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THE NETWORK NETWORK  
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8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10

11 The Network Network, ) Case No. CV98-1349-NM (ANx)  
12 )  
13 Plaintiff, ) MOTION FOR ATTORNEYS' FEES AND  
14 vs. ) COSTS; POINTS AND AUTHORITIES;  
15 CBS, Inc. and Does 1 to 10, ) DECLARATION OF THOMAS E.  
16 ) SHARDLOW  
17 )  
18 ) Date: May 1, 2000  
19 ) Time: 10:00 a.m.  
20 ) Place: Courtroom 11  
21 ) 312 North Spring Street  
22 )  
23 )  
24 )  
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28 )

18 Please take notice that on May 1, 2000 in the Courtroom of the Hon. Nora M. Manella,  
19 the plaintiff and counterdefendant The Network Network will move for an award of attorneys' fees and  
20 costs pursuant to 15 U.S.C. § 1117(a). Said Motion will be based upon the Points and Authorities and  
21 Declaration of Thomas E. Shardlow accompanying the Motion, the pleadings on file in this action, and  
22 the papers filed in support and opposition to the plaintiff's and the defendant's motions for summary  
23 judgment.

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1 POINTS AND AUTHORITIES

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3 I.

4 STANDARD FOR AN AWARD OF ATTORNEYS' FEES  
5 UNDER THE LANHAM ACT.  
6

7 Section 35(a) of the Lanham Act provides in relevant part that in a case under the Lanham  
8 Act "[t]he court in exceptional cases may award reasonable attorneys fees to the prevailing party." 15  
9 U.S.C. § 1117(a). In *Avery Dennison Corporation v Sumpton*, 189 Fed.3d 868 (9th Cir. 1999), the Ninth  
10 Circuit reiterated the standard in this circuit for an award of attorneys' fees under 15 U.S.C. § 1117(a):  
11 "Imposition of attorneys' fees is warranted if 'a plaintiff's case is groundless, unreasonable, vexatious or  
12 pursued in bad faith.' " *Id.* at 881, citing *Stephen W. Boney, Inc. v Boney Servs., Inc.*, 127 F.3d 831,  
13 826-27 (9th Cir. 1997). Other Circuit Courts have articulated different standards for the award of fees  
14 under 15 U.S.C. § 1117(a). It is, of course, the standard in force in the Ninth Circuit which is applicable  
15 to this motion.

16 The Boney Court made it clear that the same standard is used to determine whether fees will  
17 be awarded to a prevailing defendant or prevailing plaintiff. *Boney*, *supra* at 826. Furthermore, the  
18 Boney Court made it clear that while the existence of bad faith on the part of the non prevailing party  
19 was a possible consideration, it was not necessary to a finding of "exceptional circumstances." *Boney*,  
20 *supra* at 827.

21  
22 II.

23 THE DEFENDANT'S POSITION IN THIS  
24 LITIGATION WAS GROUNDLESS OR UNREASONABLE.  
25

26 This Court has recently had the opportunity to review the defendant's contentions, and  
27 nothing will be gained by rearguing the merits (or more precisely, the lack thereof) of the defendant's  
28 position. However, Plaintiff believes that the following considerations are of particular note:

1 It is clear that the defendant/counterplaintiff based its case principally on a dilution theory.  
2 Its primary goal in this litigation was to take the plaintiff's web site domain name away from the  
3 plaintiff so that it could use it itself.<sup>1</sup> When the defendant was put on the test of proving that its mark  
4 was famous at the time that plaintiff first began using "TNN,"<sup>2</sup> the defendant recognized that its  
5 position was so untenable that it did not even make an attempt. Rather, the defendant invented an  
6 unreasonable, tortured interpretation of the dilution statute to avoid an otherwise certain loss under its  
7 dilution claim. The defendant cannot justify a groundless or unreasonable factual position (i.e., that its  
8 mark was famous in 1989) by the simple expedient of replacing it with a similarly unmeritorious legal  
9 argument.

10 Defendant's infringement claims were equally groundless or unreasonable. Faced with the  
11 undeniable fact that no reasonable person could possibly believe that plaintiff's computer network  
12 consulting business was provided by or associated with The Nashville Network, the defendant resorted  
13 to unreasonable, groundless and factually unsupported arguments such as its argument based upon the  
14 association of The Nashville Network with a computer hunting game, and its unsupported contention  
15 that the plaintiff may have acquired business from people mistakenly accessing plaintiff's web site while  
16 looking for The Nashville Network. Even putting this aside, the rule in the Ninth Circuit that goods or  
17 services must be related in order for infringement to be possible is anything but esoteric. It was clearly  
18 unreasonable or groundless for the defendant to proceed with its infringement claims in light of the  
19 relatedness rule.

20  
21 III.

22 OTHER FACTORS DEMONSTRATE THAT  
23 THIS CASE WAS EXCEPTIONAL.  
24

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26 \_\_\_\_\_  
27 <sup>1</sup> Such a remedy would not have been available had the defendant succeeded merely on an  
infringement theory.

28 <sup>2</sup> As will be discussed below, this was the defendant's position until the filing of the summary  
judgment motions.

1 The following additional factors support that this case is exceptional within the meaning  
2 of 15 U.S.C. § 1117(a):

3  
4 1. Unlike the typical trademark case, the defendant/counterplaintiff did not attempt in this  
5 litigation to defend any of its actual or perceived intellectual properties, but attempted to take valuable  
6 property rights from the plaintiff.

7 Defendant's initial demand letter, attached to plaintiff's complaint as part of Exhibit B,  
8 demanded that plaintiff "voluntarily withdraw your registration of the Trademark with InterNic . . . ." Its  
9 December 30, 1997 demand letter, also part of Exhibit B to the complaint, demands that the plaintiff  
10 provide the defendant with "written proof that The Network Network has instructed Internic to withdraw  
11 its registration of the "tnn.com" website address, by no later than Friday, January 2, 1998." In  
12 defendant's counterclaim, it requested that "the Network be required to withdraw its Interneec (sic.)  
13 registration for the domain name `www tnn.com.' " The defendant's proposed summary judgment order  
14 requested that the plaintiff be ordered to "relinquish its registration of the `tnn.com' domain name and  
15 take all actions necessary to transfer the registration of the `tnn.com' domain name to NEI."

16 In short, from beginning to end the defendant has pursued its claim in order to take  
17 plaintiff's domain name. The defendant was not interested in a disclaimer, it was not interested in a link,  
18 it was not interested in changes to plaintiff's web site making it even clearer that plaintiff had nothing to  
19 do with The Nashville Network, and it was not interested in plaintiff's merely ceasing use of tnn.com. Its  
20 plan from the beginning was to use its superior financial resources to take away something which the  
21 plaintiff had lawfully acquired four years before. Trademark cases rarely involve such an attempt to  
22 acquire valuable property rights through use of the trademark laws.

23 2. The defendant/counterplaintiff purchased The Nashville Network knowing that The  
24 Nashville Network had not registered a web site at www.tnn.com. The defendant has tried to acquire  
25 something through this litigation that it never owned in the first place, and that it certainly did not pay  
26 for when it purchased The Nashville Network. The defendant's actions in this regard is aggravated by  
27 the fact that the plaintiff had used the web site for four years, and the previous owners of The Nashville  
28 Network never expressed any objection to the plaintiff's registration or use of www.tnn.com.

1 Accordingly, there is absolutely no reason to believe that the previous owners of The Nashville Network  
2 believed that they had any rights in the tnn.com domain name to sell, or that the defendant paid any  
3 consideration to the previous owners for any such rights.

4 3. Defendant's demand letters falsely claimed the sole and exclusive right to use of  
5 TNN with respect to any and all goods or services, without regard to when the plaintiff may have begun  
6 to use its mark. Plaintiff's attempts to reason with the defendant and inform the defendant of relevant  
7 facts were rejected and met with hostility and disdain. Defendant clearly had no interest in what the  
8 facts or law were, it wanted the plaintiff's web site and it would use its superior financial position to  
9 attempt to take it away from the plaintiff. One can scarcely conceive that if CBS, Inc. had been dealing  
10 with another large and/or financially strong corporation, CBS, Inc. would have sent similarly threatening  
11 and groundless letters, and respond with such contempt to attempts to resolve the matter short of  
12 litigation.

13 The Court is again referred to the letters attached as Exhibit B to the complaint. Plaintiff  
14 patiently explained to the defendant that The Network Network had been in business since 1988, that it  
15 had used the domain for many years, that it was unaware of a single instance of anyone being confused  
16 about the source of the services being provided by The Network Network, that it was difficult to imagine  
17 that anyone could acquire services from The Network Network believing that they were dealing with a  
18 country music broadcasting company, that The Network Network used a unique typestyle which differed  
19 from that used by The Nashville Network, that unlike the logo used by The Network Network, The  
20 Nashville Network's logo contained the head of a guitar, that "TNN" was used as a mark by many other  
21 companies (seven of which were listed in the letter), that The Nashville Network had known about  
22 www.tnn.com since at least 1996 without making any objection and that "it appears as if CBS's threats  
23 are designed to acquire that domain name for use without compensation notwithstanding my client's  
24 clear right to utilize such name."

25 One would expect a business operating in good faith to consider these facts and respond in  
26 an intelligent manner. Instead, CBS ignored all of the plaintiff's points, claimed that "Your client's use of  
27 the Mark is a clear violation of CBS's **exclusive rights in and to the Mark**" (emphasis added) and  
28 reiterated its threats. It is inconceivable that a business as large as CBS actually believed that registration

1 of a mark provides "exclusive rights" to the use of the mark. Certainly defense counsel knew  
2 or should have known that this was untrue before filing the answer and counterclaim.

3 4. In order to put maximum pressure on the plaintiff, throughout the litigation the  
4 defendant contended that the plaintiff should be precluded from **any** use of its TNN mark, and sought  
5 monetary damages. Only at the summary judgment motions did the defendant limit its dilution and  
6 infringement claims to plaintiff's use of www.tnn.com, and back away from its contention that the  
7 infringement was sufficiently willful to support a claim for monetary damages.

8 Each of CBS, Inc.'s three demand letters demanded that the plaintiff cease any use whatever  
9 of the mark. Two of the demand letters threatened to sue the plaintiff for monetary damages (even  
10 though CBS, Inc. had no reasonable basis for believing that the plaintiff had violated its trademark  
11 rights, much less that any such violation was sufficiently willful to support monetary damages).  
12 Similarly, the counterclaim requests that plaintiff be enjoined from **any** use of the TNN mark, and asks  
13 for monetary damages.

14 5. Throughout the litigation, the defendant claimed that any use by the plaintiff of the  
15 TNN mark diluted and infringed upon defendant's claimed rights. See, e.g., counterclaim ¶ 18 ("NEI has  
16 requested in writing that The Network stop its use of the `TNN' mark **in all circumstances** . . . .") and  
17 counterclaim ¶ 43 ("The Network is making commercial use in interstate commerce of the `TNN' marks,  
18 **including but not limited to** its use of `TNN' as a domain name . . . ."). However, when it became  
19 apparent that there was no evidentiary support for the defendant's contention that it owned a famous  
20 mark in 1989, it made a 180° reversal and vigorously contended that plaintiff's use of "TNN" **did not**  
21 dilute or infringe its mark until the plaintiff registered and used www.tnn.com, and then only to the  
22 extent of plaintiff's registration and use of www.tnn.com. Such a 180° change in its factual contentions  
23 for strategic purposes<sup>3</sup> clearly reflects the fact that the defendant did not bring or pursue its claims in  
24 good faith.

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25  
26 <sup>3</sup> Although the defendant's contention that the Federal dilution law tests famousness at the time  
27 of the first infringing use was groundless, and clearly contrary to the unambiguous terms of the statute,  
28 the defendant's argument required at a minimum that the Court find that dilution resulted **only** from the  
registration and use of the domain name. It did not seem to bother the defendant that its new factual  
contention was directly contrary to the claims made in each of its three demand letters, and the  
allegations set forth in its counterclaim.

1 6. Throughout the litigation, the defendant claimed that its TNN mark was a famous  
2 mark at least by 1988. Defendant ultimately conceded that it had no factual support for this contention.

3 7. The defendant has vastly superior financial resources to those of the plaintiff. If the  
4 plaintiff is unable to recover its attorneys' fees in defending claims as unmeritorious as those made by  
5 the plaintiff, then small companies will rarely be willing to defend their rights against larger companies  
6 willing to take advantage of them.

7 Indeed, the defendant has demonstrated to the Court that it has been successful in the past  
8 utilizing its bullying tactics against small businesses. Defendant gleefully proved as part of its summary  
9 judgment motion that it was successful in pressuring a small internet service provider "tnn.net" into  
10 giving up its domain name to the defendant without compensation. Defendant's claim that "tnn.net"  
11 either infringed or diluted its trademark was at least as groundless or unreasonable as its position here,  
12 but it was nevertheless successful.

13 If a party in The Network Network's position does not recover its attorneys' fees in the face  
14 of claims that are so unmeritorious, then companies such as CBS, Inc. will have no incentive not to  
15 make unmeritorious, unreasonable, and/or groundless claims expecting that most small businesses will  
16 realize that they will lose financially, even if they win the case. The legislative history of 15 U.S.C. §  
17 1117(a) states that the attorneys' fee provision is intended to give plaintiffs a remedy against willful  
18 infringement and to "give defendants a remedy against unfounded suits." For the reasons set forth  
19 herein, plaintiff submits that defendant's defense to plaintiff's declaratory relief action and its  
20 counterclaim were unfounded, and that attorneys' fees should be awarded to the plaintiff.

21 (edited)

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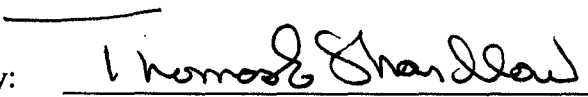
Respectfully submitted,

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THE LAW OFFICES OF SHARDLOW & VICK  
ATTORNEYS FOR PLAINTIFF

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By:   
Thomas E. Shardlow

27 DATED: February 2, 2000

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