



## Eleventh Circuit Issues Ruling in "Slasher Sale" Trademark Dispute

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In a 2004 documentary entitled *Slasher*, a film crew follows uber-used car salesman Michael Bennett as he travels to a "Slasher Sale" at a car dealership in Memphis, Tennessee. The film shows Bennett, a wiry, nervous man, setting up a 72-hour inventory clearing extravaganza, complete with pretty showgirls, outlandishly dressed stereotyped characters, a DJ, an \$88 car, and a chainsaw that salesmen use to "Slash" the price. These events are highly lucrative and were started 20 years ago by Daniel Ryan and his company Caliber Marketing, now Caliber Automotive Liquidators. In *Caliber Automotive Liquidators, Inc. v. Premier Chrysler*, the "Slasher Sale" theme became the subject of a trademark suit.

In 1999, Caliber registered "Slash-It! Sales Event" as a service mark with the federal government. The registration provides that the service mark is used for "advertising agency services, namely, promoting the services of automobile dealerships through the distribution of printed and audio promotional materials and by rendering sales promotion advice." The "Slash-It! Sales Event" mark, in trademark parlance, is "incontestable." Caliber also owns a federal registration for the service mark "Slasher Sale."

Because the Slasher theme was so successful, Sam Kazran in 2006 began running infomercials called "Slasher Shows" for his Premier dealerships. In addition to the Slasher title, the infomercial featured a Slasher Countdown, a Slasher host, off-camera voices screaming "slash it," and on camera uses of the term "slash it." The show also featured a cavalcade of characters molded from clichéd stereotypes, going by names such as Eazy-E, the Disco kid, Zulu, Dr. Z, the White Face Mime, and the risqué Slasher Girls.

Believing Caliber was involved in the Slasher Show infomercial, an owner of a Georgia car dealership became upset as he had purchased an exclusive license for use of the slasher sales in Georgia. Ryan called Kazran to workout a licensing agreement, but Kazran showed no interest in dealing with Ryan. Kazran told Ryan that he "commanded an army of lawyers" and, essentially, invited litigation.

Caliber sued Kazran and Premier claiming trademark infringement. The district court noted correctly that a successful cause of action for trademark infringement requires the evidence to establish that the infringer 1) used the mark in commerce, without consent; and 2) that the use was likely to cause confusion. With respect to the element of confusion the district court looked to: (1) type of mark; (2) similarity of mark; (3) similarity of the products the marks represent; (4) similarity of the parties' retail outlets and customers; (5) similarity of advertising media; (6) defendant's intent; and (7) actual confusion. The court concluded that the similarity of the marks and "slight" actual confusion weighed in favor of likelihood of confusion; similarity in advertising did not tip the balance either way; and the strength of mark, similarity of events, similarity of sales method, and defendants' intent all weighed against likelihood of confusion. Tallying the score, the district court found that no reasonable jury could find likelihood of confusion, and granted summary judgment to Premier on the trademark infringement

claim. The Court of Appeals reversed.

Noting that evidence of actual confusion is the most weighty factor, the court first looked to see if there was evidence that the relevant audience was actually confused. Since car dealerships were the relevant audience and there was evidence of actual confusion, that factor weighed in Caliber's favor.

The Eleventh Circuit, however, declined to adopt the Ninth Circuit's bright-line rule that summary judgment is precluded where the plaintiff proffers a single instance of actual confusion, saying "[t]his court's caselaw forecloses such a binary rule. Rather, there is no absolute scale as to how many instances of actual confusion establish the existence of that factor. The court must evaluate the evidence of actual confusion in the light of the totality of the circumstances involved. Similarly we have held that merely one instance of actual confusion did not militate in favor of finding likelihood of confusion."

The court next looked to the type of mark to assess its strength.

There are four recognized types of mark, ranging from weakest to strongest: generic, descriptive, suggestive and arbitrary. The stronger the mark, the greater the scope of protection accorded it. An arbitrary or fanciful mark bears no logical relationship to the product or service it is used to represent [e.g., Kodak]. A suggestive mark refers to some characteristic of the goods, but requires a leap of the imagination to get from the mark to the product [e.g., Penguin Refrigerators]. A descriptive mark identifies a characteristic or quality of the service or product [e.g., Vision Center].

The court found that Caliber's marks were descriptive, which, along the spectrum between generic to arbitrary, falls on the weaker end. Still, a descriptive mark may become stronger if deemed "incontestable." The court explained

Descriptive terms may not be registered as trademarks under the Lanham Act, unless the holder shows that the mark has acquired secondary meaning. Proof of secondary meaning in a trademark requires a showing that the mark has become distinctive of the trademark holder's product. Five years after registering a mark, the holder may file the affidavit . . . and have its mark declared 'incontestable.' Once a mark has become incontestable, its validity is presumed . . . . Once a mark has achieved incontestable status, its validity cannot be challenged on the grounds that it is merely descriptive, even if the challenger can show that the mark was improperly registered initially." *Dieter v. B & H Indus. of Sw. Fla.*, 880 F.2d 322, 328 (11th Cir. 1989).

Because Slash-It! Sales Event had attained federal incontestable status, the court found the mark to be strong and deserving of protection.

The court cursorily examined the other factors and ultimately determined that "Caliber has presented sufficient evidence of the strength of its marks and of actual confusion amongst the relevant consumer class to avoid summary judgment."

While the court's decision did not plough much new ground, it is an excellent case for those interested in intellectual property issues to read because it clearly distills essential trade mark principles in an interesting factual context.

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