



## **Vital Pharmaceuticals, Inc.v. Monster Energy Company et al**

2020 | Cited 0 times | S.D. Florida | January 24, 2020

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA CASE NO.  
19-60809-CIV-ALTMAN/HUNT VITAL PHARMACEUTICALS, INC., d/b/a VPX Sports, a Florida  
Corporation,

Plaintiff/Counterclaim-Defendant, v. MONSTER ENERGY COMPANY, a Delaware corporation, and  
REIGN BEVERAGE COMPANY, LLC, a Delaware limited liability company,

Defendants/Counterclaimants.

MONSTER ENERGY COMPANY, a Delaware corporation, and REIGN BEVERAGE COMPANY,  
LLC, a Delaware limited liability company,

Crossclaimants, v. JHO INTELLECTUAL PROPERTY HOLDINGS, LLC, a Florida limited liability  
company,

Crossclaim-Defendant. /

REPORT AND RECOMMENDATION ON MONSTER ENERGY COMPANY AND ADEMARK

FINDINGS OF FACT AND CONCLUSIONS OF LAW

THIS CAUSE is before this Court on Monster Energy Company and Reign Beverage Infringement of  
their Reign Trademark, ECF No. 141. 1

The Honorable Roy K. Altman referred this Motion to the undersigned for a Report and  
Recommendation. ECF No. 146; see also 28 U.S.C. § 636; S.D. Fla. L.R., Mag. R. 1. The undersigned  
conducted an evidentiary hearing on this Motion on November 13, 2019. Upon thorough and careful  
review of the record, oral argument of counsel, and applicable law, the undersigned respectfully  
RECOMMENDS that Monster Injunction Ag , be

GRANTED, for the reasons set forth below.

I. FINDINGS OF FACT A. Monster And Reign Were The First To Use The REIGN Trademark On  
Energy



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## Drinks

1. s the developer and distributor of Monster Energy ®

drinks. ECF 141-1 ¶¶ 4-6. 2. In February 2018, Monster decided to develop a new line of energy drinks under a new name. Id. ¶ 7. After nearly a year of research and effort, Monster chose to market these new energy drinks under the name REIGN. Id.

3. To facilitate the launch and distribution of REIGN energy drinks, Monster formed a new subsidiary, Defendant and Counterclaimant Reign Beverage Company, Id. ¶ 8.

4. On January 17, 2019, Monster and Reign publicly announced the launch of their REIGN energy drinks. ECF 141-1 ¶ 9; Ex. 1. The announcement was widely covered by the press, which published pictures of REIGN energy drink cans. Id. ¶¶ 10- 11; Exs. 3- 6.

5. Monster and Reign began commercial sales of REIGN energy drinks to distributors in nine states in February 2019, with the products appearing in stores shortly

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The parties submitted proposed findings of fact and conclusions of law. No conclusion should be drawn from the fact that the undersigned has not used certain proposed language. thereafter. Id. ¶ 12. This was followed by sales in additional states through March, and culminated in the nationwide launch of REIGN in all remaining states on March 25, 2019. Id.

6. Pictured below is the current lineup of REIGN energy drinks offered by Monster and Reign.

Id. ¶ 14.

7. These REIGN energy drinks are now sold in more than 159,000 stores nationwide. Id. ¶ 16. 83% of sales of REIGN energy drinks are through convenience stores, which are the primary sales channel for all energy drinks. Id.

8. As of the filing of the present motion on November 4, 2019, Monster had spent \$42,000,000 in marketing, advertising, and promoting its REIGN drinks. Id. Monster and gross sales of REIGN beverages to distributors have exceeded \$165 million, which equates to about \$366 million in retail sales value. Id. B.

Supplements With Knowledge Of Monster And REIGN Trademark On Energy Drinks

9. registered trademark for the word mark REIGN, U.S. Trademark Reg. No. 5,107,809



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-2 at Ex. 1.

10. for the following weight loss; dietary supplement drink mixes; herbal supplements; [and] nutraceuticals for -2 at Ex. 1.

11. On -house counsel, contacted counsel for non-party Dash, LLC about acquiring U.S. Trademark Registration No. 5,107,809. ECF 168- connection with ary and nutritional supplements; Dietary and nutritional supplements

used for weight loss; Dietary supplement drink mixes; Herbal supplements; Nutraceuticals registrant and that its date of first use of the trademark was February 1, 2015. Id.

12. nutritional supplements. ECF 141-3, Ex. 11. A picture of one of these canisters taken from hown below.

Id. Id. Dash sold its not through convenience stores. Second Supp. Re Decl., ECF No. 168-1 at 42:1-1.On -1, Ex. 26.

13. Holdings, LL ECF 141-3, Ex. 10. Consistent with the title of the agreement, JHO expressed its interest

anId. at 1. The recitals include no language expressing an interest in any

other aspect or asset of business. Similarly, Dash expressed an interest in selling only its trademark and not any other aspect or asset of its business. Id.

14. Dash sold and assigned the REIGN Registration to JHO Intellectual Id.

15. The substantive provisions of the agreement likewise transfer from Dash to . Id. ¶ 1. The agreement does not purport to transfer any Id.

16. The agreement did not require Dash to transfer to JHO or VPX the formula the product, any equipment used to make the product, any technical knowledge about the product, or any other tangible or intangible assets other than the registration itself. There is no evidence that any such transfer occurred.

17. t transfer anything to VPX other than the trademark. ECF No. 168-1 at 177:17-178:13. He testified that Dash transferred no physical assets, formulas, customer lists, or information regarding how to make any type of product. Id. Shellito stated that he had no discussions the five-letter Id. at



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165:20-166:2. Shellito further testified that, Id. at 163:7-8.

18. There is no evidence that any Dash management personnel or employees assisted JHO or VPX in any way in formulating, manufacturing, or marketing any products.

19. powder and substituting in its place a powdered nutritional supplement called ECF

141-3, Exs. 12- -1, Ex. 32. Shellito confirmed that Dash was

sugge CF No. 168-1 at 216:8- Id. at 219:12- 220:22, 222:2-5.

20. No evidence suggests that Dash has ever directed consumers of its powdered supplements to VPX to fulfill their needs.

### C. Drinks

21.

REIGN energy drinks. ECF 141-3 ¶ 11.

22. www.bang- energy.com, in late April 2019, about a month after it announced the drinks on Instagram. ECF 63-5 ¶¶ 3-8 & Exs. 1- 163-1 ¶ 25. VPX earned \$1,900 in revenue on these few sales representing 158 cases.

ECF 163-1 ¶ 24. A picture of this product in its 8-ounce plastic container is shown below.

ECF 141-3 ¶ 10.

23. -to-drink beverage, while er. Second, the ingredients of the two products differ significantly.

25. In October 2019, VPX announced to its distributors that it would be -1 ¶ 17 & Ex. 7 thereto. The new line of drinks would be carbonated, unlike the 8- -

VPX plans to sell its new line of drinks at least through convenience stores, including ampm, 7- -2 ¶¶ 2-4; ECF 141-5. ¶ 2; ECF 145-4. ¶¶ 2-3. The picture VPX used to announce its new line of drinks is reproduced below. The sample 16- ounce aluminum can produced by VPX at the hearing is almost identical to those pictured below.

ECF 141-1, Ex. 7 at 2.

26. supplements. D. The Proceedings in this Court



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27. On November 4, 2019, Monster and Reign filed this motion for preliminary injunction with ready-to-drink

beverages by VPX. ECF 141. Monster and Reign submitted evidence that VPX was -2 ¶ 4; ECF 141- 4 ¶ 3. 2

28. The following day, VPX posted a video on Instagram stating that its new 2019. ECF 145-1, Ex. D. In response, on November 7, 2019, Monster and Reign filed a

request to treat their motion as an emergency motion, requesting a ruling by November 15. ECF 145.

29. On November 12, 2019, VPX filed its initial opposition papers. ECF 152. 30. On November 13, 2019, this Court conducted a hearing on Monster and h of the new line of drinks We already have orders, pre- 12:23-25. 3

31. At the hearing, the undersigned requested that the parties attempt to negotiate a temporary compromise that would allow the Court more time to address the

those discussions, the parties agreed to the entry of a stipulated order preventing VPX from using the trademark or any confusingly similar trademark in connection with any ready-to-drink beverage, except that VPX may continue to offer for sale on the

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On January 21, 2020, Monster and Reign filed a Motion for an Order to Show Cause Why Plaintiff Should Not Be Held in Contempt, ECF No. 216, with Instagram, Facebook and Bang website posts showing that on January 20, 2020, VPX began marketing, promoting, and offering for sale a ready-to-drink 16-ounce beverage under the

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The parties requested an opportunity to provide supplemental briefing and proposed findings of fact and conclusions of law. The Court granted these requests and carefully reviewed same. internet its 8-ounce Reign Pre-Workout Energy Drink. ECF 154. That order remains in effect

II. CONCLUSIONS OF LAW This Court may grant a preliminary injunction upon a showing that (1) the movant has a substantial likelihood of success on the merits of the underlying case; (2) the movant will suffer irreparable harm in the absence of an injunction; (3) the harm suffered by the movant in the absence of an injunction would exceed the harm suffered by the opposing party if the injunction issued; and (4) the injunction would not disserve the public interest. North American Medical Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1217 (11 th



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Cir. 2008). A. Monster And Reign Are Likely To Succeed On The Merits

## 1. The Dispute Is Over Ownership Of The REIGN

Trademark In Connection With Energy Drinks To establish a claim for trademark infringement, one must show (1) ownership *Turner Greenberg Assocs. v. C&C Imports*, 320 F. Supp. 2d 1317, 1330 (S.D. Fla. 2004) (citing *Alliance Metals, Inc. of Atlanta v. Hinely Indus.*, 222 F.3d 895, 906 (11 th

Cir. 2000)). Here, the parties are in agreement as to the second element likelihood of confusion. Both parties use the same trademark REIGN on the same goods ready- to-drink beverages. And both parties have accused each other of trademark infringement, alleging that their simultaneous use of the REIGN trademark on energy drinks is likely to cause consumer confusion. Accordingly, the Court finds that consumer confusion is likely and focuses on the first element ownership of the trademark. See *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1191 (6 th

Cir. 1988) (cases involving the same trademark on the same goods are

## 2. Monster And Reign Are Likely To Prevail On Their Claim Of

### Ownership

the senior user, acquires rights in the mark in that *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1023 (11 th

Cir. 1989). See also J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 16:4 (5 th

ed. 2019). Monster and Reign were the first to use the REIGN trademark on ready-to-drink beverages generally, and energy drinks specifically, and thus acquired rights to the REIGN trademark in connection with those goods.

VPX argues that it nevertheless acquired superior rights to the REIGN trademark in connection with ready-to-drink energy drinks when it purchased U.S. Trademark Registration No. 5,107,809 from Dash. rights, it may rely upon date of first use of February 1, 2015, and thus VPX pre- acquired no rights through the assignment from Dash. Monster and Reign describe the transaction argue that an assignment in gross transfers no trademark rights.

transfer of a trademark or trade name without the attendant good-will of the *Cosmetics Exchange v. Gapardis Health & Beauty, Inc.*, 303 F.3d 1242, 1246 (11 th

Cir. 2002). See also McCarthy §§ 18:2-18:3. As the Second Circuit has explained:



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A trade name or mark is merely a symbol of goodwill; it has no independent the right to prohibit the use of Prestonettes, Inc. v. Coty (1924) 264 U.S. 359, 44 S.Ct. 350, 68 L.Ed. 731; a trademark cannot be sold or assigned apart from the goodwill it symbolizes. Lanham Act § 10, 15 U.S.C.S. § 1060. There are no rights in a trademark apart from the business with which the mark has been associated; they are inseparable. Marshak v. Green, 746 F.2d 927, 929 (2d Cir. 1984).

Monster and Reign have made a strong showing that the transaction between Dash and VPX was an assign courts consider a variety of evidence in assessing whether goodwill was transferred, and

all of this evidence strongly suggests that VPX did not acquire, and is not exploiting, goodwill.

### a. Supplements

ent product, any goodwill which the mark itself might represent cannot legally be assigned. The trademark owner does not have the right to a particular word but to the use of the word as the PepsiCo, Inc. v. Grapette Co., 416 F.2d 285, 289 (8 th

Cir. 1969). As the Second Circuit again explained:

Use of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public who reasonably assume that the mark signifies the same thing, whether thinking it to be of one quality or having certain characteristics and could find only too late to be another. To say that this would be remedied by the public soon losing faith in the product fails to give the consumer the protection it initially Marshak, 746 F.2d at 929 (quoting Pepsico, 416 F.2d at 289); accord Sugar Busters LLC v. Brennan, 177 F.3d 258, 265 (5 th

Cir. 1999). Even minor changes in the product by the assignee will result in an assignment in gross. Pepsico, 416 F.2d at 286, 288 (the purported assignment was an invalid assignment in gross because the defendant-assignee was not using the product having substantially the same

See also Archer Daniels Midland Co. v. Narula, 2001 WL 804025 at \*7 (N.D. Ill. 2001) (-to-drink beverages and powders used to make beverages are substantially similar); Sugar Busters, 177 F.3d at 266 (assignment in gross occurred when assignor used the mark on a retail diabetics supply store and assignee used the mark on a book for diabetics); Atlas Beverage Co. v. Minneapolis Brewing Co., 113 F.2d 672, 677 (8 th

Cir. 1940) (assignment in gross occurred when assignor used the mark on whiskey and assignee used the mark on beer); Boathouse Grp., Inc. v. TigerLogic Corp., 777 F. Supp. 2d 243, 251-52 (D. Mass. 2011) (assignment in gross occurred where the assignor and assignee used the trademark on two different types of software); Indep. Baking Powder Co. v. Boorman, 175 F. 448, 455 (C.C.D.N.J. 1910) (assignment in gross occurred when assignor used the mark on alum baking powder and assignee



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used the mark on phosphate baking powder).

The differences between nutritional supplement powder above, the two products share almost no ingredients in common. This factor weighs heavily in favor of finding an invalid assignment in gross.

b. VPX Received No Assets From Dash Another factor considered by the courts is whether the assignee purchased any assets associated with the trademark, such as (1) any physical assets used by the assignor in making its trademarked goods, (2) any formulas used to make the trademarked goods, or (3) any customer lists for the trademarked goods. See Haymaker Sports, Inc. v. Turian, 581 F.2d 257, 261 (CCPA 1978); Mister Donut of America, Inc. v. Mr. Donut, Inc., 418 F.2d 838, 842 (9 th

Cir. 1969); PepsiCo, Inc. v. Grapette Co., 416 F.2d 285, 290 (8 th

Cir. 1969); Archer Daniels Midland Co. v. Narula, 2001 WL 804025 at \*7 & n.7 (N.D. Ill. July 12, 2001); Liquid Glass Enters. v. Liquid Glass Industries of Canada, 1989 WL 222653 at \*5 (E.D. Mich. April 28, 1989); Greenlon, Inc. of Cincinnati v. Greenlawn, Inc., 542 F. Supp. 890, 894 (S.D. Ohio 1982). While the transfer of assets is not always critical, see Defiance Button Mach. Co. v. C&C Metal Products, 759 F.2d 1053, 1059 (11 th

Cir. 1985), it is unlikely that the assignee is exploiting the goodwill of the assignor without the transfer of at least some tangible or intangible assets. This is because, absent the transfer of any such assets, the assignee has left behind everything trademark.

al supplements, any technical knowledge relating to the manufacture of this product, any machinery used to make this product, or any customer list relating to this product. To the contrary, Shellito testified that no such transfers occurred. ECF No. 168-1 at 177:17-178:13. The assignment agreement itself similarly reflects that no such transfer occurred. ECF 141-3, Ex. 10 ¶ 1. Thus, this factor leans heavily in favor of finding an invalid assignment in gross.

c. Dash Continues To Exploit Its Goodwill Under A New

Trademark The cases also look to whether the assignor has continued to make its original product, even if under a new trademark. See California Packing Corp. v. Sun- Maid Raisin Growers, 81 F.2d 674, 678 (9 th

make a valid assignment of a trade-mark and continue the manufacture or sale of the same products in connection with which the trade- Archer Daniels Midland, 2001 WL 804025 at \*7 (no goodwill transferred where assignor to sell the same under a new trademark); Independent Baking Powder Co. v. Boorman, 175 F. 448, 451 (C.C.D.N.J. 1910) (assignor discontinued use of the trademark kept their business and continued to manufacture identically the same powder and sell it under the same symbols under which it had previously been sold, save that they did not use the Eiseman v. Schiffer,





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157 F. 473, 475 (C.C.S.D.N.Y. 1907) (assignor ecisely as it had the goods it

When an assignor continues to make its original product under a new trademark, this is a strong indication that the assignor has retained and is continuing to exploit its goodwill by merely transferring that goodwill to its own new trademark, rather than

failure to transfer any tangible assets, the inference that no goodwill was transferred is especially strong. McCarthy § 18:23.

Here, Dash continues to make a similar powdered supplement under a new name, rs

powder. As mentioned above, Dash announced on the internet that it was -1, Ex. 32. See also ECF 141-3, Exs. 12-13.

they had come to enjoy. Dash did the opposite, telling customers it was still making

See

Liquid Glass, 1989 WL 222653 at \*5 (assignor informed its customers that its products were available under a new trademark, evidencing an assignment in gross). Accordingly, this factor also weighs strongly in favor of finding an invalid assignment in gross.

d. There Is No Continuity Of Management Between Dash

And VPX ther there is a continuity of Marshak assignee, this can help ensure that the assignee is able to exploit the goodwill

rmulas and quality control procedures. deposition that he provided no consulting services to VPX. ECF No. 168-1 at 178:18-

179:5.

e. Survey Evidence Further Indicates There Was No

Transfer Of Goodwill In addition to all of these factors, Monster and Reign have submitted a survey undertaken by their survey expert, Hal Poret. Mr. Poret showed 2 8- ounce energy drink, and asked them whether they had seen or heard of any other product from the same brand. ECF 141-6 at 25-26. Only eight consumers responded that they had seen or heard of another product, id. at 26, and none of them identified any kind of powder as that product. Id

powder.



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This survey evidence, too, indicates that VPX is not exploiting or benefiting from goodwill in the trademark. The survey shows that consumers do not shows a clear break in continuity between any goodwill associated with the Dash product

and any goodwill associated with the VPX product.

### f. To No Weight Given The Substance Of The Transaction

g associated with the trademark. ECF 141-3, Ex. 10 ¶ 1. The courts, however, recognize that a mere recitation of such language is ineffective to actually transfer goodwill. *Money Store v. Harris Corp Fin., Inc.*, 689 F.2d 666, 676 (7 th

Cir. 1982); *Glow Indus. v. Lopez*, 273 F. Supp. 2d 1095, 1108 (C.D. Cal. 2003); *Greenlon*, 542 F. Supp. at 892; *McCarthy* § 18:24. Instead, the courts look to the reality of the transaction, addressing the factors discussed above, including the manner in which the assignee uses the mark, to determine whether the goodwill in fact was transferred. *InterState Net Bank v. NetBank, Inc.*, 348 F. Supp. 2d 340, 349 (D.N.J. 2004); *Glow*, 273 F. Supp. 2d at 1108; *Archer Daniels*, 2001 WL 804025 at \*6; *Liquid Glass*, 1989 WL 222653 at \*5. Despite this recitation of words in the assignment agreement, the undersigned finds that Dash and VPX did nothing to actually transfer any goodwill from Dash to VPX; indeed Dash actively all of the reasons explained above, the Dash / VPX transaction was an assignment in

gross.

3. Overcome The Assignment In Gross Rule VPX argues that the trademark registration it purchased from Dash is broadly as nutritional

supplements. Based upon this, VPX concludes that the trademark registration gives it superior rights to market energy drinks. This Court disagrees.

*Jean Patou, Inc. v. Theon, Inc.*, 9 F.3d

971, 975 (Fed. Cir. 1993). This is so even if the registration is phrased broadly enough to encompass goods that the owner has never sold under its registered trademark. For example, in *Schmidt v. Versacomp, Inc.*, 2011 WL 13172509 (S.D. Fla. Feb. 17, 2011), the plaintiff and defendant both sold boat lifts under the TNT trademark. After infringement litigation began, the plaintiff purchased a 1966 registration for a TNT trademark from Gray Manufacturing. *Id.* at \*3. The reg trademark only on lifts for cars and trucks. *Id.* the boat lifts

differed substantially from car and truck lifts. *Id.* at \*5. Directly relevant here, the used in the registration. *Id.* The Court held that the plaintiff the critical rift *Id.*



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Thus, contrary to argument, VPX did not acquire from Dash the right to use and all products that can be characterized in some sense powdered nutritional supplements. *Id.* The broad wording of the registration is of no help

controlling.

Moreover, attempt to characterize its energy drinks as dietary supplements and not beverages does not in fact make them supplements. The FDA has -, Ex. 30 at

2. To determine the propriety of a characterization on a label, the FDA considers packaging and marketing, among other things. *Id.* Potent High-Performance Energy Drink ECF 168-1, Ex. 29 at 3, and CEO stagram. ECF 63-2 ¶¶ 8, 10. All supplement.

### B. Monster And Reign Will Suffer Irreparable Harm If An Injunction Does Not

Issue there is probably no presumption of irreparable harm in a Lanham Act case, trademark infringement often implicates injuries of that *Overhead Door Corp. v. Burger*, No. 12-cv-101, 2013 WL 3057796 at \*8 (M.D. Ga. June 17, 2013) (citing *Tally-Ho*, 889 F.2d at 1029). injury includes loss of control of reputation, loss of trade, and loss of goodwill. Irreparable injury can also be based upon the possibility of *Id.* *Accord Edge Sys. v. Aguila*, No. 14-24517, 2015 WL 12868177, at \*13 (S.D. Fla. Jan. 29, 2015).

Loss of control finding irreparable harm.

The most corrosive and irreparable harm attributable to trademark infringement is the inability of the victim to control the nature and quality of the plaintiff can properly insist that its reputation should not be imperiled by the acts of another. A plaintiff need not show that the infringer acted in such a way as to damage the reputation of the plaintiff. It is the loss of control of supplies the substantial threat of irreparable harm. *Sylvan Learning Inc. v. Learning Sols., Inc.*, 795 F. Supp. 2d 1284, 1300 (S.D. Ala. 2011). *Accord Spy Optic Inc. v. Melbourne Wholesale*, No. 16-cv-1541, 2018 WL 672275, at \*4 (M.D. Fla. Jan. 31, 2018); *Hospitality Inc. v. Sitaram, Inc.*, No. 12-cv-1145, 2013 WL 6798927, at \*7 (M.D. Fla. Dec. 23, 2013); *Mixed Fighting Aliance Promotions v. de la Noval*, No. 11-21107, 2011 WL 13223714, at \*11 (S.D. Fla. April 14, 2011). Accordingly, Niko

*Petroleum Retailers of Fla., LLC v. Miami VIP Tour LLCs*, No. 14-21770, 2014 WL 12862297, at \*9 (S.D. Fla. May 29, 2014). See also *Louis Vuitton Malletier v. YangQuan Lu*, No. 11-24068, 2012 WL 13014684 at \*5 (S.D. Fla. Jan. 19, 2012). Here, the irreparable harm to Monster and Reign is clear. VPX is planning to launch a new line of energy drinks in direct competition with the original REIGN energy drinks sold by Monster and Reign since February 2019. Monster and Reign have no control over the quality, nature, ingredients or levels thereof, the interactions between the drinks.



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Monster and Reign represent that they do not know the efficacy or safety . Yet, because VPX is using an identical trademark on identical goods, consumers necessarily will associate drinks with Monster and Reign. Wynn Oil, 839 F.2d at 1191.

This loss of control may thr cause Monster and Reign irreparable harm through loss of potentially dissatisfied

customers. ECF 141-1 ¶¶ 20-22. These consumers may also post their disappointment rgy drinks. Id. Similarly, if any consumers are injured or have an adverse

publicity would potentially be associated with Monster and Reign. Id. ¶ 20. In addition to

the potential lost initial and repeat sales due to confusion and negative association, this threatens to cause irreparable damage to the MONSTER and REIGN brands by turning consumers away from the brands permanently and eroding market share that Monster has built in its original MONSTER drinks, and which has been created for the REIGN drinks since their launch. Id. ¶ 22. The amount of such lost sales and lost market share will be difficult to quantify and thus cannot be adequately compensated through monetary relief. See C.B. Fleet Co. v. Unico Holdings, 510 F. Supp. 2d 1078, 1083 (S.D. Fla. 2007) of market share is more than sufficient to establish Celgene Corp. v. Distinct Pharma, No. 17-cv-5303, 2019 WL 1220320, at \*6 (D.N.J. March 13, 2019); Quantum Fitness Corp. v. Quantum LifeStyle Ctrs., 83 F. Supp. 2d 810, 831 (S.D. Tex. 1999); P.F. Cosmetique, S.A. v. Minnetonka Inc., 605 F. Supp. 662, 667 (S.D.N.Y. 1985) (each recognizing the difficulty of calculating damages in trademark infringement cases).

VPX argues that Monster waived any right to object to its use of the Reign product name by failing to take action when the original 8-ounce drink was put on the market. The undersigned finds that Monster and Reign were not required to seek preliminary relief when VPX first launched its 8-ounce drink. VPX concedes sales of this only \$1,900 in revenues. ECF No. 163-1 ¶¶ 24, 26. Accordingly, Monster and Reign were not required eputation. A small level of

McCarthy § 31:19. See also id.

### C. The Balance Of Hardships Weighs In Favor Of A Preliminary Injunction

An injunction would do no more than require VPX to comply with the law, and a defendant cannot be heard to complain that an injunction would cause it harm by requiring compliance with the law. As the courts have previously explained, infringing defendant had no right to use the mark, and therefore could suffer no legitimate hardship Imports LLC, 741 F. Supp. 2d 1279, 1288 (S.D. Fla. 2010). Accord TracFone Wireless,

Inc. v. Clear Choice Connections, Inc., 102 F. Supp. 3d 1321, 1333 (S.D. Fla. 2015).



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Moreover, VPX has not yet launched its product. Thus, VPX will not suffer the typical harm of a trademark defendant abandonment of a product that is already on the can be put to use by VPX after trial if the injunction is set aside.

VPX originally planned to launch its new product line in February 2020. ECF 141- 2 ¶ 4; ECF 141-4 ¶ 3. It appears that VPX moved its planned launch date up to November , the Court need not consider any hardship to VPX before February 2020 in equitably assessing the balance of hardships. D. A Preliminary Injunction Would Serve The Public Interest

The public interest is served by preventing consumer confusion. Accordingly, because Monster and Reign have made a strong showing of a likelihood of consumer confusion, this factor also favors the grant of a preliminary injunction. of Am. v. Independent Opticians of Am., 920 F.2d 187, 197-98 (3d Cir. 1990); Augusta

Inc. v. Executive Golf Mgmt., 996 F. Supp. 492, 499 (D.S.C. 1998). E. The Court Will Require A Bond Of \$2,000,000

VPX initially requested a bond of \$203 million, including \$100 million to cover alleged lost sales and an additional \$100 million to cover alleged reputational harm. This Court concludes that this request is unsupported by objective record evidence. VPX has sold only \$1,900 of its 8-ounce drink, and none of its 16-ounce drink. VPX simply fails to substantiate how it can fairly estimate that it would lose \$100 million in sales if enjoined until trial in May 2020. ECF No. 197. Likewise, VPX has failed to substantiate how it is likely to suffer \$100 million in reputational harm merely from being required to maintain the status quo.

VPX has spent approximately \$2 million creating, developing, producing, and marketing its REIGN product. ECF No. 163-1 at ¶27. During the November 13, 2019 hearing on this Motion, counsel for VPX represented that are between one million and two million of a ECF 162 at 104. Accordingly, this Court recommends that the bond be set at \$2,000,000.

**RECOMMENDATION** Based on the foregoing, the undersigned RECOMMENDS that Monster Energy minary Injunction

VPX is hereby enjoined from marketing, advertising or selling any 16oz Reign ready-to-drink product as of this date to allow the District Court to rule on any objections of the parties and issue a final decision. Monster shall post a bond of \$2,000,000 upon a review.

Within fourteen (14) days after being served with a copy of this Report and Recommendation, any party may serve and file written objections to any of the above findings and recommendations as provided by the Local Rules for this district. 28 U.S.C. § 636(b)(1); S.D. Fla. Mag. R. 4(b). Upon proper motion, the parties may seek a shortened objection period. The parties are hereby notified that a



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failure to timely object waives the -to factual and legal conclusions contained in this Report and Recommendation. 11th Cir. R. 3 1 (2018); see Thomas v. Arn, 474 U.S. 140 (1985).

DONE AND SUBMITTED at Fort Lauderdale, Florida this 24th day of January 2020.

Copies furnished to: Honorable Roy K. Altman All Counsel of Record

PATRICK M. HUNT UNITED STATES MAGISTRATE JUDGE PATRICK M. HUNT

