

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
CASE NO. 08-CVS-24643

WINDSOR JEWELERS, INC.,)
)
 PLAINTIFF,)
)
 vs.)
)
 WINDSOR FINE JEWELERS, LLC;)
 WINDSOR JEWELERS, LLC; and)
 ALPINE INVESTORS, LP)
)
 DEFENDANTS.)
 _____)

PLAINTIFF’S MEMORANDUM OF LAW
IN SUPPORT OF MOTION FOR
TEMPORARY RESTRAINING ORDER

I. INTRODUCTION

Plaintiff Windsor Jewelers, Inc. (hereinafter “Plaintiff Windsor”) submits this memorandum in support of its Motion for a Temporary Restraining Order (hereinafter “Motion for TRO”) pursuant to Rule 65(b) of the North Carolina Rules of Civil Procedure which it filed on November 5, 2008. As set forth in greater detail below, the Motion for TRO should be granted by this Court because Plaintiff Windsor is likely to prevail on the merits of this action and will suffer immediate and irreparable injury if the Motion for TRO is denied.

II. FACTUAL BACKGROUND

Plaintiff Windsor is a North Carolina Corporation that has operated in this State under the name “Windsor Jewelers” for more than twenty-five years as a retailer of high-end merchandise. Plaintiff Windsor first registered its service mark pursuant to the North Carolina Trademark Registration Act in the 1980’s and has subsequently renewed its mark, most recently on October 22, 2004. Plaintiff Windsor’s registered service mark bears Registration No. T-18151 (hereinafter “Plaintiff’s Service Mark”). *See* Plaintiff’s Complaint, Exhibit A.

Since the 1980's, Plaintiff Windsor has operated a retail store in Winston-Salem, North Carolina. Copies of photographs of Plaintiff Windsor's retail store are attached hereto collectively as Exhibit A. Although Plaintiff Windsor operates only one retail store, it maintains a customer base and conducts business throughout the State of North Carolina. In fact, excluding the Winston-Salem market, Plaintiff Windsor has sold more than 12 million dollars worth of merchandise in North Carolina, during the past ten years. Approximately 1.7 million dollars of these sales were made in the Charlotte area. The Charlotte sales represent 10% of Plaintiff's annual sales beyond the Winston-Salem market. Plaintiff Windsor's business records reflecting these sales are attached hereto collectively as Exhibit B.

Plaintiff Windsor markets and advertises its business throughout North Carolina, including well-known state-wide and national publications such as *The New York Times*, *The Wall Street Journal*, *Golf Digest*, *Business Week*, *GQ*, *Town & Country*, *The Winston Salem Journal*, *The Charlotte Observer* and *USA Today*. Copies of sample advertisements are attached hereto collectively as Exhibit C. Plaintiff Windsor also has sponsorship agreements with well-known celebrities including NASCAR driver Jeff Gordon and NBA star Chris Paul, several of the NASA Apollo spacecraft astronauts, and the Wake Forest University head Football and Basketball coaches to name a few. Sample sponsorship documents are attached hereto collectively as Exhibit D. Of further note, the parties, upon information and belief, share twelve (12) lines of designer jewelry, of which in the Plaintiff's case, represent a substantial percentage of its gross annual revenues.

According to records held by the North Carolina Secretary of State, Defendant Windsor Fine is a North Carolina Corporation that was formed in or around June, 2008. The evolution of Defendant Windsor Fine's existence in North Carolina began in or around December of 2006,

when the Defendants acquired the three (3) Charlotte retail locations of what has been called “Lions Jewelers” (hereinafter “Lions”). Prior to Defendants’ purchase of Lions, Plaintiff Windsor was approached by Donald (Donnie) Thompson, Member and Manager of Defendant Windsor Jewelers, LLC (hereinafter “Defendant Windsor Georgia”) regarding the potential sale of Plaintiff Windsor to Defendant Alpine Investors, LP (hereinafter “Alpine”) to thereafter be operated under the greater retail umbrella of Windsor Georgia, also owned by Defendant Alpine. Upon information and belief, Defendants wanted to expand into the North Carolina market by first buying existing retail stores and then operating them collectively under the “Windsor Jewelers” name. Of interest, Defendant Windsor Georgia operated in Georgia under the retail designation of “Windsor Jewelers” not “Windsor Fine Jewelers”.

In or around mid December of 2006, Defendant Alpine approached Plaintiff Windsor on behalf of all of the Defendants to discuss the possibility of Plaintiff Windsor selling its business to the Defendants so that Plaintiff Windsor would become part of Defendants’ potential expansion into North Carolina. As part of these initial acquisition discussions, Defendants admitted to Plaintiff Windsor that it would be a conflict to expand into the North Carolina market using the “Windsor” name without Plaintiff Windsor’s permission or without its acquisition of Plaintiff Windsor.

To that end, on December 21, 2006, Plaintiff Windsor and Defendant Alpine entered into a confidentiality agreement for the purposes of discussing Defendant Alpine’s possible acquisition of Plaintiff Windsor. See, Plaintiff’s Complaint, Exhibit D. On February 9, 2007, Defendant Alpine issued a written purchase proposal to Plaintiff Windsor wherein Defendant Alpine specifically states that the purchase price of \$4.9 million includes “\$500,000 for all rights

to the Windsor Jewelers name currently owned by the Company.” (emphasis added). See Plaintiff’s Complaint, Exhibit E.

Plaintiff Windsor rejected Defendant Alpine’s offer and Defendant Alpine thereafter offered to purchase only the “Windsor Jewelers” name from Plaintiff Windsor, which Plaintiff Windsor offered for a price of \$750,000. Defendant Alpine rejected Plaintiff Windsor’s offer. After Defendant Alpine rejected Plaintiff Windsor’s offer to sell its name, Defendants informed Plaintiff Windsor that it planned to operate its recently acquired Charlotte retail stores under the “Lions Jewelers” name and that it also planned to change the name of Defendant Windsor Georgia to the Lions name.

On or about August 7, 2008, Plaintiff Windsor learned that Defendants planned to operate its Charlotte retail stores formerly known as Lions under the name “Windsor Fine Jewelers.” On two (2) occasions since obtaining this information, Plaintiff Windsor has communicated via letter to Defendants, by and through counsel, asserting ownership within North Carolina of the name “Windsor Jewelers” – the same name that Defendants attempted to buy less than a year before. First, Plaintiff Windsor issued a cease-and-desist letter to Defendant Windsor Georgia’s Member and Manager, Donald Thompson. See Plaintiff’s Complaint, Exhibit F. On October 16, 2008, Plaintiff Windsor directed a letter to Defendant Windsor Fine’s counsel asserting ownership of the name and requesting that the *status quo* be maintained in lieu of a request for a Temporary Restraining Order. In particular, Plaintiff Windsor requested that Defendant Windsor Fine and Defendant Windsor Georgia not pursue any advertising campaigns using the name “Windsor Jewelers” or “Windsor Fine Jewelers.” See Plaintiff’s Complaint, Exhibit G.

Rather than maintaining the *status quo*, Defendants have proceeded to advertise within North Carolina as “Lions Jewelers soon to be Windsor Fine Jewelers.” Of greater concern, the font and style of the words “Windsor” and “Jewelers” are substantially the same as Plaintiff Windsor’s Service Mark and, like Plaintiff Windsor’s Service Mark, Defendants’ advertising places the word “Windsor” above the word “Jewelers.” *See* Plaintiff’s Complaint, Exhibit H.

III. PROCEDURAL HISTORY

The Defendant Windsor Fine, filed a Complaint for Declaratory Relief in the United States District Court for the Western District of North Carolina on October 24, 2008 (hereinafter the “Federal Action”). On November 5, 2008, Plaintiff in this action, filed a Verified Complaint and Rule 65(b) Motion in the North Carolina Superior Court in the County of Mecklenburg. The Superior Court action was designated as Case No. 08-CVS-24643.

On November 10, 2008, Defendants Windsor Fine, Windsor Georgia, and Alpine (hereinafter collectively the “Defendants”) filed a Notice of Designation of Action as a Mandatory Complex Business Case pursuant to N.C. Gen. Stat. § 7A-45.4. Defendants also filed a Motion to Dismiss, Memorandum in Support of Defendants’ Motion to Dismiss, and Proposed Order on November 10, 2008, with the Mecklenburg County Superior Court and North Carolina Business Court.

On November 12, 2008, the Honorable Ben F. Tennille, Chief Special Superior Court Judge for Complex Business Cases, issued an Order assigning Case No. 08-CVS-24643 to the North Carolina Business Court by the Chief Justice, assigning it to the Honorable Albert Diaz, Special Superior Court Judge for Complex Business Cases. On November 12, 2008, Judge Diaz agreed to hear Plaintiff Windsor’s Motion for TRO pursuant to Rule 65(b) of the North Carolina Rules of Civil Procedure.

III. ARGUMENT

A. **Jurisdiction is not proper in the Federal Action because the federal court lacks subject matter jurisdiction.**

Defendant Windsor Fine filed a Complaint for Declaratory Relief in the District Court of the Western District of North Carolina pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201-02 seeking a judgment “declaring that [Defendant Windsor Fine’s] use of the ‘Windsor Fine Jewelers’ name on stores and in advertising in Charlotte, North Carolina is lawful, and that Windsor fine has not violated any trademark law, any purported trademark rights of Plaintiff Windsor, and any federal, state, or common law laws”, and declaring that “[Plaintiff Windsor] does not have exclusive rights to use the words “Windsor” and “Jewelers” in connection with the sale of jewelry or jewelry stores in the Charlotte, North Carolina area. *See* Plaintiff’s Complaint, Exhibit B at 6-7.

Defendant Windsor Fine alleges that the federal court has subject matter jurisdiction based on the existence of a federal question pursuant to 28 U.S.C. § 1331, and supplemental jurisdiction pursuant to 28 U.S.C. § 1367. *See* Plaintiff’s Complaint, Exhibit B at 2. However, Defendant Windsor Fine fails to adequately plead a federal question as required by the well-pleaded complaint rule. *See In re Blackwater Security Consulting, LLC*, 460 F.3d 576 (4th Cir. 2006) (stating that 28 U.S.C. § 1331 federal question jurisdiction is limited to actions where “the plaintiff’s well-pleaded complaint raises an issue of federal law.”). The existence of subject matter jurisdiction is a threshold issue that must be proven by the party seeking federal jurisdiction. *See Keith v. Clarke American Checks, Inc.*, 261 F.Supp.2d 419 (W.D.N.C. 2003). Here, Defendant Windsor Fine obscurely references 28 U.S.C. § 1125(a) in the “Factual

Background” section of their Complaint for Declaratory Relief, but fails to otherwise mention, address, or state a claim based on a particular federal law. *See* Plaintiff’s Complaint, Exhibit B.

Defendants attempt to buttress their federal subject matter jurisdiction argument in their Memorandum in Support of Defendants’ Motion to Dismiss (hereinafter “Defendants’ Motion”) filed in this Court on November 10, 2008, by claiming that it [Defendant Windsor Fine] filed the complaint in federal court “under reasonable apprehension of being sued by [Plaintiff Windsor] for unfounded allegations of violation of ‘trademark laws.’” *See* Defendants’ Motion at 8. In particular, Defendants cite to Plaintiff Windsor’s cease-and-desist letter of August 7, 2008, where Plaintiff Windsor wrote that Defendant Windsor Fine’s “unauthorized use of a confusingly similar mark violates trademark laws by creating a likelihood of confusion with respect to [Plaintiff Windsor’s] sponsorship of or association with [Defendant Windsor Fine’s] commercial activities.” *See* Defendant’s Motion at 8. Defendants go on to say that “[t]he language of this letter seems to indicate [Plaintiff Windsor’s] intention of pursuing a claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)...As a result, Windsor Fine was reasonable in its apprehension of a suit under Section 43(a) of the Lanham Act and properly brought its declaratory judgment action in Federal Court.” *See* Defendants’ Motion at 8-9. In support of these claims Defendants rely on *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75 (1st Cir. 1996), claiming that *PHC* illustrates that “when a party sends a cease and desist letter alleging trademark infringement by using language typical of a claim under section 43(a), the alleged infringer may properly seek a declaratory judgment of no infringement in federal court.” *See* Defendants’ Motion at 9.

Here, neither Plaintiff Windsor nor Defendants have – or purport to have – a federally registered trademark that is protected by the Lanham Act. Nonetheless, the Lanham Act does

provide protection of unregistered trademarks pursuant to Section 43(a), but only where the registrant can seek to register a *qualifying mark* (emphasis added). *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 112 S. Ct. 2753 (1992). In *Two Pesos*, the United States Supreme Court held that Section 43(a) protects qualifying unregistered marks and notes that the general principles qualifying a mark for registration under the Lanham Act are applicable in determining whether an unregistered mark is entitled to protection under Section 43(a). *Id.* at 768. A trademark is not a qualifying mark where it “so resembles a mark registered in the Patent and Trademark office...when used ...in connection with the services of the registrant.” 15 U.S.C. § 1052(d). If a mark is not a “qualifying mark”, then it cannot be registered under the Lanham Act.

According to the United States Patent and Trademark Office (“USPTO”) records, the word mark “Windsor Jewelers” has been registered to a New York Corporation since December 8, 1998. *See* Exhibit E. Because neither Plaintiff Windsor nor Defendants have a federally registered trademark, and because the mark “Windsor Jewelers” is not a qualifying mark, none of the parties to this action have standing to sue under the Lanham Act. It stands to reason that Defendants could not have had any “real and reasonable apprehension” of a suit under Section 43(a) of the Lanham Act where Plaintiff Windsor lacks standing to sue under this statute and had specific knowledge of the pre-existing New York mark before commencing the federal declaratory action.

Moreover, the August 7, 2008, cease-and-desist letter upon which Defendants rely as a federal jurisdictional springboard contains the following qualifying language: “This letter does not purport to be a complete statement of the facts or the law and is without prejudice to Windsor NC’s legal and equitable right.” *See* Plaintiff’s Complaint, Exhibit F. In *Dunn Computer v.*

Loudcloud, Inc., 133 F.Supp 2d 823, at 825 (E.D. Va 2001), the District Court held that a cease-and-desist letter that did not include an explicit threat to sue did not satisfy the minimum threshold required in order to bring a declaratory judgment action in federal court under the Lanham Act. *Id.*

In *Dunn*, both parties had intent-to-use applications pending before the USPTO. Plaintiff's attorney thereafter issued defendant a cease-and-desist letter that states in part:

“In short, your adoption of STEELCLOUD is likely to confuse the public and dilute the strength of the LOUDCLOUD mark; it is thus a violation of Loudcloud's rights under federal and state trademark and unfair competition laws.”

Within mere days of receipt of the letter, plaintiff filed suit in federal court for a declaratory judgment alleging that it had a reasonable apprehension of being sued under the Lanham Act. In its analysis, the court reasoned that apprehension alone, if not inspired by defendant's actions, does not give rise to an actual controversy. *Id. at 826*. Moreover, the court stated that federal courts were only to issue declaratory judgments when there exists “a valid basis for subject matter jurisdiction, i.e., diversity or federal question jurisdiction.”*Id.*

In this case, original counsel for Plaintiff Windsor clearly qualified his cease-and-desist. Concurrent with the issuance of the October 16, 2008, correspondence to Defendants' counsel, counsel was made well aware that plaintiff wished to reach some reasonable accommodation and did not want to endure the time and expense associated with litigation. In point of fact, this letter was followed with a phone call placed on October 22, 2008, to Defendants' attorney inquiring as to what, if any, recommendations his client could make towards an amicable resolution. Defendants' response was to file the pending Federal Action.

In view of the fact that this matter could not have been brought under Section 43(a) of the Lanham Act and because neither the cease-and-desist letter nor the October 16, 2008, letter

could have inspired a reasonable apprehension of being sued, federal jurisdiction is completely lacking and this court has proper subject matter jurisdiction.

Barring a claim under federal law, Defendants' remaining claims (along with the claims that Plaintiff Windsor alleges in its Verified Complaint), only involve issues of North Carolina statutory and common law. "Where a plaintiff asks a federal court for a declaration that it is *not* liable on a state claim, there is ordinarily no federal question jurisdiction." *PHC, Inc. v. Pioneer HealthCare, Inc.*, 75 F.3d 75, 78 (1st Cir. 1996) (citing *Public Serv. Comm'n of Utah v. Wycoff Co.*, 344 U.S. 237, 248, 73 S.Ct. 236, 242 (1952)). This is also true even if it is assumed that a federal defense might be offered to defeat the state claim. *See Wycoff*, 344 U.S. at 243 (stating that "[f]ederal courts will not seize litigation from state courts merely because one...goes to federal court to begin his federal-law defense before the state court begins the case under state law.")

In the absence of diversity of the parties (which was not alleged by Defendant Windsor Fine in its Complaint for Declaratory Relief), a federal question, there is no basis for jurisdiction by the court in the Federal Action.

B. The pending prior action doctrine is inapplicable where the court of the prior pending Federal Action lacks jurisdiction.

In Defendants' motion, Defendants rely on North Carolina's prior pending action doctrine to argue that this action should be dismissed because the Federal Action involves "substantially the same issues and parties." *See* Defendants' Brief to Motion at 4. However, under North Carolina's prior pending action doctrine, the prior action only serves to abate the subsequent action where "a prior action is pending between the same parties for the same subject matter in a court within the state *having like jurisdiction.*" (emphasis added). *Eways v. Governor's Island*, 326 N.C. 552, 559, 391 S.E.2d 182, 186 (1990). Thus, even if a prior action

involves the same parties and the same subject matter, the court in the first action *must* have jurisdiction of the subject matter. *See Perry v. Owens*, 257 N.C. 98, 125 S.E.2d 287 (1962) (holding that the lower court erred in sustaining a plea in abatement and dismissing the action where the court of the prior action lacked jurisdiction to hear and determine the cause of action). *See also, Cushing v. Cushing*, 263 N.C. 181, 139 S.E.2d 217 (1964) (same).

Defendants' attempt to gloss over this integral part of the prior pending action doctrine analysis in their Motion, stating that "[t]hough not a necessary subject of inquiry for determination of the applicability of the prior pending action doctrine, Defendants note that the United States District Court for the Western District of North Carolina has proper subject matter jurisdiction over the Federal Action. *See* Defendants' Brief to Motion at 8. However, Defendants' own cases – those cited in their Motion – make it clear that the court of the prior pending action must have "concurrent" jurisdiction. *See Signalife, Inc. v. Rubbermaid, Inc.*, 2008 WL 352669 (N.C. Super. Feb. 8, 2008), *aff'd*, 2008 WL 4624158 (N.C. App. Oct. 21, 2008) (quoting *Eways v. Governor's Island*, 326 N.C. 552, 560-61 (1990)).

As analyzed above, there is no basis for federal court jurisdiction over the Federal Action. In the absence of jurisdiction of the federal court in which the prior Federal Action between these parties is pending, the prior pending action doctrine does not apply and this Court may exercise jurisdiction over this case.

C. The issuance of a Temporary Restraining Order by this Court is necessary to protect Plaintiff Windsor's Service Mark and to avoid irreparable harm to Plaintiff Windsor.

In advance of the upcoming holiday season, Defendants have already launched an advertising campaign using the name "Windsor Fine Jewelers". *See* Plaintiff's Complaint, Exhibit H. Plaintiff Windsor has also recently learned that the Defendants' current advertising

campaign includes the imminent distribution of merchandise catalogs in North Carolina bearing the “Windsor” name.

Defendants’ actions are a violation of Plaintiff Windsor’s rights pursuant to the North Carolina Trademark Registration Act and a violation of Plaintiff’s common law rights. As set forth below, there is a reasonable likelihood that Plaintiff Windsor will prevail on the merits of this action, and that Plaintiff Windsor will suffer irreparable harm if this Court denies Plaintiff’s Motion for TRO.

North Carolina courts may issue a Temporary Restraining Order upon a showing that (1) there is a likelihood of success on the merits of the movant’s case, and (2) the movant will likely suffer irreparable loss unless the injunction is issued. N.C. Gen. Stat. § 1A-1, Rule 65; *see e.g.*, *Ridge Community Invs. v. Berry*, 293 N.C. 688, 239 S.E.2d 566 (1977).

1. There is a reasonable likelihood that Plaintiff Windsor will prevail on the merits of this case.

Plaintiff Windsor has a registered service mark bearing the No. T-18151 pursuant to N.C. Gen. Stat. § 80, *et. seq.*, the North Carolina Trademark Registration Act. N.C. Gen. Stat. § 80-11 provides:

Subject to the provisions of G.S. 80-13, any person who shall

(1) Use in this State without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under this Article in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services ...

... shall be liable to a civil action by the owner of such registered mark for any or all of the remedies provided in G.S. 80-12...

North Carolina statutes and case law do not explicitly define what is “likely to cause confusion or mistake or to deceive as to the source of origin of such goods or services”. North

Carolina law does, however, provide that “[t]he construction given the federal [trademark] act should be examined as persuasive authority for interpreting and construing this Article”. N.C.Gen. Stat. § 80-1-1.

The Charlotte Division of the United States District Court for the Western District of North Carolina recently summarized the seven factors that may be considered by Fourth Circuit Courts in determining whether the mark holder has shown a likelihood of confusion. Those factors are: (1) the strength or distinctiveness of the [Plaintiff's] mark; (2) the similarity of the two marks; (3) the similarity of the goods and services that the marks identify; (4) the similarity of the facilities that the two parties use in their businesses; (5) the similarity of the advertising the two parties use; (6) the defendant's intent; and (7) actual confusion. *See Garden & Gun, LLC v. Twodalgalis, LLC, slip op.* 2008 WL 3925276 (W.D.N.C. August 21, 2008) (citing *Synergistic Intern., LLC v. Korman*, 470 F.3d 162, 171 (4th Cir. 2006)).

Plaintiff Windsor's Service Mark is distinctive in the North Carolina high-end merchandise market. Plaintiff Windsor renewed its North Carolina Certificate of Registration for its Service Mark on October 22, 2004. The literal element of the Service Mark is “Windsor Jewelers”. Plaintiff Windsor claimed September 1985 as its date of first use for its mark in its application of registration. “The strength of a mark ultimately depends on the degree to which the designation is associated by prospective purchasers with a particular source.” *Garden & Gun*, 2008 U.S. Dist. Lexis 79982, at 15. The Plaintiff Windsor's use of “Windsor Jewelers” since September 1985 in the State of North Carolina has created an association by prospective purchasers in the State of North Carolina of the Windsor Jewelers name to the Plaintiff as the source of jewelry and other high-end merchandise in the State of North Carolina. Such association includes customers located in Charlotte, North Carolina, where the Defendant is

currently operating the stores known as Lions Jewelers with the intent of converting them to “Windsor Fine Jewelers” stores.

In applying the second factor – the similarity of the two marks – it is undeniable that the two marks are strikingly similar. Attached hereto as Exhibit F is a copy of Plaintiff Windsors current mark and the mark used in Defendants’ most recent advertising. Notably, the most prominent feature of both marks is the word “Windsor” – a name that Plaintiff Windsor has had registered and has been using in North Carolina for over twenty-five years. Further, the font and style of the words “Windsor” and “Jewelers” are similar and Defendants’ advertising places the word “Windsor” above the words “Fine Jewelers” in a manner similar to that of Plaintiff Windsor’s Service Mark.

The third factor, the similarity of the goods and services that the marks identify, also can not be denied here. Plaintiff Windsor and Defendants are engaged in the same business – that of retailing high-end merchandise – and principally focus on the same or similar market sector and demographics within the jewelry trade as a whole. Plaintiff Windsor and Defendants carry at least twelve of the same exclusive brands, including the David Yurman line of jewelry. *See* Plaintiff’s Complaint, Exhibit H.

The fourth and fifth factors are the similarity of the facilities that the two parties use in their businesses and the similarity in advertising. Plaintiff Windsor and Defendant Windsor Fine are necessarily going to have similar facilities and similar advertising because they are engaged in the same business. Both are retailers of high-end merchandise and they share twelve overlapping lines of merchandise. They likely market, display, and advertise using many of the same methods.

Under the sixth factor, Defendants' have intended to infringe the "Windsor" name regardless of Plaintiff Windsor's registered ownership of the name in North Carolina. The Defendants have admitted that Plaintiff Windsor owns the name "Windsor Jewelers" in North Carolina pursuant to its registered Service Mark. Defendants attempted to purchase the name from Plaintiff Windsor after acknowledging to Plaintiff Windsor that it would be a conflict to expand into the North Carolina market without the permission or acquisition of Plaintiff Windsor. Rather than purchasing the name, Defendants have instead attempted to circumvent Plaintiff Windsor's rights by adding the word "Fine" to "Windsor Jewelers" and proceeding to do business in North Carolina. This is willful infringement, evidenced by the prior dealings between these parties. See Plaintiff's Complaint, Exhibit E.

Finally, in applying the seventh factor, Defendants' use of the "Windsor" name in North Carolina has caused actual confusion. As set forth in the Affidavit of Robert Simon, Plaintiff Windsor has already been contacted by customers regarding their confusion over Defendants' use of the "Windsor" name.

Applying these seven factors in comparison of the Plaintiff's Service Mark to the Defendants' use of the "Windsor" name, there is a likelihood of confusion. Further, actual confusion has been demonstrated. Plaintiff Windsor has therefore shown a reasonable likelihood that it will prevail on the merits of this case.

2. Windsor will suffer irreparable harm if a Temporary Restraining Order is not granted.

By statute, if Plaintiff Windsor prevails on the merits of this action by showing that Defendants have engaged in infringement of Plaintiff Windsor's Service Mark pursuant to N.C. Gen. Stat. § 80-11, then injury to Plaintiff Windsor is presumed. (*See* N.C. Gen. Stat. § 80-12,

which provides that a violation of N.C. Gen. Stat. § 80-11 is a deceptive or unfair trade practice pursuant to N.C.G.S. 75-1.1.)

Plaintiff Windsor's business will suffer considerable damage should this Court not grant a TRO. Plaintiff Windsor will inevitably lose customers that end up at the wrong storefront – that is, they will end up at one of Defendants retail shops in Charlotte thinking that it is affiliated with Plaintiff Windsor of Winston-Salem. This is particularly true here where the parties are engaged in the same business, deal in the same market, and carry much of the same merchandise. Out of convenience, customers and potential customers are likely to go ahead and shop at that wrong storefront. Each time this happens, Plaintiff Windsor loses a customer.

Plaintiff Windsor does a significant amount of its annual business during the holiday season, which is currently upon us. In advance of the holiday shopping season, Defendants have already launched an advertising campaign using the name “Windsor Fine Jewelers” and plan the imminent distribution of merchandise catalogs in North Carolina bearing the “Windsor” name. Defendants' actions are an infringement of Plaintiff Windsor's rights and the appropriate relief by this court is the issuance of a TRO pending the litigation of the rights of the parties.

IV. CONCLUSION

For the reasons stated herein, Plaintiff Windsor respectfully requests the Court to grant its Motion for Temporary Restraining Order.

This the 13th day of November, 2008.

SHUMAKER, LOOP & KENDRICK, LLP

/s/ Eric A. Rogers

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CERTIFICATION

I hereby certify that this Memorandum of Law complies with Rule 15.8 of the General Rules of Practice and Procedure for the North Carolina Business Court.

This the 13th day of November, 2008.

/s/ Eric A. Rogers

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this date a copy of the foregoing ***MEMORANDUM OF LAW IN SUPPORT OF TEMPORARY RESTRAINING ORDER*** was served upon the parties listed below via facsimile and by depositing a copy thereof in the United States mail in Charlotte, North Carolina, postage pre-paid and addressed as follows:

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Attorney for Defendants

This the 13th day of November 2008.

/s/ Eric A. Rogers
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