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1980 WL 30287

United States District Court, S. D. New York

Polo Fashions, Inc.

v.

Extra Special Products, Inc. et al.

No. 77 Civ. 5023.

Decided Mar. 5, 1980.

Attorneys and Law Firms

Morton Amster, Roy H. **Wepner**, and Amster, Rothstein & Engelberg, all of New York, N.Y., for plaintiff.

Seymour Ugelow, and Rein, Mound & Cotton, both of New York, N.Y., for Lomar Enterprises, Inc., and Louis Marks.

Jerome Janger, Beverly Hills, Calif., for Extra Special Products, Inc.

Goettel, District Judge.

I. Introduction

*1 1. This action was commenced by plaintiff Polo Fashions Inc. (“Polo”) on October 14, 1977, alleging that defendants Lomar Enterprises, Inc. (“Lomar”) and Extra Special Products, Inc. (“ESP”) were violating Polo’s rights by infringing the trademark and trade name POLO and by using a colorable imitation of plaintiff’s Polo Player Symbol. Polo’s original complaint alleged infringement of registered trademarks; common law unfair competition and trademark infringement; violation of Section 43(a) of the Trademark Act of 1946; and dilution in violation of [Section 368-d of the General Business Law of the State of New York](#).

2. On November 14, 1977, Polo moved for a preliminary injunction. At the argument on plaintiff’s Motion, the Court found (based in part on defendants’ representations to the Court) that there were issues of fact to resolve before granting or denying Polo’s motion. Among these issues were defendants’ purported “prior rights” in and to the trademark MARCO POLO and/or the Polo Player Symbol. Accordingly, the Court issued an Order dated November 28, 1977 pursuant to [28 U.S.C. 636\(b\)\(1\)\(B\)](#) requiring an Evidentiary Hearing on Polo’s Motion.

3. On December 5, 1977, after Polo had learned of the facts relative to defendants’ purported “prior rights” in and to the trademark MARCO POLO and Lomar’s U.S. Trademark Registration No. 348,012 of July 13, 1937 (“the ‘012 Registration”),

Polo filed a separate civil action against Lomar and Marks only (Civil Action No. 77 Civ. 5860(GLG)) under Section 38 of the Trademark Act of 1946, alleging that Polo had been damaged by the fraudulent procurement and maintenance of the '012 Registration by Lomar and Marks.

4. On December 14, 1977, a Temporary Restraining Order on Consent was entered, resulting in part from defendants' difficulties with respect to their choice of counsel and their desire to take certain additional discovery which would necessarily delay the Evidentiary Hearing.

5. On January 4, 9 and 13, 1978, the Evidentiary Hearing took place before the Honorable Leonard A. Bernikow, United States Magistrate ("the Magistrate").¹ Four witnesses testified; and the deposition testimony of numerous other witnesses was received into evidence by agreement of the parties.

6. On February 24, 1978, the Magistrate issued his Report and Recommendation recommending that Polo's Motion be granted. Defendants filed timely objections which the Court overruled and rendered its own Opinion granting a preliminary injunction. [Polo Fashions Inc. v. Extra Special Products, Inc.](#), 451 F.Supp. 555, 200 USPQ 161 (S.D.N.Y. 1978).

7. No appeal was taken from the Court's grant of a preliminary injunction. Thereafter, on December 19, 1978, a Final Judgment Upon Consent was entered against ESP, including a permanent injunction. The judgment against ESP expressly left open the issue of attorneys' fees and costs against ESP.

*2 8. On March 5, 1979, a Stipulated Order pursuant to [Rules 15 and 21, F.R.C.P.](#) was entered. Pursuant to this Order, Louis Marks was added as an individual defendant with respect to Polo's original four-count Complaint, thus making both Marks and Lomar active defendants on Polo's original infringement claims. Simultaneously, Polo's separate fraud claim against Lomar and Marks as set forth in Civil Action No. 77 Civ. 5860 was added to this action by way of a Second Amended and Supplemental Complaint, which allowed the separate action to be dismissed without prejudice. However, Polo had previously taken discovery in the fraud action (primarily by way of Requests for Admission), which discovery remains in full force and effect pursuant to paragraph 4 of the Stipulated Order.

9. On January 29, 1980, the Court signed an Order pursuant to [Rule 65\(a\)\(2\), F.R.C.P.](#), directing that all evidence received on Polo's Motion for preliminary injunction (including testimony, plaintiff's exhibits and defendant's exhibits) were admissible on the trial of the merits and need not be repeated at trial. While defendants now contend that much of the evidence received at the Evidentiary Hearing is inadmissible "affidavits, hearsay testimony and documents", defendants' only specific objection relates to testimony of Van Weinberg (H 107-108) which it claims is "rank hearsay". Mr. Weinberg testified as to certain statements made by an I. Rosen's salesman. However, Polo did not rely on the purported truth of the salesman's statements. In fact, the statements were false, and Polo merely proved through Mr. Weinberg (who was subject to cross-examination) that the statements were made, which is not hearsay. As to affidavits, the only ones relied upon by Polo were the Strom affidavit (Px. 1) and the affidavits of five fashion experts (Px. 44, 45, 57 and 64). However, the defendants stipulated to certain facts in the Strom affidavit by underlining them, and took the depositions of the five fashion experts, all pursuant to agreement of the parties (Amster Affidavit, par. 23). The Court thus finds that none of the ultimate material evidence was inadmissible.

10. On February 7, 1980, a one-day trial was held before the Court at which only Polo, Marks and Lomar appeared. Since ESP's sole involvement in this action was limited to the issue of attorneys' fees pursuant to [15 U.S.C. 1117](#), the Court agreed to allow ESP to make whatever submission it deemed appropriate by papers.

11. Since no meaningful additional evidence was offered by defendants on the issue of liability, the Court hereby finds and incorporates by reference its findings as set forth in its 1978 Opinion, insofar as they relate to the issues of trademark infringement and unfair competition.

*3 12. The only unresolved question of liability is whether Lomar and/or Marks have violated Section 38 of the Trademark Act of 1946 by fraudulently maintaining the '012 Registration. Numerous false statements were made by Marks in documents filed with the United States Patent and Trademark Office over the years to maintain the colorable validity of the '012 Registration. The Court finds that, from 1968 on, Lomar and Marks renewed and claimed variations on the '012 Registration solely for fraudulent purposes since the mark covered by the registration was not used since 1956 (H 327-328). The record as a whole demonstrates that Lomar and Marks fraudulently maintained the '012 Registration until it was transferred to ESP, which ultimately cancelled the '012 Registration in compliance with the Consent Judgment entered against it. Polo was damaged by the fraudulent maintenance of the '012 Registration since, but for that registration, defendants would have had no colorable defense and Polo would most likely have never been forced to bring this action and spend considerable attorneys' fees in prosecuting it.

II. Defendants' Profits

13. Aside from the physical and documentary evidence discussed *infra*, the only evidence on the extent of defendants' infringing sales was the testimony of Louis Marks. The Court concludes that Marks' testimony is not entirely credible.

14. In view of the lack of credibility of Marks' testimony, and the difficulty which Marks' records or absence of records have caused in allowing Polo to prove Marks' profits and Polo's damages, the Court finds it appropriate to place its primary reliance upon documentary evidence and other physical proof.

15. The record establishes that on September 5, 1974, Lomar purchased 25,000 labels of the type used in the infringing ties of Px. 33 and 34 (T 31). At the request of the Court, Marks was asked to bring to the Court those labels which he did not use. He was able to produce 21,000 of the 25,000 labels originally purchased (T 115-117). Although Marks was also unable to account for 1500 of 10,000 POLO BY MARCO POLO labels purchased on August 8, 1977 (Px. 95; T 119) and was totally unable to account for an entire shipment of 10,000 POLO BY MARCO POLO labels of a slightly different shape purchased on the same date (Px. 96; T 120), the record demonstrates that Lomar and Marks did not use the POLO BY MARCO POLO labels; instead, they were all to be used by ESP (T 121). Under the circumstances of this case, the Court hereby finds that Marks and Lomar used all of the 4,000 unaccounted-for labels from the label purchase of Plaintiff's Exhibit 94.

16. The skimpy sales records produced by Lomar and Marks are not inconsistent with this finding and tend to support it. Defendants' Exhibit RR is a group of invoices dated from November 1973 to January 2, 1976. The earliest invoice (Dx. RR-1) makes no mention of POLO ties and since it occurred prior to the earliest documented label purchase in September 1974 (Px. 94), the Court is willing to assume that the ties of Dx. RR-1 were not infringing ties. However, subsequent invoices (Dx. RR-2, RR-3, RR-4 and RR-5) clearly state that they were for POLO ties, and the Court finds that these were all infringements. Although the invoice of Dx. RR-6 says "assorted ties", Marks has admitted that these had POLO labels (H 499-500). Defendants' Exhibit RR thus reflects the sale of 564 infringing ties for \$1,557.00.

*4 17. At least as early as July 1976, Lomar and Marks had actual notice of the existence of Polo's United States Trademark Registration No. 978,166 which had issued on February 5, 1974. A search report prepared for defendants' counsel (Px. 157) was apparently received by said counsel on or about July 2, 1976. This search report placed Lomar and Marks on actual notice of Polo's registration (Px. 157, Document No. 00108).

18. Subsequent to receiving this actual notice, the rate of infringing sales by Lomar and Marks increased. Defendants' Exhibit DD reflects five sales of POLO ties during late 1976, which may be summarized as follows:

Exhibit	Number of Ties	Amount	Date
DD-1	104	\$ 911.00	Sept. 1, 1976
DD-2	288	864.00	Sept. 1, 1976
DD-3	294	882.00	Sept. 1, 1976
DD-6	716	1,879.00	Nov. 17, 1976
DD-4	255	935.00	Dec. 6, 1976

Thus, during the last third of 1976, pursuant to defendants' Exhibit DD, Lomar and Marks sold 1,857 infringing ties and received \$5,471.00 for them.

19. Lomar also sold infringing POLO ties to I. Rosen's in Memphis, Tennessee in 1977. Pursuant to two invoices (Px 158 and Px. 159), Lomar and Marks sold 312 infringing ties for which they received a total of \$1,248.00.

20. Therefore, there is documentary proof of the sale of between 2500 and 3000 infringing ties. The Court therefore finds that the inferential proof that 4000 ties were sold, based upon missing labels (Finding 15 above), is fully supportable.

21. The ties reflected in Defendants' Exhibits RR and DD and Plaintiff's Exhibits 158 and 159 were sold for approximately \$36.00 per dozen based on a weighted average. The Court will therefore estimate that the average selling price for defendants' infringing ties during the course of their infringement was approximately \$36.00 per dozen. Accordingly, defendants' gross sales of infringing ties are found to have been \$12,000.00.

22. The burden was on defendant to show any costs, expenses or other reductions from gross sales. The Court finds little difficulty in choosing a reasonable figure for this portion of the calculation. It appears that defendants purchased all the ties it sold and marked them up 100% above what it paid for them (T 48). Indeed, Polo itself marks up its own ties approximately 100% above its costs (T 62). The Court therefore finds that defendants' gross sales can be reduced by one-half to reflect the cost of goods sold, leaving profits of \$6,000.00.

23. The Court is not persuaded that defendants are entitled to reduce their gross profits by anything beyond what it paid for the merchandise. The only evidence submitted on this point was Defendants' Exhibit CCC, a copy of Lomar's tax return for the calendar year 1977. In the first instance, there is some question as to whether defendants should be entitled at all to rely on tax returns. In an interrogatory answer filed on or about August 31, 1978, defendants stated that the documents which would reflect defendants' markup between 1972 and 1976 would be income tax returns for that period (Px. 163, Answer to Interrogatory 15). Polo's counsel repeatedly asked defendants' counsel to produce these tax returns, but Polo's counsel did not receive them until the day before the trial (Amster Affidavit, Par. 21). The Court would therefore preclude defendants from relying upon this document due to their failure to produce it in response to discovery requests.

*5 24. In any event, defendants have only produced an income tax return for 1977, and have provided no evidence as to 1974, 1975 and 1976, when most of the infringing sales took place. The Court has examined the 1977 tax return of Dx. CCC and finds, for example, a deduction of over \$14,000.00 for "entertainment". While deductions of that nature may well be proper for tax purposes, the Court will not reduce Polo's recovery on account of expenses of that nature, since there was no proof offered that these expenses were in any way attributable to the sale of infringing merchandise.

25. Moreover, Marks has testified that during this time period, his principal business was the purchase and resale of odd lots of shirts which accounted for perhaps 99% of his business (T 135-138). Therefore, the Court concludes that Marks' excursion into the tie business undoubtedly had no incremental effect on his overhead. Indeed, the Court takes note of the fact that much of Marks' business in the tie area involved drop shipments in which, for example, Lomar would buy ties from Zodiac Ties Incorporated and have them shipped directly to Harry's of Canton, Ohio (Dx. HH-2). Thus, under all the circumstances and in the exercise of its discretion, the Court finds it to be entirely proper to reduce Lomar's gross sales by only what it paid for the goods as set forth above.

III. Polo's Damages

26. The record establishes that Polo makes and sells approximately 18,000 to 20,000 dozen ties per year (T 67). Polo could have readily expanded its capacity to make a few thousand more ties a year (T 68) and its additional overhead in doing so would have been minimal (T 99). The record establishes that between 1973 and 1976 Polo sold ties at various wholesale prices ranging between \$51.00 to \$135.00 per dozen (T 62), and its gross profit was generally approximately half of its sale price (T 62, 69-70). Taking a middle wholesale price figure of \$93.00 per dozen corresponding with a gross profit of \$46.50 per dozen, the Court concludes that if Polo had sold the 4000 ties reflected by the missing labels, it would have had gross profits of approximately \$15,500.00. The Court, however, notes that it cannot be stated with certainty that Polo would have made defendants infringing sales. While Polo primarily sells to stores such as Saks Fifth Avenue and Bloomingdale's and while Lomar sells to lesser known stores, Polo does occasionally close out its merchandise at stores like Syms (T 82). Thus, while it

can be said that Polo would not have made all of defendants infringing sales, it also cannot be said that Polo would not have made any of them.

27. Accordingly, Polo has suffered damages in an amount less than \$15,500.00. While the Court is unable to ascertain with precision the exact amount of Polo's damages with respect to lost sales, the Court's disposition as set forth below in Conclusion P renders such a determination unnecessary.

IV. Attorneys' Fees

*6 28. Polo contends that it is entitled to an award of its attorneys' fees under either one of two theories. First, Polo contends that Lomar and Marks are liable for Polo's fees under Section 38 of the Trademark Act of 1946 on the theory that the fraudulent maintenance of the '012 Registration proximately lead to the expenses of this litigation, since Lomar could not have even colorably licensed ESP or in any way defended itself in this action without the facially valid '012 Registration. Polo also contends that all three defendants are liable for at least portions of its attorneys' fees under 15 U.S.C. 1117, contending that this is an exceptional case.

29. Marks has admitted that he knew of Polo's use of the trademark and trade name POLO for quite some time, since as least as early as 1972 or possibly as early as 1967 or 1968 (H 354-357). (Admission 150). In all events, Marks knew about the prior rights of Polo in its trademark and trade name POLO on mens' wearing apparel (H 359) long prior to his 1976 execution of Application Serial No. 97,426 to register the trademark POLO and Design (Px. 82; Px. 157). Accordingly, the record as a whole establishes, as the Court already preliminarily held (451 F.Supp. at P. 562) that Marks adopted the mark POLO with the knowledge that it would cause confusion and with an intent to deceive. The infringement by Lomar and Marks was therefore willful and deliberate.

30. With respect to ESP, the Court preliminarily held that ESP, while it knew that confusion was likely, initially believed in good faith that Lomar held rights superior to those of Polo.

31. The Court finds that ESP never sold or distributed a single garment containing the infringing label. The Court also notes that this failure to sell merchandise was due to the vigorous efforts of Polo to obtain a preliminary injunction.

32. ESP stipulated to the entry of a Temporary Restraining Order pending the resolution of Polo's Motion for Preliminary Injunction.

33. The Court has reviewed Polo's fee application (Affidavit of Morton Amster) and the copies of bills which were paid by Polo (Px. 165). The Court concludes that the number of hours for which Polo's counsel billed its client was entirely reasonable and proper. Indeed, Polo's counsel reduced the number of hours it billed its client on one or more occasions (Amster Affidavit, paragraphs 6, 9, 16). The Court has also compared the hourly billing rates charged by Polo's counsel over the course of this action and finds them to have been reasonable for New York patent and trademark practitioners when compared to the billing rates for their colleagues as set forth in the Economic Survey of the American Patent Law Association (Px. 166). The bulk of the billing by Polo's counsel was attributable to the time of Morton Amster, Esq., a senior member of the firm of Amster, Rothstein & Engelberg, and his associate, Roy H. **Wepner**, Esq. During 1978, Mr. Amster's billing rate was \$110.00 per hour, while Mr. **Wepner's** was \$60.00 per hour. The Court finds these rates to be reasonable and proper.

V. Conclusions of Law

*7 A. This Court has jurisdiction over all parties to this action and has subject matter jurisdiction pursuant to 28 U.S.C. 1338 and 15 U.S.C. 1121.

B. Judgment shall be entered against defendants Lomar and Marks on Polo's trademark infringement and unfair competition claims for the reasons set forth in the Court's Opinion granting a Preliminary Injunction reported at 451 F.Supp. 555. To the extent Lomar now objects to evidence received by the Magistrate at the Evidentiary Hearing, such objections are untimely and have been waived. 28 U.S.C. 636(b)(1), last paragraph. To the extent Marks objects to certain testimony of Van Weinberg as hearsay, the statements in question were not offered to prove the truth thereof, and are not hearsay. Rule 801(c), F.R.E.; *Anderson v. United States*, 417 U.S. 211, 219 (1974).

C. Louis Marks is personally liable for the acts of trademark infringement and unfair competition committed under the umbrella of Lomar Enterprises, *Inc. Donsco, Inc. v. Casper Corp.*, 587 F.2d 602, 199 USPQ 705 (3rd Cir. 1978); *Steak & Brew*,

Inc., v. Makins, 177 USPQ 412 (D.Conn. 1973); *Breese v. Tampax, Inc.*, 42 F.Supp. 115, 51 USPQ 378 (S.D.N.Y. 1941); *Saxlehner v. Eisner*, 147 F. 189 (2d Cir. 1906). Marks is liable as a participant in a wrongful act, distinct from any liability resulting from “piercing of the corporate veil”. The Court also concludes that Marks is personally liable by piercing the corporate veil, since Lomar and Marks are identical (T 4); Marks is a one-man business and is the president and sole shareholder of his company (T 54); and Marks has been the active, conscious and dominant force behind the activities of Lomar and its purported predecessors (Admission 75). Thus, under either theory, Marks and Lomar are jointly and severally liable.

D. Judgment will be entered against Lomar and Marks on Polo’s claim under Section 38 of the Trademark Act of 1946 (15 U.S.C. 1120) which provides:

“Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.”

E. Louis Marks, both individually and later through the corporate shell of Lomar, maintained the ‘012 Registration by deliberately filing documents in the United States Patent and Trademark Office containing totally false and fraudulent statements. A violation of Section 38 is plainly made out. *Electrical Information Publications, Inc. v. C-M Periodicals, Inc.*, 163 USPQ 624 (N.D. Ill. 1969).

*8 F. Although it is possible that the ‘012 Registration was legitimately procured by Lomar’s predecessor in 1937, it is well established that merely maintaining a registration through the filing of false and fraudulent documents constitutes fraudulent “obtaining” or “procurement” within the meaning of various sections of the Trademark Act. *Le Cordon Bleu, S.A. v. BPC Publishing Ltd.*, 451 F.Supp. 63, 202 USPQ 147 (S.D.N.Y. 1978); *Crown Wallcovering v. Wallpaper Manufacturers Ltd.*, 188 USPQ 141, 143 (T.T.A.B. 1975); *Volkswagenwerk A.G. v. Advance Welding & Mfg. Corp.*, 184 USPQ 367 (T.T.A.B. 1974); *Conwood Corp. v. Loew’s Theatres, Inc.* 173 USPQ 829 (T.T.A.B. 1972).

H. Although Polo’s only damages under Section 38 are its attorneys’ fees in this action, attorneys’ fees can be award as damages where:

“. . . an absolutely false registration was fraudulently obtained *solely* for the purpose of instituting completely vexatious litigation . . .” (emphasis in original). *Blue Bell, Inc. v. Jaymar-Ruby Inc.*, 497 F.2d 433, 439, 182 USPQ 65, 69-70 (2d Cir. 1974). See also *Academy Award Products Inc. v. Bulova Watch Co.*, 233 F 2d 449, 109 USPQ 327 (2d Cir. 1956); *Merry Hull & Co. v. Hi-Line Co.*, 243 F.Supp. 45, 146 USPQ 274 (S.D.N.Y. 1965).

I. While no direct proof of Marks’ fraudulent intent was adduced, the Court has drawn the usual and normal inferences which should and must be drawn from the undisputable facts surrounding the maintenance of the ‘012 Registration. *Gerstle v. Gamble-Skogmo, Inc.*, 298 F.Supp. 66 (E.D.N.Y. 1969), modified on other grounds 478 F.2d 1281 (2d Cir. 1973). Since Lomar and Marks had stopped using the trademark covered by the ‘012 Registration a generation earlier, it is hard to conceive of any reason for the maintenance of that registration other than to use it improperly. The Court therefore concludes that Lomar and Marks are liable jointly and severally under Polo’s Section 38 claim for Polo’s reasonable attorneys’ fees in this action.

J. Although 15 U.S.C. 1117 suggests that both damages and profits may be awarded, Courts have generally not awarded both damages based upon plaintiff’s lost sales and defendants’ profits attributable to those same sales under the infringing mark. *Century Distilling Co. v. Continental Distilling Co.*, 205 F.2d 140, 98 USPQ 43 (3rd Cir. 1953); Gilson, *Trademark Protection and Practice*, § 8.08 [2] page 8-70.

*9 K. Polo is entitled to an accounting of defendants’ profits even where there is no direct competition between the parties. *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389, 146 USPQ 512 (2d Cir. 1965); *Kiki Undies Corporation v. Promenade Hosiery Mills, Inc.*, 308 F.Supp. 489, 164 USPQ 117 (S.D.N.Y. 1969).

L. An award of damages and profits under 15 U.S.C. 1117 for infringement of registered trademarks is subject to the provisions of 15 U.S.C. 1111. While Polo does not use the statutory registration symbol, it was demonstrated that defendants had actual notice of Polo’s registration at least as early as July 1976, and thus Polo is entitled to damages and profits for at least the period subsequent to that date.

M. However, Polo’s parallel claim for unfair competition is independent of its registrations, and Polo is therefore entitled to damages and profits from the beginning of defendants’ activities in about September of 1974. *Flexitized, Inc. v. National Flexitized Corporation*, 335 F.2d 774, 142 USPQ 334 (2d Cir. 1964).

N. In view of Marks’ evasive and inconsistent testimony and the absence of satisfactory documentary evidence, the Court infers that each one of the 4000 labels which Marks could not produce at the trial from his original purchase of 25,000 labels was used on an infringing garment. *Deering, Milliken & Co. v. Gilbert*, 269 F.2d 191, 122 USPQ 355 (2d Cir. 1959). The vague allegations that certain documents covered non-infringing sales are unpersuasive, *Chesa International Ltd. v. Fashion*

[Associates Inc.](#), 425 F.Supp. 234, 193 USPQ 506 (S.D.N.Y. 1977), especially when these allegations fly in the face of prior testimony which was given when defendants were interested in proving use of the mark POLO rather than the absence of it.

O. While the Court feels it proper to reduce defendants' gross sales by approximately 50% which is a fair and reasonable estimate of its cost of goods sold, the Court will not allow any further deduction from this figure. The Court concludes that, in light of the fact that ties represented a very small portion of Lomar's business, all of the general overhead expenses and costs of doing business asserted by Lomar (e.g. "entertainment") were fixed and would have been incurred even if Lomar had not infringed Polo's trademark. [Century distilling Co. v. Continental Distilling Corp.](#), supra at pages 146-147, 98 USPQ 48-49. Accordingly, Polo is entitled to the amount of \$6,000.00 as an award of defendants' profits, as to which Lomar and Marks will be jointly and severally liable.

*10 P. On the issue of damages, and specifically the question of lost sales, the Court has found that Polo would have had a maximum gross profit of approximately \$15,500.00 if it had made each of the infringing sales instead of defendants. The Court also recognizes this amount must necessarily be reduced in an attempt to reflect the actual number of lost sales, but is unable to conclude with certainty what the lesser figure should be. The Court recognizes that Polo is not entitled to defendants' profits and its own lost sales in connection with the same transactions. In view of the fact that Polo's damages are somewhat speculative while defendants' profits are well documented, the Court in its discretion will only award Polo \$6,000.00 in profits. However, the Court concludes that Polo also suffered damages and that \$6,000.00 would reasonably approximate those damages.

Q. The Court concludes that this is an exceptional case within the meaning of 15 U.S.C. 1117. At least as to Lomar and Marks, the acts of infringement have been malicious, fraudulent, deliberate and/or willful, making this an exceptional case as to them. [RCA Records v. Kory Records, Inc.](#), ___ F.Supp. ___, 197 USPQ 908 (E.D.N.Y. 1978). The Court concludes that defendants have infringed Polo's registered trademark. Moreover, defendants have also violated Section 43(a) of the Trademark Act of 1946, and attorneys' fees are also recoverable for such a violation which requires no registrations. [RCA Records v. Kory Records, Inc.](#), supra, at p. 908, note 2.

R. As to E. S. P., since it acted initially in a good faith belief that its licensor had valid, superior rights to the mark, stipulated to a Temporary Restraining Order, consented to a Final Judgment following the preliminary injunction, and never sold an infringing garment, the Court concludes that this is not an exceptional case within the meaning of 15 U.S.C. §1117.

S. While the fees charged by plaintiff's client are reasonable for the entire matter, not all of the fee is attributable to the case against defendants Lomar and Marks. Moreover, the limited monetary recovery possible because of damage and harm of those defendants did not warrant the extensive proceedings following the preliminary injunction. Finally, some of the litigation expenses incurred resulted from plaintiffs insistence in pursuing its claim for attorney's fees.

T. Accordingly, under 15 U.S.C. 1117, Lomar and Marks are jointly and severally liable for all of Polo's reasonable attorneys' fees, which amount to 30,000.00. Lomar and Marks are jointly and severally liable for this same amount under 15 U.S.C. 1120, which provides a separate and independent basis for recovery.

*11 U. Plaintiff Polo shall settle a proposed Judgment awarding it:

(1) \$6,000 profits and \$30,000.00 attorneys' fees against Lomar and Marks, jointly and severally; and

Plaintiff shall also submit a bill of costs to be taxed by the Clerk. In addition, the proposed Judgment shall include a permanent injunction against Lomar and Marks in substantially the same form as the preliminary injunction previously entered in this action and the Final Judgment on Consent against Extra Special. The judgment shall also require that defendants deliver up to Polo for destruction all infringing labels, and that all garments bearing infringing labels either be relabelled or delivered up for destruction.

The foregoing shall constitute the Court's Findings of Fact and Conclusions of Law pursuant to [Rule 52\(a\)](#), F.R.C.P.

All Citations

Not Reported in F.Supp., 1980 WL 30287, 208 U.S.P.Q. 421

Footnotes

- 1 References to testimony given at the Evidentiary Hearing will be by "H" followed by the transcript page number. References to testimony given at the subsequent trial will be by "T" followed by the transcript page number. References to exhibits received into evidence either at the Hearing or at the Trial will be by "Px." or "Dx." followed by the appropriate number or letter.