UNITED STATES DISTRICT COURT DISTRICT OF CONNECTICUT

THE MEDIA GROUP, INC.,	:	
Plaintiff,	:	CIVIL ACTION NO.
v .	:	3-00-CV-2034 (JCH)
	:	
ONTEL PRODUCTS CORP.,	:	
ASHOK KHUBANI, TARA	:	
PRODUCTIONS, INC., and	:	
TARA BORAKOS,	:	
Defendants.	:	FEBRUARY 14, 2001

RULING ON PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION [DKT. NO. 10-2]

This is a cause of action for damages and injunctive relief alleging trademark infringement and unfair competition under Section 43(a) of the Lanham Act, copyright infringement in violation of 17 U.S.C. § 501, and unfair competition under the Connecticut Unfair Trade Practices Act. The plaintiff, The Media Group, Inc. ("MGI"), filed a motion for a temporary restraining order and preliminary injunction seeking to enjoin the defendants, OnTel Products Corp. ("OnTel"), Ashok Khubani ("Khubani"), Tara Productions, Inc. ("Tara"), and Tara Borakos ("Borakos"), from marketing their suction hook product under the mark "Snap Hooks." On January 12, 2001, the court denied the motion for a temporary restraining order and scheduled a hearing on the motion for preliminary injunction, which was held on January 25, 2001. Because the court concludes that the plaintiff has not established irreparable harm, the motion is denied.

I. FACTUAL AND PROCEDURAL BACKGROUND

The complaint alleges that MGI, a designer, manufacturer, and marketer of products, sells hanging devices, comprising a hook and a vacuum locking system called "Smart Hooks" and "Happy Hangems." MGI began marketing the product in August or September of 1999. MGI uses several marketing channels including retail sales outlets, print advertising, television, and electronic marketing. Through those mediums, the complaint alleges, MGI has built up substantial goodwill and customer recognition and identification in the trademarks associated with the products.

According to the complaint, the defendants marketed and distributed a hanging device with a hook and vacuum locking system under the name "Snap Hooks." In doing so, the complaint alleges, the defendants produced advertising works that were substantially similar to those used by MGI to market "Smart Hooks." MGI first learned that "Snap Hooks" were on the market and that such advertising works were being used in May or June of 2000. The complaint alleges that the use of the "Snap Hooks" name was a willful and intentional attempt to trade on and benefit from the association in the minds of consumers with MGI's "Smart Hooks" trademark. Further, the complaint alleges that the use of the trademark "Snap Hooks" misrepresents and falsely describes to the public the origin and source of the defendants' products and creates a likelihood of confusion by ultimate purchasers. As a result, MGI alleges that sales of its product have suffered.

MGI filed this lawsuit on October 20, 2000. On January 10, 2001, MGI first filed the motion for a temporary restraining order and preliminary injunction. At the time the motion for a temporary restraining order and preliminary injunction was filed, MGI and OnTel planned to market their products at the International Housewares Show in Chicago, Illinois. According to MGI's motion, the Housewares Show was scheduled to be held from January 16-19, 2001.¹ In its motion, MGI specifically sought a temporary restraining order to prohibit marketing and sales at the Housewares Show. MGI represented that the upcoming Housewares Show demonstrated the urgency of its motion because MGI would lose opportunities to write orders for its products at the show and to contract with independent sales representatives. On January 12, 2001, the court heard from both parties regarding the motion for a temporary restraining order. After denying the motion for a temporary restraining order, the court scheduled a hearing on the

¹ In its Reply to the Defendants' Opposition to the Motion for a Preliminary Injunction [Dkt. No. 28], MGI states that the Housewares Show ran from January 14-16, 2001. Until receiving MGI's reply on January 29, 2001, the court relied on the dates provided in MGI's motion.

motion for preliminary injunction for January 16, 2001 in light of the represented urgency of that motion. <u>See</u> Ruling on Plaintiff's Motion for Temporary Restraining Order/Preliminary Injunction at 7 [Dkt. No. 12]. At the request of both parties, that hearing was rescheduled and held on January 25, 2001.

II. DISCUSSION

"A preliminary injunction may be granted only when the party seeking the injunction establishes that '1) absent injunctive relief, it will suffer irreparable harm, and 2) either a) that it is likely to succeed on the merits, or b) that there are sufficiently serious questions going to the merits to make them a fair ground for litigation, and that the balance of hardships tips decidedly in favor of the moving party." <u>Statharos v. N.Y. City Taxi & Limousine Comm'n</u>, 198 F.3d 317, 321 (2d Cir. 1999) (citations omitted). Preliminary injunctive relief "is an 'extraordinary and drastic remedy which should not be routinely granted.'" <u>Buffalo Forge Co. v.</u> <u>Ampco-Pittsburgh Corp.</u>, 638 F.2d 568, 569 (2d. Cir 1981) (quoting <u>Medical</u> Society of New York v. Toia, 560 F.2d 535, 538 (2d Cir. 1977).

"Perhaps the single most important prerequisite for the issuance of a preliminary injunction is a demonstration that if it is not granted the applicant is likely to suffer irreparable harm before a decision on the merits can be rendered." <u>Citibank v. Citytrust</u>, 756 F.2d 273, 275 (2d Cir. 1985) (internal quotations and

citations omitted). Irreparable harm is more than a "mere speculation that there is a possibility that the party seeking the injunction may in some unproved way suffer loss or damage." <u>Parenting Unlimited, Inc. v. Columbia Pictures Television, Inc.</u>, 743 F. Supp. 221, 224 (S.D.N.Y. 1990) (quoting <u>Jack Kahn Music Co. v. Baldwin</u> <u>Piano & Organ Co.</u>, 604 F.2d 755, 759 (2dCir. 1979)).

In a trademark case, irreparable injury may be found "'where there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." Tough Traveler, Ltd. v. Outbound Products, 60 F.3d 964, 968 (2d Cir. 1995) (quoting Joseph Scott Co. v. Scott Swimming Pools, Inc., 764 F.2d 62, 66 (2d Cir. 1985) (internal quotation and citation omitted)). Any such presumption of irreparable harm does not operate, however, when the plaintiff has delayed in bringing suit or in moving for preliminary injunctive relief. Id. "Preliminary injunctions are generally granted under the theory that there is an urgent need for speedy action to protect the plaintiffs' rights. Delay in seeking enforcement of those rights, however, tends to indicate at least a reduced need for such drastic, speedy action." <u>Citibank</u>, 756 F.2d at 276 (citations omitted). If the delay cannot be explained, "[it] alone may justify denial of a preliminary injunction for trademark infringement." <u>Citibank</u>, 756 F.2d at 276; see also Tough Traveler, 60 F.3d at 968.

In <u>Citibank</u>, the Second Circuit considered how delay in filing for a motion for a preliminary injunction affects the irreparable harm analysis in a trademark case. In that case, ten weeks passed between the time the plaintiff directly learned that the defendant intended to open offices in the plaintiff's market and the time the plaintiff filed a complaint and motion for preliminary injunction seeking to enjoin the use of the name "Citytrust" in that market. Citibank, 756 F.2d at 274-75. Nine months passed between the defendant's public announcement of its intentions and the filing of the complaint and motion. Id. at 276. The Citibank court found that the delay in seeking injunctive relief and the minimal likelihood of increased harm to Citibank's trademark due to previous competition between the two marks at issue undercut any sense of urgency in providing relief to the plaintiff. <u>Id.</u> at 277. Therefore, the Second Circuit found, the plaintiff failed to establish irreparable harm.

In a similar case, the Second Circuit found that a plaintiff had not established irreparable harm where it waited at least nine months after it became aware of the defendant's product before commencing an action and waited an additional four months before moving for a preliminary injunction. <u>Tough Traveler</u>, 60 F.3d at 968; <u>see also Century Time Ltd. v. Interchron Ltd.</u>, 729 F. Supp. 366, 369 (S.D.N.Y. 1990) (the plaintiff was unlikely to demonstrate irreparable harm because

two months passed between the date that the plaintiff knew the action would not settle and the filing of a motion for preliminary injunction).

In this case, MGI became aware of "Snap Hooks" no later than May or June of 2000. It filed the present lawsuit on October 20, 2000, but did not file a motion for a temporary restraining order and preliminary injunction until January 10, 2001. Therefore, MGI waited more than six months from the time it learned of "Snap Hooks" before it sought the present preliminary injunction.

MGI argues that its delay in filing the complaint and the subsequent delay in filing motion for a preliminary injunction was due to the fact that it did not become aware of the full effect of the defendants marketing push until August of 2000 and it did not become aware that OnTel would be displaying "Snap Hooks" at the Housewares Show until January of 2001. In connection with plaintiff's Motion for Preliminary Injunction, the court is not persuaded by MGI's argument.

The court notes that waiting until three business days prior to the Housewares Show to file the motion for a temporary restraining order and preliminary injunction appears to be "tactical maneuvering" by MGI to "sit back and wait for what they believe to be timing most injurious to the procedural fairness for their adversaries." <u>Century Time Ltd.</u>, 729 F. Supp. at 368. Further, MGI's willingness to delay the hearing on the preliminary injunction until after the Housewares Show undercuts the degree of urgency MGI alleges was due to the Housewares Show. As discussed above, there is some discrepancy in the papers presented to the court regarding the actual dates of the Housewares Show. MGI's motion for a temporary restraining order and preliminary injunction stated that the show was scheduled to begin on January 16, 2001. See Notice of Motion and Motion for Temporary Restraining Order/Preliminary Injunction [Dkt. No. 10]. In its ruling on the motion for temporary restraining order the court noted the dates of the Housewares Show of which it was aware. See Ruling on Plaintiff's Motion for Temporary Restraining Order/Preliminary Injunction at 2 [Dkt. No. 12]. Relying on those dates, the court scheduled a hearing on the preliminary injunction for January 16, 2001, which the court believed to be the first day of the show. The court did so anticipating that, if MGI were successful in its motion, the defendants would be enjoined from marketing the product for the remaining three and a half days of the show. MGI neither amended its motion nor did it seek to correct the dates the court relied on in its ruling on the temporary restraining order. MGI then agreed with the defendants to reschedule the preliminary injunction hearing for January 25, 2001, long after the Housewares Show ended. Whether MGI failed to correct its own error about the dates of the Housewares Show or was simply willing to delay the hearing despite the court's attempt to hold the hearing during the show,

its actions do not demonstrate that the need for a preliminary injunction was urgent.

MGI seeks a preliminary injunction that would prohibit all activities in conjunction with the marketing of "Snap Hooks," not merely the marketing that occurred at the Housewares Show. Any harm from marketing outside of the Housewares Show was thus known to MGI when it first discovered "Snap Hooks" in June 2000 and certainly by August 2000 when MGI states it became fully aware of the defendants' marketing push. Despite the existence of the alleged harm from the marketing of "Snap Hooks," MGI waited four months to bring the lawsuit and six months to seek a preliminary injunction.

MGI argues that the delay in bringing the lawsuit was due to the fact that it was waiting for a patent for its product and thought it would proceed against the defendants on a patent basis if necessary. MGI received initial indication of patent approval in July of 2000. However, it did not receive the allowability notice until December of 2000. It was only when the allowability notice for the patent was delayed that MGI decided to bring a suit against the defendants in trademark. However, even then having commenced an action, it waited two months to seek a preliminary injunction. Its explanation and conduct suggests even further that, under the trademark claim, there was no urgency in preventing the defendants from marketing their product. Even after learning of the product and the marketing strategies of the defendants, MGI was willing to delay bringing its trademark claim in order to wait for a patent. Such a delay demonstrates that the harm suffered by MGI was not irreparable.

Finally, as MGI's Vice President of Sales stated, the type of product at issue in this case has a short life. "The direct response industry on which MGI depends for a significant portion of its revenues is notorious for the short window of marketing opportunity, frequently measured in just months" Mem. of Law in Support of a Motion for a Temporary Restraining Order and for a Preliminary Injunction, Ex. A, Declaration of Salvatore D. Merlo ¶ 11 [Dkt. No. 11]. Where, as here, the window of marketing opportunity is often limited to months, a delay of six months would have a significant impact. Despite this, MGI waited at least six months after fully learning that the defendants were marketing the "Snap Hooks" product before seeking a preliminary injunction. Such a delay in seeking relief when a matter of months can have a significant impact on the marketing of the product demonstrates that relief was not urgently necessary in this case.

Because of the delay in bringing the action and, more significantly, in filing a motion for a preliminary injunction, MGI has failed to demonstrate that it would suffer irreparable harm before permanent relief can be granted.² The court therefore denies the motion for preliminary injunction.

III. CONCLUSION

For the foregoing reasons, the plaintiff's motion for preliminary injunction

[Dkt. No. 10-2] is DENIED.

SO ORDERED.

Dated at Bridgeport, Connecticut this 14th day of February, 2001.

_____/s/_____

Janet C. Hall United States District Judge

² Because MGI has failed to satisfy the first element necessary for preliminary injunction, the court does not address the second element.