

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

JOHN M. MIDDLETON, INC. and
JMTM, INC.,

Plaintiffs

v.

SWISHER INTERNATIONAL, INC.,
Defendant

Civil Action No. 03-3908

OPINION

Pollak, J.

July 26, 2006

Defendant Swisher International, Inc. (“Swisher”) and plaintiffs John M. Middleton, Inc. and JMTM, Inc. (collectively “Middleton”) have both moved for summary judgment. For the reasons that follow, defendant’s motion will be granted in part and denied in part, and plaintiffs’ motion will be denied.

Facts and Procedural History

Middleton and Swisher have both been in the tobacco manufacturing business for several decades. In 1980, Middleton began marketing a pipe-tobacco cigar under the trademarked name “Black & Mild.” Swisher, which owns the trademark “BlackStone,” entered the pipe-tobacco cigar market in 1996 with its “BlackStone Mild” and “BlackStone Cherry” cigars. BlackStone Mild’s first few years were less successful than

Swisher had hoped they would be, so Swisher redesigned BlackStone Mild in 2003 to look and taste like Middleton's Black & Mild, which was the market leader.

Shortly after BlackStone Mild's 2003 redesign, Middleton filed suit against Swisher asserting the following five claims: 1) False advertising under § 43(a) of the Lanham Act, 2) Federal trademark infringement, 3) Trade dress infringement under § 43(a) of the Lanham Act, 4) common-law unfair competition, and 5) common-law unjust enrichment. With discovery complete, Swisher has filed a motion for summary judgment, and Middleton has filed a cross-motion for summary judgment.

Discussion

Swisher's Motion

Swisher has moved for summary judgment on all of Middleton's claims. Summary judgment is proper if the evidence creates no genuine issue of material fact and if, with the facts viewed in the light most favorable to the non-moving party, the moving party is entitled to judgment as a matter of law. *See* FED. R. CIV. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986).

I will address Swishers motion claim-by-claim:

False Advertising

Middleton's amended complaint alleges that BlackStone cigars do not contain pipe

tobacco. Therefore, contends Middleton, the following elements of BlackStone packaging constitute false advertising in violation of § 43(a) of the Lanham Act: 1) the appearance on the package of the words “Pipe-Tobacco Cigars,” 2) the statement on the package that “Filler is 100% Pipe Tobacco,” and 3) the depiction of a white pipe on the front of the package. Swisher responds that Middleton has failed to produce evidence of any definition of pipe tobacco – other than a definition invented by Middleton – that excludes the tobacco blend used in BlackStone cigars. Thus, contends Swisher, Middleton has failed to demonstrate a genuine issue of material fact as to the falsity of the representations on BlackStone packaging.

Section 43(a) of the Lanham Act states, in pertinent part:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a). Under the law of this circuit one is liable for false advertising “if the commercial message or statement is either (1) literally false or (2) literally true or ambiguous, but has the tendency to deceive consumers.” *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharmaceuticals Co.*, 290 F.3d 578, 586 (3d Cir. 2002).

Middleton contends that the tobacco in BlackStone cigars lacks two ingredients that characterize true pipe tobacco. The first is that, according to Middleton, true pipe tobacco must have a sugar content of between 12% and 20%. “[C]onsumers [of pipe tobacco] . . . ,” according to Middleton, “expect a specific type of tobacco blend which produces a distinctive taste and aroma” BlackStone, having a sugar content of only 8.72%, falls short, according to Middleton. But Middleton acknowledges that “there is no industry standard for what constitutes ‘pipe tobacco.’” In the absence of some form of external, authoritative, consensus standard, Middleton is in the posture of saying that BlackStone is not pipe tobacco because its chemistry does not conform to what Middleton chooses to accept as a proper range of recipes.

The other ingredient that BlackStone lacks is that its producer, Swisher, is not, in Middleton’s view, “a bona fide pipe tobacco manufacturer.” Just what defines Swisher’s alleged lack of bona fides is unclear. Part of Swisher’s problem, as perceived by Middleton, would seem to be that Swisher is a relatively recent – 1996 – entrant into the pipe-tobacco arena. But novelty is hardly to be equated with illegitimacy. What may be more troublesome, in Middleton’s perception, is that Swisher’s 2003 redesign of BlackStone Mild is seen to be imitative of Middleton’s Black & Mild. Middleton evidently takes no comfort from the proposition that imitation is the sincerest form of flattery. But Middleton’s lack of comfort does not give rise to a cause of action under § 43(a).

Since Middleton has presented no tenable factual ground for a claim under § 43(a), Swisher is entitled to summary judgment with respect to that claim.

Trademark Infringement

Middleton alleges that Swisher's use of the "BlackStone Mild" label infringes Middleton's "Black & Mild" trademark. In order to prevail on a trademark infringement claim, a plaintiff must demonstrate that: 1) it has a valid and legally protectable mark; 2) it owns the mark; and 3) the defendant's use of its own mark to identify goods or services causes a likelihood of confusion¹. *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210 (3d Cir. 2000). Swisher concedes for purposes of its summary judgment motion that "Black & Mild" is a legally protectable mark and that Middleton owns the mark. The only issue in dispute on Middleton's trademark infringement claim, then, is whether there is a likelihood of confusion between Middleton's mark and Swisher's mark. Likelihood of confusion is determined by considering the following ten factors, commonly known as the "*Lapp* factors":

- (1) the degree of similarity between the owner's mark and the alleged infringing mark;
- (2) the strength of the owner's mark;

¹ The parties agree on this standard and agree that the trademark infringement claim is brought pursuant to the Lanham Act. They apparently differ, however, as to which section of the Lanham Act governs – Middleton cites § 43(a), and Swisher cites § 32. The apparent disconnect between the two parties' positions is of no practical import because the likelihood-of-confusion test laid out below applies to claims under both § 43(a) and § 32. *See Fisons Horticulture, Inc. v. Vigoro Industries, Inc.*, 30 F.3d 466, 473 (3d Cir. 1994).

- (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
- (4) the length of time the defendant has used the mark without evidence of actual confusion arising;
- (5) the intent of the defendant in adopting the mark;
- (6) the evidence of actual confusion;
- (7) whether the goods, competing or not competing, are marketed through the same channels of trade and advertised through the same media;
- (8) the extent to which the targets of the parties' sales efforts are the same;
- (9) the relationship of the goods in the minds of consumers, whether because of the near-identity of the products, the similarity of function, or other factors;
- (10) other facts suggesting that the consuming public might expect the prior owner to manufacture both products, or expect the prior owner to manufacture a product in the defendant's market, or expect that the prior owner is likely to expand into the defendant's market.

KOS Pharmaceuticals, Inc. v. Andrx Corp., 369 F.3d 700 (3d Cir. 2004) (adapting the factors from *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983), to apply to competing goods).

In my judgment, the record evidence raises genuine issues of material fact with respect to the trademark infringement claim. Swisher concedes that factors 7, 8, and 9 weigh in favor of Middleton but contends that all remaining factors weigh against Middleton². The contention is not persuasive. Though it is evident that factors 4, 5, and 6 weigh against Middleton, there are material issues in dispute with respect to factors 1, 2,

² Swisher also contends that Middleton's top executives have admitted that there is no likelihood of confusion between the BlackStone mark and the Black & Mild mark and that these admissions should be given heavy, perhaps conclusive, weight. I disagree. "The test is the likelihood of confusion from the perspective of ordinary consumers, not from the perspective of people in the trade." *Fisons Horticulture, Inc. v. Vigoro Industries, Inc.*, 30 F.3d 466, 476 (3d Cir. 1994).

and 3³.

Factor 1 – “degree of similarity between the owner's mark and the alleged infringing mark” – is the “single most important factor in determining likelihood of confusion” between competing goods. *See A & H*, 237 F.3d at 216. While there are substantial differences between the BlackStone Mild⁴ and the Black & Mild marks, there are also similarities – the two marks both use the words “Black” and “Mild” prominently and in the same order, both have the same number of syllables, and both have the same stress pattern. In evaluating the similarity of competing marks, similarities weigh more heavily than differences. *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1392 (9th Cir. 1993). Moreover, determining the similarity of marks is a highly subjective “overall impression” inquiry in which “the weight to be given each word is a judgment call, best suited to the fact-finder.” *A & H*, 237 F.3d at 217-18. Courts have found the following marks similar enough to likely cause confusion: Country Floors and Country Tiles⁵,

³ Factor 10 appears to be inapplicable to this case, as neither party points to “other facts” bearing on the presence or absence of confusion by the public.

⁴ Swisher insists that its mark is “BlackStone,” not “BlackStone Mild.” “BlackStone” is the trademarked term, and the word “Mild” is used only as a descriptor of flavor, Swisher points out. However, regardless what portion of Swisher’s label is trademarked, it is not a mischaracterization to say that Swisher has labeled its cigars “BlackStone Mild.” Because “we need to view the total package as a consumer would” in order to determine likelihood of confusion, I will consider the entire label – “BlackStone Mild” – rather than confining analysis to the trademarked term “BlackStone.” *See Charles Jacquin Et Cie, Inc. v. Destileria Serralles, Inc.*, 921 F.2d 467, 475 (3d Cir. 1990).

⁵ *Country Floors, Inc. v. Partnership*, 930 F.2d 1056, 1063 (3d Cir. 1991).

Crownscriber and Soundscriber⁶, Grand Am and Grand Slam⁷, Mystic and Mystic Seaport⁸, and Smirnoff and Sarnoff⁹. Comparing the marks at issue in the instant case to those at issue in the above precedents, I cannot conclude, as a matter of law on summary judgment, that “BlackStone Mild” is dissimilar to “Black & Mild.”

With respect to factor 2 – “the strength of the owner’s mark” – Swisher contends that, because the words “black” and “mild” are both descriptive and are both used extensively by other cigar manufacturers to describe their products, Middleton’s “Black & Mild” mark is weak. I agree that these characteristics weaken the Black & Mild mark, but Middleton points to evidence of long-term use and high sales volume as evidence of strength. This constitutes some evidence of strength and raises a genuine question as to how strong the Black & Mild mark is.

With respect to factor 3 – “the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase” – both parties acknowledge that the goods at issue in this case are inexpensive. However, Swisher contends that the price of the goods is irrelevant in this case because sophisticated consumers sometimes purchase these cigars. Sophisticated consumers, suggests Swisher,

⁶ *Crown Radio Corp. v. Soundscriber Corp.*, 506 F.2d 1392 (C.C.P.A. 1974).

⁷ *TBC Corp. v. Holsa, Inc.*, 126 F.3d 1470 (Fed. Cir. 1997).

⁸ *Best Flavors, Inc. v. Mystic River Brewing Co.*, 886 F. Supp. 908 (D. Me. 1995).

⁹ *David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377 (8th Cir. 1965).

will pay close attention to the goods they are buying and will therefore not be confused by any similarities between BlackStone Mild and Black & Mild. This argument misses the mark. Sophisticated consumers may purchase the goods at issue, but that does not render the goods' low cost irrelevant to the confusion inquiry. Regardless of a consumer's level of sophistication, the consumer likely exercises less caution when purchasing inexpensive items than when purchasing expensive items. *Cf. Fisons*, 30 F.3d at 476 n.12.; *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 941 (10th Cir. 1983). The low cost of the competing cigars at issue in this case is therefore probative of the likelihood of confusion regardless of the sophistication of the consumer base. I thus agree with Middleton that factor 3 favors its trademark infringement claim.

In summary, factors 3 and 7-9 weigh in favor of Middleton, and factors 1 and 2 are in genuine dispute. Given that each party has a facially plausible position with respect to factor 1 – the single most important factor in this case – and given that, of the remaining factors, several weigh in favor of Middleton, summary judgment in Swisher's favor on Middleton's trademark infringement claim is not warranted. *See also Country Floors*, 930 F.2d at 1063 (noting that summary judgments are the exception in trademark actions).

Trade Dress Infringement

Middleton claims a protectable trade dress in the combination of the following characteristics of its Black & Mild cigars: 1) an ivory-colored plastic tip of octagonal

shape measuring 27/64" across by 1-21/64" in length; 2) a cigar measuring five inches in length and 0.38" in diameter; 3) a dark brown reconstituted tobacco cigar wrapper with small variegated spots of pink and bone color; 4) a straight seam holding the wrapper together; and 5) a black cigar band with gold trim around the edge. Middleton asserts that Swisher has infringed its trade dress, in violation of § 43(a) of the Lanham Act, by adopting all of the above features in Swisher's BlackStone Mild cigars. Swisher admits that it copied the appearance of Black & Mild, but it contends that each element of Middleton's supposed trade dress is functional and therefore non-protectable as trade dress.

The term "trade dress" was originally understood to refer to the appearance of a product's packaging, but it is now viewed more broadly so as to include the design of the product itself¹⁰. *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 209 (2000). In order to prevail on a claim of trade dress infringement, the plaintiff must demonstrate that: 1) the appearance of its product is non-functional; 2) the appearance of the product is distinctive; and 3) the appearance of the alleged infringer is confusingly similar to the plaintiff's product. *Id.* at 210-11.

Swisher's motion for summary judgment is premised entirely on its contention that Middleton cannot show non-functionality; neither party addresses the remaining elements

¹⁰ In fact, the BlackStone Mild packaging is not similar to the Black & Mild packaging. The dissimilarity in package appearance would seem to militate against Middleton's trade dress claim. Nevertheless, this is not an issue raised by either party on summary judgment.

of trade dress infringement. A feature is functional and non-protectable: 1) if it “is essential to the use or purpose of the article or if it affects the cost or quality of the article;” or 2) if the exclusive use of the feature would “put competitors at a significant non-reputation-related disadvantage.” *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 32 (2001). If a design is functional under the first test, it is conclusively deemed functional, and there is no need to resort to the second test. *Id.* at 33. The availability of alternative designs is one factor to be considered in determining whether a feature is functional, though alternative designs need not be considered if the feature has been conclusively shown to be functional pursuant to one of the above tests. *See TrafFix*, 532 U.S. at 33-34; *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1276 (Fed. Cir. 2002).

I find that Middleton has produced sufficient evidence that some features of its asserted trade dress are non-functional so as to raise a genuine issue of fact with respect to Middleton’s trade dress infringement claim. For instance, the shape and dimensions of Black & Mild’s cigar tip may be non-functional, as Middleton has offered proof that numerous alternatives exist, and Swisher has not demonstrated that these features affect the use or price of the cigar. Similarly, the diameter of the Black & Mild cigar may be non-functional – there are alternatives, and, while Swisher has demonstrated that reducing the diameter of the cigar results in cost savings, it has not established that the specific diameter of Black & Mild (as opposed to a smaller diameter) is functional. Finally, the

color and speckling of the Black & Mild cigar wrapper may be non-functional. Swisher points out that dark brown is a natural tobacco color and claims that the speckling on the wrapper is a natural consequence of the manufacturing process. Swisher also claims that it chose its wrapper because its machinery required a wrapper with high tensile strength. Middleton responds with evidence that numerous shades of brown wrappers are available, that the pink and bone-colored speckling on Black & Mild's wrapper actually diminishes the tensile strength of the wrapper, and that the speckling results from a manufacturing process that was specifically requested by Middleton and is more expensive than a traditional process. Middleton's and Swisher's evidence on this point appears to conflict, and it is not appropriate for me to resolve the conflict at this stage of the litigation.

Given that Middleton has produced some evidence that at least certain features of its claimed trade dress are non-functional, summary judgment in favor of Swisher on the trade dress infringement claim is inappropriate.

Unfair Competition

Middleton's amended complaint asserts a Pennsylvania common-law cause of action against Swisher for unfair competition. The parties appear to agree that the test for unfair competition in Pennsylvania is the same as or similar to the test for trademark infringement under the Lanham Act. *See Scott Fetzer Co. v. Gehring*, 288 F. Supp. 2d 696, 703 (E.D. Pa. 2003). Summary judgment on Middleton's state-law unfair

competition claim is therefore precluded for the same reason summary judgment on Middleton's trademark infringement claim, discussed above, is precluded.

Unjust Enrichment

Finally, Middleton claims, under Pennsylvania law, that Swisher has been unjustly enriched by its unlawful actions. Swisher contends that, because Middleton has not alleged and could not hope to show any express or implied contract between itself and Swisher, it cannot prevail on its unjust enrichment claim. Middleton responds that no contract, whether express or implied, need exist in order for a plaintiff to recover on a theory of unjust enrichment. Middleton is correct. All that need be shown to establish unjust enrichment in Pennsylvania is a "benefit[] conferred on defendant by plaintiff, appreciation of such benefit[] by defendant, and acceptance and retention of such benefit[] under such circumstances that it would be inequitable for defendant to retain the benefit without payment of value." *Styer v. Hugo*, 619 A.2d 347, 350 (Pa. Super. Ct. 1993), *aff'd*, 535 Pa. 610, 637 A.2d 276 (1994). If Middleton is able to show that Swisher has traded off Middleton's good will (by prevailing on its trademark and/or trade dress infringement claims, discussed above), a finding that Swisher has unjustly obtained a benefit from Middleton would seem supported. Summary judgment on Middleton's unjust enrichment claim is therefore not warranted.

Middleton's Motion

Though both parties focused exclusively on Swisher's motion at oral argument, there is another motion before the court – Middleton's cross-motion for summary judgment. The cross-motion purports to move for summary judgment pursuant to F.R.C.P. 56(d) – a subsection that does not appear to authorize an independent motion. Rule 56(d) states, in relevant part, as follows: "If on motion under this rule judgment is not rendered upon the whole case or for all the relief asked and a trial is necessary, the court at the hearing of the motion, by examining the pleadings and the evidence before it and by interrogating counsel, shall if practicable ascertain what material facts exist without substantial controversy and what material facts are actually and in good faith controverted." The language of this subsection of the rule appears to contemplate court action that is residual from partial denial of a motion brought pursuant to Rule 56(a) or (b). Rule 56(d) directs the court to make findings of undisputed facts if it is practicable to do so; the rule does not require a party to request or move that the court take this residual action. Middleton's motion is thus not a motion for summary judgment at all, but rather a request that the court do what Rule 56(d) already requires it to consider doing.

However, Middleton's motion fails to show that it is practicable for the court to enter Middleton's proposed findings of undisputed facts at this time. As Swisher has pointed out, there is little correlation between Middleton's proposed order entering findings of undisputed facts and Middleton's statement of material facts, and the

proposed order does not provide citations to the record. It would therefore be a frustrating enterprise to discern whether and where Middleton’s proposed findings of undisputed facts are supported by the record. Moreover, the parties have extensively challenged each others’ statements of material facts, resulting in a massive set of documents denominated statements and counter-statements of facts. As a matter of judicial efficiency, it would be imprudent for me to wade into this morass without at least some effort by the parties to first stipulate to undisputed facts. Middleton’s cross-“motion” for summary judgment will therefore be denied.

Conclusion

I agree with Swisher that Middleton has provided no evidence to support its definition of pipe tobacco, and Swisher’s motion for summary judgment will therefore be granted with respect to Middleton’s false advertising claim (Count I). However, while Middleton’s case as a whole appears weak, Middleton has presented sufficient evidence to raise genuine issues of material fact with respect to its remaining claims – trademark infringement (Count II), trade dress infringement (Count III), unfair competition (Count III¹¹), and unjust enrichment (Count IV¹²). Middleton’s cross-motion for summary judgment is premature, given that many of its proposed findings of fact are disputed, and

¹¹ Middleton’s amended complaint mislabels this claim as “Count III;” it should be labeled “Count IV.”

¹² Should be “Count V.”

the parties appear not to have attempted a joint stipulation. That motion will be denied.

An order effectuating the foregoing accompanies this opinion.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

JOHN M. MIDDLETON, INC. and
JMTM, INC.,

Plaintiffs

v.

SWISHER INTERNATIONAL, INC.,
Defendant

Civil Action No. 03-3908

ORDER

July 26, 2006

For the reasons provided in the accompanying opinion, it is hereby ORDERED that “Swisher International, Inc.’s Motion for Summary Judgment Dismissing the Amended Complaint Pursuant to Rule 56” (Docket # 43) is GRANTED only to the following extent: judgment is granted in favor of Swisher on Count I of the amended complaint. The motion is otherwise DENIED – the remaining counts of the amended complaint survive summary judgment. It is further ORDERED that the “Cross-Motion of Plaintiffs, John Middleton, Inc. and JMTM, Inc., Pursuant to F.R.Civ.P. 56(D)” (Docket # 82) is DENIED.

BY THE COURT:

/s/ Louis H. Pollak

Pollak, J.