



3. Plaintiff opted to change the name to “The Union Tap House” on April 20, 2015, but the sign indicating the name change from Union Jack’s to The Union Tap House did not go up until the last week of April or first week of May. (Tr. 11/20/2015, p. 8:2-16.)

4. Plaintiff registered “The Union Taphouse” as a fictitious name with the Commonwealth of Pennsylvania, registration no. 4333171, on February 13, 2015. (Compl. § 5.)

5. Plaintiff applied for a Federal Trademark in the name "Union Tap House" on September 17, 2015, under registry number 86759411.<sup>1</sup> (Id. § 6.)

6. Defendant, Comly, is a Pennsylvania Limited Liability Company. (Id. § 6.)

7. Defendant’s member, Roman Jarema, previously operated a restaurant in Northeast Philadelphia called General Grant’s American Bar and Grill, which was closed in March 2015. It was named for the Civil War General. (Tr. 11/20/2015, pp. 40:5-15; 40:20-25; 48:2-7.)

8. Defendant became interested in opening a new restaurant at Comly Road in Northeast Philadelphia around February of 2015. (Id. at p. 41:1-18.)

9. Defendant sought to keep with the Civil War theme of its previous bar, General Grant’s American Bar and Grill. (Id. at pp. 40:20-15; 48:2-7.)

10. Defendant also sought to use the word union in its new restaurant’s name based on Comly Road’s close proximity to union halls. (Id. at pp. 42:25-43:25.)

11. Defendant’s bar has Civil War paraphernalia inside. (Id. at pp. 45:12-48:7; Exh. D-1.)

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<sup>1</sup> For purposes of this findings of fact and conclusions of law, we will refer to Plaintiff’s restaurant as “Union Tap House.” Plaintiff registered “The Union Taphouse” as a fictitious name with the Pennsylvania Department of State. (Tr. 11/20/2015, p. 7:16; P-1). However, Plaintiff filed a federal trademark for his restaurant under the name “Union Tap House.” (Tr. 11/20/2015, pp. 16:11-12, P-3.) Plaintiff’s sign also reflects the name “Union Tap House.” (Id. at pp. 49:22-50:23; Exh. D-3.)

12. Defendant sought to use tap in its restaurant's name because it liked the name of the restaurant, Standard Tap. (Id. at p. 40:20-25.)

13. On August 14, 2015, Defendant opened the restaurant known as "The Union Tap" in Northeast Philadelphia at the location of 2711 Comly Road, Philadelphia, Pa. 19154. (Id. at pp. 39:22-40:1.)

14. The distance between the restaurants owned by Plaintiff and Defendant is 16.6 miles. (Id. at p. 20:9-22.)

15. Prior to choosing its name, Defendant performed internet searches and found numerous restaurants using the word "union" in their name, but it did not find any restaurant in Philadelphia or in Pennsylvania named "The Union Tap," "Union Tap House," or any variation thereof which used the words "union" and "tap" together. (Id. at pp. 41:19-42:20; 48:16-49:17.)

16. Defendant did not check with the Pennsylvania Department of State before naming its business "The Union Tap." (Id. at p. 60:15.)

17. The names, logos, and signage for the two restaurants are different. (Id. at pp. 49:22-50:23; Exh. D-3.)

18. To Defendant's knowledge, it has not been contacted by any customer or person that was confused as to whether Plaintiff's bar was or is affiliated with Defendant's bar. (Id. at p. 54:5-21.)

19. On August 28, 2015, Bella Vista Beer Distributor accidentally delivered part of The Union Tap House's order to The Union Tap. (Id. at p. 12:6-18.)

20. Defendant testified that one customer placed a to go order and called back stating that the order was meant for The Union Tap. (Id. at pp. 27:25-28:2.)

21. A Yelp review was admitted into evidence indicating a review for Union Tap House's restaurant on The Union Tap's Yelp page. (Id. at pp. 29:9-30:11.)

22. Both bars offer a craft beer selection and have similar menus focusing on inexpensive bar food. (Id. at pp. 13:9-14:16; Exh. P-6.)

23. Defendant testified that its location in Northeast Philadelphia attracts a customer base of primarily union members due in part to its close proximity to many union halls. This is a completely different customer base than the Plaintiff's bar located in Manayunk, which attracts younger more college aged customers. Additionally, Defendant was not aware of any of its patrons residing in the Manayunk area as its bar is more of a "neighborhood bar." (Id. at pp. 42:25-44:7.)

### **CONCLUSIONS OF LAW**

1. The standard for evaluating a motion for a preliminary injunction involves a four-part inquiry: (1) whether the movant has shown a reasonable probability of success on the merits; (2) whether the movant will be irreparably injured by denial of relief; (3) whether granting preliminary relief will result in even greater harm to the nonmoving party; and (4) whether granting the relief will be in the public interest. See United States v. Bell, 414 F.3d 474, 478 n.4 (3d Cir. 2005); Pappan Enter., Inc. v. Hardee's Food Sys., Inc., 143 F.3d 800, 803 (3d Cir. 1998).

2. The movant bears the burden of establishing every element in its favor. P.C. Yonkers, Inc. v. Celebrations the Party & Seasonal Superstore, LLC, 428 F.3d 504, 508 (3d Cir. 2005).

3. "Preliminary injunctive relief is an 'extraordinary remedy, which should be granted only in limited circumstances.'" Ferring Pharm., Inc. v. Watson Pharm., Inc., 765 F.3d

205, 210 (3d Cir. 2014) (quoting Novartis Consumer Health, Inc. v. Johnson & Johnson–Merck Consumer Pharm. Co., 290 F.3d 578, 586 (3d Cir. 2002) (quotation marks omitted)).

4. A “preliminary injunction must be the only way of protecting the plaintiff from harm.” Instant Air Freight Co. v. C.F. Air Freight, Inc., 882 F.2d 797, 801 (3d Cir. 1989).

**Likelihood of Success on the Merits**

5. Plaintiff has filed a Complaint along with its Petition for Preliminary Injunction. The Complaint includes the following three Counts: (1) violation of Section 43 of the Lanham Act (15 U.S.C. § 1125(a)); (2) Unfair Competition; and (3) violation of Pennsylvania statutory law regarding trademark dilution (54 Pa. C.S.A. § 1124(a)).

*Section 43(a) of the Lanham Act & Unfair Competition*

6. The common law cause of action for unfair competition in Pennsylvania mirrors the Lanham Act’s section 43(a) cause of action for unfair competition, except that under state law there is no requirement that the goods traveled through interstate commerce. Louis Vuitton Malletier & Oakley, Inc. v. Veit, 211 F. Supp. 2d 567, 582 (E.D. Pa. 2002), amended (June 28, 2002) (citing Haymond v. Lundy, No. Civ.A. 99–5048, 2001 WL 15956, at \*2 (E.D. Pa. Jan. 5, 2001); Gideons Int’l Inc. v. Gideon 300 Ministries, Inc., 94 F. Supp. 2d 566, 580 (E.D. Pa. 1999)).

7. Thus, the standard for determining whether Plaintiff is likely to succeed under Count I of its Complaint for violation of Section 43(a) of the Lanham Act and Count II of its Complaint for common law unfair competition is virtually identical. See id.

8. Section 43(a)(1) of the Lanham Act states in relevant part that:

(a) Civil action

(1) 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 —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) 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).

9. Under section 43(a)(1)(A) of the Lanham Act, a claim of unfair competition is established when the plaintiff proves that: (1) its mark is valid and legally protectable; (2) it owns the mark; and (3) the defendant's use of the mark to identify its goods or services is likely to create confusion concerning the origin of those goods or services. See Commerce Nat'l Ins. Servs. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 437 (3d. Cir. 2000).

10. Only certain marks merit legal protection under the Lanham Act. Thus, a threshold issue is always the mark's distinctiveness. Laurel Capital Group, Inc. v. BT Fin. Corp., 45 F. Supp. 2d 469, 481 (W.D. Pa. 1999).

11. "Courts have divided designations into four categories: arbitrary (or fanciful) terms, which bear 'no logical or suggestive relation to the actual characteristics of the goods;' suggestive terms, which suggest rather than describe the characteristics of the goods; descriptive terms, which describe a characteristic or ingredient of the article to which it refers, and generic terms, which function as the common descriptive name of a product class." A.J. Canfield Co. v. Honickman, 808 F.2d 291, 296 (3d Cir. 1986) (citing Keebler Co. v. Rovira Biscuit Corp., 624 F.2d 366, 374 n.8 (1st Cir. 1980)).

12. Arbitrary and suggestive marks are inherently distinctive and entitled to protection without proof of secondary meaning. Id. at 296.

13. Generic marks, which function as the common descriptive name of a service class, are entitled to no protection at all. Id.

14. In contrast, descriptive marks, which describe a characteristic of the service, require proof of secondary meaning for protection. Id.

15. Plaintiff's mark is descriptive as the name "Union Tap House" describes the goods and services offered by Plaintiff. A tap house is an establishment that serves alcohol. The mark is not inherently distinctive because "union" is a common name used throughout Philadelphia for dining establishments and "tap house" describes its service of offering alcohol. If a person was presented with the name "Union Tap House," he or she would easily be able to determine that the name was that of a bar/restaurant. Thus, Plaintiff's mark directly describes its service and is a descriptive mark, which requires proof or a secondary meaning in order for it to be protected.

16. In determining whether a disputed mark has achieved secondary meaning, the United States Court of Appeals for the Third Circuit ("Third Circuit") considers: (1) the extent of sales and advertising leading to consumer association; (2) the length of the mark's use; (3) the exclusivity of use; (4) the fact of copying; (5) customer surveys; (6) customer testimony; (7) the use of the mark in trade journals; (8) the size of the company; (9) the number of sales; (10) the number of customers; and (11) actual confusion. See Ford Motor Co. v. Summit Motor Prods., Inc., 930 F.2d 277, 292 (3d Cir. 1991).

17. "In general, secondary meaning exists when the mark 'is interpreted by the consuming public to be not only an identification of the product or services, but also a

representation of the origin of those products or services.’” Commerce, 214 F.3d at 438 (quoting Scott Paper Co. v. Scott’s Liquid Gold, Inc., 589 F.2d 1225, 1228 (3d Cir. 1978)).

18. Here, Plaintiff has not set forth any facts or evidence that goes to proving that its mark has achieved secondary meaning besides three minor incidents of actual confusion. (Tr. 11/20/2015, pp. 12:6-18; 27:25-28:2; 29:9-30:11.) Plaintiff did not specifically address the remaining factors as it felt it was not required to prove secondary meaning since it believed its mark was not descriptive. (Id. at p. 37:4-7; Pl.’s Proposed Findings of Fact and Conclusions of Law § 17.) Thus, Plaintiff did not meet its burden of proving that the consuming public interprets “Union Tap House” as not only an identification of the product or services, but also a representation of the origin of those products or services.

19. The analysis of Plaintiff’s unfair competition claim could end here, but this Court will analyze the remaining factors to further illustrate Plaintiff’s insufficient evidence.

20. If Plaintiff’s mark was indeed legally protectable, this Court would then have to decide if Plaintiff owned the mark, i.e. did Plaintiff have priority as it pertains to the mark in the geographic area of the alleged infringement. Laurel Capital, 45 F. Supp. 2d at 481-83.

21. When two competitors use the same mark in the same area, “prior appropriation settles the question;” that is, the senior user’s rights prevail over those of the junior user.

Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 415 (1916).

22. However, if the two users employ the mark in geographically distinct regions, “prior appropriation is legally insignificant; unless, . . . the [junior user] has selected the mark with some design inimical to the interests of the [senior] user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like.” Id.

23. Thus, a senior user may not “monopolize markets that his trade has never reached” because trademark rights “grow out of use, not mere adoption.” Id. at 416.

24. So long as the junior user adopted the mark in “good faith,” United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 100 (1918), a senior user “may not be able to obtain relief against the junior user in an area where [the senior user] has no established trade, and hence no reputation and no good will.” Natural Footwear Ltd. v. Hart, Schaffner & Marx, 760 F.2d 1383, 1394 (3d Cir. 1985).

25. If a junior user can show that it adopted the mark in good faith, a senior user may show it is entitled to protection in a particular region or market in three ways: (1) market penetration in a particular market; (2) reputation in a particular market; or (3) a “zone of natural expansion” extending into a particular market. Laurel Capital, 45 F. Supp. 2d at 482.

26. Market penetration, reputation and natural zone of expansion must be assessed as of the date the junior user first began to use the mark in the relevant market. See id. at 483 (citing ACCU Personnel, Inc. v. AccuStaff, Inc., 846 F.Supp. 1191, 1207 (D. Del. 1994)).

27. Market penetration is analyzed under four factors, reworded slightly to fit the context of a service mark: (1) the volume of services; (2) positive and negative growth trends in the area; (3) actual customers in relation to potential customers; and (4) the amount of service advertising conducted in the area. Natural Footwear, 760 F.2d at 1398–99.

28. With reputation, when a senior user demonstrates that it has established a reputation beyond its own market area, reputation alone, without market penetration or physical presence, may afford it superior trademark rights in the remote market of the junior user. See Holiday Inns v. B & B Corp., 409 F.2d 614 (3d Cir. 1969).

29. The natural zone of expansion theory affords the senior user “breathing space” within which to expand, and it is generally recognized that “if a senior user has constantly expanded its business by the date of the junior user’s adoption of the mark, and if distances are not great, it may be that the senior user is entitled to exclusive rights in a zone of natural expansion which includes the junior user’s area, even though no actual sales have yet been made in that area by the senior user.” McCarthy on Trademarks § 26:08[1], at 26–32 (3d ed. 1992).

30. Here, Defendant acted in good faith when choosing its mark. Defendant was attempting to keep with the Civil War theme of his previous bar. Additionally, Defendant chose to use “union” in its name to allure the numerous union members in the area to come into his establishment. Defendant’s logo choice is also very distinct from Plaintiff’s logo, which further illustrates that Defendant was not attempting to confuse the public and benefit on Plaintiff’s reputation.

31. Furthermore, Plaintiff has not alleged any relevant facts or evidence that proves Plaintiff was entitled to protection under any one of the three theories. Plaintiff alleges it was first to use the mark so the mark warrants protection. However, Plaintiff has failed to allege why it has priority in the junior user’s area. Plaintiff was first to use the mark in Manayunk, but failed to prove that its mark has market penetration in Northeast Philadelphia, a reputation in Northeast Philadelphia, or that its mark was naturally expanding into Northeast Philadelphia.

32. The third prong of the unfair competition claim is whether there is a likelihood of confusion stemming from the use of the alleged infringing mark.

33. The Third Circuit has identified ten factors, known as the Lapp factors, to be considered when determining whether a likelihood of confusion exists: (1) the degree of similarity between the owner’s mark and the alleged infringing mark; (2) the strength of the

owner's mark; (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 the 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. Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1983).

34. Here, the names of the two marks are similar. "Union Tap House" and "The Union Tap" both use union and tap predominately in their names. However, the logos and signage of the two restaurants are not similar and differentiate the two marks. Plaintiff's restaurant logo and signage uses primarily the color red and states "Union Tap House" then under that has the phrase "United We Drink." (Tr. 11/20/2015, pp. 49:22-50:16; Exh. D-3.) While the Defendant's bar and logo places the words "The Union Tap" in all black in a hexagon shape. (See id.) These differences allow a consumer the ability to easily decipher the two marks and conclude that Plaintiff's mark and Defendant's mark are not affiliated.

35. Additionally, Plaintiff's mark was not strong in August of 2015 because Plaintiff just began operating its restaurant in late April or early May of 2015. (Tr. 11/20/2015, p. 8:2-16.)

36. Actual confusion is one of the most reliable indications of the likelihood of confusion, so long as the confusion is causally related to the use of similar marks. Dominion Bankshares Corp. v. Devon Holding Co., Inc., 690 F. Supp. 338, 347 (E.D. Pa. 1988).

37. Here, there was actual confusion between the two restaurants regarding a beer delivery about two weeks after Defendant opened up its bar. (Tr. 11/20/2015, p. 12:6-18.) However, Plaintiff failed to produce any customer testimony regarding confusion between the two restaurants and relies on Plaintiff's testimony alone and a single Yelp review. These scant incidences do not rise to the large number of actual confusion incidents relied on by previous courts as "courts have frequently held that evidence of actual confusion must be more than de minimis" in Lanham Act cases. See R.J. Ants., Inc. v. Marinelli Enterprises, LLC, 771 F. Supp. 2d 475, 496 (E.D. Pa. 2011) (citing Everest & Jennings, Inc. v. E & J Mfg. Co., 263 F.2d 254 (9th Cir. 1958), cert. denied, 360 U.S. 902, 79 S.Ct. 1284, 3 L.Ed.2d 1254 (1959)); see also Laurel Capital, 45 F. Supp. 2d at 495 (finding 170 incidents of actual confusion persuading in determining if a likelihood of confusion exists).

38. Furthermore, Defendant named its bar to pay homage to a previously owned Civil War themed bar. (Tr. 11/20/2015, pp. 40:20-15; 48:2-7.)

39. Also, the two bars market to different customer bases as Defendant's bar markets itself as a more neighborhood bar for union members, which is different from the younger more college aged customer market that Plaintiff has in Manayunk.

40. For these reasons, we find Plaintiff has not proven a likelihood of success on the merits of its unfair competition claim.

Trademark Dilution

41. In its Complaint, Plaintiff had also brought a claim for trademark dilution under the Pennsylvania Trademark Dilution Act, 54 Pa.C.S.A. § 1124.

42. Under Pennsylvania statutory law regarding trademark dilution: “The owner of a mark which is famous in this Commonwealth shall be entitled . . . to an injunction against another person’s commercial use of a mark or trade name if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.” Louis Vuitton, 211 F. Supp. 2d at 582 (citing 54 Pa.C.S.A. § 1124).

43. The standard for establishing trademark dilution under Pennsylvania law is the same as it is under 15 U.S.C. § 1125(c), section 43(c) of the Lanham Act. Id.

44. A claim for trademark dilution differs from 15 U.S.C. § 1125(a), section 43(a) of the Lanham Act - the federal trademark law, by eliminating the need to show confusion; that is, the need to show that the defendant’s mark causes consumers to confuse the defendant’s goods with the plaintiff’s goods. See Hershey Foods Corp. v. Mars, Inc., 998 F. Supp. 500, 502-03 (M.D. Pa. 1998) (citing Versa Products Co. v. Bifold Company (Manufacturing) Ltd., 50 F.3d 189, 199–200 (3d Cir. 1995) (a significant aspect of a section 1125(a) claim is the need to show confusion)).

45. Instead, a dilution claim asserts that, while the defendant’s mark does not confuse consumers as to the source of the goods, it leads consumers to believe that the plaintiff’s mark now identifies two different sources of goods, thus diluting the mark’s ability to identify the plaintiff’s goods alone. Id.

46. A prima facie claim of trademark dilution under § 1125(c) includes a showing that: (1) the plaintiff owns a “famous” mark; (2) the defendant is making commercial use in

interstate commerce of a mark or trade name; (3) the Defendant's use began after the plaintiff's mark became famous; and (4) the Defendant's use causes dilution by lessening the capacity of the plaintiff's mark to identify and distinguish goods or services. See Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 163 (3d Cir. 2000).

47. In determining whether a mark is distinctive and famous, the Pennsylvania's trademark dilution statute provides that a court may consider factors such as, but not limited to:

- (1) The degree of inherent or acquired distinctiveness of the mark in this Commonwealth.
- (2) The duration and extent of use of the mark in connection with the goods and services with which the mark is used.
- (3) The duration and extent of advertising and publicity of the mark in this Commonwealth.
- (4) The geographical extent of the trading area in which the mark is used.
- (5) The channels of trade for the goods or services with which the mark is used.
- (6) The degree of recognition of the mark in the trading areas and channels of trade in this Commonwealth used by the mark's owner and the person against whom the injunction is sought.
- (7) The nature and extent of use of the same or similar marks by third parties.
- (8) Whether the mark is the subject of a registration in this Commonwealth or a Federal registration under the act of March 3, 1881 (21 Stat. 502) or the act of February 20, 1905 (33 Stat. 724), repealed by the Trademark Act of 1946 (60 Stat. 427, 15 U.S.C. §1051 et seq.), or on the principal register.

54 Pa.C.S.A. § 1124.

48. Here, Plaintiff has failed to produce sufficient evidence that its mark in the Commonwealth is "distinctive and famous." Plaintiff's mark is not inherently distinct as the mark is descriptive as explained above. (See Conclusion of law ¶¶ 16-18.)

49. Furthermore, Plaintiff's duration and extent of the use and advertising of the mark does not support a finding of trademark dilution as Plaintiff had only been using the mark for four months prior to the opening of Defendant's restaurant.

50. Additionally, Plaintiff has presented no evidence regarding factors five through seven.

51. Therefore, Plaintiff has presented insufficient evidence that its mark is distinctive and famous in the Commonwealth, which is due in large part to Plaintiff's recent adoption of the mark.

52. For these reasons, we find Plaintiff has not proven a likelihood of success on the merits of its trademark dilution claim.

### **Irreparable Harm**

53. Plaintiff would also have to establish that it would suffer irreparable harm if a preliminary injunction was not granted.

54. "A party seeking a preliminary injunction in a Lanham Act case is not entitled to a presumption of irreparable harm, but rather is required to demonstrate that she is likely to suffer irreparable harm if an injunction is not granted." Ferring, 765 F.3d at 217.

55. Plaintiff himself stated in the preliminary injunction hearing "that the only thing we [Plaintiff] have not necessarily shown in the preliminary injunction stage would be the question of irreparable harm." (Tr. 11/20/2015, p. 37:8-16.)

56. Therefore, Plaintiff has failed to establish that it will suffer irreparable harm if the preliminary injunction is not granted because Plaintiff is not entitled to a presumption of irreparable harm and has admitted itself that it has failed to prove such irreparable harm.

### **Balance of Equities**

57. The Plaintiff must also prove that the balancing of the equities favors the granting of its preliminary injunction.

58. If a preliminary injunction is granted, Defendant is likely to suffer substantial losses from having to cease operations under the name "The Union Tap." Reputation is

everything in the restaurant and bar business. Forcing Defendant to have to rebuild the reputation that it has gained since it opened would be a tremendous hardship.

59. Plaintiff, on the other hand, would not be harmed by a denial of the preliminary injunction as Plaintiff has shown very few instances of actual confusion and has not proven any irreparable harm resulting from Defendant's use of its mark.

60. For these reasons, Plaintiff has not shown that the balancing of equities favors a granting of its preliminary injunction.

#### **Public Interest**

61. Plaintiff relies on the concept of consumer confusion for its argument on why granting of a preliminary injunction would be in the public interest.

62. We have found that consumers are not likely to be confused between Plaintiff's mark and Defendant's mark; therefore, Plaintiff has failed to show that granting its preliminary injunction would be in the interest of the public.

#### **Conclusion**

63. For these reasons, Plaintiff's Petition for Preliminary Injunction is denied.

An appropriate Order follows.