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U.S. COURT OF APPEALS

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

INVISION PRODUCTION & MEDIA
SERVICES, INC.,

Plaintiff - Appellant,

v.

GLEN J. LERNER LEGAL SERVICES,

Defendant,

and

GLEN J. LERNER, A PROFESSIONAL
CORPORATION; GLEN J. LERNER,

Defendants - Appellees.

No. 07-15778

D.C. No. CV-01-00858-JCM/LRL

MEMORANDUM*

Appeal from the United States District Court
for the District of Nevada
James C. Mahan, District Judge, Presiding

Submitted March 19, 2009**

* This disposition is not appropriate for publication and is not precedent except as provided by 9th Cir. R. 36-3.

** The panel unanimously finds this case suitable for decision without oral argument. *See* Fed. R. App. P. 34(a)(2).

Before: THOMPSON, BERZON, and CALLAHAN, Circuit Judges.

Invision Media appeals from the award of attorneys' fees pursuant to the Copyright Act, 17 U.S.C. § 505, and the Lanham Act, 15 U.S.C. § 1117(a). This case comes to us for a second time. In previous proceedings, we affirmed the propriety of an award of attorneys' fees under the Copyright Act but vacated and remanded the award of fees under the Lanham Act for further explication by the district court. *Invision Media Servs., Inc. v. Glen J. Lerner, P.C.*, No. 04-16206, 2006 WL 984751 (9th Cir. Apr. 13, 2006). We also vacated and remanded the determination of the amount of fees awarded under the Copyright Act, because the district court had not separately determined the amount of fees attributable to the Copyright and Lanham Act issues. *Id.* at *2.

On remand, the district court enumerated several specific bases for its conclusion that the case is exceptional within the meaning of 15 U.S.C. § 1117(a) and merits an award of discretionary fees. The court also determined that fees should be allocated sixty percent to trademark issues and forty percent to copyright issues. The district court first awarded \$104,375 in attorneys' fees and, subsequently, another \$20,000 for fees not previously billed. Invision timely appeals both fee awards, arguing that the district court erred in concluding that the

case is “exceptional,” and that district court abused its discretion in awarding a total of \$124,375 in fees.¹

We review the district court’s conclusion that the case is “exceptional” within the meaning of 15 U.S.C. § 1117(a) de novo. *Classic Media, Inc. v. Mewborn*, 532 F.3d 978, 982 (9th Cir. 2008). Where a trademark case is exceptional, we review the district court’s decision to award attorneys’ fees and the amount of fees awarded for abuse of discretion. *Id.* We affirm.

1. The Lanham Act does not define “exceptional” cases, but “generally a trademark case is exceptional for purposes of an award of attorneys’ fees when the infringement is malicious, fraudulent, deliberate, or willful.” *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1409 (9th Cir. 1993); *see also Gracie v. Gracie*, 217 F.3d 1060, 1071 (9th Cir. 2000) (“Exceptional circumstances can be found when the non-prevailing party’s case is ‘groundless, unreasonable, vexatious, or pursued in bad faith.’”). On remand, the district court independently found that Invision’s infringement was “willful” in the sense that it was a “deliberate and bad faith attempt to trick and deceive consumers, and to trade upon the substantial goodwill Lerner had established in the ONE CALL mark.” The record evidence,

¹Invision also argues in its brief that the district court improperly awarded fees under the Copyright Act. We had previously upheld the propriety of an award of attorneys’ fees under the Copyright Act and do not revisit the issue here.

particularly the evidence establishing that Invision itself arranged for an out-of-state attorney to run advertisements in Nevada using the ONE CALL mark, supports the district court's conclusion.

Moreover, the jury found, based on testimony at trial, that Invision's use of the ONE CALL mark was likely to cause confusion among Nevada consumers; the district court, based in part on evidence of actual confusion, found consumer confusion the "certain and foreseeable" result of Invision's actions. Consumer confusion alone does not make a trademark case "exceptional," as actions taken consistent with a reasonable claim of ownership in the mark might also cause consumer confusion. *See Blockbuster Videos, Inc. v. City of Tempe*, 141 F.3d 1295, 1300 (9th Cir. 2000). But Invision's ownership claims in the ONE CALL mark are extremely weak. Ownership of trademarks typically inhere in the use of the mark in the sale of goods and services. *See Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996). The record is undisputed that Invision never used the ONE CALL mark itself to promote its own legal services in Nevada. Moreover, as the district court found, Invision's purported assignment of the registration from a Florida law firm was insufficient to establish ownership rights. Trademarks may only be assigned "with the goodwill of the business in which the trademark is used," 15 U.S.C. § 1060, and Invision never claimed to

carry forward an association with the Florida law firm. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1289 (9th Cir. 1992).

Invision's argument that Lerner's use of the ONE CALL mark pursuant to the license agreement inures to Invision's benefit also fails under straightforward trademark principles. Invision did not, and never claimed to, exert control over the quality of services provided under the mark, a prerequisite for a licensee's use of a mark to inure to the licensor's benefit. *See Bancamerica Int'l USA Trust v. Tyfield Importers, Inc.*, 289 F.3d 589, 595 (9th Cir. 2002).

We conclude that the district court correctly concluded that this case is "exceptional" within the meaning of 15 U.S.C. § 1117(a).

2. The district court did not abuse its discretion in awarding fees in this exceptional case or in awarding fees in the amount that it did. The district court did not uncritically award the fees requested by Lerner. Instead, it reduced the requested award after determining the number of hours reasonably incurred in litigating the copyright and trademark issues, applying the lodestar methodology set forth in *Intel Corp. v. Terabyte Int'l*, 6 F.3d 614 (9th Cir. 1993). As we affirm the award as to both the copyright and trademark claims, we need not reach Invision's argument that the district court improperly allocated costs between the issues.

AFFIRMED.