

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

ROMUALDO LAMBERTI :
 :
 -v- : CIVIL ACTION
 :
 :
 POSITANO RISTORANTE, INC. :
 and DOMENICO GAGLIANO : No. 04-4485

Diamond, J.

March 16, 2005

MEMORANDUM

Plaintiff Romualdo Lamberti seeks a declaratory judgment that the name of his restaurant, “Positano Coast by Aldo Lamberti,” does not infringe on the rights of Defendants Domenico Gagliano and his restaurant, “Positano Ristorante.” Defendants have Counterclaimed, alleging trademark infringement, unfair competition, and loss of future profits. I grant Plaintiff’s Motion for Summary Judgment.

Background

Plaintiff owns fourteen restaurants in New Jersey, Pennsylvania, and Delaware. (Declaration of Romualdo Lamberti at ¶ 4). In 1991, Plaintiff opened a restaurant in the Society Hill section of Philadelphia named “Pasta Blitz by Lamberti.” (Id. at ¶¶ 7- 8). In 1997, Plaintiff changed the name to “Lamberti’s Cucina.” (Id. at ¶ 9). Around August 2003, Plaintiff began redesigning the restaurant to resemble Positano, Italy. (Id. at ¶¶ 11-14). The restaurant continued to operate as “Lamberti’s Cucina” until January 2005, when Plaintiff renamed it “Positano Coast by Aldo Lamberti.” (Id. at ¶¶ 11-24). Plaintiff spent approximately \$1 million on his redesign, which included adding giant photographs of Positano, and Italian flooring, fixtures, furniture, and the like.

(Id. at ¶ 26).

Gagliano has owned and operated “Positano Ristorante” since 1985, when he opened the restaurant in Springfield, Pennsylvania. (Deposition of Domenico Gagliano, January 11, 2005, at 10:15-23). In 1992, he relocated the restaurant to Ardmore, where it has continued to operate. (Id.). Gagliano has never registered the name “Positano Ristorante.” Gagliano’s and Plaintiff’s restaurants are approximately eight to ten miles apart. (N.T. February 8, 2005 at 12:11-22).

In June 2004, after Gagliano learned that Plaintiff was re-naming his restaurant, Gagliano’s counsel contacted Plaintiff, demanding that he “cease and desist from further publication and formation” of “Positano Coast by Aldo Lamberti.” (Def.’s Answer Ex. C, E). Plaintiff responded that “Positano” is not a protected mark, and that his restaurant’s name would not confuse consumers. (Id. at Ex. D). After receiving a second cease and desist letter, Plaintiff filed this action seeking a declaration that “Positano Coast by Aldo Lamberti” does not infringe on Gagliano’s rights in “Positano Ristorante.” In their Counterclaim, Defendants seek damages and ask me to enjoin Plaintiff from using the word “Positano” in his restaurant’s name. (N.T., February 8, 2005 at 16).

Legal Standards

I may grant summary judgment where “there is no genuine issue as to any material fact” and the moving party is “entitled to a judgment as a matter of law.” FED. R. CIV. P. 56(c). A dispute is “genuine” if “the evidence is such that a reasonable jury could return a verdict for the non-moving party.” Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986). The moving party bears the initial burden of showing that no genuine issue of material fact exists. See Celotex v. Catrett, 477 U.S. 317, 323, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986); see also Country Floors v. Partnership of Gepner and Ford, 930 F.2d 1056, 1061-63 (3d Cir. 1991)

(reviewing district court's grant of summary judgment in a trademark action). Where the nonmoving party bears the burden of persuasion at trial, as Defendants do for their Counterclaims, "the burden on the moving party may be discharged by 'showing' -- that is, pointing out to the district court -- that there is an absence of evidence to support the nonmoving party's case." Celotex Corp., 477 U.S. at 325.

Defendants "may not rest upon the mere allegations or denials" in their pleadings to show the existence of a genuine issue of material fact. FED. R. CIV. P. 56(e). Defendants must do more than rely only "upon bare assertions, conclusory allegations or suspicions." Gans v. Mundy, 762 F.2d 338, 341 (3d Cir. 1985), cert. denied, 474 U.S. 1010, 88 L. Ed. 2d 467, 106 S. Ct. 537 (1985). If Defendants' evidence is "not significantly probative," I may grant summary judgment in favor of Plaintiff. Anderson, 477 U.S. at 249-50; see also Country Floors, 930 F.2d at 1061-62.

Discussion

The elements of trademark infringement and unfair competition under the Lanham Act are the same. See 15 U.S.C. §§ 1114(1), 1125(a). To prevail on either claim, a party must show that: 1) it owns the disputed mark; 2) the mark is valid and legally protectable; and 3) the infringing party's use of the mark to identify its goods or services is likely to create confusion concerning the origin of those goods or services. Commerce Nat'l Ins. Servs. V. Commerce Ins. Agency, Inc., 214 F.3d 432, 437 (3d Cir. 2000). Unregistered marks may be protected, but only "if the public recognizes [the mark] as identifying the claimant's 'goods or services and distinguishing them from those of others.'" A.J. Canfield Co. v. Honickman, 808 F.2d 291, 296 (3d Cir. 1986) (quoting J. McCarthy, Trademarks and Unfair Competition § 15:1 at 657 (2d ed. 1984)). Because "Positano Ristorante" is not a registered mark, it is not presumed to be valid or protectable. Id.

A mark's categorization determines its protectability. See A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc., 237 F.3d 198, 221-22 (3d Cir. 2000). The Third Circuit has ruled that trademark terms may fall within one of the following 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.

Express Services, Inc. v. Careers Express Staffing Services, 176 F.3d 183, 185-86 (3d Cir. 1999) (quoting A.J. Canfield, 808 F.2d at 296). Marks that are suggestive, arbitrary, or fanciful are inherently distinctive and are automatically protected. See Fisons Horticulture, Inc. v. Vigoro Indus., Inc., 30 F.3d 466, 478 (3d Cir. 1994); see also 15 U.S.C. § 1052; Two Pesos, Inc. v. Taco Cabana Inc., 505 U.S. 763, 774 (1992) (finding that suggestive, arbitrary, or fanciful marks are eligible for protection "because their intrinsic nature serves to identify a particular source of a product"). Generic terms are never protected "because to tolerate their monopolization would preclude competitors from accurately and efficiently describing their products and hence unduly hobble them in competition." Duraco Prods. v. Joy Plastic Enters., 40 F.3d 1431, 1440 (3d Cir. 1994); see also A.J. Canfield, 808 F.2d at 305-08 (finding "chocolate fudge" -- a generic term for chocolate fudge-flavored soda -- is not protectable). Descriptive terms may be protected, but only in limited circumstances. Checkpoint Sys., Inc. v. Check Point Software Techs., Inc., 104 F. Supp. 2d 427, 458 (D.N.J. 2000) aff'd, 269 F.3d 270 (3d Cir. 2001).

I. "Positano" Is A Descriptive Term

Here, the parties dispute whether "Positano" is descriptive or suggestive. Descriptive terms convey "an immediate idea of the ingredients, qualities or characteristics of the goods," and typically

identify qualities such as color, odor, function, dimensions, or ingredients. Dranoff-Perlstein, 967 F.2d at 857; see also Zatarains, Inc. V. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983).

Descriptive terms are protected only if they achieve secondary meaning in the minds of the consuming public. Checkpoint, 104 F. Supp. 2d at 458; see also 15 U.S.C. § 1052(f) (unregistered descriptive terms are eligible for trademark protection only if the term “has become distinctive of the applicant’s goods in commerce”); First Keystone Fed. Sav. Bank v. First Keystone Mortgage, Inc., 923 F. Supp. 693, 704-05 (E.D. Pa. 1996) (geographically descriptive term is a weak mark). Secondary meaning is acquired when the mark is “not only an identification of the product or services, but also a representation of the origin of those products or services.” Commerce Nat’l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 438 (3d Cir. 2000) (quoting Scott Paper Co. v. Sett’s Liquid Gold, Inc. , 589 F.2d 1225, 1231 (3d Cir. 1978)). A term that has achieved secondary meaning identifies “the source of the product rather than the product itself.” Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n.11, 102 S. Ct. 2182, 2187 n.11, 72 L. Ed. 2d 606 (1982); see also FM 103.1, Inc. v. Universal Broad, 929 F. Supp. 187, 194 (D.N.J. 1996).

In contrast, suggestive marks are distinctive, and, like arbitrary marks, are protected regardless of whether consumers associate a secondary meaning to the term. See Fisons Horticulture Inc. v. Vigoro Indus., Inc., 30 F.3d 466, 472 (3d Cir. 1994). Suggestive terms “suggest” (rather than describe) a characteristic in a way that requires “consumer imagination” to reach a conclusion as to the nature of the goods. See Dranoff-Perlstein, 967 F.2d at 857; see also A&H Sportswear, 237 F.3d at 222.

In seeking to determine whether a mark is “descriptive” or “suggestive,” courts should also

consider “whether sellers of similar products [or services] are likely to use, or actually do use, the term in connection with their goods.” Dranoff-Perlstein, 967 F.2d at 858 (internal quotations omitted). A term that is frequently used by sellers of similar services or products implies that the term is descriptive or generic rather than suggestive. Id.

Although there is some confusion as to whether the categorization of a mark is a question of law or fact, the Third Circuit has held that “[t]he characterization of a mark is a factual issue for the jury.” Ford Motor Co. v. Summit Motor Prods., Inc., 930 F.2d 277, 292 n.18 (3d Cir. 1991); compare Guardian Life Insurance Co. of America v. American Guardian Life Assurance Co., 943 F. Supp. 509, 523 n.10 (E.D. Pa. 1996) (the categorization of a mark “is a disputed question of fact”) with Maxnet Holdings, Inc. v. Maxnet, Inc., 2000 U.S. Dist. LEXIS 7524, *23 (“The determination of a mark’s status is a question of law for the court.”); Patient Transfer Systems, Inc. v. Patient Handling Solutions, Inc., 1999 U.S. Dist. LEXIS 1184, *14-15 (E.D. Pa. 1999) (same) (citing U.S. Gold & Silver Investments, Inc. v. Director, United States Mint, 682 F. Supp. 484, 487 (D. Or. 1987)). As the Third Circuit has emphasized, however, some factual questions should be resolved by the court as a matter of law if there is only a mere “scintilla of evidence” supporting the non-moving party’s case. Country Floors, Inc. v. Gepner, 930 F.2d 1056, 1061-62 (3d Cir. 1991).

Applying this authority, courts frequently resolve categorization questions as a matter of law. See J&J Snack Foods, Corp. v. The Earthgrains Co., 220 F. Supp. 2d 358 (D.N.J. 2002) (ruling at summary judgment that the disputed mark was descriptive); Mateson Chemical Corp. v. Robert Vernon, 2000 U.S. Dist. LEXIS 6208 (E.D. Pa. 2000) (same); Patient Transfer Systems, Inc. v. Patient Handling Solutions, Inc., 1999 U.S. Dist. LEXIS 1184 (E.D. Pa. 1999) (same).

In seeking to determine at this stage whether “Positano” is descriptive or suggestive, I am

further guided by the undisputed fact that “Positano” is a geographically descriptive mark. Positano is a city on Italy’s Amalfi Coast that is known for its Italian and Mediterranean cuisine. (Deposition of Domenico Gagliano at 12:22-24, 65:7). Significantly, such geographic terms are not protected by the Lanham Act:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . . (e) consists of a mark which . . . when applied to the goods of the applicant is primarily geographically descriptive...

See 15 U.S.C. § 1052. As the Fifth Circuit noted,

Congress has expressly left accessible to all potential users those names of subdivisions of the earth -- regions, nations, counties, towns, rivers, lakes, and other natural and artificial geographical units -- which could be employed to draw public attention to the origin of a product or the situs of a business.

World Carpets, Inc. v. Dick Littrell’s New World Carpets, 438 F.2d 482, 485 (5th Cir. 1971). Where a logical connection can be made between the product and the geographical term, the term is geographically descriptive. See Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, 871 F.2d 590, 595 (6th Cir. 1989) (finding the term “Appalachian” geographically descriptive and not protected); see also Companhia Antarctica Paulista v. Co., 146 F.2d 669 (D.C. Cir. 1945) (geographically descriptive mark “Antarctica” not eligible for registration); Glenmore Distilleries Co. v. National Distillers Products Corp., 101 F.2d 479 (4th Cir. 1939) (finding the term “Kentucky” unprotected as applied to whisky).

Finally, it is undisputed that well over twenty restaurants in the United States use “Positano” in their names. (Pl.’s Brief at Ex. A). For instance, a “Positano Ristorante” is located in New York City; a “Positano Ristorante Italiano” is located in Bethesda, Maryland. (Id.). Similar to Gagliano’s restaurant, the names of these establishments describe the Italian cuisine they offer to their

customers.

In these circumstances, I conclude that Defendants' evidence "is not significantly probative" to warrant a trial on the issue of whether "Positano" is a descriptive or suggestive mark. Anderson, 477 U.S. at 249-50; see also Country Floors, 930 F.2d at 1061-62. On the record before me, it is manifest that both sides' use of "Positano" is of a piece with the common practice of including within product names a geographic reference meant to describe the products themselves. No reasonable fact-finder could find "Positano" to be suggestive here. Accordingly, I conclude that "Positano" is a descriptive mark.

II. "Positano Ristorante" Has Not Developed Secondary Meaning

Whether a descriptive mark has developed secondary meaning is also a factual question. Once again, the question may be resolved at summary judgment "where the party asserting the rights in the alleged trademark has failed to come forward with evidence that would demonstrate the need for a trial on this issue." Patient Transfer Systems, 1999 U.S. Dist. LEXIS at *18 (citations omitted); see also Dranoff-Perlstein, 967 F.2d at 862 (secondary meaning is a factual inquiry); J&J Snack Foods, Corp. v. The Earthgrains Co., 220 F. Supp. 2d at 380-81 (holding that the disputed mark had not achieved secondary meaning)

Gagliano's burden to establish secondary meaning is substantial. See Commerce Nat'l, 214 F.3d at 438 ("As a general rule of thumb, the more descriptive the term, the greater the evidentiary burden to establish secondary meaning"). In determining whether a disputed mark has achieved secondary meaning, the 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 id. at 438 (citing Ford Motor, 930 F.2d at 292).

Applying these criteria, it becomes painfully clear that Gagliano offers virtually no evidence even suggesting that “Positano Ristorante” has achieved secondary meaning.

A. Gagliano Has Not Substantially Advertised Or Promoted “Positano Ristorante”

Gagliano admitted that since 1985, he has done virtually nothing to advertise or promote “Positano Ristorante.” (Gagliano Dep. at 53:2-4). He has never advertised “Positano Ristorante” in newspapers, on billboards, on television, or through direct mailings. (Id. at 56:24, 57:6-22, 58:1). Rather, over the last twenty years, Gagliano’s promotional efforts have been limited to only two or three radio advertisements. (Id. at 54:5-7, 57:12-13). Gagliano’s recollection of the ads was less than complete: he could not specify which radio stations ran the advertisements, nor could he say when the advertisements were broadcast or the listenership of the stations. (Id. at 57:12-13).

B. Defendants Do Not Have Exclusive Use Of “Positano”

Gagliano contends that he has exclusive use of “Positano” in Pennsylvania, and that restaurants throughout the state -- even as far away as Pittsburgh -- should not be permitted to use the name. (Gagliano Dep. at 61:19-22; 62:4-8). Gagliano fails to cite any authority to support this remarkable position. See e.g., Brennan’s Inc. v. Brennan’s Restaurant, 360 F.3d 125, 134 (2d Cir. 2004) (a mark may “gain protection in a distant market . . . where there is extensive advertising or evidence of strong reputation in the distant market”) (citing 4 McCarthy on Trademarks and Unfair Competition § 26:17 at 26-27 (4th ed. 2003)). Moreover, it is undisputed that numerous entities throughout the country use “Positano” and “Positano Ristorante” as descriptive terms for restaurant services. (Pl.’s Brief at Ex. A). Plainly, Gagliano cannot claim that he has made exclusive use of

“Positano.”

C. Customer Testimony Or Surveys

Gagliano has not provided any customer testimony to indicate that “Positano Ristorante” has achieved secondary meaning. Rather, Gagliano stated that some of his customers have told him that they believed that “Positano Coast by Aldo Lamberti” was affiliated with “Positano Ristorante.” (Decl. of Domenico Gagliano at ¶¶ 11-13, 15, 26-28). This hardly qualifies as customer testimony or survey evidence that would support a finding of secondary meaning. Sugar Busters LLC v. Brennan, 177 F.3d 258, 269 (5th Cir. 1999) (“Because the determination of whether a mark has acquired secondary meaning is primarily an empirical inquiry, survey evidence is the most direct and persuasive evidence.”).

D. Use Of The Mark In Trade Journals

Gagliano has not identified any trade journals indicating that “Positano Ristorante” has acquired secondary meaning.

E. Size Of The Company, Number Of Sales, And Number Of Customers

“Positano Ristorante” has ten to fifteen employees, including wait staff, chefs, bartenders, dishwashers, and a manager. (Gagliano Dep. at 13:20-24, 14:7-15). The only evidence of record relating to “Positano Ristorante’s” sales -- Gagliano’s deposition testimony -- provides little, if any, information. Gagliano was unable to remember whether the restaurant was successful since 2003, nor did Gagliano produce any actual evidence of his restaurant’s sales volume over the last two years. (Id. at 40:8-15, 42:23, 43:7-12). The modest size of Gagliano’s restaurant combined with his even more modest recollection relating to sales amounts to a mere “scintilla of evidence” that

“Positano Ristorante” has acquired secondary meaning. Country Floors, 930 F.2d at 1061-62.

F. Actual Confusion

Once again, Gagliano testified that his some customers (he did not state how many) told him that they believed that “Positano Coast” was affiliated with “Positano Ristorante.” (Gagliano Decl. at ¶ 12) This is the sole evidence Defendants have presented relating to confusion. Gagliano also testified that none of his “repeat” customers -- 90% of his business -- have stopped patronizing his restaurant. (Gagliano Dep. at 59:4; 73:11-22). In these circumstances, Gagliano’s showing of “actual confusion” is minimal, at best. See Ford Motor Co. v. Summit Motor Products, Inc., 930 F.2d 277, 292 (3d Cir. 1991).

In sum, Defendants contend that Gagliano’s vague, anecdotal testimony regarding radio ads, sales, and customer discussion create a factual dispute respecting whether “Positano Ristorante” has acquired secondary meaning. I disagree and conclude that no reasonable fact-finder could find secondary meaning here.

III. “Positano Ristorante” Has Not Penetrated The Philadelphia Market

Even if Defendants could show that “Positano Ristorante” achieved secondary meaning, to receive protection, Defendants would have to show that “Positano Ristorante” has penetrated the Philadelphia market. See Natural Footwear, Ltd. v. Hart, Schaffner & Marx, 760 F.2d 1383, 1394 (3d Cir. 1985), cert. denied, 474 U.S. 920 (1985) (“the trademark of a prior user should be protected from infringement by a subsequent user of the same mark only in areas where the prior user has established a market for its goods.”). Gagliano must show “clear entitlement” to protection of “Positano Ristorante” in Philadelphia. Lucent Information Mgmt., Inc. v. Lucent Tech., Inc., 186

F.3d 311, 316 (3d Cir. 1999), cert. denied, 528 U.S. 1106 (2000).

The Third Circuit considers four factors in determining whether market penetration is sufficient to warrant trademark protection: (1) the volume of sales; (2) the positive and negative growth trends in the area; (3) the number of actual customers in relation to potential customers; and (4) the amount of advertising in the area. Id. at 1395. “When sales activity does not exceed even a minimum threshold level, a court may properly conclude that market penetration . . . simply has not been demonstrated.” Smith, 988 F. Supp. at 838.

Once again, there is scant record evidence regarding “Positano Ristorante’s” sales volume: Gagliano testified that his restaurant only made “a little bit” of money in 2004. (Gagliano Dep. at 43:19). This certainly does not establish that “Positano Ristorante” had significant sales before the opening of “Positano Coast by Aldo Lamberti.” Gagliano also testified that the recent area growth trend was downward, weighing against a finding of market penetration. (Id. at 44:7). Furthermore, at oral argument, Gagliano admitted that he has no studies to support his claim that he draws customers from Philadelphia. (N.T., February 8, 2005 at 9:23-25). Finally, Gagliano’s advertising over the past twenty years was, at most, two or three unidentified radio ads. (Gagliano Dep. at 54:5-7).

Gagliano has produced virtually no evidence to support his claim that his restaurant has penetrated the Philadelphia market. In these circumstances, he cannot show “clear entitlement” to protection in the Philadelphia market. Lucent Information Mgmt., 186 F.3d at 316-17.

Conclusion

Gagliano's case consists of little more than the obvious fact that both his and Plaintiff's restaurants include the word "Positano" in their names. No rational fact-finder could determine on the record before me that Plaintiff has infringed on Defendants' mark. In these circumstances, Plaintiff is entitled as a matter of law to the declaratory judgment he seeks, and Defendants cannot as a matter of law prevail on their counterclaims. Accordingly, I grant Summary Judgment in favor of Plaintiff and against Defendants.

An appropriate Order and Civil Judgment follow.

Paul S. Diamond, J.

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

ROMUALDO LAMBERTI	:	
	:	CIVIL ACTION
-v-	:	
	:	
POSITANO RISTORANTE, INC.	:	No. 04-4485
and DOMENICO GAGLIANO	:	

CIVIL JUDGMENT

AND NOW, this 16th day of March, 2005, in accordance with Rule 58 of the Federal Rules of Civil Procedure, IT IS ORDERED that Judgment is hereby entered in favor of Plaintiff Romualdo Lamberti and against Defendants Positano Ristorante and Domenico Gagliano.

Paul S. Diamond, J.

IN THE UNITED STATES DISTRICT COURT
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ROMUALDO LAMBERTI	:	
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	:	
POSITANO RISTORANTE, INC.	:	No. 04-4485
and DOMENICO GAGLIANO	:	

ORDER

AND NOW, this 16th day of March, 2005, upon consideration of Plaintiff's Motion for Summary Judgment, Defendants' Response, and all related materials, it is ORDERED that the Motion is GRANTED. Defendant's New Matter and Counterclaims are DISMISSED with prejudice.

The Clerk shall mark this case closed for statistical purposes.

Paul S. Diamond, J.

