a preliminary injunction under the abuse of discretion standard. *Abbott Lab.*, 971 F.2d at 12. In analyzing the relevant factors, a district court abuses its discretion only when it makes a clear error of fact or an error of law. *Id.* at 13.

We turn first to the Lanham Act, enacted in 1946. In the Act, Congress explicitly stated it intended to protect registered marks from interference by state legislation, prevent unfair competition, and protect against fraud "by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks" 15 U.S.C. sec. 1127. Against this background suggesting a broad legislative purpose, courts have come to a consensus that a Lanham Act plaintiff need only establish that its mark is protectable and that the junior mark is likely to cause confusion among consumers. *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990); *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1084 (7th Cir. 1988). Because Lilly registered the PROZAC mark in 1985 and has used it continuously for more than 5 years, it is incontestable. See 15 U.S.C. sec. 1065. As a result, Natural Answers cannot--and does not--argue that the PROZAC mark is outside the protection of the Lanham Act. See *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985).

Natural Answers does contend, however, that consumers are unlikely to be confused by the HERBROZAC name. In assessing the likelihood of consumer confusion, we generally consider seven factors: (1) the similarity between the marks in appearance and suggestion, (2) the similarity of the products, (3) the area and manner of concurrent use of the products, (4) the degree of care likely to be exercised by consumers, (5) the strength of the complainant's mark, (6) any evidence of actual confusion, and (7) the defendant's intent (or lack thereof) to palm off its product as that of another. *Smith Fiberglass Prods., Inc. v. Ameron, Inc.*, 7 F.3d 1327, 1329 (7th Cir. 1993). As the district court recognized, these factors are not a mechanical checklist, and "[t]he proper weight given to each . . . will vary from case to case." *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 381 (7th Cir. 1996). At the same time, although no one factor is decisive, the similarity of the marks, the intent of the defendant, and evidence of

Anheuser-Busch, Inc., 873 F.2d 985, 999 (7th Cir. 1989).

After an exhaustive analysis of each of the relevant factors, Judge Hamilton concluded that use of the HERBROZAC name was likely to confuse consumers. Specifically, he found that the similarity between the two marks and products, the strength of the PROZAC mark, consumers' degree of care in choosing between PROZAC and HERBROZAC, alleged evidence of actual confusion, and Natural Answers' intent to palm off all created a likelihood of confusion. The conclusion regarding likelihood of confusion is a finding of fact which will not be reversed unless it is clearly erroneous. *Smith Fiberglass Prods.*, 7 F.3d at 1329; *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 616 (7th Cir. 1993). We'll now take a closer look at each of the factors bearing on the likelihood of confusion.

The similarity between the names PROZAC and HERBROZAC is obvious: HERBROZAC contains five of the six letters in PROZAC, and the "B" in HERBROZAC sounds similar to the "P" in PROZAC. Natural Answers argues that the two marks are dissimilar because HERBROZAC may be pronounced with an emphasis on the first syllable (HERBrozac), thus rendering the "B" and "P" sounds less similar than when the second syllable of HERBROZAC is emphasized (herBROzac). Even under Natural Answers' preferred pronunciation (which seems contrary to the natural pronunciation of a combination of the root words "herb" and "Prozac"), however, the two words are strikingly similar.

Natural Answers next argues that the HERBROZAC name merely "calls to mind" PROZAC, while at the same time distinguishing itself. The mere fact that one mark brings another mark to mind is not sufficient to establish a likelihood of confusion as to the source of the product. Application of *Ferrero*, 479 F.2d 1395, 1397 (C.C.P.A. 1973). In addition, Natural Answers asserts that its adaptation of the PROZAC name is a parody and implies that, as such, it is entitled to some heightened form of protection from trademark liability. In any case, the HERB prefix, according to Natural Answers, so significantly distinguishes HERBROZAC from PROZAC that consumer confusion is unlikely.

As the district court found, however, "HERBROZAC

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