



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA

SAN DIEGO COUNTY CREDIT UNION,

Plaintiff, v. CITIZENS EQUITY FIRST CREDIT UNION,

Defendant.

Case No.: 18cv967-GPC(MSB)

### MEMORANDUM DECISION AND ORDER FOR ENTRY OF JUDGMENT

declaratory judgment of invalidity of Defendant Citizens Equity First Credit Union

1 (Dkt. No. 139, SAC ¶¶ 88-96.) A bench trial was held via ZOOM on March 30, 2021 and April 1, 2021. (Dkt. Nos. 335, 338.) Martin Bader, Esq. and Jesse Salen, Esq. appeared on behalf of

1 The fourth cause of action for declaratory judgment of invalidity claim for the common law mark is the remaining claim in the on at summary judgment or dismissed by joint motion were: 1) declaratory judgment of noninfringement of CEFCU. NOT A BANK. BETTER.; 2) declaratory judgment of noninfringement of NOT A BANK. BETTER.; 3) declaratory judgment of invalidity of CEFCU. NOT A BANK. BETTER; and 4) false or counterclaim for trademark cancellation, (Dkt. No. 141). (Dkt. Nos. 256, 259, 276.)

SDCCU and James Dabney, Esq. appeared on behalf of CEFCU. (Id.) On April 7, 2021, CEFCU filed its closing argument, SDDCU filed its closing argument on April 13, 2021, and CEFCU filed a reply closing argument on April 15, 2021. (Dkt. Nos. 343, 347, 350.) Having carefully reviewed the evidence and the arguments of the parties, as presented at trial, and in their written submissions, the Court makes the following findings of fact and conclusions of law pursuant to Federal Rule of Civil Procedure 52(a) and finds in favor of SDCCU seeking declaratory judgment that NOT A BANK. BETTER. is invalid. 2

FINDINGS OF FACT 3 SDCCU is a credit union organized and existing under the laws of the State of California, having its principal place of business and headquarters in San Diego, California and CEFCU is a credit union organized and existing under the laws of the State of Illinois, having its



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

principal place of business and headquarters in Peoria, Illinois. (Dkt. No. 303, Stip. Facts ¶¶ 3, 4.)

2 case in chief, both parties orally moved for judgment on partial findings under Rule 52(c), which the Court took under submission. (Dkt. No. 348 at 275-76; see also Dkt. No. 349 at 31, 162.) The Court also noted - that the parties would be briefing when they submit their written closing argument briefs. (Dkt. No. 348 at 275.) counsel acknowledged he would brief the issue in writing. (Dkt. No. 349 at 162.) Despite raising Rule 52 motions, neither party addresses their Rule 52(c) motions in the closing briefs. (See Dkt. Nos. 343, 347, 350.) Therefore, the parties have either abandoned or waived their Rule 52(c) motions and the Court declines to consider them. See e.g., *Kohler v. Inter Tel Techs.*, 244 F.3d 1167, 1182 (9th Cir. 2001) (observing that issues raised in an appellate brief but not supported by argument are deemed abandoned); *Am. Int'l Enters., Inc. v. FDIC*, 3 F.3d 1263, 1266 n. 5 (9th Cir. 1993) (issues raised in briefs that are not supported by argument are deemed abandoned). 3 The parties filed letter briefs to address the appropriate procedure for providing the Court with transcripts of deposition video clips played at trial to impeach a witness. (Dkt. Nos. 342, 345.) SDCCU argues that Exhibits 195 and 196 that were lodged with the Court consisting of transcript excerpts from Amir, (Dkt. No. 334), should be admitted as evidence in order to make a complete record. (Dkt. No. 342.) SDCCU does not explain why the transcripts need to be admitted rather than lodged with the Court to be considered part of the record. CEFCU argues that because the transcripts have been lodged, they should be treated as if the court reporter had transcribed the deposition audio as it were played in open court during trial. (Dkt. No. 345.) Because Exhibits 195 and 196 have been lodged with the Court, they are considered part of the record.

On September 1, 2010, CEFCU filed an application to federally register CEFCU. NOT A BANK. BETTER. on the principal trademark register. (Trial Ex. B.) On May 3,

Registration No. 3,952,993 for CEFCU. NOT A BANK. BETTER. in standard characters without requiring any disclaimer 4

of NOT A BANK. BETTER. (Trial Ex. B.) At trial, Jennifer Flexer, CEFCU's Assistant Vice President of Market Strategy and Analytics, who has been employed with CEFCU since 1997, was the sole non-expert witness to testify. (Dkt. No. 348, Flexer Test. at 78:21-79:1.) From 2006 to 2011, our Credit Union Dkt. No. 348, Flexer Test. at 150:11-19; see also Trial Exs. 21, J, 33, 5

95.) In 2011, CEFCU made a corporate decision to rebrand and switched its tagline from CEFCU, Your Credit Union to (Dkt. No. 348, Flexer Test. at 151:8- 16.) It is not disputed that since 2011, Defendant has consistently used NOT A BANK. BETTER. with its housemark, CEFCU, in the form of CEFCU. NOT A BANK. BETTER. in its extensive advertising and marketing. (Dkt. No. 349, Trial Trans. at 283:12-19; see also Trial Exs. C, D.) Prior to its corporate decision to rebrand in 2011, CEFCU used the tagline or slogan, NOT A BANK. BETTER. as part of its advertising and marketing beginning in 2006. (Dkt. No. 348, Flexer Test. at 91:4-8.) On September 20, 2006, CEFCU, in an internal email, . to include TV, radio and billboard ads for its fall membership campaign that would



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

run in Illinois for a period of four weeks. (Dkt. No. 348, Flexer Test. at 81:23-82:3; 83:3-18; Trial Exs. F, G.) This campaign included 15-second TV ads promoting CEFCU and in a closing

4 gistrable component of a mark otherwise U.S.C. § 1056(a). 5 Trial Exs. J and 33 are duplicative.

. CEFCU housemark are displayed. (Trial Exs. G-2, G-5.)

On October 16, 2006, CEFCU first used NOT A BANK. BETTER, by itself and separate from the housemark CEFCU in an ad that ran for one day in the Decatur Herald and Review. (Trial Ex. CC - 4645-47.) The rectangular advertisement presents -hand corner and on the bottom right-hand corner is tagline CEFCU Id.) CEFCU advertisement in the Peoria Journal Star on February 5, 2007 promoting its home equity loans. (Dkt. No. 348, Flexer Test. at 168:15-169:19; Trial Exs. I, J.) The ad features after a description of its home equity loan and its former tagline highlighted in the bottom right-hand corner CEFCU Your Credit Union. (Trial Exs. I, J.) In 2007,

6 displayed CEFCU or visit a Member Center to find out more about the credit union difference.

(Dkt. No. 348, Flexer Test. at 119:2-121:1: Trial Exs. K, L.) In October 2007, CEFCU mailed out a newsletter to members over sixteen years old. (Trial Ex. M.) NOT A BANK. BETTER. was used twice in the text of the . (Trial Ex. M-2.) The Chairman wrote, Not a Bank Not a Bank Better It still holds true (Id.) In November 2007, CEFCU produced a storyboard for a 15 second TV ad promoting its Visa credit card. (Dkt. No. 348, Flexer Test. at 125:1-12.) On the last shot, Better. was placed

6 A landing page is a web page where a web visitor ends up on by clicking on a CEFCU display ad on a third-party website. (Dkt. No. 348, Flexer Test. at 120:16-121:1.)

under the CEFCU logo. (Trial Ex. CC-4535.) This ad was aired from time to time between 2007 and 2010 when the Visa credit card offer was being promoted. (Dkt. No. 348, Flexer Test. at 126:2-5.) CEFCU also played two audio radio advertisements at trial. The first radio ad began running in the fall of 2007 until 2010. (Dkt. No. 348, Flexer Test. at 105:8-13; 126:18-23; 127:6-9.) In the closing remarks promoting CEFCU Platinum Rewards Visa card, the announcer states between No (Trial Ex. CC-4497.)

The second radio ad began to run in the spring of 2008 until 2010. (Dkt. No. 348, Flexer Trans. at 128:2-8.) In the closing of the second radio ad promoting home equity line of credit, (Trial Ex. CC-4498.) In this ad, there is no pause between CEFCU and NOT A BANK. BETTER. (Id.) In a storyboard for a 15 second TV ad, which aired in 2008 to 2010, promoting offer to pay closing costs for first-time home buyers, Flexer testified that there was a time delay between appeared on the last slate. (Dkt. No. 348, Flexer Test. at 129:12-23; 130:3-14; Trial Exs.

4557 and 4559.)



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

Starting February 1, 2008 for a period two months, CEFCU used the tagline, NOT A BANK. BETTER., by itself, along with CEFCU. Your Credit Union, in its pocket schedules. (Trial Ex. CC-4510.) In 2009, CEFCU ran a home equity campaign. (Dkt. No. 348, Flexer Test. at 132:21-133:6, 136:10-18; Trial Ex. O; see also Trial Ex. P.) CEFCU published newspaper ads promoting its home equity loan with CEFCU NOT A BANK. BETTER. in regular text and font and used its former tagline CEFCU Your Credit Union which was highlighted in the bottom right corner. (Dkt. No. 348, Flexer Test. at 133:7-10; Trial Ex. O-2.) This promotion included radio ads using CEFCU. . . NOT A BANK.

BETTER. (Dkt. No. 348, Flexer Test. at 133:15-24; Trial Ex. O-3.) The promotion also included TV ads that included a slate at closing displaying CEFCU. NOT A BANK. BETTER. (Dkt. No. 348, Flexer Test. at 134:3-17; Trial Ex. O-4, O-5.) Flexer testified there was a time delay between display of the word CEFCU and NOT A BANK. BETTER. in the TV ad. (Dkt. No. 348, Flexer Test. at 134:18-20.) In August 2009, CEFCU sent credit card statements to about 50,000 of its credit card holders. (Dkt. No. 348, Flexer Test. at 137:12-17; Trial Ex. Q.) The credit card statements included an ad for a car loan with CEFCU. NOT A BANK. BETTER along with CEFCU Your Credit Union. (Trial Ex. Q.) These ads were inserted in the statements about five times between 2009 and 2011. (Dkt. No. 348, Flexer Test. at 137:12-15.)

On December 31, 2008, CEFCU purchased Valley Credit Union in northern California. (Id. at 161:13-19.) In the Spring 2010, CEFCU ran an ad in Scene, a magazine from the East Bay area for Valley Credit Union, a division of CEFCU. (Dkt. No. 348, Flexer Test. at 137:22-138:17; Trial Ex. R.) NOT A BANK. BETTER -4.) A fourth quarter 2010 Valley Credit Union newsletter was sent to CEFCU members who were members of the former Valley Credit Union in October 2010. (Dkt. No. 348, Flexer Test. at 138:18-139:1; Trial Ex. S.) The newsletter promoted the CEFCU Visa card and included, ard from CEFCU. Not a bank. Better -1.)

Because CEFCU had no recognition or meaning outside of central Illinois, and the itself around 2010-2011. (Dkt. No. 348, Flexer Test. at 151:17-152:12; 161:20-162:5.)

CEFCU wanted to convey from a marketing standpoint that it was a full-service financial institution. (Id. at 162:6-10.) At this time, CEFCU also decided to register CEFCU. NOT A BANK. BETTER. as a trademark because that is how they had been using the phrase and wanted to continue using them together. (Id. at 156:7-13.) Ms. Flexer

testified that use of NOT A BANK. BETTER. was always a part of its branding and marketing of CEFCU and has had a powerful impact. (Id. at 119:10-120:9.)

In 2011 and again in 2017, CEFCU issued detailed brand guidelines concerning use of CEFCU. NOT A BANK. BETTER which includes its housemark, CEFCU, and the tagline, NOT A BANK. BETTER. Since 2011, CEFCU consistently used the following as its tagline in the following format below or in



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

a horizontal format, (id. at 202:3-21; Trial Ex. 42 at p. 4).

These brand guidelines have been strictly complied with in all advertising and marketing since 2011 in order to keep a consistent brand. (Dkt. No. 348, Flexer Test. at 197:11-17; see also Trial Exs. 26, C, D.) Except for variations in color, CEFCU did not allow the logo to be altered in any manner and the tagline was never to be displayed by itself. (Dkt. No. 348, Flexer Test. at 197:20-199:5; 202:22-203:3.)

However, since rebranding, there were two instances where NOT A BANK. BETTER. was used by itself. First in 2011, CEFCU created standard design business cards with NOT A BANK. BETTER., by itself, in white text on a blue background on the back side of the cards. (Dkt. No. 348, Flexer Test. at 123:11-13; Trial Ex. C-13.) From 2011 to the present, CEFCU printed and distributed about 1.1 million of the business cards to employees. (Dkt. No. 348, Flexer Test. at 122:18-23; 123:4-7; 207:8-9; 209:11- 21; Trial Ex. C-13.) The front side of the card has the logo of a bank. Better. the address and contact information of a CEFCU employee. (Dkt. No. 348, Flexer Test. at 206:10-12; Trial Ex. C-13.) CEFCU employees distribute the business cards in the course of networking and working throughout the communities that

they serve. (Dkt. No. 348, Flexer Test. at 218:24-219:5.) Flexer testified that the business cards were used in advertising and marketing of CEFCU services. (Id. at 123:8- 10.) However, Ms. Flexer did not know how many of the 1.1 million have been distributed to customers or potential customers. (Id. at 210:2-5.) Second, the current landing page was originally posted on August 1, 2017 and top of a picture, by itself, without the housemark. (Dkt. No. 348, Flexer Test. at 121:6-

22; Trial Ex. DD.) The bottom of the page also displays CEFCU. NOT A BANK. BETTER. (Trial Ex. DD.)

**CONCLUSIONS OF LAW** SDCCU does not hold a protectable interest in the tagline NOT A BANK. BETTER on four

grounds of which two were pursued at trial: (1) CEFCU has not continuously used the tagline in commerce with credit union services as a standalone mark apart from the house and (2) the tagline is merely descriptive and is not protectable. (Dkt. No. 139, SAC ¶¶ 100, 102.) A. Continuous Use of NOT A BANK. BETTER. 1. Burden of Persuasion

rights remain unchanged. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 194 (2014). The burden of proof is a substantive aspect of a claim. *Id.* In this case, under the common law, there is no presumption of validity of the subject mark. As such, to establish validity, the initial burden falls on CEFCU to demonstrate ownership of the common law mark and then the burden shifts to SDCCU to demonstrate that it is invalid. *Cf. Vuitton Et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769, 775 (9th Cir. 1981)



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

proof from the plaintiff, who would have to establish his right to exclusive use in a common law infringement action, to the defendant, who must introduce sufficient

The Court concludes that CEFCU bears the burden of persuasion to show that it had made continuous use of the tagline to create a valid mark. 7

CEFCU is not entitled to any presumption of validity and, as a practical matter, it is in a superior position to demonstrate its ongoing use of the mark rather than requiring SDCCU to prove a negative. Cf. *Medtronic*, 571 U.S. at 200 (patent holder in a better position than an alleged infringer to know, and to be able to point out, just where, how, and why a product infringes a claim of that patent and until he does so, alleged infringer may have to work in the dark). Accordingly, on the remaining claim for declaratory relief of invalidity, CEFCU must establish that it has a valid and protectable ownership interest in the tagline, NOT A BANK. BETTER., distinct from its ownership rights in its registered trademark, CEFCU. NOT A BANK. BETTER.

2. Applicable Law Next, the Court must decide what law to apply in analyzing the legal issues before it. CEFCU submits that Illinois state law, not Ninth Circuit law, applies relying on *Jim*, 917 N.E. 2d 1098, 1105 (Ill. App. Ct. 2009). The Court agrees that Illinois law provides the starting point in identifying the applicable law its tagline has established an ownership right for the common law mark. 8

In *Jim Mullen*, a trademark infringement themselves neither create a valid trademark nor establish new rights, courts may apply a

7 The Court previously arrived at this conclusion during the motions in limine hearing. (Dkt. No. 348, Trial. Trans. at 32:4-40:2.) 8 While the evidence at trial showed that the tagline was used in Illinois and California, CEFCU does not contend that it acquired a valid trademark right under California law. If it did, there was no evidence that the use of the tagline had gained independent trademark significance in California. Instead, Illinois law. (See, e.g., ECF No. 331 at ¶ 87.)

single analysis to federal, state, and common law tradem Id. at 1104; see also *Bedrock Mgmt., Inc. v. Peoples Choice Entm t, Inc.*, No. 14 cv 06624, 2014 WL 4979270, at \*2 (N.D. Ill. Oct. 6, claims are examined under the same analysis as federal trademark claims. ); *Eagle*

*Forum v. Phyllis Schlafly's American Eagles*, 451 F. Supp. 3d 910, 919 (S.D. Ill. 2020)

; cf. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 425 (1916) (common law of the several states has the same origin for the most part, and their law concerning trademarks and unfair competition is the same in its general features).





## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

Here, d standalone use theory under Ninth Circuit law is irrelevant and has no basis in law or fact. (Dkt. No. 350 at 6. 9

In its papers, CEFCU relies on Jim Mullen for the general proposition of trademark law that one may obtain protectable rights in a slogan if it is used in sale or advertising or services

segment of the publi (citing Jim Mullen Charitable Fdn., 917 N.E. 2d at 1108).) Ninth Circuit law also applies

the same standard. See Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1205 (9th Cir. 2012) (quoting New W. Corp. v. NYM Co. of Cal., 595 F.2d 1194, 1200 (9th Cir. ). CEFCU fails to

explain how Jim Mullen is distinct from Ninth Circuit law and how the ruling in Jim Mullen applies to the specific facts of this case. (Dkt. No. 350 at 6.) Most significantly, neither Jim Mullen or any other Illinois case addresses the issue in this case whether one may acquire trademark rights to a tagline when it is displayed with a housemark.

9 Page

Accordingly, given that CEFCU has not produced relevant Illinois caselaw and it appears there is no Illinois law on point, the Court will apply federal law interpreting the common law on trademark. To establish common law trademark rights for an unregistered mark, the owner must establish continuous use of the trademark in a commercial capacity. See Air Aromatics, Ltd. Liab. Co. v. Hakim 623 (9th Cir. 2014) (citing Watec Co., Ltd. v. Liu, 403 F.3d 645, 654 (9th Cir. 2005) ( To

establish a protectable ownership interest in a common law trademark, the owner must establish not only that he or she used the mark before the mark was registered, but also that such use has continued to the present. )); see e.g., Casual Corner Assocs., Inc. v. Casual Stores of Nevada, Inc., 493 F.2d 709, 713 (9th Cir. 1974) (In an action for trademark infringement, a party asserting common law trademark rights must show continuous use prior to the date of the junior user's trademark registration.). For purposes of establishing protectable rights in a trademark, u trademark is ish[ed] . . . in an appropriate

Johnny Blastoff, Inc.v. Los Angeles Rams Football Co., 188 F.3d 427, 433 34 (7th Cir. 1999) (quoting New West Corp. v. NYM Co. of Cal., Inc., 595 F.2d 1194, 1200 (9th Cir. 1979)).

To establish that the public identifies the mark with a particular product source, the fact- l as in media outlets such as

Id. at 434 (citations omitted); see also Comm cns. Satellite Corp. v. Comcet, Inc., 429 F.2d 1245 1248 49 (4th Cir. 1970) (holding that plaintiff's promotion and use of the distinctive mark together with



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

frequent references to the company by the Comsat name in magazines and

newspapers, was sufficient to support a finding that the name was a strong and protectable mark).

that Ninth Circuit law is irrelevant and that only Illinois law applies, CEFCU, as well as SDCCU, rely on Quiksilver, Inc. v. Kymsta

Corp., 466 F.3d 749 (9th Cir. 2006) to support their respective positions. Quiksilver addressed how a party may obtain trademark rights in a mark separate from a housemark. its motion for judgment as a matter of law concluding that there were fact issues on the

validity of the registered trademark ROXY. Id. at 751. There, Quiksilver filed a trademark infringement action as well as false designation of origin, trademark dilution and unfair competition against Kymsta which raised several defenses including first use, inherent distinctiveness and innocent use. Id. at 754.

The import of Quiksilver is better understood with a brief description of the facts. In September 1990, Quiksilver launched its junior line at a trade show using a poster - Id. at 752. It took orders of its junior line in January 1991. Id. In September 1991, Quiksilver began selling two new design denim items:

Id. The hangtag that was attached to the apparel for the 1992 line included QUIKSILVER in corporate script above ROXY in a different font. Id. at 753. The defendant, Kymsta, also manufactured clothing and produced a junior trendy line called ROXYWEAR. Id. at 754. The first sale of ROXYWEAR clothing occurred in mid-January 1992 where ROXYWEAR was displayed on the interior clothing label but never on the fabric of its garments or its hangtags. Id.

and found the first use of ROXY was on the 1991 graffiti short and concluded that

ROXY was valid and Quiksilver was the senior user. Id. The Ninth Circuit reversed, in part, and found that Kymsta provided evidence to rebut the presumption of validity of for ROXY by raising factual issues whether Kymsta used its mark ROXYWEAR in commerce before Quiksilver first used the ROXY mark.

Id. at 756. The Ninth Circuit held that 1) reasonable minds could differ whether Quiksilver first used ROXY as a standalone mark before Kymsta first used ROXYWEAR, and 2) reasonable minds could differ whether Quiksilver created independent trademark significance for its ROXY mark before Kymsta first used ROXYWEAR. Id. at 756-58 (emphasis added). Applying Quiksilver here, the Court will consider whether CEFCU has demonstrated continuous use of NOT A BANK. BETTER. in commerce as a standalone mark and whether CEFCU created independent trademark significance for the tagline. 3. Standalone Mark CEFCU argues that it may obtain rights to a tagline even though





## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

it is used with a housemark; therefore, demonstrating standalone use of NOT A BANK. BETTER. is has continuously used NOT A BANK. BETTER. since 2006 even though it has primarily

been used with its housemark, CEFCU. SDCCU asserts that CEFCU failed to show that it used the tagline apart from its housemark when it advertised its services and any independent use of the tagline was de minimus or not linked to any information about its services. (Dkt. No. 347 at 8-11.) In Quiksilver, the Ninth Circuit specifically held that reasonable minds could differ on whether Quiksilver first used ROXY as a standalone mark before the alleged infringer. Quiksilver, 466 F.3d at 756. But the court did not provide any guidance on what it meant by using a mark as a standalone. In coming to its conclusion, the court pointed to the physical distance between the display of ROXY and QUIKSILVER on the shorts. Id. at 757. It concluded that a reasonable jury could conclude that the shorts did not display ROXY as a standalone mark and could infer that the shorts displayed the QUIKSILVER ROXY mark. Id. Further, the court pointed to the poster using ROXY and QUIKSILVER with the Bali-ohm logo, explaining that reasonable minds could differ on whether Bali-ohm logo displayed the standalone ROXY mark or the QUIKSILVER ROXY mark. Id.

The Court finds that use of a mark in standalone fashion is relevant because such use evidences the intent of the mark owner to distinguish the mark in the minds of the public. The Court reads Quiksilver as recognizing that a mark owner seeking protection of a mark may gain some level of commercial impression for the mark by displaying it separately or distinctly from the housemark.

At trial, CEFCU provided evidence that it used the tagline by itself on a few occasions. CEFCU first used NOT A BANK. BETTER, by itself and separate from the housemark in the Decatur Herald and Review on October 16, 2006 which ran for one day. (Trial Ex. CC - 4645-47.) Again, for a period of two months starting on February 1, 2008, the tagline was used by itself in its pocket schedules. (Trial Ex. CC-4510.) After rebranding in 2011, the

tagline, itself, was displayed on the back side of 1.1 million business cards that were printed and distributed to employees from 2011 to the present as well as used on ding page since 2017. (Trial Exs. C-13; DD.) This evidence reveals some standalone use of the tagline by CEFCU. There was also evidence that CEFCU brand guidelines adopted in 2011 did not permit the logo to be altered in any manner, other than variations in color, and the tagline was never to be displayed by itself. (Dkt. No. 348, Flexer Test. at 197:20-199:5; 202:22-203:3.)

While there may have been limited standalone use, it was de minimis, sporadic and insufficient alone to establish a valid and protectable interest in a trademark. As such, the Court will next review the entire record to determine whether CEFCU has created independent significance for NOT A BANK. BETTER. 4. Independent Trademark Significance

Whether a mark has acquired trademark significance independent of the depends on the manner of use and the commercial impression engendered by that use Quiksilver, 466 F.3d at 757 (citing Bose



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

Corp. v. QSC Audio Prods., Inc., 293 F.3d 1367, 1374 (Fed. Cir. 2002)), and whether the mark recognized in and of itself as an indication of origin for the product. Id. at 757 (quoting Textron Inc. v. Cardinal

Eng'g Corp., 164 U.S.P.Q. 397, 399 (T.T.A.B. 1969)). The court considers whether the . . . to use . . . [the product mark] in a Id. (quoting Textron Inc., 164 U.S.P.Q. at 400). In addition, the court should consider consumer awareness of the

. Id. (quoting Bose Corp., 293 F.3d at 1374). Courts should consider the totality of the evidence. See id. In line with Quiksilver, courts and the Trademark Trial and Appeal Board have consistently applied a similar legal standard to determine whether a mark has obtained independent significance separate from a housemark. For example, in Bose, a case cited in Quiksilver, Bose opposed a trademark application before the TTAB to register POWERWAVE where Bose claimed, on the issue of likelihood of confusion, that its marks WAVE and ACOUSTIC WAVE were independently famous. Bose, 293 F.3d at 1373-74. The TTAB concluded that marks WAVE and ACOUSTIC WAVE were not independently famous because they were used with the BOSE housemark. Id. The Federal Circuit agreed with the TTAB that product marks used with a famous house mark must show that the product marks have independent trademark significance apart from the fame associated with the housemark. Id. at 1374 (citing Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 7.5 (4th ed. 1999) Whether or not a product mark always used with a house mark possesses a separate trademark significance depends on the manner of use and the commercial impression engendered by ). But the Federal Circuit disagreed with the TTAB and noted there was evidence that the product marks stood independent of its famous house mark. Id. at 1375. First, critical notice given to the products specifically note[d] the ACOUSTIC WAVE and WAVE marks separate from the Bose decouple[d] Id.

Similarly, in Textron, the defendant sought to register ZIP-ZAW for a portable saw for cutting concrete and masonry which Textron opposed arguing it had continuously used ZIP on its portable saws before the defendant. Textron, Inc., 164 U.S.P.Q. 397, at \*1 The question was whether or not Textron had used ZIP alone or used it as part of a composite mark associated with the housemark HOMELITE. Id. at \*3-4. The TTAB explained or not a particular designation used on a product along with a house mark possesses a separate trademark significance depends on the manner in which it is used and the commercial impression engendered as a result of such use. Id. at \*4. The record showed that Textron adopted the mark ZIP with the intent to create a distinctive product mark for a particular chain saw of its manufacture and that Textron had used the term ZIP both alone and in association with a three arc design in a manner separate and distinct from HOMELITE. Id.

In In re Colgate-Palmolive Co., 153 U.S.P.Q. 695 (1967), the TTAB disagreed with the examiner and concluded that the slogan, THE MOST POWERFUL NAME IN CLEANING, can be separately registered as a trademark even though it has been used as AJAX, THE MOST POWERFUL NAME IN CLEANING. Id. at \*1-2. In coming to its conclusion, the TTAB noted that a slogan which is used



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

with a principal mark may be the portion sought to be registered forms a separate commercial impression or has acquired a secondary meaning. Id. at \*1. The question was whether the [d] a separate commercial impression apart from the word AJAX and [was], therefore, an independent Id. Based on the evidence in the case, the TTAB concluded the slogan had been advertised and used by the applicant to create a commercial impression separate and apart from the mark AJAX. Id. at \*2.

Here, CEFCU, relying on Quiksilver, argues that by its use of CEFCU. NOT A BANK. BETTER. in advertising, the tagline has acquired independent trademark significance because is in a different print style, different size lettering, and different position relative to the housemark. (Dkt. No. 350 at 8.) Next,

CEFCU contends that Dr. On trated a high level of consumer awareness of NOT A BANK. BETTER. in central Illinois. (Id.) Finally, NOT A BANK. BETTER. has appeared as a tagline in tens of millions of dollars of print, radio, television, direct mail, and internet advertising of CEFCU services since 2006. 10

(Id.) SDCCU varying the size, font and color do not establish independent trademark significance; moreover, unlike the ROXY mark which was registered and enjoyed the presumption of validity, NOT A BANK. BETTER. is not a registered mark and enjoys no presumption of validity. (Dkt. No. 347 at 7-8.) Based on the evidence presented at trial, CEFCU has not demonstrated that it has created independent trademark significance for NOT A BANK. BETTER. First, it did not engage in a constant pattern or effort to use the mark in a manner separate and distinct from the housemark. In fact, CEFCU took pains to use the housemark along with the tagline. While the print style, font size and position of the tagline may support a finding of independent trademark significance, by themselves, they do not establish it. See Quiksilver, 466 F.3d at 758 (displaying ROXY in different size, font and color may suggest it acquired independent trademark significant, it does not establish it). Next, as minimal on advertising using the tagline since 2006 is not persuasive

10 In its closing reply brief, CEFCU cites to Exhibit E, a table reflecting assets, income and liabilities from 2006 to 2019, to support its claim that it has spent tens of millions of dollars on advertising. (Dkt. No. 350 at 8 (citing Trial Ex. E and Flexer Test. at 147-48).) However, at trial, Ms. Flexer did not explain the contents of the tables. (See Dkt. No. 348, Flexer Test. at 147:13- the tables do not -6 to E-19.) Therefore, it is not clear where advertising falls under the

Expense category. Although not referenced by CEFCU concerning advertising expenses, Exs. T to BB, consist of annual reports from 2010 to 2018 that include a line item for marketing expenses. (Trial Exs. T to Ex. BB.) Yet, the sum of the advertising expenses in the annual reports do not reach anywhere near the tens of millions of dollars CEFCU asserts it spent. While the record does not demonstrate that tens of millions of dollars were spent on advertising of CEFCU. NOT A BANK. BETTER. it does reveal that a significant amount of money was spent on advertising it.



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

in advertising has nearly always been used with the housemark, CEFCU. (Dkt. No. 348 Flexer Test. at 197:11-22 (since 2011 CEFCU employed 40,000 projects which all included the logo, CEFCU. NOT A BANK. BETTER).) With the exception of a newspaper ad that ran for one day on October 16, 2006, its use on pocket schedules for two months starting in February 2008, printing of 1.1 million business cards since 2011 and use on the landing page of its website since 2017, CEFCU has spent the vast majority of advertising expenses in support of CEFCU. NOT A BANK. BETTER. See Spraying

Sys. Co. v. Delvan, Inc., 975 F.2d 387, 393 (7th Cir. 1992) (rejecting that the district court failed to give adequate consideration of evidence of sales,

- because the evidence did not demonstrate - instead showed extensive recognition of the composite marks). By using the housemark and tagline together, CEFCU created independent trademark significance in the registered mark and not the tagline. Ultimately, CEFCU failed to provide evidence that significant advertising was spent pattern or effort . . . to use . . . [NOT A BANK. BETTER] in a manner separate and apart

11

See Quiksilver, 466 F.3d at 757. 5. Abandonment Lastly, SDCCU argues that even if the limited evidence of use of the tagline was sufficient to create trademark rights, CEFCU intentionally abandoned its rights to the tagline, itself, since rebranding in 2011 as the new branding guidelines required that the tagline only be displayed together with the CEFCU housemark in all of its advertising. (Dkt. No. 347 at 12.)

11 While not argued in its closing briefs, at trial, it appeared that CEFCU was suggesting that the TV and radio ads included pauses between stating CEFCU and NOT A BANK. BETTER. However, the alleged pause in the radio announcements the Court heard at trial was insignificant and does not distinctly create a separate commercial impression for the tagline.

rk being used together with a housemark. (Dkt. No. 343 at 9.) To demonstrate abandonment, SDCCU must show trademark use and Electro Source, LLC v. Brandess Kalt Aetna Grp., Inc., 458 F.3d 931, 935 (9th Cir. 2006) (citing 15 U.S.C. § 1127)

(emphasis in original). Three consecutive years of non- complete cessation or discontinuance o Id. at 938 (emphasis in

original). Id. (quoting Carter Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 804 (9th Cir. 1970)). When a prima facie case of non-use is shown, there is a rebuttable presumption that the trademark owner has abandoned the mark without intent to resume use. Marketquest Grp. Inc. v. BIC Corp., 316 F. Supp. 3d 1234, 1282 (S.D. Cal. 2018)



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

FreecycleSunnyvale v. Freecycle Network, 626 F.3d 509, 515 (9th Cir. 2010) (quoting Prudential Ins. Co. of Am. v. Gibraltar Fin. Corp. of Cal., 694 F.2d 1150, 1156 (9th Cir. 1982)). The burden of persuasion . . . always remains with the petitioner to prove abandonment . . . . On Line Careline, Inc. v. America Online, Inc., 229 F.3d 1080, 1087 (Fed. Cir. 2000) (internal quotations and citation omitted); Abdul Jabbar v. General Motors Corp., 85 F.3d 407, 411 n.4 (9th Cir. 1996) (the burden of proof does not shift to the trademark owner simply because a prima facie case of non-use is made). Whether the tance of use is

Marketquest Grp. Inc., 316 F. Supp. 3d at 1282. SDCCU has not demonstrated abandonment of the tagline by CEFCU. The record shows that from 2011 to the present, CEFCU printed and distributed 1.1 million business cards that displayed the tagline, by itself, on the backside. Marks used on business cards

See 15 U.S.C. § 1125(a); Meridian Transp. Resources, LLC v. Magic Carrier Resources LLC, 518 F. Supp. 2d 1255, 1261 (D. Or. 2007) (use of trademark and logo on website, advertising and business cards RGB Plastic, LLC v. First Pack, LLC, 184 F. Supp. 3d 649, 658 (N.D. Ill. 2016) (citing Am. Eagle Outfitters, Inc. v. Am. Eagle Furniture, Inc., No. 11 C 02242, 2013 WL 6839815, at \*13 (N.D. Ill. Dec. 27, 2013) (quoting 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 19:83 (4th ed.) Use sufficient to support service mark registration includes such things as business cards, stationery, circulars, brochures, invoices, direct mailing pieces, advertisements, store signs and almost every type of printed matter ). Moreover, NOT A BANK. BETTER. has been displayed, by itself, on the landing page of website since 2017. Therefore, SDCCU has not proved CEFCU discontinued use of the tagline, NOT A BANK. BETTER. 12 While SDCCU has not demonstrated that CEFCU discontinued use of the tagline, the Court concludes that CEFCU has not shown it has a valid and protectable interest in the tagline NOT A BANK. BETTER. On this basis alone, SDCCU is entitled to a declaratory judgment of invalidity. However, given that SDCCU asserts that the mark is also invalid as a merely descriptive mark, the Court will also analyze this claim. B. Inherently Distinctive and Acquired Distinctiveness/Secondary Meaning

Alternatively, rk declared invalid as a mark which is merely descriptive. SDCCU submits that the mark is merely descriptive and is invalid. Meanwhile, CEFCU argues that NOT A BANK.

12 Because the record shows that the tagline, by itself, was used and not abandoned by CEFCU, the Court need not address whether abandonment applies when a tagline has been continuously used along with a housemark.

BETTER. is inherently distinctive and has acquired distinctiveness through secondary meaning. 13

(Dkt. No. 343 at 11.) 1. Merely Descriptive Mark At common law, neither terms which were generic nor those which were merely descriptive could become valid trademarks, see Delaware & Hudson Canal Co. v. Clark, 80 U.S. 311, 323 ( article or its qualities, ingredients, or characteristics, be



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

employed as a trademark and the

Under the modern definition of the term in the federal Lanham Act of 1946. 2 J. McCarthy, Trademarks and Unfair Competition

§ 4:3 (4th ed. 2004).

Courts may analyze all components of the mark in determining whether those parts, taken together, merely describe the goods or services offered. *Lahoti v. VeriCheck, Inc.*, 586 F.3d 1190, 1201 (9th Cir. 2009). If each component retains its descriptive significance in relation to the goods or services, the combination results in a composite that is itself descriptive. *Duopross Meditech Corp. v. Inviro Med. Devices, Ltd.*, 695 F.3d 1247, 1250, 1255 (Fed. Cir. 2012) (SNAP SIMPLY SAFER merely descriptive for medical devices, namely, cannulae; medical, hypodermic, aspiration and injection needles; medical, hypodermic, aspiration and injection syringes ). However, the validity of composite term is be determined by viewing the trademark as a whole and not by an examination of its parts. *California Cooler, Inc. v. Loretto Winery, Ltd.*, 774 F.2d 1451, 1455 (9th Cir. 1985). Further, the mere combination of words is insufficient in itself to

13 In its trial brief, CEFCU argued that NOT A BANK. BETTER. was inherently distinctive and also acquired distinctiveness or secondary meaning. (Dkt. No. 302 at 16, 20-21.) Yet, after trial, in its closing briefs, CEFCU disposes of the inherently distinctive argument and solely argues that NOT A BANK. BETTER. has acquired distinctiveness. (Dkt. No. 343 at 9-11; Dkt. No. 350 at 10-11.) It appears that CEFCU may have abandoned its argument concerning inherently distinctive after the evidence presented at trial. In any event, the Court addresses both positions.

make a mark registrable. *Surgicenters of Am., Inc. v. Med. Dental Surgeries, Co.*, 601 F.2d 1011, 1018 (9th Cir. 1979).

and fall into the descriptive category. 2 J. McCarthy, Trademarks and Unfair

Competition § 11:71 (4th ed. 2004); see *In re Best Software, Inc.*, 58 U.S.P.Q. 2d 1314, 200

In determining whether a mark is suggestive or descriptive, the Ninth Circuit has observed that clearly the most used[] t. *Zobmondo Entm , LLC v. Falls Media, LLC*, 602 F.3d 1108, 1115 (9th Cir. 2010); accord *Fortune Dynamic, Inc. v. Victoria's Secret Stores Brand Mgmt., Inc.*, 618 F.3d

the product. ; see also 2 J. McCarthy, Trademarks and Unfair Competition § 11:71 (4th

ed. 2004) ( Is some reflection or multistage reasoning process necessary to cull some direct information about the product from the term used as a mark? ). test as ap is required in order to reach a conclusion





## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

, 602 F.3d at 1115 (citation omitted).

and extent to which a mark is actually needed by competitors to identify their goods or services. , 602 F.3d at 1117 (quoting Rodeo Collection, Ltd. v. W. Seventh, 812 F.2d 1215, 1218 (9th Cir. 1987)); Fortune Dynamic, Inc., 618 F. 3d at 1033-34 (mark is more likely suggestive if suggestion made by the mark is so remote and subtle that it is really not likely to be needed by competitive sellers to ; 2 J. McCarthy, Trademarks and Unfair Competition § 11:68 (4th ed. 2004); Sec. Ctr., Ltd. v. First Nat'l Sec. Ctrs., 750 F.2d 1295, 1299 (5th Cir. 1985) (to

determine the descriptive/suggestive categorization, court applied: (1) the imagination test; and (2) whether competitors are likely to use or actually do use the term descriptively). The mark is most likely descriptive if competitors have a great need to use a mark. , 602 F.3d at 1117. The imagination and competitor tests are inversely related such that [t]he more imagination that is required to associate a mark with the product, the less likely the words used will be needed by competitors to describe their products [or services] Id. at 1117 (quoting Rodeo Collection, Ltd. v. W. Seventh, 812 F.2d 1215, 1218 (9th Cir. 1987)).

is not subtle and does not

require a multistage reasoning process or a mental leap from the mark to the product that it describes, a credit union. Plainly, a credit union is not a bank although both are financial institutions that engage in similar types of services such as extending various types of loans and providing services such as checking and savings accounts and debit cards. The connection is sufficiently obvious that SDCCU has itself employed a similar Further, considering the tagline as a whole, t that CEFCU is a financial institution that is not a bank or to recognize the puffery

supplied that it is better than a bank. See 2 J. McCarthy, Trademarks and Unfair Competition § 11:71 (4th ed. 2004).

Also, the language that makes up the tagline is sufficiently generic as a means to distinguish credit unions from banks, that competitors would have a need to employ similar language in presenting themselves as different and better than banks. See Fortune Dynamic, Inc., 618 F.3d at 1034 (other shoes companies are unlikely to use the word noting that the court was unaware of any other show companies and the defendant pointed to none that use the word describe their product). Case 3:18-cv-00967-GPC-MSB Document 353 Filed 05/25/21 PageID.17036 Page 23 of 36 other credit unions try and need to distinguish themselves from banks. Finally, because little imagination is required to connect the to credit union services, the more likely that competitors would have a need to use components of or the composite mark. See id. Therefore, under both the imagination and competitor tests, NOT A BANK. BETTER. is descriptive.

In its trial brief, CEFCU presents two reasons why the tagline is inherently distinctive. First, it



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

argues that NOT A BANK. BETTER. is not defined in a dictionary. While the tagline is not defined, defined separately in the dictionary and intended to convey the dictionary meaning. Moreover, even though the entire tagline is not defined in a dictionary, the dictionary is merely a starting place to differentiate descriptive and suggestive marks. See *Fortune Dynamic, Inc.*, 618 F.3d at 1033; *Surgicenters of Am., Inc.*, 601 F.2d at determinative, dictionary definitions are relevant and often persuasive in determining how a term is understood by the consuming public . . . ). The fact that the phrase is not found in the dictionary is afforded little weight. Further, use of a common punctuation mark, a period, is not sufficient to negate the mere descriptiveness of a term. In *re Brock Residence Inns, Inc.*, 222 U.S.P.Q. 920, 1984 WL 63072, at \*2 (T.T.A.B. 1984) (FOR A DAY, A WEEK, A MONTH OR MORE!, even with the exclamation point, merely descriptive of hotel services).

Second, CEFCU asserts that the USPTO did not require a disclaimer of NOT A BANK. BETTER. when it BETTER. (Dkt. No. 302 at 16-17.) Because the USPTO did not require a disclaimer of

the phrase NOT A BANK. BETTER, it is a strong indication that the USPTO did not consider the phrase merely descriptive of credit union services. (Dkt. No. 343 at 5 (citing *Cross Com. Media, Inc. v. Collective, Inc.*, 841 F.3d 155, 166 (2d Cir. 2016) (registration argument that the unregistered component was more than merely descriptive)).

15 U.S.C. § 1056(a). Although the PTO Examining Attorney is obligated to consider whether a disclaimer is appropriate for each application reviewed, the decision remains a discretionary choice rather than a conclusive legal determination. See *In re Creative Goldsmiths of Wash., Inc.*, 229 U.S.P.Q. 766, 768 (T.T.A. discretion of an Examining Attorney to require the disclaimer of an unregistrable component (such as a common descriptive, or generic, name) of a composite mark sought to be registered on the Principal Register see also *Trademark Manual of Examining Procedure*, § 1213(a)-(c) (5th ed. 2007).

Further, a decision by the PTO to either require a disclaimer or not is merely a single piece of evidence in the court's overall genericism analysis. *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 22 (1st Cir. 2008) (citing *In re Nat'l Data Corp.*, 753 F.2d 1056, 1059 (Fed. disclaimers is discretionary under the statute, and its practice over the years has been far from consistent. Thus, it is inappropriate to give the presence or absence of a disclaimer (internal citation omitted)). In this case, the USPTO did not require a disclaimer to any portion of the registered mark which provides one piece of but is not dispositive of the issue. However, the and competitor tests.

In view of the foregoing analysis, the Court concludes that CEFCU has not met its burden demonstrating that NOT A BANK. BETTER. is inherently distinctive. Next, the Court considers whether CEFCU has established acquired distinctiveness or secondary meaning in NOT A BANK. BETTER.

2. Acquired Distinctiveness or Secondary Meaning A descriptive term identifies a characteristic or



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

ingredient of an article or service and is not protectable as a trademark. See 15 U.S.C. § 1052(e)(1); Zobmondo, 602 F.3d

at 1114. Descriptive marks may become valid marks by acquiring a secondary meaning in the minds of the consuming public. Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 194 (1985); 15 U.S.C. § 1052(f).

1 J. McCarthy, Trademarks and Unfair Competition §

15:11A at 686 (2d ed. 1984); cf. Levi Strauss & Co. v. Genesco, Inc., 742 F.2d 1401, 1405 (Fed. Cir. accord Yamaha Int'l Corp. v.

Hoshino Gakki Co., 840 F.2d 1572, 1579 (Fed. Cir. 1988).

ssociation by a substantial segment of consumers and potential consumers between the alleged mark and a single source of the Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 1354 (9th Cir. 1985) (internal quotations omitted); Coach Servs., Inc. v. Triumph Learning LLC, 668 F.3d 1356, 1379 (Fed. Cir. 2012) (to demonstrate applicant must show that in the minds of the public, the primary significance of a product

feature or term is to identify the s ).

The difference between may be thought of this way: A mark or trade dress may be inherently distinctive whereas secondary meaning is a learned association, an acquired distinctiveness. U.S.A., Inc., 4 F.3d 819, 824 (9th Cir. 1993). If buyers take the word to refer only to a

particular producer goods or services, it is not generic. But if the word is identified with all such goods or services, regardless of their suppliers, it is generic and so not a valid mark. Surgicenters of Am., Inc., 601 F.2d at 1016.

Factors considered in determining whether a secondary meaning has been achieved include: (1) whether actual purchases of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark and, (4) whether use of the claimed trademark has been exclusive. Levi

Strauss & Co., 778 F.2d at 1358 (quoting Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1015 (9th Cir. 1985) (citing 1 Gilson, Trademark Protection & Practice, § 2.09[1])). While evidence of a manufacturer's sales, advertising and promotional activities may be relevant in determining secondary meaning, the true test of secondary meaning is the effectiveness of this effort to create it. Id. A plaintiff may establish secondary meaning through direct and circumstantial



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

evidence. *Continental Lab Prods., Inc. v. Medax Int , Inc.*, 114 F. Supp. 2d 992, 999 (S.D. Cal. 2000) (citing 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 15:30 (4th ed. 2000)). Direct evidence, such as consumer surveys provides the most persuasive evidence of secondary meaning. *Levi Strauss & Co.*, 778 F.2d at 1358; *Vision Sports*, 888 F.2d at 615. A plaintiff may also establish secondary meaning through circumstantial evidence, such as: exclusivity, manner, and length of use, amount and manner of advertising, amount of sales and the number of customers, and plaintiff's established place in the market. ., 114 F. Supp. 2d at 1000 (citing *Filipino Yellow Pages v. Asian Journal Publ* , 198 F.3d 1143, 1151 (9th Cir. 1999)).

CEFCU argues it has shown that the tagline has acquired distinctiveness through direct and indirect evidence. (Dkt. No. 343 at 11.) According to CEFCU, the following indirect evidence supports acquired distinctiveness: 1) more than 14 years of regular use

dollars spent on print, television, radio, internet and member education activity featuring the tagline NOT A BANK. BETTER. hundreds of millions of dollars earned while using the tagline NOT A BANK. BETTER. ; tens of thousands of new members attracted while using the tagline NOT A BANK. BETTER. ; 5) billions of dollars of assets managed while using the tagline NOT A BANK. BETTER. ; 6) non-use of NOT A BANK. BETTER. by CEFCU competitors and (vii) survey evidence proffered by SDCCU, in which a substantial segment (27%) of the respondents exposed to a slogan

similar to NOT A BANK. BETTER. identified CEFCU as the source of that slogan. (Dkt. No. 343 at 11.) As discussed above, evidence of fourteen continuous years of use of NOT A BANK. BETTER., and of dollars all types of advertising which led to increased members and increased assets provide little support for claim of secondary meaning for the tagline NOT A BANK. BETTER. because the advertising moneys spent were almost exclusively used with the housemark, CEFCU. See *Spraying Sys. Co.*, 975 F.2d at 393 (sales did not establish secondary meaning in the - because it showed extensive recognition of the composite marks); *Vision Sports, Inc. v. Melville Corp.*, 888 F.2d 609, 615 (9th Cir. 1989) (secondary meaning established based on extensive use and promotion of the VSW logo separate from the wordmark). Next, nonuse of NOT A BANK. BETTER. by competitors of CEFCU, (Dkt. No. 348, *Flexer Test.* at 148:9-12), may be relevant to demonstrate secondary meaning. See *Levi Strauss & Co.*, 778 F.2d at 1358. However, nonuse of the tagline by competitors, by itself, cannot demonstrate secondary meaning. See *id.* That is particularly the case when tagline is composed of terms that are descriptive.

Finally, in its closing brief CEFCU now dary meaning summarily asserting substantial segment (27%) of the respondents exposed to a slogan similar to NOT A BANK. BETTER. identified CEFCU as the source of that slogan. (Dkt. No. 343 at 11 (citing Apr. 1 Tr. at 428 neither factually nor legally supported. Page 428 of the trial testimony provides only a question to Dr. Nowlis confirming that he found there was 27% confusion rate for the SDCCU slogan. (Dkt. No. 349, *Dr. Nowlis Test.* at 428:11-21.) s estimony and Table 4 shown at trial do not show that his survey revealed that 27% of the respondents that were shown NOT A BANK. BETTER. identified CEFCU as the source. No evidence



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

was provided as to the specific questions

without merit. Moreover, without any analysis, CEFCU has not demonstrated that the

confusion survey that Dr. Nowlis conducted has any bearing on secondary meaning in this case. Therefore, on the indirect evidence, nonuse of the tagline by competitors is the only evidence to support secondary meaning.

CEFCU also presented the direct evidence of Dr. On Amir 14

survey evidence arguing his survey results clearly establish that consumer awareness of CEFCU and its tagline is very strong. (Dkt. No. 302 at 21.) flawed for a number of reasons. s.

First, SDCCU claims that Dr. Amir conducted a confusion survey and not a secondary meaning survey. Moreover, it maintains the unreliability of survey questions because they were invented or cre (Dkt. No. 347 at 15-18.)

It is true that evidence proving secondary meaning and evidence proving likelihood of confusion may sometimes overlap. But not always. *Parks LLC v. Tyson Foods, Inc.*, 863 F.3d 220, 234 (3d Cir. 2017) (citing 2 *McCarthy on Trademarks* § 15:11 n.1) very response rate that shows likely confusion establishes secondary meaning and not every survey that fails to show likely confusion establishes an absence of (quoting Vincent N. Palladino, *Secondary Meaning Surveys, in Trademark and Deceptive Advertising Surveys: Law, Law Science, and Design* 98 (2012)); see *Spraying Sys. Co. v Delvan*, 762 F. Supp. 772, 779 (N.D. Ill. 1991) between the mar aff'd, 975 F.2d 387

14 Dr. On Amir is a Professor at University of California, San Diego and Associate Dean of Programs at the Rady School of Management. (Dkt. No. 348, Dr. Amir Test. at 225:2-14; Trial Ex. EE 38-42.) He has conducted research in consumer behavior and consult with many companies as the chief variable science officer. (Dkt. No. 348, Dr. Amir Test. at 225:15-23.) He has conducted over 500 consumer studies which included brand awareness surveys for clients. (Id. at 225:18-226:2.)

(7th Cir. 1992). Whether a confusion survey is probative of secondary meaning depends *Parks, LLC v. Tyson Foods, Inc.*, 186 F. Supp. 3d 405, 425 (E.D. Pa. 2016) (questions and images posed did not correlate to secondary meaning).

At trial, Dr. Amir testified that he conducted a likelihood of confusion survey versus a secondary meaning survey. (Dkt. No. 348, Dr. Amir Test. at 240:22-241:5; 246:15-17.) He also testified that he was not testing whether or not the slogan was put out by a single source. (Id. at 244:19-21.) Instead, he testified that his questions tested for brand awareness. (Id. at 238:12-18.) He explained that in a brand awareness study, , and the second Id. at 246:4-7.)



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

Dr. Amir also testified that he used his survey design questions and adapted them to the survey questions used by Dr. John Linden in the Jefferson Bankshares case as well (Id. at 238:7-240:11; 242:6-21.) He did not specify what changes he made based on M Dr. Amir also admitted he never saw the actual survey instrument used in the Jefferson Bankshares case. (Id. at 239:20-22.) He further stated that he had never seen the question he used in his survey, is slogan is one you have, or have not, ever seen or Id. at 242:2-243:13.) Dr. Id. at 270:2-10.)

In Jefferson Bankshares, Inc. v. Jefferson Sav. Bank, CIV. A. No. 89-0022-C, 1989

Id. Yet, in the secondary meaning analysis, the court did not rely . Instead, on secondary meaning, the district court concluded acquired secondary meaning in the banking and finance fields as a service mark based on its \$2.5 million expenditure in sales and advertising as well as its five- . Id. at \*7.

use of confusion survey questions did not test for secondary meaning and CEFCU has not explained how the questions posed to the respondents could elicit secondary meaning. Moreover, the Court also questions the reliability of the questions that were further modified by input from counsel, who is not a survey expert.

meaning by asking the wrong questions.

In the survey, respondents were asked the following questions after being shown the tagline, NOT A BANK. BETTER.

Q64 Please indicate whether this slogan is one you have, or have not, ever seen or heard used by a financial institution in the greater Peoria area? . . . Q66 If you know or have an opinion, what financial institution uses this slogan? (please be as specific as possible) (Trial Ex. EE-30.) Based on the answers to these questions, Dr. Amir testified that the results show that consumer awareness of CEFCU and its tagline NOT A BANK. BETTER. is very high in the greater Peoria area. (Dkt. No. 348, Dr. Amir Test. at 227:14-19.) He stated that over 70% recognize the tagline as being used by a financial institution in the greater Peoria area and about 50% identify it as CEFCU. (Id. at 227:20- 24.)

ndary meaning . . . a proper question should seek to determine whether or not a claimed trademark or trade dress is Vincent N. Palladino, Surveying Secondary Meaning, 84 Trademark Rep. 155, 162 67

(1994 Do you associate [claimed trademark] with [product identification] of one, or more than one, company? Id. at 165. In Straumann Co. v. Lifecore Biomedical Inc., 278 F. Supp. 2d 130, 138 (D. Mass What company do you think

was flawed to establish secondary meaning because it presumed the existence of a key element of secondary meaning, that is, associating the design with a single source. Id. at 138. This did come





## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

from a single Id. (emphasis in original); see also *Shell Trademark Mgmt. B.V. v. Warren Unilube, Inc.*, 765 F. Supp. 2d 884, 893 (S.D. Tex. 2011) (giving less weight to If you have an opinion, what is the brand of motor oil product what is the brand or brands . . . ); *I.P. Lund Trading ApS v. Kohler Co.*, 118 F. Supp. 2d 92, 107 n. 24 (D. Mass. 2000) (survey questions asking omer is asking about a product made by a single source. of consumer association); , *Ltd.*, 808 F. Supp. 952, 960 (E.D.N.Y 1992) was not misleading in survey to show secondary meaning); *McDonald's Corp. v. McBagel's Inc.*, 649 F. Supp. 1268, 1277 (S.D.N.Y. What products or services, if any,

do you believe are sponsored or promoted by the same concern that sponsors or promotes McBagel's? Dr. Itamar Simonson 15

and Dr. Stephen Nowlis, 16

also 15

Dr. Itamar is a Professor Emeritus at Stanford University and has taught doctoral courses about consumer research, decision making and survey methods. (Dkt. No. 349, Dr. Simonson Test. at 47:18-48:21, Trial Ex. 173.) He has designed hundreds of surveys for litigation related to secondary meaning, likelihood of confusion as well as other topics and written thousands of articles in his economic work and has qualified as an expert on market surveys. (Id.) 16 Dr. Nowlis is a Professor of Marketing at Washington University in St. Louis, Missouri and teaches marketing management, brand management and consumer behavior. (Dkt. No. 349, Dr. Nowlis Test. at

secondary meaning and merely allowed the respondents to guess. 17

(Dkt. No. 349, Dr. Simonson Test. at 343:1-11; Dkt. No. 349, Dr. Nowlis Test. at 396:25-397:24.) Brand awareness is very different from secondary meaning which asks do you associate the tagline with one or more than one company. (Id. at 396:25-397:24.) Dr. Simonson testified that there are specific survey questions that have been accepted to assess secondary meaning and other questions to assess awareness. (Id. at 344:5-16.) But Dr. (Id r more

Id. at 345:11-21.) Q. 66 are not model secondary meaning questions accepted by survey experts but cases have held that such questions may be acceptable or given some weight to show secondary meaning. *Essie Cosmetics, Ltd.*, 808 F. Supp. at 960; *McDonald's Corp.*, 649 F. Supp. at 1277. Given the deficiencies identified, the Court will accept but give less weight to the survey results questions did not directly test for secondary meaning.

389:25-391:16; Trial Ex. 171.) He has designed and run over 1000 surveys, including about 100 surveys for litigation and has been qualified as an expert in market surveys. (Dkt. No. 349, Dr. Nowlis Test. at 391:17-392:5.) 17 At trial, CEFCU repeatedly objected to the testimonies of Dr. Simonson and Dr. Nowlis as not being disclosed in their expert reports. (See generally Dkt. No. 349, Trial Trans.) At the



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

conclusion of trial, the Court granted CEFCU leave to file a post-trial motion to exclude certain portions of Dr. Simonson not raised at trial. (Id. at 430:4-440:11.) CEFCU filed a post- raises the same arguments it raised at trial. (Dkt. No. 344.) CEFCU argues that their testimonies were not disclosed in their expert reports in violation of Rule 37. (Id.) SDCCU filed a response contending y methodology which are contained in their expert reports. (Dkt. No. 346.) Because CEFCU raises the same objections as it objections to the testimonies of Dr. Simonson and Dr. Nowlis and explained that it provided Dr. Amir latitude to testify about secondary meaning even though he was tasked with conducting a survey on likelihood of confusion; therefore, because Dr. Nowlis and Dr. Simonson, as rebuttal experts, were secondary meaning survey evidence and opinions. (Dkt. No. 349, Trial Trans. at 394:19-95:17; 440:2- -trial motion to exclude.

proper control since his controls did not share any characteristics with the mark at issue; for example, none included the words BANK or BETTER. (Dkt. No. 347 at 18-19.)

should share as many characteristics with the experimental stimulus as possible, with the

key exception of McCarthy, McCarthy on Trademarks and Unfair Competition § 32:187 (quoting S.S. Diamond, Control Foundations: Rationales and Approaches in Trademark and Deceptive Advertising Surveys 210 (ABA, Eds. Diamond & Swann 2012)). In addressing the admissibility of a secondary meaning survey, one the control bottle could have been more similar to the ROTELLA bottle to obtain a more accurate measure of confusion troubled that the control chosen seems to share virtually no features with the ROTELLA bottle besides the basic fact that they are motor-oil bottles. Shell Trademark Mgmt. B.V. v. Warren Unilube, Inc., 765 F. Supp. 2d 884, 894 (S.D. Tex. 2011). Therefore, the court noted the control used was slightly problematic but not enough to justify exclusion of the evidence. Id. Dr. Amir explained he used four criteria to select the controls 1) it had to be a tagline, 2) it had to be a credible slogan that could be used by a financial institutional, 3) the control slogan must not actually be used by a financial institution in the greater Peoria area, and 4) must not share any of the same words as the mark in order to avoid any mental association with the senior mark or CEFCU. (Dkt. No. 348, Dr. Amir Test at 256:1- -14.) The Future is Yours to

Save is a non-existent tagline. (Id. at 251:9-13.) Dr. Amir did not provide any support on the selection of his controls. and is in contravention to caselaw and treatises. Moreover, experts in the field who testified at trial also rejected . Both Dr. Simonson and Dr. Nowlis, relying on Shari

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with the experimental stimulus as possible with the key exception of the characteristic

-21; see also Dkt. No. 349, Dr. Nowlis Test. at 399:21-400:4.) Dr. Nowlis testified that when he conducted a rebuttal survey on likelihood of confusion on this case, explaining it was a perfect one because it followed the general rule that the control be similar as possible to the test stimulus but



## San Diego County Credit Union v. Citizens Equity First Credit Union

2021 | Cited 0 times | S.D. California | May 25, 2021

does not infringe. (Dkt. No. 349, Dr. Nowlis Test. at 404:24-405:7.) Thus, both Dr. Nowlis and Dr. Simonson, experts on market surveys, because they do not meet the criteria by failing to even use in his controls. (Id. at 406:2-12.) Therefore, caselaw, treatises and survey experts do not

Further, SDCCU raises other issues that further reduce the value and reliability of . For example, Dr. Amir did not exclude any CEFCU members or employees from the survey. (Dkt. No. 348, Dr. Amir Test. at 254:7-12.) In fact, 365 of the 1073 survey respondents were CEFCU members. (Id. at 254:13-15.) Therefore, 34% of the respondents were already familiar with the tagline which most likely skewed the percentage of awareness. Next, SDCCU avers that Dr. Amir did not change the order of his questions to avoid order effect. (Dkt. No. 348, Dr. Amir Test. at 253:6- 254:6.) He testified that he purposely did not change the order of the questions to make the results more conservative. (Id. at 254:3-6.) Yet, Dr. Simonson, relying on Dr. Shari treatise in the Reference Manual on Scientific Evidence on question ordering, testified

an order effect by asking the same question in the same order which increased the tendency to guess. (Dkt.

18 Reference Guide on Survey Research in the Reference Manual on Scientific Evidence.

No. 349, Dr. Simonson Test. at 334:10-19; 335:1-19.) Survey questions should be rotated to avoid order effect. (Id.) After consideration of the issues that plague Dr, the Court assigns little or minimal weight on it for purposes of secondary meaning. Because the evidence to support secondary meanin which has been given little weight and nonuse of the tagline by competitors, the Court concludes that CEFCU has not provided evidence to establish secondary meaning in the tagline, NOT A BANK. BETTER. where consumers or potential consumers in the greater Peoria area associate the tagline with CEFCU. Therefore, because CEFCU has not established a valid and protectable interest in the tagline, NOT A BANK. BETTER. and, additionally, has not demonstrated its tagline is inherently distinctive or acquired secondary meaning, the Court finds in favor of SDCCU on the fourth declaratory judgment claim seeking invalidity of NOT A BANK. BETTER.

Conclusion Based on the above, judgment is entered in favor of Plaintiff SDCCU and against Defendant CEFCU on the declaratory judgment of invalidity of NOT A BANK. BETTER. The Clerk of Court shall enter judgment accordingly. IT IS SO ORDERED. Dated: May 25, 2021

