



bearing Registration No. T-18151. For the first time, in its brief in support of its Rule 65(b) motion Plaintiff also alleges infringement of its purported common law rights.

As an initial matter, this action should be dismissed pursuant to the prior action pending doctrine. On November 7, 2008, Defendants filed a motion to dismiss, based on the existence of a previously filed action in the United States District Court for the Western District of North Carolina, in which Defendants seek a declaration regarding the very same issues from which this action arises (the “Federal Action”).

Even if the Court allows the current action to proceed, Plaintiff has offered no legal support for its assertion of an exclusive right *throughout the state of North Carolina*, or anywhere else outside of the Winston-Salem or Triad area, to use the terms “WINDSOR” and “JEWELERS” in connection with jewelry stores or the sale of jewelry, nor has it provided evidence to justify the extraordinary relief it now seeks.

First, Plaintiff has not adequately demonstrated that it will suffer immediate and irreparable harm by Defendants’ conduct, as required for the issuance of a temporary restraining order. Plaintiff’s conclusory allegations of the irreparable harm it will supposedly suffer are not supported by any specific facts, and are nothing more than conjecture and speculation that Plaintiff “will inevitably lose customers.” Plaintiff’s delay in seeking a temporary restraining order and requesting a hearing on its motion further emphasizes the lack of immediacy underlying Plaintiff’s claims.

Nor can Plaintiff show a likelihood of success on the merits at trial, as would be required for the issuance of a preliminary injunction. Plaintiff incorrectly claims that Defendants cannot use the name “WINDSOR FINE JEWELERS” anywhere in the state of North Carolina, including Charlotte. By its own admission, however, Plaintiff’s business is (and for the last

twenty years has been) limited to one store in Winston-Salem. Indeed, Plaintiff holds itself out as the “Triad’s premier jeweler,” with the Triad being High Point, Winston-Salem, and Greensboro. Thus, Plaintiff’s alleged rights in its design mark are limited to that geographic area.

Assuming Plaintiff’s rights extended to the Charlotte area, which they do not, Plaintiff cannot demonstrate a likelihood of success in proving that Defendants’ use of its “WINDSOR FINE JEWELERS” mark is “likely to cause confusion or mistake or to deceive as to the source of origin” of Defendants’ goods, pursuant to N.C. Gen. Stat. § 80-11.

Plaintiff has not shown that it has penetrated the Charlotte market, or that the Charlotte market is part of its zone of natural expansion, based on its use of the WINDSOR JEWELERS & Design mark in Winston-Salem.

The circumstances do not justify the extraordinary relief Plaintiff seeks. This action should be dismissed pursuant to the prior action pending doctrine, as set forth in Defendants’ previously filed Motion to Dismiss. Even if dismissal is not required, Plaintiff cannot meet the requirements for either a temporary restraining order or a preliminary injunction.

### III. ARGUMENT

#### A. **This action should be dismissed pursuant to the prior action pending doctrine, as set forth in Defendants’ Motion to Dismiss.**

After being served with the Complaint in this action, Defendants filed a Motion to Dismiss, based on the existence of a prior action pending in the United States District Court for the Western District of North Carolina, involving substantially similar subject matter and parties (the “Federal Action”).

Pursuant to the prior action pending doctrine, as set forth in *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), and as fully briefed in Defendants' *Memorandum in Support of Defendants' Motion to Dismiss*, filed on November 7, 2008, the Court should dismiss this action in its entirety, as Plaintiff can and should seek the relief it now requests in the Federal Action.

Though Plaintiff has not moved to dismiss the Federal Action, in its brief in support of its Rule 65(b) motion it argues that jurisdiction before the federal court is improper. First, Plaintiff contends that its cease and desist letters did not sufficiently threaten Defendants with litigation. It is difficult to imagine how a reasonable apprehension of suit was not created by cease and desist letters that (1) stated that Defendants were violating trademark laws, (2) demanded that Defendant Windsor Jewelers immediately agree in writing to discontinue any and all use of its WINDSOR FINE JEWELERS name in North Carolina, and (3) asserted that Plaintiff would seek a temporary restraining order if Defendants did not comply with Plaintiff's demands.

Plaintiff also contends that the basis upon which Defendant Windsor Jewelers filed its federal declaratory judgment action, a reasonable apprehension of being sued under Section 43(a) of the Lanham Act, was also improper. In support of this contention, Plaintiff cites *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992), which states that "the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection in § 43(a)." *Id.* (emphasis added). However, the cases cited by *Taco Cabana* in support of this proposition make clear that the courts simply require that in order for the holder of an unregistered mark to seek protection against unfair competition under § 43(a), that mark must not be generic or merely descriptive, but must rather have secondary meaning. See *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 299 n.9 (3d Cir. 1986) ("[T]he requirement under § 43(a) unfair competition law that a merely descriptive mark acquire secondary meaning before gaining protection tracks the

statutory requirement for gaining registration under § 2(e)(f).”); *See also Thompson Medical Co., Inc. v. Pfizer Inc.*, 753 F.2d 208 (2d Cir. 1985) (“Consonance with the avowed purpose of Section 43(a) of the Lanham Act, then, demands an examination of secondary meaning to determine whether an unregistered mark is eligible for protection.”). Further, even if Plaintiff’s assertion was correct, that an unregistered mark must meet all the registrability requirements of § 2 of the Lanham Act in order to be protectable under § 43(a), Plaintiff’s argument is still without merit. Plaintiff’s relies on a U.S. service mark registration for “Windsor Jewelers,” which was issued to a New York entity who claimed a date of first use in 1987. Plaintiff claims that it began using its mark no later than 1986, which means that Plaintiff could indeed seek a concurrent use registration pursuant to § 2(d). In addition, Defendants have discovered at least three other federal registrations for “Windsor” marks in related fields, issued after the U.S. registration cited by Plaintiff, as seen in Exhibit F. This demonstrates that a federal registration may indeed be available to Plaintiff.

The Federal Action was properly filed as a declaratory judgment based upon Defendants’ reasonable apprehension of being sued under § 43(a) of the Lanham Act. Accordingly, pursuant to the prior action pending doctrine, the present action must be dismissed.

**B. Plaintiff has not met its burden for the issuance of injunctive relief.**

In its Rule 65(b) motion, Plaintiff seeks both a temporary restraining order and preliminary and permanent injunctive relief. A temporary restraining order may be issued pursuant to Rule 65(b) “only if it clearly appears from *specific facts* shown by affidavit or by verified complaint that immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party’s attorney can be heard in opposition.” N.C. Gen. Stat. § 1A-1, N.C.R. Civ. P. 65(b) (emphasis added). The “extraordinary measure” of issuing a

preliminary injunction is appropriate only when a plaintiff satisfies the two elements required for such relief: “(1) that plaintiff is able to show likelihood of success on the merits and (2) that plaintiff is likely to sustain irreparable loss unless the injunction is issued, or if, in the court’s opinion issuance is necessary for the protection of a plaintiff’s rights during the course of litigation.” *Iredell Digestive Disease Clinic, P.A. v. Petrozza*, 92 N.C. App. 21, 24-25 (1988) (citing *Investors, Inc. v. Berry*, 293 N.C. 688, 701, 239 S.E.2d 566, 574 (1977)).

Thus, in addition to demonstrating irreparable injury, as required for the issuance of a temporary restraining order, Plaintiff must also prove a likelihood of success on the merits before this Court may issue a preliminary injunction. North Carolina courts have also held that in assessing these factors, the trial judge “should engage in a balancing process, weighing potential harm to the plaintiff if the injunction is not issued against the potential harm to the defendant if injunctive relief is granted. In effect, the harm alleged by the plaintiff must satisfy a standard of relative substantiality as well as irreparability.” *Kaplan v. Prolife Action League of Greensboro*, 111 N.C. App. 1, 16 (1993) (internal citation omitted).

**1. Plaintiff has not demonstrated that it will suffer immediate and irreparable injury.**

Plaintiff’s allegations of immediate and irreparable injury, both in its Rule 65(b) motion and its brief filed in support, contain little more than conclusory allegations that are not based on any “*specific facts*.” Moreover, by Plaintiff’s own admission, Plaintiff has been aware of Defendants’ intent to use the “WINDSOR FINE JEWELERS” name in advertising and on its new jewelry stores in Charlotte since at least as early as August 7, 2008. Compl., ¶ 32. Though Plaintiff sent cease and desist letters on August 7 and October 15 and 16, 2008, Compl., ¶¶ 32-33, Defendants never represented to Plaintiff that they would comply with Plaintiff’s unfounded demands or otherwise modify their intended use of the “WINDSOR FINE JEWELERS” name in

Charlotte. Plaintiff did not file its motion for a temporary restraining order until almost three months after it initially became aware of Defendants' plan to use its mark in Charlotte. Such delay further undermines Plaintiff's allegation of "immediate" harm.

Further, Plaintiff's assertion that injury to Plaintiff will be presumed if it "prevails on the merits in this action" is not relevant to a determination of whether Plaintiff will be irreparably injured. In support of this argument, Plaintiff cites N.C. Gen. Stat. § 80-12 for the rule that a violation of N.C. Gen. Stat. § 80-11 is a deceptive or unfair trade practice pursuant to N.C. Gen. Stat. § 80-12. What Plaintiff fails to do, however, is provide any support for the notion that the commission of a deceptive or unfair trade practice constitutes an immediate and irreparable injury sufficient to entitle Plaintiff to injunctive relief.<sup>1</sup> Thus, this argument fails.

**C. Plaintiff cannot demonstrate a likelihood of success on the merits.**

In order to be granted a preliminary injunction, Plaintiff must also show that it is likely to succeed on the merits of its case. "The burden is on the plaintiffs to establish their right to a preliminary injunction." *Pruitt v. Williams*, 288 N.C. 368, 372 (1975). Not only has Plaintiff failed to meet its burden to show irreparable injury, but it also has not shown and cannot show that it is likely to succeed on the merits of its case.

---

<sup>1</sup> Defendants note that in federal actions for trademark infringement under the Lanham Act, courts in the Fourth Circuit often find that a presumption of irreparable injury arises if the plaintiff proves a likelihood of success on the merits. *See, e.g., Scotts Co. v. United Industries Corp.*, 315 F.3d 264, 273 (4th Cir. 2002). However, Plaintiff chose to file this action based on its North Carolina state trademark registration, and Defendants have been unable to locate any North Carolina cases holding that in a trademark infringement action based upon a state registration, irreparable harm will be presumed when the plaintiff proves a likelihood of success on the merits. In any event, as discussed in Section III.C., *infra*, Plaintiff has not proved, and cannot prove, a likelihood of success on the merits.

1. **Plaintiff's trademark rights are limited to the Winston-Salem area.**
  - a. **Plaintiff's rights to exclude others from using its registered design mark extend only to the geographic area in which it actually uses its mark.**

Plaintiff has offered no authority or support for the proposition that a North Carolina state registration for a design mark gives it the exclusive rights to words appearing in that design mark throughout this state, and that such rights include the right to exclude others from using those words in a geographic market in which Plaintiff is not present.

Plaintiff has not provided, and Defendants have been unable to locate, any legal authority for its assertion that a North Carolina state trademark registration presumptively gives Plaintiff the exclusive right to use its mark *throughout* the state, regardless of where Plaintiff has actually used its mark. In fact, several authorities suggest that a state trademark registration, while providing additional remedies to the holder of a state registration, simply affirms common law trademark rights, which are based on use in a particular geographic market. *See, e.g., Allen v. Standard Crankshaft & Hydraulic Co.*, 210 F. Supp. 844, 853 (W.D.N.C. 1962) (noting that “[t]he general rule adopted by the courts is that state statutes providing for registration of trademarks are in affirmance of the common law; that the remedies given by such statutes are either declaratory or are cumulative and additional to those recognized and applied by the common law”) (citing Nims, *Unfair Competition and Trademarks*, sec. 223(b)); *Hot Shoppes, Inc. v. Hot Shoppe, Inc.*, 203 F. Supp. 777, 781-82 (M.D.N.C. 1962) (“The law seems clear that state registration does not warrant any presumption of ownership or validity of the registered trade-mark. State registration affirms the common law and does not change it; state registration does not enlarge trade-mark rights without actual use of the mark within the state.”); 4A Callmann on Unfair Comp., Tr. & Mono. § 26:58 (4th Ed.) (“State registration, for the most part,



is nonsubstantive: ‘The registration statute is merely a codification of common law rights, and adds nothing to them except the public record of such rights.’ The geographical effect of a state registration is defined by the state’s boundaries.’’) (internal citation omitted).

It does not appear that a North Carolina court has addressed the precise issue of whether a state registration provides rights broader than those provided under the common law, which are based upon use in a defined geographical area. However, the authority cited above suggests that Plaintiff cannot show rights throughout the state, including in Charlotte, without showing that it has penetrated the Charlotte market, or that the Charlotte market is part of the zone of natural expansion from its Winston-Salem use. Since it is Plaintiff’s burden to prove a likelihood of success on the merits, the extraordinary remedy of injunctive relief should be denied based on the lack of authority to support Plaintiff’s allegations of such broad geographic rights.

- b. Even if Plaintiff’s state registration provided it with geographic rights throughout the entire state, which it does not, Plaintiff would be entitled to injunctive relief only in the geographic area in which it actually uses its mark.**

Assuming Plaintiff’s state registration provides broad rights throughout the state, in a manner similar to the federal Lanham Act’s grant of rights throughout the nation, Plaintiff still would not be entitled to injunctive relief against junior use in a geographic area where Plaintiff does not use its mark. Federal registration of a trademark provides the trademark owner with a presumption of nationwide priority as a senior user, but the trademark owner has no right to injunctive relief against a junior user unless the trademark owner has used its mark in the same geographic area as the junior user. As explained in *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922 (4th Cir. 1995),

Under the Lanham Act, the senior owner of a federal registration has superior priority over all junior users, but a court will enjoin

the junior user only if the registrant is likely to enter, or has entered, the junior user's trade territory. As a leading commentator has explained, "the registrant has a nationwide *right*, but the injunctive *remedy* does not ripen until the registrant shows a likelihood of entry into the disputed territory...."

*Id.* at 931-32 (quoting Thomas McCarthy, McCarthy on Trademarks § 26.14[1], at 26-52 (3d ed. 1992)). See also *Emergency One, Inc. v. American Fire Eagle Engine Co., Inc.*, 332 F.3d 264, 269 (4th Cir. 2003) (noting that "even the owner of a federally registered mark – who enjoys the presumption of nationwide priority – is not 'entitled to injunctive relief except in the area actually penetrated' through use of the mark") (quoting *Lone Star*, 43 F.3d at 932). Thus, even if state registration gave Plaintiff a presumption of statewide priority, Plaintiff would not be entitled to injunctive relief against an alleged infringer unless Plaintiff used its mark in the same geographic area as the alleged infringer. The same is true for Plaintiff's alleged common law rights: it cannot seek relief for alleged infringement without use in the relevant geographic area.

As shown in *Lonestar* above, "use" in this context refers to use of the trademark in markets where either the trademark owner has entered or is likely to enter. These two related theories are referred to as the "zone of natural expansion" theory and the "market penetration" theory. See, e.g., *Spartan Food Systems, Inc. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987). Courts using the "zone of natural expansion" theory employ the following five-part test to determine a trademark owner's area of use: "(1) previous business activity, (2) previous expansion or lack thereof, (3) dominance of contiguous areas, (4) presently-planned expansion and (5) possible market penetration by means of products brought in from other areas." *Spartan*, 813 F.2d at 1283 (internal quotation omitted).

First, Plaintiff's business activity, both presently and for the past 20+ years of its existence, has been limited to its one retail store in Winston-Salem, North Carolina. Compl., ¶ 3.

As to both the second and fourth factors, Plaintiff has not expanded into the Charlotte area, nor has it indicated any intent to do so. In fact, its own website states that “[f]or over twenty years, Windsor Jewelers has provided the Triad<sup>2</sup> with a large selection of [various jewelry].” <http://windsor-jewelers.com/windsor-jewelers/about/> (Exhibit A). Additionally, Plaintiff describes itself in the Google online search engine as “[t]he Triad’s premier jeweler” (Exhibit B).

Plaintiff has presented no evidence that it dominates contiguous areas. In fact, there is evidence that proves the contrary. Defendants’ brief, initial research has revealed at least two jewelry stores in areas between or around Winston-Salem and Charlotte with the name “Windsor.”

Additionally, Plaintiff’s allegation of advertisement in the Charlotte Observer is not alone sufficient to establish trademark rights in Charlotte. *Spartan*, 813 F.2d at 1283. (“Advertising alone cannot establish common law rights.”). Because Plaintiff has failed to present evidence “that its advertising brought customers” from Charlotte to its Winston-Salem location, it has not shown the effect of this advertising in a manner sufficient to show use of its mark for trademark purposes. *Id.* at 1283-84.

Under the “market penetration” theory, courts consider “(1) the volume of sales of the trademarked product, (2) growth trends in the area, (3) the number of persons actually purchasing the trademarked product in relation to the potential number of customers, and (4) the amount of product advertising in the area.” *Spartan*, 813 F.2d at 1283 (internal quotation omitted). Courts addressing allegations of service mark infringement have also followed this test. *See, e.g., The Hub, Inc. v. Manhattan-Ward, Inc.*, 673 F.Supp. 770 (W.D. Va. 1987).

---

<sup>2</sup> The “Triad” area of North Carolina encompasses Winston-Salem, Greensboro, and High Point. *See* North Carolina’s Piedmont Triad Partnership, “About Us,” [http://www.piedmonttriadnc.com/about\\_us.asp](http://www.piedmonttriadnc.com/about_us.asp) (last visited Nov. 13, 2008); Wikipedia.com, “Piedmont Triad,” [http://en.wikipedia.org/wiki/Piedmont\\_Triad](http://en.wikipedia.org/wiki/Piedmont_Triad) (last visited Nov. 13, 2008). It is indisputable that the Triad does not include Charlotte.

Plaintiff has not put forth any evidence pertaining to the “market penetration” theory, sufficient to show that Charlotte falls within its area of trademark use. As to the relevant volume of sales, Plaintiff carefully crafts its complaint to avoid disclosing the exact percentage of its sales to Charlotte customers. However, a calculation of the data in the sales analysis set forth in Exhibit B to the Affidavit of Robert Simon, President and Owner of Plaintiff Windsor Jewelers, Inc., reveals that Plaintiff’s sales to customers in the Charlotte area has represented approximately 4% of its total sales for the period of Nov. 1, 2000 through Nov. 11, 2008. Courts addressing similar facts have held that such a low volume of sales in a particular geographic area is insufficient to support a finding of market penetration in that area. For example, in *The Hub, Inc. v. Manhattan-Ward, Inc.*, 673 F. Supp. 770 (W.D. Va. 1987), a district court in the Fourth Circuit found that the plaintiff, located in Leesburg, Virginia, drew less than 5% of its customers from the primary and secondary markets of a shopping mall in which the defendant operated its business under the allegedly infringing name. Even though the plaintiff presented evidence of actual confusion, and even though the parties used identical names, sold similar goods, carried some of the same brands of clothing, and were approximately located less than 40 miles from each other,<sup>3</sup> the court found that market penetration was not proven and that the plaintiff should be denied relief. *Id.* at 772.

Plaintiff has offered no evidence of any growth trends in the Charlotte area, and has provided no information on the number of persons in Charlotte actually using Plaintiff’s services in relation to the potential number of customers in Charlotte. Finally, as discussed above, Plaintiff’s allegation of advertisement in the Charlotte Observer is not alone sufficient to establish trademark rights in Charlotte as it has failed to show the effect of this advertising or the

---

<sup>3</sup> Though the court’s opinion in *The Hub* does not reference the exact distance between the parties’ relevant locations, a Google Maps search reveals that the distance between Leesburg, Virginia and Winchester, Virginia, the locations at issue, is 39.9 miles.

extent to which this advertising brings customers from Charlotte to its store in Winston-Salem. *Spartan*, 813 F.2d at 1283-84.

Thus, under either the “zone of natural expansion” theory or the “market penetration” theory, Plaintiff has not shown that the geographic scope of its WINDSOR JEWELERS & Design service mark includes the Charlotte area. For this reason alone, the Court should deny Plaintiff’s request for injunctive relief.

**2. Plaintiff cannot prove a likelihood of confusion.**

As discussed above, under either its state registration or its purported common law rights, Plaintiff does not have an exclusive right throughout the state of North Carolina, or in the Charlotte area, to use the words “WINDSOR” and “JEWELERS” in connection with jewelry stores or the sale of jewelry. Even if Plaintiff did have such exclusive rights in Charlotte, it cannot establish that it is likely to succeed in this trademark infringement action without proving a likelihood of confusion. The factors relevant to a likelihood of confusion analysis demonstrate that Plaintiff’s case would fail.

While Defendants have been unable to locate any North Carolina case law addressing a likelihood of confusion analysis for a trademark protected by state registration, courts in the Fourth Circuit consider seven factors in determining whether a likelihood of confusion exists: “(1) the strength or distinctiveness of the plaintiff’s mark *as actually used in the marketplace*; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the markholders; (5) the similarity of advertising used by the markholders; (6) the defendant’s intent; and (7) actual confusion.” *CareFirst of Maryland, Inc. v. First Care, P.C.*, 434 F.3d 263, 267-68 (4th Cir. 2006) (emphasis added) (citing *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)).

Plaintiff cannot meet its burden of proving that it would succeed on the merits since the following factors overwhelmingly weigh against a finding of likelihood of confusion.

**a. Strength or Distinctiveness of Plaintiff's Mark as Actually Used**

Plaintiff is seeking to enjoin Defendants' use of the name "WINDSOR FINE JEWELERS" in a stylized font. However, the diamond design Plaintiff is using in the marketplace, as shown in Exhibit C, is not the same diamond design that is the subject of its state registration, as shown in Exhibit D. Exhibit C shows the design used on Plaintiff's home page and in its online catalog. In fact, Plaintiff's new design does not use the same stylized font as Plaintiff's registered design mark. Additionally, a comparison of the font used by Plaintiff in its state registration and the font used by Defendants in their mark shows that the fonts are not the same. See Exhibits D and E, respectively. In any event, as supported by the Affidavit of Mr. Thompson, Defendant Windsor Jewelers has been using this name and font style, with only minor variation, since at least as early as 1985, if not earlier. Affidavit of Mr. Donald Thompson, Nov. 13, 2008 ("Thompson Aff."), ¶ 12 (Exhibit G).

Further, Plaintiff fails to note that its state registration claims a *design mark* while arguing that the same registration provides the basis for its alleged rights in the terms "WINDSOR" and "JEWELERS." The claimed design in Plaintiff's state registration is for:

"Windsor Jewelers" in a stylized font and printed inside a diamond. The word "Windsor" is printed on top of the word "Jewelers" with bold lines directly above and below the word "Windsor." With the exception of those areas of the diamond where the literal elements intersect the shape, the diamond is filled with horizontal lines.

State Registration No. T-18151. Plaintiff does not address the fact that Defendants do not use a diamond design, let alone any design outside of the words in question, when it claims in conclusory fashion that its state registration gives it exclusive rights to use, and prevent others

from using, the terms “WINDSOR” and “JEWELERS.” Such allegations violate the anti-dissection rule of trademark law. *See* 4 McCarthy on Trademarks § 23:41 (2008) (“[C]onflicting marks must be compared in their entireties. A mark should not be dissected or split up into its component parts and each part then compared with the corresponding parts of the conflicting mark to determine the likelihood of confusion.”). Indeed, if Plaintiff really had unfettered rights to the terms “WINDSOR” and “JEWELERS” in connection with jewelry stores as it now claims, it likely would have attempted to register the word mark “Windsor.” *See* N.C. Gen Stat. § 80-1(f) (2008) (defining a “trademark” to be registered as “any *word*, name, symbol, or device or any combination thereof . . .”) (emphasis added). Evidence of any alleged strength of Plaintiff’s state registration based upon the design mark it currently uses is insufficient to show that the terms “WINDSOR” and/or “JEWELERS,” standing alone, have conceptual or commercial strength attributable exclusively to Plaintiff. *CareFirst*, 434 F.3d at 269.

Finally, Plaintiff claims that its use of the Windsor Jewelers & Design mark since 1985 “has created an association” of the Windsor Jewelers name to the Plaintiff in the minds of North Carolina consumers. This claim is disproven by the fact that several other “Windsor” jewelry stores coexist in various markets in this country, including the areas surrounding Charlotte and Winston-Salem. *See CareFirst*, 434 F.3d at 270 (“[T]he frequency of prior use of [a mark’s text] in other marks, particularly in the same field of merchandise or service, illustrates the mark’s lack of conceptual strength.”) (quoting *Pizzeria Uno*, 747 F.2d at 1530-31); *see also Universal Money Ctrs., Inc. v. Am. Tel. & Tel. Co.*, 22 F.3d 1527, 1533 (10th Cir. 1994) (“A strong trademark is one that is rarely used by parties other than the owner of the trademark, while a weak trademark is one that is often used by other parties.”) (internal citations omitted). In addition to Defendant Windsor Jewelers’ store in Augusta, which has been in operation since

1975, the following table lists additional “Windsor” jewelry entities, including two in North Carolina which currently are or have recently been in the business of selling jewelry:

Name	Location
Windsor Jewelry, Ltd.	Matthews, North Carolina
Windsor Gallery Fine Jewelers	Salisbury, North Carolina
Windsor Jewelers, Inc.	New York, New York
Windsor Jewelry Co., d/b/a Windsor Jewelers	Indianapolis, Indiana
Windsor Jewelers	McKinney, Texas
Windsor Jewelers	Houston, Texas
Windsor Jewelers	Tulsa, Oklahoma
East Windsor Jewelers	East Windsor, New Jersey

Furthermore, the U.S. Patent and Trademark Office has issued several federal trademark registrations for WINDSOR marks in related fields including WINDSOR JEWELERS, WINDSOR, and WINDSOR COLLECTION. *See* Exhibit F.

**b. The Similarity of the Two Marks to Consumers**

Plaintiff is asserting its WINDSOR JEWELERS & Design mark against Defendants’ proposed use of the word mark WINDSOR FINE JEWELERS, in either stylized font or otherwise. The two marks have different appearances in the marketplace; thus, Plaintiff is incorrect to simply compare the text of the two marks under the similarity of the marks factor. *CareFirst*, 434 F.3d at 271 (internal citations omitted). Plaintiff allegedly uses the diamond design claimed in its state registration, but also uses the diamond design shown as Exhibit C, whereas Defendants simply use the words “Windsor Fine Jewelers.” As a result, the parties use marks with very different appearances since Plaintiff’s mark is paired with graphics and



Defendants present their mark “plainly and without any graphics.” *CareFirst*, 434 F.3d at 271 (“If one of two similar marks is commonly paired with other material, that pairing will serve to lessen any confusion that might otherwise be caused by the textual similarity between the two marks.”).

**c. Defendant’s Intent**

To the extent Plaintiff claims that Defendants began using their “WINDSOR FINE JEWELERS” mark with intent to profit from Plaintiff’s reputation, if any, in the Charlotte area, or to deliberately induce confusion, such an argument must fail. It is undisputed that Defendant Windsor Jewelers began using its mark in connection with its Augusta store in 1975, *Thomson Aff.*, ¶ 12, several years before Plaintiff began using its mark in connection with its Winston-Salem store. Thus, Defendants are simply using their already-established name in connection with the newly acquired Charlotte stores as they expand their business from one store in one state to several stores in two states.

Further, Plaintiff’s claim that Defendants allegedly admitted that it would be a conflict to expand into the North Carolina market without Plaintiff’s permission or acquisition of Plaintiff’s business is not supported by any evidence and, in any event, is irrelevant. The “intent” that is relevant for purposes of analyzing likelihood of confusion is intent to profit from the alleged confusion. As explained in *Pizzeria Uno*, 747 F.2d at 1535, “[i]f there is intent to confuse the buying public, this is strong evidence establishing likelihood of confusion, since one intending to profit from another’s reputation generally attempts to make his signs, advertisements, etc., to resemble the other’s so as deliberately to induce confusion.” As discussed above, there is no such intent on Defendants’ part, nor has Plaintiff presented any evidence of such intent. Thus, this factor does not weigh in Plaintiff’s favor or support a finding of likelihood of confusion.

**d. Actual Confusion**

While seeking extraordinary injunctive relief from this Court based on allegations of trademark infringement and likelihood of confusion, Plaintiff has failed to come forward with actual evidence of even one instance of actual consumer confusion. The Affidavit of Mr. Simon states that he has “personal knowledge of actual confusion as to origin of services occurring among various individuals within our customer base.” Simon Aff., ¶ 9. As an initial matter, this vague assertion of “personal knowledge of actual confusion...occurring among various individuals” cannot be deemed sufficient evidence upon which this Court can issue an injunction. Plaintiff provides no details of these alleged instances, such as who the confused consumers are or how many instances of confusion have been reported. Regardless, courts in the Fourth Circuit have held that a *de minimus* level of confusion is not sufficient for a finding of actual confusion. *CareFirst*, 433 F.3d at 268 (“[A] a confusion rate of 2 percent...[is] hardly a sufficient showing of actual confusion.”).

Nor are Defendants aware of any instances of consumer confusion. Thompson Aff., ¶ 23. Thus, this factor negates a likelihood of confusion, and further weighs against the issuance of injunctive relief.

**e. Sophistication of Market**

In certain instances, the Court may also consider the sophistication of the consuming public and consequently, the relative care of consumers in differentiating between two allegedly similar marks. *See Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463-64 (4th Cir. 1996) (internal citations omitted). Plaintiff and Defendants offer high-end jewelry from some of the world’s finest jewelry designers. Thompson Aff., ¶ 21. As the Fourth Circuit has noted, “[t]he relative sophistication of the market may trump the presence or absence of any other factor.”

*Sara Lee*, 81 F.3d at 467 (“[W]e hold that in a market with extremely sophisticated buyers, the likelihood of consumer confusion cannot be presumed on the basis of the similarity in trade name alone ....”) (quoting *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 128 (4th Cir. 1990)). Given the time, expense, and care associated with the purchase of products from the parties’ retail stores, there is little risk of consumer confusion.

**D. If the Court enters a temporary restraining order or preliminary injunction, a significant security should be required from Plaintiff.**

Pursuant to Rule 65(c) of the North Carolina Rules of Civil Procedure, neither a temporary restraining order nor a preliminary injunction may be issued without the giving of a security by Plaintiff:

No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the judge deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained.

*Id.* Plaintiff seeks an order enjoining Defendants’ use of its established name during the holiday shopping season. If Defendants’ advertising efforts are enjoined, it would suffer a significant loss of sales, store traffic, and return on advertising dollars for its Charlotte jewelry stores, especially during the busy holiday shopping season. *Thompson Aff.*, ¶ 25. Such an injunction would also prevent Defendants from realizing the efficiencies associated with joining separate businesses with different names and avoiding duplicative costs in advertising, marketing, promotion, packaging, and other costs associated with the practical aspects of maintaining rather than combining two businesses. *Id.* ¶ 26.

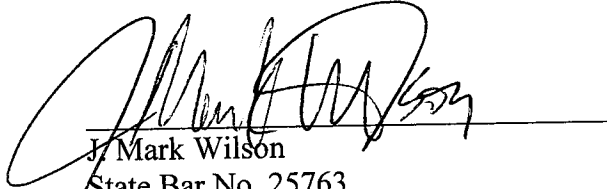
Therefore, Defendants respectfully request that if the Court issues a temporary restraining order or preliminary injunction, it require Plaintiff to undertake a significant bond in an amount to be determined by the Court.

#### IV. CONCLUSION

For the foregoing reasons, Defendants Windsor Fine Jewelers, LLC, Windsor Jewelers, LLC, and Alpine Investors, LP respectfully ask the Court deny Plaintiff's request for a temporary restraining order and/or a preliminary injunction, and dismiss this action in its entirety, as requested in Defendants' *Motion to Dismiss*.

This the 13<sup>th</sup> day of November, 2008.

Respectfully submitted,

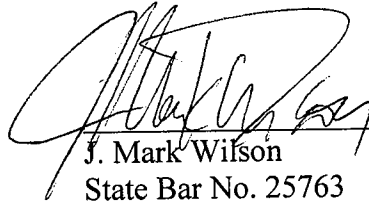
A handwritten signature in black ink, appearing to read "J. Mark Wilson", is written over a horizontal line.

J. Mark Wilson  
State Bar No. 25763  
Moore & Van Allen PLLC  
Attorneys for Defendants  
Suite 4700  
100 North Tryon Street  
Charlotte, NC 28202-4003  
704 331 1000  
704 339 5981 fax  
[markwilson@mvalaw.com](mailto:markwilson@mvalaw.com)

**CERTIFICATION**

I hereby certify that this *Brief in Opposition to Plaintiff's Rule 65(b) Motion* complies with Rule 15.8 of the General Rules of Practice for the North Carolina Business Court.

This the 13th day of November, 2008.



---

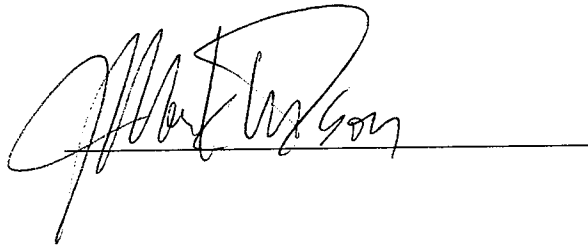
J. Mark Wilson  
State Bar No. 25763  
Moore & Van Allen PLLC  
Attorneys for Defendants  
Suite 4700  
100 North Tryon Street  
Charlotte, NC 28202-4003  
704 331 1000  
704 339 5981 fax  
[markwilson@mvalaw.com](mailto:markwilson@mvalaw.com)

**CERTIFICATE OF SERVICE**

It is hereby certified that the foregoing *Brief in Opposition to Plaintiff's Rule 65(b) Motion* has been served this day upon the parties listed below by e-mail and via the Court's electronic service system:

Eric A. Rogers  
Shumaker, Loop & Kendrick, LLP  
128 South Tryon Street, Suite 1800  
Charlotte, NC 28202-5013  
[erogers@slk-law.com](mailto:erogers@slk-law.com)

This the 13th day of November, 2008.

A handwritten signature in black ink, appearing to read "Eric A. Rogers", is written over a horizontal line. The signature is stylized and cursive.